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SB-872 Local government: taxation: prohibition: groceries. (2017-2018)

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Senate Bill No. 872

CHAPTER 88

An act to add Section 7284.10 to Chapter 1.8 (commencing with Section 7284.8) of Part 1.7 of Division 2 of the Revenue and Taxation Code, as proposed by Assembly Bill 1838 of the 2017–18 Regular Session, relating to taxation, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor July 09, 2018. Filed with Secretary of State July 09, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 872, Committee on Budget and Fiscal Review. Local government: taxation: prohibition: groceries.

Existing law authorizes counties, cities, and other local agencies to impose various taxes and fees in connection with activity or property within those jurisdictions. The California Constitution also authorizes a charter city to levy local taxes to raise revenues for local purposes, subject to restrictions imposed by that city's charter or preemption in matters of statewide concern.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose a local sales and use tax in accordance with that law for tangible personal property sold at retail in the county or city, or purchased for storage, use, or other consumption in the county or city. That law requires the county or city to contract with the California Department of Tax and Fee Administration for the administration of the taxes and requires the department to transmit those taxes to the city or county.

AB 1838 of the 2017–18 Regular Session, if enacted, on and after the effective date of that measure and until January 1, 2031, would prohibit the imposition, increase, levy and collection, or enforcement by a local agency of any tax, fee, or other assessment on groceries, except as provided. That bill would allow a local agency to continue to levy and collect, enforce, or reauthorize any tax, fee, or other assessment on groceries imposed, extended, or increased on or before January 1, 2018. That bill would make inoperative on the effective date of that measure any tax, fee, or other assessment on groceries imposed by a local agency after January 1, 2018.

This bill would exclude cannabis from the definition of groceries, as defined for purposes of AB 1838 of the 2017–18 Regular Session, if that bill is enacted and becomes effective.

This bill would appropriate from the General Fund \$12,000 to the California Department of Tax and Fee Administration to notify affected governmental entities of the requirements of AB 1838 of the 2017–18 Regular Session on its Internet Web site.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 7284.10 is added to Chapter 1.8 (commencing with Section 7284.8) of Part 1.7 of Division 2 of the Revenue and Taxation Code, as proposed by Assembly Bill 1838 of the 2017–18 Regular Session, to read:

7284.10. For the purposes of this chapter, all of the following definitions shall apply:

- (a) “Alcoholic beverages” has the same meaning as that term is defined in Section 23004 of the Business and Professions Code.
- (b) “Cannabis” has the same meaning as that term is defined in Section 26001 of the Business and Professions Code.
- (c) “Cannabis products” has the same meaning as that term is defined in Section 26001 of the Business and Professions Code.
- (d) “Cigarettes” has the same meaning as that term is defined in Section 30121.
- (e) “Electronic cigarettes” has the same meaning as that term is defined in Section 30121.
- (f) (1) “Groceries” means any raw or processed food or beverage including its packaging, wrapper, or container, or any ingredient thereof, intended for human consumption, including, but is not limited to, meat, poultry, fish, fruits, vegetables, grains, bread, milk, cheese and other dairy products, carbonated and noncarbonated nonalcoholic beverages, kombucha with less than 0.5 percent alcohol by volume, condiments, spices, cereals, seasonings, leavening agents, eggs, cocoa, teas, and coffees whether raw or processed, including its packaging, wrapper, or container.

 (2) “Groceries” does not include alcoholic beverages, cannabis, cannabis products, cigarettes, tobacco products, and electronic cigarettes.
- (g) “Local agency” has the same meaning as provided in Section 6252 of the Government Code, and includes the electorate of a local agency in exercising the initiative power.
- (h) “Tax, fee, or other assessment on groceries” includes, but is not limited to, sales and use taxes, a gross receipts tax, business and occupation tax, business license tax, excise tax, privilege tax, surcharge, or any other similar levy, charge, or exaction of any kind on groceries or the manufacture, supply, distribution, sale, acquisition, possession, ownership, transfer, transportation, delivery, use, or consumption thereof.
- (i) “Tobacco products” has the same meaning as that term is defined in Section 30121.

SEC. 2. The sum of twelve thousand dollars (\$12,000) is hereby appropriated from the General Fund to the California Department of Tax and Fee Administration to notify affected governmental entities of the requirements of Chapter 1.8 (commencing with Section 7284.8) of Part 1.7 of Division 2 of the Revenue and Taxation Code, as added by Assembly Bill 1838 of the 2017–18 Regular Session, on its Internet Web site.

SEC. 3. This act shall become operative only if Assembly Bill 1838 of the 2017–18 Regular Session is enacted and becomes effective.

SEC. 4. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.