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**SB-1484 Sales and use taxes: exemption: charitable thrift stores.** (2017-2018)

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**Senate Bill No. 1484**

**CHAPTER 741**

An act to amend Section 6363.3 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[ Approved by Governor September 23, 2018. Filed with Secretary of State September 23, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1484, Hernandez. Sales and use taxes: exemption: charitable thrift stores.

Existing sales and use tax laws impose taxes on retailers measured by gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from this tax, including an exemption for retail items sold by thrift stores operated by nonprofit organizations, if the purpose of that thrift store is to obtain funding for medical, hospice, or social services provided to individuals with HIV or AIDS by the nonprofit organization, as provided. This exemption will be repealed January 1, 2019.

This bill would extend the operation of this exemption until January 1, 2029.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are automatically incorporated into the local tax laws.

Existing law requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill, by automatically incorporating the amendments made to the Sales and Use Tax Law by the bill, would also extend the operation of the exemption indefinitely for those local sales and use taxes and transactions and use taxes.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any 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.

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

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

**SECTION 1.** Section 6363.3 of the Revenue and Taxation Code is amended to read:

**6363.3.** (a) There are exempted from the taxes imposed by this part, the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, used pieces of clothing, household items, or other retail items sold by thrift stores operated by a nonprofit organization if the purpose of that thrift store is to obtain revenue for the funding of medical, hospice, or social services to chronically ill individuals, and at least 75 percent of the net income derived from operations of the thrift store are actually expended for the purpose of providing medical, hospice, or social services to the chronically ill.

(b) For purposes of this section, "nonprofit organization" means an organization that provides medical, hospice, or social services to individuals with a chronic, life-threatening illness, as defined in subdivision (c) of Section 1568.01 of the Health and Safety Code, and is exempt from taxation under Section 23701d.

(c) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

**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 California Constitution and shall go into immediate effect.