

Assembly Bill No. 3375

CHAPTER 550

An act to add Section 6411 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 15, 1996. Filed
with Secretary of State September 16, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3375, Olberg. Sales and use tax: exemptions: railroad equipment.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property.

This bill would exempt from use tax the storage, use, or other consumption in this state of tangible personal property becoming a component part of any railroad equipment, as specified.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 6411 is added to the Revenue and Taxation Code, to read:

6411. (a) The storage, use, or other consumption in this state of tangible personal property becoming a component part of any railroad equipment in the course of repairing, cleaning, altering, or improving that railroad equipment outside of this state, and charges made for labor and services rendered with respect to that repairing, cleaning, altering, or improving, are exempt from the use tax.

(b) For purposes of this section, "railroad equipment" includes locomotives, freight and passenger cars, maintenance of way equipment, and any other equipment riding on flanged wheels and owned or used by a common carrier engaged in interstate or foreign



commerce, or by any person for the purpose of leasing that equipment to a common carrier engaged in interstate or foreign commerce.

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.

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