

AMENDED IN ASSEMBLY JANUARY 3, 2000

AMENDED IN ASSEMBLY MAY 25, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 490

Introduced by Assembly Member Ducheny

February 18, 1999

An act to add ~~and repeal Section 23626~~ of *Section 6361.7* to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 490, as amended, Ducheny. ~~Bank and corporation taxes: credits: headquarters~~ *Sales and use taxes: exemption: college textbooks.*

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. That law provides various exemptions from that tax.

This bill would establish an additional exemption from sales and use taxes with respect to the sale in this state of, or the storage, use, or other consumption in this state of, college textbooks, as defined.

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.

This bill would instead provide that the exemption created by this bill shall not apply to those local taxes.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

~~The Bank and Corporation Tax Law authorizes various credits against the taxes imposed by that law.~~

~~This bill would authorize a credit against those taxes for each income year beginning on or after January 1, 2000, and before January 1, 2005, in an amount equal to 6% of the amount of eligible costs, as defined, paid or incurred during the income year by a qualified taxpayer, as defined. In general, the credit would be for 6% of the cost of specified real and personal property paid or incurred by a taxpayer that expands or locates a headquarters operation in this state, as provided. This bill would require the Franchise Tax Board to report to the Legislature with respect to the credit, as provided.~~

~~This bill would take effect immediately as a tax levy.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 ~~SECTION 1.—Section 23626 is added to the Revenue~~
 2 ~~SECTION 1. The Legislature hereby finds and~~
 3 ~~declares all of the following:~~
 4 ~~(a) Over the past 15 years, the cost of higher education~~
 5 ~~in California has grown at a rate that far outstrips the~~
 6 ~~growth in personal income and the availability of~~
 7 ~~financial aid. This growth in costs has coincided with an~~
 8 ~~increasing demand by industry for workers with an~~
 9 ~~advanced education beyond the high school or vocational~~
 10 ~~school level.~~
 11 ~~(b) Among the largest expenses for college students is~~
 12 ~~the purchase of textbooks, which often cost as much as~~
 13 ~~sixty dollars (\$60) to ninety dollars (\$90) each when new,~~
 14 ~~and are revised or reissued frequently enough to often~~
 15 ~~make it difficult to find a used copy of a textbook that is~~
 16 ~~still current.~~



1 (c) At the community college level, at which tuition is
2 calculated on a per unit basis, the price of course
3 textbooks is often more than the tuition charge for a
4 three- or four-unit course.

5 (d) The high price of college textbooks can represent
6 a prohibitive expense that precludes many Californians
7 from seeking to improve their career opportunities.

8 (e) It is in the interest of each California citizen and
9 the state as a whole to reduce the cost of higher education
10 by exempting from tax the sale in this state of, and the
11 storage, use, or other consumption in this state of, college
12 textbooks.

13 SEC. 2. Section 6361.7 is added to the Revenue and
14 Taxation Code, to read:

15 6361.7. (a) There are exempted from the taxes
16 imposed by this part, the gross receipts from the sale in
17 this state of, and the storage, use, or other consumption
18 in this state of, any textbook that is purchased by a student
19 of an institution of higher education for use as a learning
20 resource in any course of study at that institution.

21 (b) For purposes of this section, "textbook" means any
22 book that is principally designed for use by a student at
23 an institution of higher education as a source of
24 instructional material and includes, but is not limited to,
25 any book or edition of a book, as so described, that a
26 student is directed by an instructor at an institution of
27 higher education to purchase for use as a basis for a
28 particular course of study at that institution.

29 (c) Notwithstanding any provision of the
30 Bradley-Burns Uniform Local Sales and Use Tax Law
31 (Part 1.5 (commencing with Section 7200)) or the
32 Transactions and Use Tax Law (Part 1.6 (commencing
33 with Section 7251)), the exemption established by this
34 section shall not apply with respect to any tax levied by
35 a county, city, or district pursuant to, or in accordance
36 with, either of those laws.

37 SEC. 3. This act provides for a tax levy within the
38 meaning of Article IV of the Constitution and shall go into
39 immediate effect. However, the provisions of this act shall
40 become operative on the first day of the first calendar



1 *quarter commencing more than 90 days after the*
2 *effective date of this act.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, May 25, 1999 (JR 11)**

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