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An act to add Sections 6363.9 and 6363.10 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy, and making an appropriation therefor.



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

SECTION 1. Section 6363.9 is added to the Revenue and Taxation Code, to read:

6363.9. (a) On and after January 1, 2020, 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, diapers designed, manufactured, processed, fabricated, or packaged for use by infants, toddlers, and children.

(b) This section shall become inoperative on January 1, 2022.

SEC. 2. Section 6363.10 is added to the Revenue and Taxation Code, to read:

6363.10. (a) On and after January 1, 2020, 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, menstrual hygiene products.

(b) For purposes of this section, "menstrual hygiene products" shall only include the following:

- (1) Tampons.
- (2) Sanitary napkins primarily designed and labeled for menstrual hygiene use.
- (3) Menstrual sponges.
- (4) Menstrual cups.

(c) This section shall become inoperative on January 1, 2022.

SEC. 3. (a) It is the intent of the Legislature to apply the requirements of Section 41 of the Revenue and Taxation Code to this act.

(b) With respect to Section 6363.9 of the Revenue and Taxation Code, as added by this act, the Legislature finds and declares the following:

(1) The specific goals, purposes, and objectives of this act are to promote public health by increasing the affordability of, and expanding access to, diapers.

(2) (A) To measure the goals set forth in paragraph (1), the Legislative Analyst's Office shall review the effectiveness of the tax exemption and may request information from the California Department of Tax and Fee Administration and any other relevant state government entity.

(B) On or before January 1, 2021, the Legislative Analyst's Office shall submit a report, in compliance with Section 9795 of the Government Code, of the review completed pursuant to subparagraph (A) to the Assembly Committee on Revenue and Taxation and to the Senate Governance and Finance Committee. The report shall include, but is not limited to, both of the following:

(i) A recommendation on whether the exemption should be modified, extended, or allowed to become inoperative.

(ii) An assessment on whether more targeted approaches to providing families in need with adequate access to diapers are available.

(c) With respect to Section 6363.10 of the Revenue and Taxation Code, as added by this act, the Legislature finds and declares the following:

(1) The specific goals, purposes, and objectives of this act are to promote public health by increasing the affordability of, and expanding access to, menstrual hygiene products.

(2) (A) To measure the goals set forth in paragraph (1), the Legislative Analyst's Office shall review the effectiveness of the tax exemption and may request information



from the California Department of Tax and Fee Administration and any other relevant state government entity.

(B) On or before January 1, 2021, the Legislative Analyst's Office shall submit a report, in compliance with Section 9795 of the Government Code, of the review completed pursuant to subparagraph (A) to the Assembly Committee on Revenue and Taxation and to the Senate Governance and Finance Committee. The report shall include, but is not limited to, both of the following:

(i) A recommendation on whether the exemption should be modified, extended, or allowed to become inoperative.

(ii) An assessment on whether more targeted approaches to providing individuals in need with adequate access to menstrual hygiene products are available.

SEC. 4. (a) No later than May 15 of each fiscal year, beginning on May 15, 2020, the Department of Finance shall estimate the total dollar amount of revenue for the current fiscal year exempted under Sections 6363.9 and 6363.10 of the Revenue and Taxation Code from any tax levied pursuant to Section 6051 or 6201 of the Revenue and Taxation Code that would have otherwise been deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6051.15 or 6201.15 of the Revenue and Taxation Code.

(b) For the purposes of complying with subdivision (d) of Section 36 of Article XIII of the California Constitution, no later than June 30 of each fiscal year, beginning on June 30, 2020, the Controller shall transfer the total dollar amount estimated in subdivision (a) from the General Fund to the Local Revenue Fund 2011.

SEC. 5. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act for the purposes of Section 2230 of the Revenue and Taxation Code and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under Sections 1 and 2 of this act.

SEC. 6. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.



LEGISLATIVE COUNSEL'S DIGEST

Bill No. _____
as introduced, _____.
General Subject: Sales and use taxes: exemption: diapers: menstrual hygiene products.

Existing sales and use tax laws impose a tax on retailers measured by the 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 those taxes.

Existing law requires a portion of the sales and use tax law revenues to be deposited in the State Treasury to the credit of the Local Revenue Fund 2011, a continuously appropriated fund, to be used for public safety purposes. If specified sales and use taxes are reduced or cease to be operative, existing law requires the state to annually provide moneys to the fund in an amount equal to or greater than the aggregate amount that would have otherwise been provided by those taxes, as specified.

This bill, on and after January 1, 2020, and until January 1, 2022, would exempt from those taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, diapers for infants, toddlers, and children, and menstrual hygiene products, defined as tampons, specified sanitary napkins, menstrual sponges, and menstrual cups. The bill would require the Department of Finance, beginning on May 15, 2020, and annually thereafter, to estimate the total dollar amount of revenue that would have been credited to the Local Revenue Fund 2011 if not otherwise exempted by this act, and would require the Controller to transfer that amount from the General Fund to the Local Revenue Fund 2011 no later than June 30 of each fiscal year. By requiring specified General Fund moneys to be transferred into a continuously appropriated fund, the bill would make an appropriation.

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.



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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: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.



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