

# **Regulation 1533.1**

## **Section 100**

Complete Rule Making File

*OAL Approval with Approved Text Regulation 1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825*

*Index*

1. *Form 400 and Proposed Regulation 1532, 1533.1, 1833.2, 1534, 1835, 1805, 1825*
2. *Statement of Explanation*
3. *DOF Letter Dated August 5, 2015*

Other Documents Relied upon

- A. *Chief Counsel Memo Dated 08/20/15*
- B. *Minutes, 09/16/15*
- C. *Reporters Transcript, 09/16/15*

RECEIVED

DEC 21 2015

**State of California  
Office of Administrative Law**

by EXECUTIVE DIRECTOR'S OFFICE  
STATE BOARD OF EQUALIZATION

In re:  
Board of Equalization

Regulatory Action:

Title 18, California Code of Regulations

Adopt sections:

Amend sections: 1532, 1533.1, 1533.2, 1534,  
1535, 1805, 1825

Repeal sections:

**NOTICE OF APPROVAL OF CHANGES  
WITHOUT REGULATORY EFFECT**

California Code of Regulations, Title 1,  
Section 100

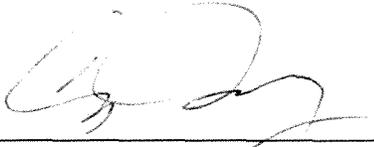
OAL Matter Number: 2015-1104-01

OAL Matter Type: Nonsubstantive (N)

The State Board of Equalization proposed to amend sections 1532, 1533.1, 1533.2, 1534, 1535, 1805, and 1825 of title 18 of the California Code of Regulations as a change without regulatory effect to reflect the end of the "revenue exchange period" as defined in subdivision (b) of section 7203.1 of the Revenue and Taxation Code and to make other nonsubstantive changes.

OAL approves this change without regulatory effect as meeting the requirements of California Code of Regulations, title 1, section 100.

Date: December 16, 2015

  
\_\_\_\_\_  
Craig S. Tarpenning  
Assistant Chief Counsel

For: DEBRA M. CORNEZ  
Director

Original: Cynthia Bridges  
Copy: Richard Bennion

**OFFICE OF ADMINISTRATIVE LAW**

300 Capitol Mall, Suite 1250  
Sacramento, CA 95814  
(916) 323-6225 FAX (916) 323-6826



**DEBRA M. CORNEZ**  
Director

**MEMORANDUM**

TO: Richard Bennion  
FROM: OAL Front Desk  
DATE: December 16, 2015  
RE: Return of Rulemaking Materials  
OAL Matter Number 2015-1104-01  
OAL Matter Type Nonsubstantive (N)

LW

OAL hereby returns the rulemaking record your agency submitted for review regarding “Teleproduction or Other Postproduction Service.”

If this is an approved matter, it contains a copy of the regulation(s) stamped “ENDORSED APPROVED” by the Office of Administrative Law and “ENDORSED FILED” by the Secretary of State. The effective date of an approved regulation is specified on the Form 400 (see item B.5). **Beginning January 1, 2013**, unless an exemption applies, Government Code section 11343.4 states the effective date of an approved regulation is determined by the date the regulation is filed with the Secretary of State (see the date the Form 400 was stamped “ENDORSED FILED” by the Secretary of State) as follows:

- (1) **January 1** if the regulation or order of repeal is filed on September 1 to November 30, inclusive.
- (2) **April 1** if the regulation or order of repeal is filed on December 1 to February 29, inclusive.
- (3) **July 1** if the regulation or order of repeal is filed on March 1 to May 31, inclusive.
- (4) **October 1** if the regulation or order of repeal is filed on June 1 to August 31, inclusive.

If an exemption concerning the effective date of the regulation approved in this matter applies, then it will be specified on the Form 400. The Notice of Approval that OAL sends to the agency will include the effective date of the regulation. The history note that will appear at the end of the regulation section in the California Code of Regulations will also include the regulation’s effective date. Additionally, the effective date of the regulation will be noted on OAL’s web site after OAL posts the Internet Web site link to the full text of the regulation that is received from the agency. (Gov. Code, secs. 11343 and 11344.)

**Please note this new requirement:** Unless an exemption applies, Government Code section 11343 now requires:

1. Section 11343(c)(1): Within 15 days of OAL filing a state agency’s regulation with the Secretary of State, the state agency is required to post the regulation on its Internet Web site in an easily marked and identifiable location. The state agency shall keep the regulation posted on its Internet Web site for at least six months from the date the regulation is filed with the Secretary of State.
2. Section 11343(c)(2): Within five (5) days of posting its regulation on its Internet Web site, the state agency shall send to OAL the Internet Web site link of each regulation that the agency posts on its Internet Web site pursuant to section 11343(c)(1).

OAL has established an email address for state agencies to send the Internet Web site link to for each regulation the agency posts. Please send the Internet Web site link for each regulation posted to OAL at [postedregslink@oal.ca.gov](mailto:postedregslink@oal.ca.gov).

**NOTE ABOUT EXEMPTIONS.** Posting and linking requirements do not apply to emergency regulations; regulations adopted by FPPC or Conflict of Interest regulations approved by FPPC; or regulations not subject to OAL/APA review. However, an exempt agency may choose to comply with these requirements, and OAL will post the information accordingly.

**DO NOT DISCARD OR DESTROY THIS FILE**

Due to its legal significance, you are required by law to preserve this rulemaking record. Government Code section 11347.3(d) requires that this record be available to the public and to the courts for possible later review. Government Code section 11347.3(e) further provides that "...no item contained in the file shall be removed, altered, or destroyed or otherwise disposed of." See also the State Records Management Act (Government Code section 14740 et seq.) and the State Administrative Manual (SAM) section 1600 et seq. regarding retention of your records.

If you decide not to keep the rulemaking records at your agency/office or at the State Records Center, you may transmit it to the State Archives with instructions that the Secretary of State shall not remove, alter, or destroy or otherwise dispose of any item contained in the file. See Government Code section 11347.3(f).

Enclosures

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER <b>Z-</b>	REGULATORY ACTION NUMBER <b>20151104OIN</b>	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

ENDORSED - FILED  
In the office of the Secretary of State  
of the State of California

DEC 16 2015

2:10 PM

2015 NOV -4 P 1:42  
OFFICE OF ADMINISTRATIVE LAW

NOTICE	REGULATIONS
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AGENCY WITH RULEMAKING AUTHORITY  
State Board of Equalization

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Teleproduction or Other Postproduction Service	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Partial Sales and Use Tax Exemption	per agency request	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)
ADOPT
AMEND 1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825
REPEAL
TITLE(S) 18

3. TYPE OF FILING
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____ <input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify) _____

7. CONTACT PERSON Richard E. Bennion	TELEPHONE NUMBER (916) 445-2130	FAX NUMBER (Optional) (916) 324-3984	E-MAIL ADDRESS (Optional) rbennion@boe.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Joann Richmond</i>	DATE November 4, 2015
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

DEC 16 2015

Office of Administrative Law

# Memorandum

To : Rhea Moyer  
Office of Administrative Law  
300 Capitol Mall, Suite 1250  
Sacramento, CA 95814

Date: November 5, 2015

From : Richard Bennion  
Regulations Coordinator  
Board Proceedings Division, MIC: 80

Subject *OAL File No. 2015-1104-01N*  
*Regulation 1532, Teleproduction or Other Postproduction Service Equipment,*  
*Regulation 1533.1, Farm Equipment and Machinery,*  
*Regulation 1533.2, Diesel Fuel Used in Farming Activities or Food Processing,*  
*Regulation 1534, Timber Harvesting Equipment and Machinery,*  
*Regulation 1535, Racehorse Breeding Stock,*  
*Regulation 1805, Aircraft Common Carriers, and*  
*Regulation 1825, Aircraft Common Carriers*

The Office of Administrative Law (OAL) is authorized to make the following substitutions and corrections in connection with the above-referenced rulemaking file:

1. On the Form 400, Please copy the Subject in section A1 to section B1a.
2. Print out, "See attached" on the Form 400

If you have any questions or comments, please notify me at (916) 445-2130 or email at [Richard.Bennion@boe.ca.gov](mailto:Richard.Bennion@boe.ca.gov).

REB

## **Text of Proposed Changes to**

### **Title 18. Public Revenue**

#### **Regulation 1532. Teleproduction or Other Postproduction Service Equipment.**

(a) Partial Exemption for Property Purchased for Use in Teleproduction or Other Postproduction Services. Commencing on January 1, 1999, section 6378 of the Revenue and Taxation Code provides a partial exemption from sales and use tax for certain properties described in this regulation.

For the period commencing on January 1, 1999, and ending on December 31, 2000, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%) but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the

Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

Subject to the limitations set forth above, this partial exemption applies to sales or use taxes imposed on the gross receipts from the sale of, and the storage, use, or other consumption in this state of, any of the following items:

- (1) . . . (unchanged).
- (2) . . . (unchanged).
- (b) . . . (unchanged).
- (c) . . . (unchanged):
  - (1) . . . (unchanged).
  - (2) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
      - 1. . . . (unchanged).
      - 2. . . . (unchanged).
- (3) . . . (unchanged).

(4) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(5) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6378, Revenue and Taxation Code.

(Appendices A & B on Next Pages)

## Appendix A

### Section 6378 Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.25%~~~~5.50%~~ effective January 1, ~~2013, 2016,~~ 5.50% from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. The exemption is specific to these transactions only and may not be construed to exempt other transactions. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may *not* be used to purchase certain property such as, furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address
(Street, City, State, Zip Code)

PURCHASE ORDER NUMBER	DATE OF PURCHASE ORDER	DESCRIPTION OF PROPERTY PURCHASED OR LEASED*	SALES PRICE/ RENTALS PAYABLE

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property listed above will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non-qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable".

## Appendix B

### Section 6378 Blanket Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.50%~~5.25% effective January 1, ~~2013, 2016~~, 5.50% from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may **not** be used to purchase certain property such as furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address
(Street, City, State, Zip Code)

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property purchased or leased will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable."

### **Regulation 1533.1. Farm Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of farm equipment and machinery, and parts of farm equipment and machinery purchased for use by a qualified person to be used primarily in producing and harvesting agricultural products. The terms “farm equipment and machinery,” “parts of farm equipment and machinery,” “qualified person,” and “producing and harvesting agricultural products” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California

Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley- Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

- (B) . . . (unchanged).
- (C) . . . (unchanged).
- (D) . . . (unchanged).
- (E) . . . (unchanged).
- (F) . . . (unchanged).
- (G) . . . (unchanged).
- (4) . . . (unchanged).
- (5) . . . (unchanged).
- (d) . . . (unchanged).
- (e) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (g) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (h) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged).
- (i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.5, Revenue and Taxation Code.

**Appendix A . . . (unchanged).**

(Appendix B on Next Page)

## Appendix B

### PARTIAL EXEMPTION CERTIFICATE

### STATE BOARD OF EQUALIZATION

#### Qualified Sales and Purchases of Farm Equipment and Machinery

NOTE: This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

SELLER'S/LESSOR'S NAME
SELLER'S/LESSOR'S ADDRESS (Street, City, State, Zip Code)

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.<sup>1</sup>

**Type of Farm Equipment and Machinery (or parts <sup>2</sup> thereof)\*** \_\_\_\_\_

\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.

PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>
TITLE TELEPHONE NUMBER	
ADDRESS	CITY STATE, ZIP

1. Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products. A vehicle whose existing design is primarily for the transportation of persons or property on a highway does NOT qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B).
2. If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities. Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleaners, and chemicals, do NOT qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A).
3. If you are not required to hold a seller's permit, please enter "Not Applicable."

**Regulation 1533.2. Diesel Fuel Used in Farming Activities or Food Processing.**

(a) General. Commencing on and after September 1, 2001, section 6357.1 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of diesel fuel used in farming activities or food processing. The terms “farming activities” and “food processing” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform

Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.8, 6201, 6201.3, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution. Given the varying rates of the taxes imposed by sections 6051.8 and 6201.8, the partial exemption applies to the following cumulative sales and use tax rates:

- (1) 7.12 percent for the period July 1, 2011, through June 30, 2012;
- (2) 7.42 percent for the period July 1, 2012, through December 31, 2012;
- (3) 7.67 percent for the period January 1, 2013 through June 30, 2013;
- (4) 7.44 percent for the period July 1, 2013, through June 30, 2014; ~~and~~
- (5) 7.25 percent ~~on or after~~ for the period July 1, 2014, through December 31, 2015; and
- (6) 7.00 percent on or after January 1, 2016.

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

- (5) . . . (unchanged).
- (6) . . . (unchanged).
- (7) . . . (unchanged).
- (c) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
    - (D) . . . (unchanged).
    - (E) . . . (unchanged).
  - (4) . . . (unchanged).
  - (5) . . . (unchanged).
- (d) . . . (unchanged).
- (e) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) . . . (unchanged).
- (g) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (h) . . . (unchanged).

(i) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6357.1 and 60022, Revenue and Taxation Code.

**Regulation 1534. Timber Harvesting Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.6 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of off-road commercial timber harvesting equipment and machinery, and parts of off-road commercial timber harvesting equipment and machinery, that are purchased by a qualified person for use primarily in timber harvesting. The terms “off-road commercial timber harvesting equipment and machinery,” “parts of off-road commercial timber harvesting equipment and machinery,” “qualified person,” and “commercial timber harvesting operations” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and

6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(8) . . . (unchanged).

(c) . . . (unchanged).

- (1) . . . (unchanged).
- (2) . . . (unchanged).
- (3) . . . (unchanged):
  - (A) . . . (unchanged).
  - (B) . . . (unchanged).
  - (C) . . . (unchanged).
  - (D) . . . (unchanged).
  - (E) . . . (unchanged).
  - (F) . . . (unchanged).
- (4) . . . (unchanged).
- (5) . . . (unchanged).
- (d) . . . (unchanged).
- (e) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (g) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (h) . . . (unchanged).
  - (1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.6, Revenue and Taxation Code.

### **Regulation 1535. Racehorse Breeding Stock.**

(a) General. Commencing on and after September 1, 2001, section 6358.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of racehorse breeding stock purchased for use by a qualified person. The terms “racehorse breeding stock” and “qualified person” are defined below.

For the period commencing on September 1, 2001 and ending December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5 and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

- (A) . . . (unchanged).
- (B) . . . (unchanged).
- (C) . . . (unchanged).
- (D) . . . (unchanged).
- (E) . . . (unchanged).
- (F) . . . (unchanged).
- (G) . . . (unchanged).
  
- (4) . . . (unchanged).
- (5) . . . (unchanged).
  
- (d) . . . (unchanged).
- (e) . . . (unchanged).

  - (1) . . . (unchanged).
  - (2) . . . (unchanged).

- (f) . . . (unchanged).

  - (1) . . . (unchanged).
  - (2) . . . (unchanged).

- (g) . . . (unchanged).

  - (1) . . . (unchanged).
  - (2) . . . (unchanged).

- (h) . . . (unchanged).

  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6358.5, Revenue and Taxation Code.

### **Regulation 1805. Aircraft Common Carriers.**

(a) Definition - "Common Carriers." . . . (unchanged).

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) Conditions of Exemption. . . . (unchanged).

(d) Leases. . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 7202, and 7203 and 7203.1, Revenue and Taxation Code.

## **Appendix**

### **Form of Exemption Certificate for Claiming Exemption Under Regulations 1805 and 1825.**

(a) Certificate Necessary to Support Exemption. All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

(b) Form of Certificate. Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ is .75 percent; and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

- (1) the State of California
- (2) the United States
- (3) \_\_\_\_\_  
(Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

- (1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent~~
- (2) Exemption from district tax only
- (3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent.~~

“Description of property to be purchased \_\_\_\_\_

Name of Seller \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Dated \_\_\_\_\_ ”

**Regulation 1825. Aircraft Common Carriers.**

(a) Definition - “Common Carriers.” . . . (unchanged).

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) Conditions of Exemption. . . . (unchanged).

(d) Leases. . . . (unchanged).

Note: Authority cited: Sections 7051, 7261 and 7262, Revenue and Taxation Code. Reference: Sections 7261 and 7262, Revenue and Taxation Code.

## Appendix

### Form of Exemption Certificates for Claiming Exemption Under Regulations 1805 and 1825

**(a) Certificate Necessary to Support Exemption.** All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

#### **(b) Form of Certificate.**

Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ is .75 percent; and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

(1) the State of California

(2) the United States

(3) \_\_\_\_\_  
(Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

(1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until~~ December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent

(2) Exemption from district tax only

(3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until~~ December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent.

“Description of property to be purchased \_\_\_\_\_

Name of Seller \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Dated \_\_\_\_\_ ”

The state-wide Coordinator can also be reached through the California Relay Service, by dialing 711 or 1-800-735-2929 (TTY) or 1-800-855-3000 (TTY-Spanish).

Accommodations can include modifications of policies or procedures or provision of auxiliary aids or services. Accommodations include, but are not limited to, an Assistive Listening System (ALS), a Computer-Aided Transcription System or Communication Access Realtime Translation (CART), a sign-language interpreter, documents in Braille, large print or on computer disk, and audio cassette recording. Accommodation requests should be made as soon as possible. Requests for an ALS or CART should be made no later than five (5) days before the hearing.

**SUMMARY OF REGULATORY ACTIONS**

**REGULATIONS FILED WITH SECRETARY OF STATE**

This Summary of Regulatory Actions lists regulations filed with the Secretary of State on the dates indicated. Copies of the regulations may be obtained by contacting the agency or from the Secretary of State, Archives, 1020 O Street, Sacramento, CA 95814, (916) 653-7715. Please have the agency name and the date filed (see below) when making a request.

File# 2015-1104-01  
BOARD OF EQUALIZATION  
Teleproduction or Other Postproduction Service

The State Board of Equalization amended sections 1532, 1533.1, 1533.2, 1534, 1535, 1805, and 1825 of title 18 of the California Code of Regulations as a change without regulatory effect to reflect the end of the "revenue exchange period" as defined in subdivision (b) of section 7203.1 of the Revenue and Taxation Code and to make other nonsubstantive changes.

Title 18  
AMEND: 1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825  
Filed 12/16/2015  
Agency Contact: Richard Bennion (916) 445-2130

File# 2015-1204-02  
CALIFORNIA HEALTH BENEFIT EXCHANGE  
Eligibility and Enrollment Process for the Individual Exchange

This emergency action was submitted for a seventh re-adopt of the regulations pursuant to Government Code section 100504(a)(6). These regulations established the Health Benefit Exchange's policies and procedures for eligibility determination and redetermination, enrollment in qualified health plans, and termination of coverage through the Exchange in the individual Market.

In this seventh re-adopt, the regulations are amended to add a required statement in the application, revise the eligibility redetermination process, modify the process for dismissing an appeal based on the appellant's verbal withdrawal, and revise the expedited appeals process.

Title 10  
ADOPT: 6408, 6410, 6450, 6452, 6454, 6470, 6472, 6474, 6476, 6478, 6480, 6482, 6484, 6486, 6490, 6492, 6494, 6496, 6498, 6500, 6502, 6504, 6506, 6508, 6510, 6600, 6602, 6604, 6606, 6608, 6610, 6612, 6614, 6616, 6618, 6620  
Filed 12/14/2015  
Effective 12/14/2015  
Agency Contact: Bahara Hosseini (916) 228-8486

File# 2015-1027-03  
CALIFORNIA HIGHWAY PATROL  
Inhalation Hazard Shipment: Routes and Stops

The California Highway Patrol is amending 11 sections and adopting one section in Title 13 of the California Code of Regulations to update the locations of required inspection stops, inspection stops, and stopping places to be used by carriers of inhalation hazards along the designated inhalation hazard routes. The updates are mainly due to business closures or ownership changes.

Title 13  
ADOPT: 1157.21 AMEND: 1157, 1157.4, 1157.6, 1157.8, 1157.10, 1157.12, 1157.13, 1157.14, 1157.16, 1157.18, 1157.20  
Filed 12/09/2015  
Effective 04/01/2016  
Agency Contact: Tian-Ting Shih (916) 843-3400

File# 2015-1029-08  
CALIFORNIA HORSE RACING BOARD  
Jockey's Riding Fee

This rulemaking action by the California Horse Racing Board amends regulatory provisions relating to

# **Regulation 1633.1**

## **Section 100**

### *Index*

1. *Form 400 and Proposed Regulation 1532, 1533.1, 1533.2, 1534, 1835, 1805, 1825*
2. *Statement of Explanation*
3. *DOF Letter Dated August 5, 2015*

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

NONSUBSTANTIVE

OAL FILE NUMBERS	NOTICE FILE NUMBER <b>Z-</b>	REGULATORY ACTION NUMBER <b>2015-1104-01N</b>	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

2015 NOV -4 P 1:39  
OFFICE OF ADMINISTRATIVE LAW

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY  
State Board of Equalization

AGENCY FILE NUMBER (If any)

**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE Teleproduction or Other Postproduction Service		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
<b>OAL USE ONLY</b>	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER	PUBLICATION DATE

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

1a. SUBJECT OF REGULATION(S)	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
------------------------------	--

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
<b>SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)</b>	ADOPT
	AMEND 1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825
TITLE(S) 18	REPEAL

3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify) _____	

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input checked="" type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal	
<input type="checkbox"/> Other (Specify) _____			

7. CONTACT PERSON Richard E. Bennion	TELEPHONE NUMBER (916) 445-2130	FAX NUMBER (Optional) (916) 324-3984	E-MAIL ADDRESS (Optional) rbennion@boe.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

For use by Office of Administrative Law (OAL) only

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Joann Richmond</i>	DATE November 4, 2015
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

## **Text of Proposed Changes to**

### **Title 18. Public Revenue**

#### **Regulation 1532. Teleproduction or Other Postproduction Service Equipment.**

(a) Partial Exemption for Property Purchased for Use in Teleproduction or Other Postproduction Services. Commencing on January 1, 1999, section 6378 of the Revenue and Taxation Code provides a partial exemption from sales and use tax for certain properties described in this regulation.

For the period commencing on January 1, 1999, and ending on December 31, 2000, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%) but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the

Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

Subject to the limitations set forth above, this partial exemption applies to sales or use taxes imposed on the gross receipts from the sale of, and the storage, use, or other consumption in this state of, any of the following items:

- (1) . . . (unchanged).
- (2) . . . (unchanged).
- (b) . . . (unchanged).
- (c) . . . (unchanged):
  - (1) . . . (unchanged).
  - (2) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
      - 1. . . . (unchanged).
      - 2. . . . (unchanged).
- (3) . . . (unchanged).

(4) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(5) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6378, Revenue and Taxation Code.

(Appendices A & B on Next Pages)

## Appendix A

### Section 6378 Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.25%~~~~5.50%~~ effective January 1, ~~2013, 2016~~, 5.50% from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. The exemption is specific to these transactions only and may not be construed to exempt other transactions. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may *not* be used to purchase certain property such as, furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address
(Street, City, State, Zip Code)

PURCHASE ORDER NUMBER	DATE OF PURCHASE ORDER	DESCRIPTION OF PROPERTY PURCHASED OR LEASED*	SALES PRICE/ RENTALS PAYABLE

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property listed above will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non-qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable".

## Appendix B

### Section 6378 Blanket Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.50%~~5.25% effective January 1, ~~2013, 2016~~, 5.50% from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may **not** be used to purchase certain property such as furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address (Street, City, State, Zip Code)

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property purchased or leased will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable."

### **Regulation 1533.1. Farm Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of farm equipment and machinery, and parts of farm equipment and machinery purchased for use by a qualified person to be used primarily in producing and harvesting agricultural products. The terms “farm equipment and machinery,” “parts of farm equipment and machinery,” “qualified person,” and “producing and harvesting agricultural products” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California

Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley- Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

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(4) . . . (unchanged).

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(d) . . . (unchanged).

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(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

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(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.5, Revenue and Taxation Code.

**Appendix A . . . (unchanged).**

(Appendix B on Next Page)

## Appendix B

### PARTIAL EXEMPTION CERTIFICATE

### STATE BOARD OF EQUALIZATION

#### Qualified Sales and Purchases of Farm Equipment and Machinery

NOTE: This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

SELLER'S/LESSOR'S NAME
SELLER'S/LESSOR'S ADDRESS (Street, City, State, Zip Code)

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.<sup>1</sup>

**Type of Farm Equipment and Machinery (or parts 2<sup>2</sup> thereof)\*** \_\_\_\_\_

\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.

PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>
TITLE TELEPHONE NUMBER	
ADDRESS	CITY STATE, ZIP

1. Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products. A vehicle whose existing design is primarily for the transportation of persons or property on a highway, such as a pickup truck or trailer, does NOT qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B).
2. If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities. Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleansers, and chemicals, do NOT qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A).
3. If you are not required to hold a seller's permit, please enter "Not Applicable."

## **Regulation 1533.2. Diesel Fuel Used in Farming Activities or Food Processing.**

(a) General. Commencing on and after September 1, 2001, section 6357.1 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of diesel fuel used in farming activities or food processing. The terms “farming activities” and “food processing” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform

Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.8, 6201, 6201.3, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution. Given the varying rates of the taxes imposed by sections 6051.8 and 6201.8, the partial exemption applies to the following cumulative sales and use tax rates:

- (1) 7.12 percent for the period July 1, 2011, through June 30, 2012;
- (2) 7.42 percent for the period July 1, 2012, through December 31, 2012;
- (3) 7.67 percent for the period January 1, 2013 through June 30, 2013;
- (4) 7.44 percent for the period July 1, 2013, through June 30, 2014; ~~and~~
- (5) 7.25 percent ~~on or after~~for the period July 1, 2014, through December 31, 2015; and
- (6) 7.00 percent on or after January 1, 2016.

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6357.1 and 60022, Revenue and Taxation Code.

### **Regulation 1534. Timber Harvesting Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.6 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of off-road commercial timber harvesting equipment and machinery, and parts of off-road commercial timber harvesting equipment and machinery, that are purchased by a qualified person for use primarily in timber harvesting. The terms “off-road commercial timber harvesting equipment and machinery,” “parts of off-road commercial timber harvesting equipment and machinery,” “qualified person,” and “commercial timber harvesting operations” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and

6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(8) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.6, Revenue and Taxation Code.

### **Regulation 1535. Racehorse Breeding Stock.**

(a) General. Commencing on and after September 1, 2001, section 6358.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of racehorse breeding stock purchased for use by a qualified person. The terms “racehorse breeding stock” and “qualified person” are defined below.

For the period commencing on September 1, 2001 and ending December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending when sections 6051.7 and 6201.7 of the Revenue and Taxation Code cease to be operative, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5 and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6358.5, Revenue and Taxation Code.

### **Regulation 1805. Aircraft Common Carriers.**

(a) Definition - "Common Carriers." . . . (unchanged).

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) Conditions of Exemption. . . . (unchanged).

(d) Leases. . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 7202; and 7203 and 7203.1, Revenue and Taxation Code.

## **Appendix**

### **Form of Exemption Certificate for Claiming Exemption Under Regulations 1805 and 1825.**

(a) Certificate Necessary to Support Exemption. All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

(b) Form of Certificate. Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ is .75 percent; and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

- (1) the State of California
- (2) the United States
- (3) \_\_\_\_\_  
(Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

- (1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent~~
- (2) Exemption from district tax only
- (3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent.~~

“Description of property to be purchased \_\_\_\_\_

Name of Seller \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Dated \_\_\_\_\_ ”

**Regulation 1825. Aircraft Common Carriers.**

(a) Definition - “Common Carriers.” . . . (unchanged).

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) Conditions of Exemption. . . . (unchanged).

(d) Leases. . . . (unchanged).

Note: Authority cited: Sections 7051, 7261 and 7262, Revenue and Taxation Code. Reference: Sections 7261 and 7262, Revenue and Taxation Code.

## Appendix

### Form of Exemption Certificates for Claiming Exemption Under Regulations 1805 and 1825

**(a) Certificate Necessary to Support Exemption.** All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

#### **(b) Form of Certificate.**

Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015,~~ is .75 percent; and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

(1) the State of California

(2) the United States

(3)

\_\_\_\_\_ (Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

(1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent;~~ and, on and after January 1, 2016, is 1 percent

(2) Exemption from district tax only

(3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent;~~ and, on and after January 1, 2016, is 1 percent.

“Description of property to be purchased \_\_\_\_\_

Name of Seller \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Dated \_\_\_\_\_ ”

# CHANGES WITHOUT REGULATORY EFFECT UNDER CALIFORNIA CODE OF REGULATIONS, TITLE 1, SECTION 100

## Statement of Explanation

### Title 18. Public Revenues

Regulation 1532, *Teleproduction or Other Postproduction Service Equipment*,  
Regulation 1533.1, *Farm Equipment and Machinery*,  
Regulation 1533.2, *Diesel Fuel Used in Farming Activities or Food Processing*,  
Regulation 1534, *Timber Harvesting Equipment and Machinery*,  
Regulation 1535, *Racehorse Breeding Stock*,  
Regulation 1805, *Aircraft Common Carriers*, and  
Regulation 1825, *Aircraft Common Carriers*

#### **A. Factual Basis**

##### 1. Changes Related to Tax Rates and Partial Exemption Percentages

Assembly Bill No. (AB) 7 (Stats. 2003, 1st Ex. Sess., ch. 13) (ABX 7), enacted the California Fiscal Recovery Financing Act (Gov. Code, § 99000 et seq.), effective August 2, 2003. ABX 7 added Revenue and Taxation Code (RTC) sections 6051.5 and 6201.5 to increase the state sales and use tax rate by one-half of one percent (0.50%), operative July 1, 2004, to provide revenue for the Fiscal Recovery Fund included in the act. ABX 7 added RTC section 7203.1 to lower the one and one-quarter percent (1.25%) rate of the local sales and use taxes that may be imposed under the Bradley-Burns Uniform Sales and Use Tax Law (RTC, § 7200 et seq.) by one-half of one percent (0.50%) to three-quarters of one percent (.75%), operative July 1, 2004, in order to prevent the statewide sales and use tax rate from increasing as a result of the enactment of RTC sections 6051.5 and 6201.5. This revenue “exchange” procedure is part of what is commonly referred to as the “Triple Flip.” ABX 7 included provisions in RTC sections 6051.5, 6201.5, and 7203.1 providing that those sections would only be operative during the revenue exchange period beginning on July 1, 2004, and ending “on the first day of the first calendar quarter commencing more than 90 days following a notification” from the Director of Finance, pursuant to Government Code (GC) section 99006, subdivision (b), that the tax imposed by RTC sections 6051.5 and 6201.5 is no longer necessary to provide revenue for the Fiscal Recovery Fund. ABX7 also amended RTC sections 7202, subdivision (g), and 7203, subdivision (e), to reduce the partial local sales and use tax exemption for aircraft common carriers from 80 percent of the local tax rate to 67 percent of the local tax rate during the revenue exchange period.

AB 9 (Stats. 2003, 5th Ex. Sess., ch.2) (ABX5 9), enacted the Economic Recovery Bond Act (GC, § 99050 et seq.), effective December 12, 2003, and authorized the issuance of up to \$15 billion of bonds to finance the accumulated budget deficit after the act was subsequently approved by the voters, as Proposition 57, at the March 2, 2004, primary election. ABX5 9 reduced the tax rate proposed under the original “Triple Flip” by repealing and reenacting RTC sections 6051.5, 6201.5, and 7203.1 and substituting “one-quarter” for “one-half” of a percent. As a result, the “Triple Flip,” as modified by ABX5 9, ultimately increased the state sales and use tax rate by one-quarter percent (0.25%) and decreased the Bradley-Burns Uniform Local Sales and Use Tax rate by one-quarter percent to one percent (1%), operative July 1, 2004. The

resulting revenues from the one-quarter percent (0.25%) state sales and use tax imposed by RTC sections 6051.5 and 6201.5 are deposited into the Fiscal Recovery Fund. ABX5 9 also repealed and reenacted RTC sections 7202 and 7203 to increase the partial local sales and use tax exemption for aircraft common carriers from 67 percent to 75 percent of the one percent (1%) local tax rate during the revenue exchange period.

The Director of Finance recently notified the State Board of Equalization (Board), pursuant to GC section 99006, subdivision (b), that, as of August 5, 2015, the one-quarter percent (0.25%) state sales and use tax imposed by RTC sections 6051.5 and 6201.5 is no longer necessary to provide revenue for the Fiscal Recovery Fund and, as a result, RTC sections 6051.5, 6201.5, and 7203.1 shall cease to be operative and the revenue exchange period will end on January 1, 2016. (See Director of Finance's August 5, 2015, letter.) Therefore, the local tax rate will increase from one percent (1%) to one and one-quarter percent (1.25%) and the partial local sales and use tax exemption for aircraft common carriers will be restored to 80 percent of the one and one-quarter percent (1.25%) local tax rate on January 1, 2016.

*a. Regulations 1532, 1533.1, 1533.2, 1534, and 1535*

California Code of Regulations, title 18, sections (Regulations) 1532, *Teleproduction or Other Postproduction Service Equipment*, 1533.1, *Farm Equipment and Machinery*, 1533.2, *Diesel Fuel Used in Farming Activities or Food Processing*, 1534, *Timber Harvesting Equipment and Machinery*, and 1535, *Racehorse Breeding Stock*, respectively describe or explain the partial sales and use tax exemptions provided by RTC sections 6378, 6356.5, 6357.1, 6356.6, and 6358.5, which all currently apply to the one-quarter percent (0.25%) tax imposed by RTC sections 6051.5 and 6201.5, but not taxes imposed under the Bradley-Burns Uniform Sales and Use Tax Law. Therefore, the Board proposes to change subdivision (a) in Regulations 1532, 1533.1, 1533.2, 1534, and 1535 and appendices A and B to Regulation 1532 to incorporate the one quarter of one percent (0.25%) decrease in the relevant partial exemption rates, as of January 1, 2016, due to the expiration of the one-quarter percent (0.25%) tax imposed by RTC sections 6051.5 and 6201.5, as of January 1, 2016.

The proposed changes to Regulations 1532, 1533.1, 1533.2, 1534, and 1535 are appropriate for processing under California Code of Regulations, title 1, section (Rule) 100 because they make all the regulations consistent with the one quarter of one percent (0.25%) decrease in the relevant partial exemption rates, as of January 1, 2016, due to the expiration of the one-quarter percent (0.25%) tax imposed by RTC sections 6051.5 and 6201.5, as of January 1, 2016, and the changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

*b. Regulations 1805 and 1825*

Regulations 1805, *Aircraft Common Carriers*, and 1825, *Aircraft Common Carriers*, explain exemptions from local and district transactions (sales) and use taxes for aircraft common carriers provided by RTC sections 7202, 7203, 7261, and 7262, and both regulations' appendices provide the rate of the partial local sales and use tax exemption provided by RTC sections 7202, subdivision (g), and 7203, subdivision (e), which may be claimed by aircraft common carriers. Therefore, the Board proposes to change the appendices to Regulations 1805 and 1825 to clarify that the partial local sales and use tax

exemption for aircraft common carriers, provided by RTC sections 7202, subdivision (g), and 7203, subdivision (e), will apply to 75 percent of the one percent (1%) local tax rate (i.e., .75%) until December 31, 2015, and will apply to 80 percent of the one and one-quarter percent (1.25%) local tax rate (i.e., 1%) on and after January 1, 2016, because RTC section 7203.1 shall cease to be operative and the revenue exchange period will end on January 1, 2016. The Board also proposes to delete unnecessary quotation marks from both regulations' appendices, and delete the reference to RTC section 7203.1 from Regulation 1805's reference note.

The proposed changes to Regulations 1805 and 1825 are appropriate for processing under Rule 100 because they make the regulations consistent with the expiration of the one-quarter percent (0.25%) decrease in the local sales and use tax rate prescribed by RTC sections 7203.1 and the restoration of the partial 80 percent local sales and use tax exemption for aircraft common carriers on January 1, 2016, revise the formatting of the regulations' appendices, and update Regulation 1805's reference note, and the changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

## 2. Clarifying Changes to Appendix B to Regulation 1533.1

Currently, Regulation 1533.1, subdivision (b)(1), defines the term "farm equipment and machinery" for purposes of the partial exemption provided by RTC section 6356.5. As relevant here, the last sentence in Regulation 1533.1, subdivision (b)(1)(A), currently provides that farm equipment and machinery "does not include tangible personal property that is, without limitation, a supply item not used in producing or harvesting agricultural products such as shop towels, cleaning agents, hand cleaners, chemicals, and articles of clothing, except clothing designed primarily to protect a commodity or to apply agricultural chemicals as described in 3 CCR 6738." Also, the first sentence in Regulation 1533.1, subdivision (b)(1)(B), currently provides that farm equipment and machinery includes "[a]ny new or used vehicle, as defined in Chapter 1, Division 16 of the Vehicle Code, which is used exclusively in the conduct of agricultural operations such as a farm tractor, but not including a vehicle whose existing design is primarily for the transportation of persons or property on a highway, unless such vehicle is otherwise specified as an implement of husbandry in some other provision of the Vehicle Code."

In addition, Regulation 1533.1, subdivision (c), requires a qualified person to provide a retailer with a partial exemption certificate so that the retailer can claim the partial exemption provided by RTC section 6356.5. As relevant here, subdivision (c)(3) permits any document meeting the minimum requirements specified therein to be used as a partial exemption certificate, and Appendix B to Regulation 1533.1 contains a partial exemption certificate form, which satisfies those requirements, that qualified persons may use, but are not required to use, to claim the partial exemption under subdivisions (c) and (d) of the regulation. Also, footnotes 1 and 2 to the partial exemption certificate in Appendix B currently provide that:

1. "Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products."

2. “If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities.”

The Board is aware that there has been some misunderstanding regarding the application of the partial exemption for farm equipment and machinery to vehicles, primarily pickup trucks and trailers, and general supply items. As a result, some purchasers have given retailers partial exemption certificates for the purchase of vehicles and supply items that do not qualify as “farm equipment and machinery” as currently defined in Regulation 1533.1, subdivision (b)(1). Therefore, the Board proposes to add language to footnote 1 to the partial exemption certificate in Appendix B to Regulation 1533.1 to provide additional notice to purchasers and retailers as follows: “A vehicle whose existing design is primarily for the transportation of persons or property on a highway, such as a pickup truck or trailer, does **NOT** qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B).” The Board also proposes to add the following language to footnote 2 to the partial exemption certificate in Appendix B: “Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleansers, and chemicals, do **NOT** qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A).” The Board anticipates that the changes to the partial exemption certificate will help educate purchasers and retailers regarding the current meaning of “farm equipment and machinery,” as defined in the regulation, and help reduce the situations where purchasers use partial exemption certificates to try to claim the partial exemption for farm equipment and machinery on the purchase of vehicles and supply items that do not qualify as farm equipment and machinery, as currently defined.

The proposed changes to Appendix B to Regulation 1533.1 are appropriate for processing under Rule 100 because they incorporate existing provisions in Regulation 1533.1, subdivision (b)(1), into footnotes 1 and 2 to the partial exemption certificate in Appendix B of the regulation, and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

## **B. Proposed Changes**

The following Rule 100 changes are proposed to Regulations 1532, 1533.1, 1533.2, 1534, 1535, 1805, and 1825:

### TEXT OF PROPOSED CHANGES

#### **Regulation 1532. Teleproduction or Other Postproduction Service Equipment.**

(a) Partial Exemption for Property Purchased for Use in Teleproduction or Other Postproduction Services. Commencing on January 1, 1999, section 6378 of the Revenue and Taxation Code provides a partial exemption from sales and use tax for certain properties described in this regulation.

For the period commencing on January 1, 1999, and ending on December 31, 2000, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales

and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%) but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation

Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

Subject to the limitations set forth above, this partial exemption applies to sales or use taxes imposed on the gross receipts from the sale of, and the storage, use, or other consumption in this state of, any of the following items:

- (1) . . . (unchanged).
- (2) . . . (unchanged).
- (b) . . . (unchanged).
- (c) . . . (unchanged):
  - (1) . . . (unchanged).
  - (2) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
      - 1. . . . (unchanged).
      - 2. . . . (unchanged).
  - (3) . . . (unchanged).
  - (4) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
    - (D) . . . (unchanged).
  - (5) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6378, Revenue and Taxation Code.

(Appendices A & B on Next Pages)

## Appendix A

### Section 6378 Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.25%~~~~5.50%~~ effective January 1, ~~2013, 2016~~, ~~5.50%~~ from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. The exemption is specific to these transactions only and may not be construed to exempt other transactions. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may *not* be used to purchase certain property such as, furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address
(Street, City, State, Zip Code)

PURCHASE ORDER NUMBER	DATE OF PURCHASE ORDER	DESCRIPTION OF PROPERTY PURCHASED OR LEASED*	SALES PRICE/ RENTALS PAYABLE

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property listed above will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non-qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable".

## Appendix B

### Section 6378 Blanket Exemption Certificate

**Please Note:** This is a partial exemption from sales and use tax at the rate of ~~5.50%~~ 5.25% effective January 1, ~~2013, 2016~~, 5.50% from January 1, 2013 to December 31, 2015, 5.25% from July 1, 2011 to December 31, 2012, 6.25% from April 1, 2009 to June 30, 2011, 5.25% from July 1, 2004 to March 31, 2009, 5% from January 1, 2002 to June 30, 2004, 4.75% from January 1, 2001 to December 31, 2001, and 5% from January 1, 1999 to December 31, 2000. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to section 35 of article XIII of the California Constitution. This exemption also applies to lease payments made on or after January 1, 1999, notwithstanding the fact that the lease agreement was entered into prior to January 1, 1999. This certificate may **not** be used to purchase certain property such as furniture, inventory, meals, vehicles, equipment used to store products or real property.

Seller's Name
Seller's Address
(Street, City, State, Zip Code)

I hereby certify that I am a qualified person primarily engaged in teleproduction or other postproduction services as described in Regulation 1532 and that the property purchased or leased will be used primarily in teleproduction or other postproduction services or to maintain, repair, measure or test any such property. I understand that if such property is used outside the State of California or leased to a non qualified person in the aggregate for more than one half of the one year period following the date of purchase or lease, or if such property is converted for use in a manner not qualifying for the exemption, that I am required by the Revenue and Taxation Code to report and pay the state sales/use tax measured by the sales price of the property to/by me.

PRINT NAME	TITLE	COMPANY NAME
SIGNATURE	DATE	PERMIT NUMBER (if applicable)*
ADDRESS	CITY	STATE, ZIP

Seller must retain a copy of this exemption certificate to support a deduction taken on their return.

\* A seller's permit is required to be held by any person engaged in the business of selling tangible personal property in California. Certain lessors must also hold a seller's permit. If you are not required to hold a seller's permit because you make no sales or leases of tangible personal property in California, please enter "Not Applicable."

### **Regulation 1533.1. Farm Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of farm equipment and machinery, and parts of farm equipment and machinery purchased for use by a qualified person to be used primarily in producing and harvesting agricultural products. The terms “farm equipment and machinery,” “parts of farm equipment and machinery,” “qualified person,” and “producing and harvesting agricultural products” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to

sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley- Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.5, Revenue and Taxation Code.

**Appendix A** . . . (unchanged).

## Appendix B

### PARTIAL EXEMPTION CERTIFICATE

### STATE BOARD OF EQUALIZATION

#### Qualified Sales and Purchases of Farm Equipment and Machinery

NOTE: This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

SELLER'S/LESSOR'S NAME
SELLER'S/LESSOR'S ADDRESS (Street, City, State, Zip Code)

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.<sup>1</sup>

**Type of Farm Equipment and Machinery (or parts <sup>2</sup> thereof)\*** \_\_\_\_\_

\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.

PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>
TITLE TELEPHONE NUMBER	
ADDRESS	CITY STATE, ZIP

1. Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products. A vehicle whose existing design is primarily for the transportation of persons or property on a highway, such as a pickup truck or trailer, does NOT qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B).
2. If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities. Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleansers, and chemicals, do NOT qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A).
3. If you are not required to hold a seller's permit, please enter "Not Applicable."

## **Regulation 1533.2. Diesel Fuel Used in Farming Activities or Food Processing.**

(a) General. Commencing on and after September 1, 2001, section 6357.1 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of diesel fuel used in farming activities or food processing. The terms “farming activities” and “food processing” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6051.8, 6201, 6201.3, 6201.5, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.8, 6201, 6201.3, and 6201.8 of the Revenue and Taxation Code, but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution. Given the varying rates of the taxes imposed by sections 6051.8 and 6201.8, the partial exemption applies to the following cumulative sales and use tax rates:

- (1) 7.12 percent for the period July 1, 2011, through June 30, 2012;
- (2) 7.42 percent for the period July 1, 2012, through December 31, 2012;
- (3) 7.67 percent for the period January 1, 2013 through June 30, 2013;
- (4) 7.44 percent for the period July 1, 2013, through June 30, 2014;~~and~~
- (5) 7.25 percent ~~on or after~~for the period July 1, 2014, through December 31, 2015; and
- (6) 7.00 percent on or after January 1, 2016.

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

- (c) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged):
    - (A) . . . (unchanged).
    - (B) . . . (unchanged).
    - (C) . . . (unchanged).
    - (D) . . . (unchanged).
    - (E) . . . (unchanged).
  - (4) . . . (unchanged).
  - (5) . . . (unchanged).
- (d) . . . (unchanged).
- (e) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) . . . (unchanged).
- (g) . . . (unchanged).
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (h) . . . (unchanged).
- (i) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6357.1 and 60022, Revenue and Taxation Code.

## **Regulation 1534. Timber Harvesting Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.6 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of off-road commercial timber harvesting equipment and machinery, and parts of off-road commercial timber harvesting equipment and machinery, that are purchased by a qualified person for use primarily in timber harvesting. The terms “off-road commercial timber harvesting equipment and machinery,” “parts of off-road commercial timber harvesting equipment and machinery,” “qualified person,” and “commercial timber harvesting operations” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to

sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(8) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.6, Revenue and Taxation Code.

## **Regulation 1535. Racehorse Breeding Stock.**

(a) General. Commencing on and after September 1, 2001, section 6358.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of racehorse breeding stock purchased for use by a qualified person. The terms “racehorse breeding stock” and “qualified person” are defined below.

For the period commencing on September 1, 2001 and ending December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending when sections 6051.7 and 6201.7 of the Revenue and Taxation Code cease to be operative, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5 and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, and ending on December 31, 2015, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2016, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

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(A) . . . (unchanged).

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(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6358.5, Revenue and Taxation Code.

**Regulation 1805. Aircraft Common Carriers.**

(a) Definition - “Common Carriers.” . . . (unchanged).

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

(c) Conditions of Exemption. . . . (unchanged).

(d) Leases. . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 7202, and 7203 and 7203.1, Revenue and Taxation Code.

### Appendix

#### Form of Exemption Certificate for Claiming Exemption Under Regulations 1805 and 1825.

(a) Certificate Necessary to Support Exemption. All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply,~~ until December 31, 2015, this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

(b) Form of Certificate. Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply,~~ until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

- (1) the State of California
- (2) the United States
- (3) \_\_\_\_\_  
(Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

- (1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply,~~ until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent
- (2) Exemption from district tax only

(3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply,~~ until December 31, 2015, is .75 percent; and, on and after January 1, 2016, is 1 percent.

“Description of property to be purchased \_\_\_\_\_  
\_\_\_\_\_  
Name of Seller \_\_\_\_\_  
Purchaser \_\_\_\_\_  
Address \_\_\_\_\_  
Dated \_\_\_\_\_”

**Regulation 1825. Aircraft Common Carriers.**

- (a) Definition - “Common Carriers.” . . . (unchanged).
- (b) Aircraft Common Carriers.
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
- (c) Conditions of Exemption. . . . (unchanged).
- (d) Leases. . . . (unchanged).

Note: Authority cited: Sections 7051, 7261 and 7262, Revenue and Taxation Code. Reference: Sections 7261 and 7262, Revenue and Taxation Code.

**Appendix**

**Form of Exemption Certificates for Claiming Exemption Under Regulations 1805 and 1825**

**(a) Certificate Necessary to Support Exemption.** All purchasers of tangible personal property claiming exemption from Bradley-Burns local taxes under the provisions of Regulation 1805 or from both Bradley-Burns local taxes and district transactions (sales) and use taxes under Regulation 1825 should file with the seller an exemption certificate in the form shown below. On and after July 1, 1972, for purposes of the Bradley-Burns local taxes, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%); ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply,~~ until December 31, 2015, this exemption is limited to 75 percent of the 1 percent local tax (i.e., .75%); and, on and after January 1, 2016, this exemption is limited to 80 percent of the 1.25 percent local tax (i.e., 1%).

**(b) Form of Certificate.**

Aircraft Common Carrier. The following certificate may be used by a purchaser claiming exemption under Regulation 1825 from district transactions (sales) and use taxes, and/or claiming partial exemption under Regulation 1805 from Bradley-Burns local taxes which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent;~~ and, on and after January 1, 2016, is 1 percent.

“The purchaser hereby certifies that the purchaser is the operator of aircraft as a common carrier of persons or property and that the property purchased will be used or consumed principally outside the county in which the sale is made and will be used or consumed directly and exclusively in the use of such aircraft as a common carrier of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of (check which is applicable)

- (1) the State of California
- (2) the United States
- (3) \_\_\_\_\_  
(Insert the name of the foreign government)

“The purchaser agrees that if the property is used in some other manner or some other purpose, the purchaser will report and pay the tax measured by the purchase price of the property.

“This certificate is given to claim: (check which is applicable)

- (1) Partial exemption from Bradley-Burns local tax only which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent;~~ and, on and after January 1, 2016, is 1 percent
- (2) Exemption from district tax only
- (3) Both exemption from district tax and partial exemption from Bradley-Burns local tax which: On or before June 30, 2004, is 1 percent; ~~and, on and after July 1, 2004, until the rate modifications in subdivision (a) of Revenue and Taxation Code section 7203.1 cease to apply, until December 31, 2015, is .75 percent;~~ and, on and after January 1, 2016, is 1 percent.

“Description of property to be purchased \_\_\_\_\_

Name of Seller \_\_\_\_\_

Purchaser \_\_\_\_\_

Address \_\_\_\_\_

Dated \_\_\_\_\_<sup>22</sup>



DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

EDMUND G. BROWN JR. • GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

**RECEIVED**

August 5, 2015

**AUG 07 2015**

by EXECUTIVE DIRECTOR'S OFFICE  
STATE BOARD OF EQUALIZATION

Honorable John Chiang  
State Treasurer  
Executive Office  
915 Capitol Mall, Room 110  
Sacramento, CA 95814

Ms. Cynthia Bridges  
Executive Director  
Board of Equalization  
450 N Street, Room 2322  
Sacramento, CA 95814

Dear Treasurer Chiang and Ms. Bridges:

As of August 5 2015, escrow accounts were established for the defeasance of the remaining \$929.7 million in outstanding State of California Economic Recovery Bonds (the "Bonds"), authorized and issued pursuant to the Master Indenture of Trust, dated May 1, 2004, by and between the State, Acting By and Through the Economic Recovery Financing Committee, and the State Treasurer, as trustee, as previously amended and supplemented (the "Master Indenture"). The escrow accounts will fund all future principal, interest, and administrative costs until the final maturity of the Bonds in 2019.

As a result of this defeasance, I, Michael Cohen, Director of Finance of the State of California, do hereby notify you pursuant to Section 99006(b) of the Government Code that:

(i) Payment of the principal of and interest on all of the Bonds and Ancillary Obligations Outstanding has been irrevocably provided for pursuant to the Master Indenture and no Bonds or Ancillary Obligations are deemed "outstanding" pursuant to the Master Indenture; and

(ii) No other bonds were or will be issued pursuant to the California Fiscal Recovery Financing Act.

Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Master Indenture.

This notification shall serve to end the "revenue exchange period," as defined in Section 7203.1(b) of the Revenue and Taxation Code, on December 31, 2015. As a result, the reduced tax rates set forth in Section 7203.1(a) shall cease to become operative and will revert to the rates as described in Sections 7202 and 7203 as of January 1, 2016. Further, this notification

shall serve to render Sections 6051.5 and 6201.5 of the Revenue and Taxation Code inoperative as of January 1, 2016.



MICHAEL COHEN  
Director

cc: Mr. Blake Fowler, Director, Public Finance Division, State Treasurer's Office  
Ms. Julie Giordano, Assistant Director, Public Finance Division, State Treasurer's Office  
Mr. Gary Watkins, Manager, Public Finance Division, State Treasurer's Office  
Chairman Jerome E. Horton, Board of Equalization  
Vice Chair George Runner, Board of Equalization  
Fiona Ma, Member, Board of Equalization  
Diane L. Harkey, Member, Board of Equalization  
Betty T. Yee, State Controller

## Memorandum

To: Ms. Cynthia Bridges  
Executive Director, (MIC:73)

Date: August 20, 2015

From: <sup>RMF</sup>  
Randy Ferris  
Chief Counsel

Subject: **Board Meeting, September 16-17, 2015**  
**Item J - Chief Counsel's Rulemaking Calendar**  
**Sales and Use Tax Regulation 1533.1, *Farm Equipment and Machinery***

We request your approval to place proposed changes to Appendix B to Sales and Use Tax Regulation 1533.1, *Farm Equipment and Machinery*, on the Chief Counsel's Rulemaking Calendar for the September 16-17, 2015, Board meeting. The proposed changes update the footnotes to the partial exemption certificate in Appendix B to provide additional notice regarding the regulation's current definition of "farm equipment and machinery" for purpose of claiming the partial sales and use tax exemption for farm equipment and machinery provided by Revenue and Taxation Code section 6356.5.

Currently, Regulation 1533.1, subdivision (b)(1) defines the term "farm equipment and machinery" for purposes of the partial exemption provided by RTC section 6356.5. As relevant here, the last sentence in Regulation 1533.1, subdivision (b)(1)(A) currently provides that farm equipment and machinery "does not include tangible personal property that is, without limitation, a supply item not used in producing or harvesting agricultural products such as shop towels, cleaning agents, hand cleaners, chemicals, and articles of clothing, except clothing designed primarily to protect a commodity or to apply agricultural chemicals as described in 3 CCR 6738." Also, the first sentence in Regulation 1533.1, subdivision (b)(1)(B) currently provides that farm equipment and machinery includes "[a]ny new or used vehicle, as defined in Chapter 1, Division 16 of the Vehicle Code, which is used exclusively in the conduct of agricultural operations such as a farm tractor, but not including a vehicle whose existing design is primarily for the transportation of persons or property on a highway, unless such vehicle is otherwise specified as an implement of husbandry in some other provision of the Vehicle Code."

In addition, Regulation 1533.1, subdivision (c) requires a qualified person to provide a retailer with a partial exemption certificate so that the retailer can claim the partial exemption. As relevant here, subdivision (c)(3) permits any document meeting the minimum requirements specified therein to be used as a partial exemption certificate, and Appendix B contains a partial exemption certificate form, which satisfies those requirements, that qualified persons may use, but are not required to use, to claim the partial exemption under subdivisions (c) and (d) of the

regulation. Also, footnotes 1 and 2 to the partial exemption certificate in Appendix B currently provide that:

1. "Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products."
2. "If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities."

Board staff is aware that there has been some misunderstanding regarding the application of the partial exemption for farm equipment and machinery to vehicles, primarily pickup trucks and trailers, and general supply items. As a result, some purchasers have given retailers partial exemption certificates for the purchase of vehicles and supply items that do not qualify as "farm equipment and machinery" as currently defined in Regulation 1533.1, subdivision (b)(1). Therefore, staff proposes to add language to footnote 1 to the partial exemption certificate in Appendix B to provide additional notice to purchasers and retailers as follows: "A vehicle whose existing design is primarily for the transportation of persons or property on a highway, such as a pickup truck or trailer, does **NOT** qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B)." Staff also proposes to add the following language to footnote 2 to the partial exemption certificate in Appendix B: "Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleansers, and chemicals, do **NOT** qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A)." Board staff anticipates that the changes to the partial exemption certificate will help educate purchasers and retailers regarding the current meaning of "farm equipment and machinery" and help reduce the situations where purchasers use partial exemption certificates to try to claim the partial exemption for farm equipment and machinery on the purchase of vehicles and supply items that do not qualify as farm equipment and machinery, as currently defined.

Staff will request the Board's authorization to make the changes to Appendix B to Regulation 1533.1 under California Code of Regulations, title 1, section (Rule) 100, without the normal notice and public hearing process. The changes are appropriate for processing under Rule 100 because they incorporate existing provisions in Regulation 1533.1, subdivision (b)(1), into footnotes 1 and 2 to the partial exemption certificate in Appendix B of the regulation, and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

Attached are the current text of Regulation 1533.1 and a ~~strikeout~~ and underlined version of Appendix B to Regulation 1533.1 illustrating the proposed revisions.

If you have any questions regarding this request, please let me know or contact Mr. Bradley Heller at (916) 323-3091.

Ms. Cynthia Bridges  
Executive Director

- 3 -

August 20, 2015

Recommendation by:

  
Randy Ferris, Chief Counsel

Approved:

  
Cynthia Bridges, Executive Director

Approved:

BOARD APPROVED

At the \_\_\_\_\_ Board Meeting

\_\_\_\_\_  
Lynn Bartolo, Acting Deputy Director  
Sales and Use Tax Department

\_\_\_\_\_  
Joann Richmond, Chief  
Board Proceedings Division

Attachments: Regulation 1533.1  
Proposed Changes to Regulation 1533.1, Appendix B

cc: Ms. Lynn Bartolo (MIC:57)  
Ms. Joann Richmond (MIC:80)  
Mr. Robert Tucker (MIC:82)  
Ms. Susanne Buehler (MIC:92)  
Mr. Bradley M. Heller (MIC:82)  
Ms. Kirsten Stark (MIC:50)  
Ms. Kim Rios (MIC:50)

**1533.1. Farm Equipment and Machinery.**

(a) General. Commencing on and after September 1, 2001, section 6356.5 of the Revenue and Taxation Code partially exempts from sales and use tax the sale of, and the storage, use, or other consumption in this state, of farm equipment and machinery, and parts of farm equipment and machinery purchased for use by a qualified person to be used primarily in producing and harvesting agricultural products. The terms “farm equipment and machinery,” “parts of farm equipment and machinery,” “qualified person,” and “producing and harvesting agricultural products” are defined below.

For the period commencing on September 1, 2001, and ending on December 31, 2001, the partial exemption applies to the taxes imposed by sections 6051 and 6201 of the Revenue and Taxation Code (4.75%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2002, and ending on June 30, 2004, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6201, and 6201.3 of the Revenue and Taxation Code (5%), but does not apply to the taxes imposed pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2004, and ending on March 31, 2009, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on April 1, 2009, and ending on June 30, 2011, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6051.7, 6201, 6201.3, 6201.5, and 6201.7 of the Revenue and Taxation Code (6.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on July 1, 2011, and ending on December 31, 2012, the partial exemption applies to the taxes imposed by sections 6051, 6051.3, 6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.25%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

For the period commencing on January 1, 2013, the partial exemption applies to the taxes imposed by section 36 of article XIII of the California Constitution and sections 6051, 6051.3,

6051.5, 6201, 6201.3, and 6201.5 of the Revenue and Taxation Code (5.50%), but does not apply to the taxes imposed or administered pursuant to sections 6051.2 and 6201.2 of the Revenue and Taxation Code, the Bradley-Burns Uniform Local Sales and Use Tax Law, the Transactions and Use Tax Law, or section 35 of article XIII of the California Constitution.

(b) Definitions. For purposes of this regulation:

(1) "Farm equipment and machinery" means implements of husbandry, which include:

(A) Any new or used tool, machine, equipment, appliance, device or apparatus used in the conduct of agricultural operations, except where such items are intended for sale in the ordinary course of business. Such items include, but are not limited to, combines, harrows, tractor implements, agricultural heating and cooling equipment, fuel storage equipment, wind machines, handling and packing equipment and conveyors, ginning equipment, feeding, watering and waste disposal systems for livestock, incubators and equipment used for egg and poultry production, harvesting trays and bins, farm tools such as rakes and hoes, plant support equipment such as trellis systems, irrigation systems, fencing systems, milking systems, agricultural operating structures, squeeze chutes, portable panels, corrals, loading chutes, veterinary instruments, free stalls, cages and tack items such as saddles and rope. Farm equipment and machinery also includes any equipment or device used or required to operate, control, or regulate machinery not limited to computers, data processing equipment, and computer software, including both operating programs and application programs. Farm equipment and machinery may be attached to realty.

Agricultural operating structures include single purpose agricultural or horticultural structures as defined in Treasury Regulation 1.48-10 (26 CFR 1.48-10). Such structures must be specifically designed and constructed for the permitted purposes of housing, raising and feeding of livestock or the commercial production of plants. A structure is specifically designed and constructed if it is not economic to design and construct the structure for the intended qualifying purpose and then use the structure for a different purpose. A structure qualifies as single purpose agricultural or horticultural structure only if it is used exclusively for a permitted purpose. The structure may not be used for any nonpermissible purposes such as processing, marketing, or more than incidental use for storing feed and equipment. A single purpose agricultural structure also houses equipment necessary to house, raise and feed livestock including, but not limited to, equipment necessary to contain livestock, to provide them with feed or water, and to control the temperature, lighting, and humidity of the interior structure. Examples of structures that qualify as a single purpose agricultural or horticultural structure include, but are not limited to, a farrowing barn, greenhouse, free stall barn, milking parlor, and egg production or poultry brooding facility. Single purpose agricultural or horticultural structures do not include general purpose farm buildings.

Farm equipment and machinery does not include tangible personal property primarily used in the administration, management, or marketing of a qualified person's operations or that of another who assists a qualified person. Farm equipment and machinery also

does not include tangible personal property that is, without limitation, a supply item not used in producing or harvesting agricultural products such as shop towels, cleaning agents, hand cleaners, chemicals, and articles of clothing, except clothing designed primarily to protect a commodity or to apply agricultural chemicals as described in 3 CCR 6738.

(B) Any new or used vehicle, as defined in Chapter 1, Division 16 of the Vehicle Code, which is used exclusively in the conduct of agricultural operations such as a farm tractor, but not including a vehicle whose existing design is primarily for the transportation of persons or property on a highway, unless such vehicle is otherwise specified as an implement of husbandry in some other provision of the Vehicle Code.

A list of typical vehicles regarded as farm equipment and machinery is set forth in Appendix A.

(2) "Parts of farm equipment and machinery" means:

(A) All component parts and contrivances such as belts, shafts, pipes, hoses and moving parts, that are parts of farm equipment and machinery as defined in subdivision (b)(1) which can be separated from the farm equipment and machinery and replaced. Parts of farm equipment and machinery do not include items that are consumed (e.g., burned, evaporate, dissolve, dissipate) through the regular use of the farm equipment and machinery (e.g., gasoline, cleaning agents, solutions, chemicals) which are ordinarily supplies; however, engine oil not consumed (i.e., not consumed as part of fuel for a two-stroke engine) is regarded as a component part.

(B) All repair and replacement parts for farm equipment and machinery as defined in subdivision (b)(1), which replace previous parts and can include parts that are identical to the parts they replace as well as parts that are different from the ones they replace, such as replacement parts added for the purpose of improving or modifying the farm equipment and machinery, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by a qualified person, a person that assists a qualified person, or another person.

(3) "Person that assists a qualified person" means a person employed by a qualified person, or engaged on a contract or fee basis to perform activities described in Major Group 07 of the Standard Industrial Classification Manual published by the United States Office of Management and Budget, 1987 edition (hereafter SIC Manual) which include soil preparation services, crop services, veterinary services, animal services, landscape and horticultural services, and farm labor and management services, that uses farm equipment and machinery in assisting a person engaged in a line of business described in subdivision (b)(6) below. A person that assists a qualified person may perform a construction contract only if the person performing the contract is engaged in farm management services as described in Code 0762 of the SIC Manual and the construction is integral to the producing and harvesting of an agricultural product as defined in (b)(5). A person that assists a qualified

person must provide physical aid or assistance in the actual producing and harvesting of agricultural products owned by the qualified person and not merely provide aid in administrative, managerial, or marketing activities. A person that assists a qualified person does not include persons performing services such as an attorney, accountant, consultant, or other similar activity. Except as otherwise provided above, a person that assists a qualified person also does not include persons who perform construction contracts or who perform repairs to farm equipment and machinery, or a person that assists such persons.

(4) "Primarily" means used 50 percent or more of the time in producing and harvesting agricultural products as defined in subdivision (b)(5).

(5) "Producing and harvesting agricultural products" means those activities described in Major Groups 01, 02 and 07 of the SIC Manual. Major Group 01 includes establishments engaged in the production of crops, plants, vines, and trees (excluding forestry operations). This major group also includes establishments engaged in the operation of sod farms; in the production of mushrooms, bulbs, flower seeds, and vegetable seeds; and in the growing of hydroponic crops. Major Group 02 includes establishments engaged in the keeping, grazing, or feeding of livestock for the sale of livestock or livestock products (including serums), for livestock increase, or for value increase. Livestock, as specified in Major Group 02, includes cattle, hogs, sheep, goats, and poultry of all kinds; also included are animal specialties, such as horses, rabbits, bees, pets, fish in captivity, and fur-bearing animals in captivity. Major Group 07 includes establishments engaged in performing soil preparation services, crop services, veterinary services, animal services, landscape and horticultural services, and farm labor and management services. Producing and harvesting agricultural products involves the cultivation of land or the growing, raising, or gathering of the commodities described in Codes 0111 to 0291 of the SIC Manual and integral activities thereto described in Code 0711 to 0783 of the SIC Manual. Such activities include, but are not limited to, flame weeding, pest control, nut hulling and shelling, crop drying, cotton ginning, poultry and pig brooding, livestock breeding, water heating, crop heating, and fruit ripening. Producing and harvesting agricultural products also includes the washing of agricultural products, the inspection and grading of agricultural products or livestock, or the packaging of agricultural products for shipment. Except as otherwise provided under Major Groups 01, 02 or 07 of the SIC Manual, producing and harvesting activities do not include post harvesting activities nor those activities described or otherwise designated in Major Group 20 - Food and Kindred Products of the SIC Manual. Nevertheless, the specific activities of sun drying or artificially dehydrating fruits and vegetables as described in Code 2034 of the SIC Manual qualify as producing and harvesting activities where those activities are performed by a qualified person as defined in (b)(6) or a person who assists a qualified person as defined in (b)(3).

For example, a person engaged in a SIC Code 0172 establishment that performs activities such as producing grapes on a grape farm or vineyard, who uses crop drying equipment primarily to remove moisture from the grapes to prevent mold, will qualify for the partial exemption if the grapes are owned by a qualified person engaged in an establishment described in SIC Code 0111 to 0291. However, a person who is exclusively engaged in a SIC Code 2034 establishment that sun dries or artificially dehydrates fruits and vegetables such as dates, prunes or raisins, that purchases grapes from a grape farm, and uses crop drying

equipment primarily to change the character of the commodity from a grape to a raisin, will not qualify for the partial exemption since he or she is not engaged in a qualified SIC Code activity. A person engaged in a qualified SIC Code that performs a harvest activity will qualify for the partial exemption to the extent the qualified property is used primarily in such qualified activity despite the fact that the property may otherwise be used less than 50% of the time in post-harvest activities by a person undertaking activities described in SIC Code 2034.

(6) "Qualified person" means a person engaged in a line of business described in Codes 0111 to 0291 of the SIC Manual or performs activities described in Codes 0711 to 0783 in addition to being engaged in a line of business described in Codes 0111 to 0291, which includes cash grains, field crops, vegetables and melons, fruits and tree nuts, horticultural specialties, livestock, dairy, poultry and eggs, and animal specialties and who sells such commodities to others. A qualified person also includes any person conducting activities, as defined in (b)(3) above, that uses qualified property to assist a person engaged in a line of business described herein in producing and harvesting agricultural products owned by the qualified person. A qualified person is not required to be engaged 50 percent or more of the time in a line of business described in Codes 0111 to 0291. A qualified person does not include a person operating a garden plot, orchard, or farm for the purpose of growing produce or animals for that person's own use.

(7) "Qualified property" means farm equipment and machinery, and the parts thereof, as defined in subdivision (b)(1)-(2) used primarily in producing and harvesting agricultural products.

(c) Partial Exemption Certificates.

(1) In General. Qualified persons who purchase or lease qualified property from an in-state retailer, or an out-of state retailer obligated to collect use tax, must provide the retailer with a partial exemption certificate in order for the retailer to claim the partial exemption. If the retailer takes a partial exemption certificate timely and in good faith, as defined in subdivision (c)(5), from a qualified person, the partial exemption certificate relieves the retailer from the liability for the sales tax subject to exemption under this regulation or the duty of collecting the use tax subject to exemption under this regulation. A partial exemption certificate will be considered timely if it is taken any time before the retailer bills the purchaser for the qualified property, any time within the retailer's normal billing or payment cycle, any time at or prior to delivery of the qualified property to the purchaser, or no later than 15 days after the date of purchase. A partial exemption certificate which is not taken timely will not relieve the retailer of the liability for tax excluded by the partial exemption; however the retailer may present satisfactory evidence to the Board that the retailer sold the specific property to a qualified person and the property was primarily used in a qualifying manner. A partial exemption from the sales and use tax under this part shall not be allowed unless the retailer claims the partial exemption on its sales and use tax return for the reporting period during which the transaction subject to the partial exemption occurred. Where the retailer fails to claim the partial exemption as set forth above, the retailer may file a claim for refund as set forth in subdivision (e).

The partial exemption certificate form set forth in Appendix B may be used to claim the partial exemption.

(2) Blanket Partial Exemption Certificates. In lieu of requiring a partial exemption certificate for each transaction, a qualified person may issue a blanket partial exemption certificate. The partial exemption certificate form set forth in Appendix B may be used as a blanket partial exemption certificate. Appendix B may also be used as a specific partial exemption certificate if the purchaser provides the purchase order or sales invoice number and a precise description of the property being purchased. Qualified persons must include in the partial exemption certificate a description of the qualified property. If purchasing tangible personal property not qualifying for the partial exemption, the qualified person must clearly state in documents such as a written purchase order, sales agreement, lease, or contract that the sale or purchase is not subject to the blanket partial exemption certificate.

(3) Form of Partial Exemption Certificate. Any document, such as a letter or purchase order, timely provided by the purchaser to the seller will be regarded as a partial exemption certificate with respect to the sale or purchase of the property described in the document if it contains all of the following essential elements:

(A) The signature of the purchaser, purchaser's employee, or authorized representative of the purchaser.

(B) The name, address and telephone number of the purchaser.

(C) The number of the seller's permit held by the purchaser. If the purchaser is not required to hold a permit because the purchaser sells only property of a kind the retail sale of which is not taxable, e.g., food products for human consumption, or because the purchaser makes no sales in this state, the purchaser must include on the certificate a sufficient explanation as to the reason the purchaser is not required to hold a California seller's permit in lieu of a seller's permit number.

(D) A statement that the property purchased is to be used primarily, or exclusively as to qualifying vehicles, in producing and harvesting agricultural products.

(E) A statement that the purchaser is a person engaged in an agricultural business described in Codes 0111 to 0291 of the SIC Manual or is a person that assists such classified person by performing an agricultural service described in Codes 0711 to 0783 of the SIC Manual.

(F) Description of property purchased.

(G) Date of execution of document.

(4) Retention and Availability of Partial Exemption Certificates. A retailer must retain each partial exemption certificate received from a qualified person for a period of not less than

four years from the date on which the retailer claims a partial exemption based on the partial exemption certificate.

While the Board will not normally require the filing of the partial exemption certificate with a sales and use tax return, when necessary for the efficient administration of the Sales and Use Tax Law, the Board may on 30 days' written notice, require a retailer to commence filing with its sales and use tax returns copies of all partial exemption certificates. The Board may also require, within 45 days of the Board's request, retailers provide the Board access to any and all partial exemption certificates, or copies thereof, accepted for the purposes of supporting the partial exemption.

(5) Good Faith. A seller will be presumed to have taken a partial exemption certificate in good faith in the absence of evidence to the contrary. A seller, without knowledge to the contrary, may accept a partial exemption certificate in good faith where a qualified person states that he or she is engaged in an agricultural business described in Codes 0111 to 0291 of the SIC Manual or in which a person that assists a qualified person states that he or she performs an agricultural service described in Codes 0711 to 0783 of the SIC Manual and states that the property purchased is to be used primarily, or exclusively as to qualifying vehicles, in producing and harvesting agricultural products. If the qualified person or person that assists a qualified person is buying property of a kind not normally used in producing and harvesting agricultural products, the seller should require a statement as to how the specific property purchased will be used. However, an exemption certificate cannot be accepted in good faith where the seller has knowledge that the property is not subject to a partial exemption, or will not be otherwise used in a partially exempt manner.

(d) Partial Exemption Certificate for Use Tax. The partial exemption certificate must be completed by a qualified person to claim a partial exemption from use tax on purchases of qualified property from an out-of-state retailer not obligated to collect the use tax. A partial exemption from the use tax shall not be allowed unless the purchaser or retailer claims the partial exemption on its individual use tax return, sales and use tax return, or consumer use tax return for the reporting period during which the transaction subject to the partial exemption occurred. Where the purchaser or retailer fails to claim the partial exemption as set forth above, the purchaser or retailer may file a claim for refund as set forth in subdivision (e).

The purchaser who files an individual use tax return must attach a completed partial exemption certificate to the return. The purchaser who is registered with the Board as a retailer or consumer and files a sales and use tax return or consumer use tax return must, within 45 days of the Board's request, provide the Board access to any and all documents that support the claimed partial exemption.

The partial exemption certificate form set forth in Appendix B may be used to claim the partial exemption.

(e) Refund of Partial Exemption.

(1) For the period commencing on September 1, 2001, and ending on April 30, 2002, a qualified person may claim the partial exemption on qualified purchases from an in-state retailer or an out-of-state retailer obligated to collect the use tax by furnishing the retailer with a partial exemption certificate on or before July 31, 2002. The retailer must refund the tax or tax reimbursement directly to a qualified purchaser of qualified property or, at the purchaser's sole option, the purchaser may be credited with such amount.

(2) A retailer who paid sales tax on a qualified sale or a person who paid use tax on a qualified purchase and who failed to claim the partial exemption as provided by this regulation may file a claim for refund equal to the amount of the partial exemption that he or she could have claimed pursuant to this regulation. The procedure for filing a claim shall be the same as for other claims for refund filed pursuant to Revenue and Taxation Code section 6901. For transactions subject to use tax, a qualified person filing a claim for refund of the partial exemption has the burden of establishing that he or she was entitled to claim the partial exemption with respect to the amount of refund claimed under this part. For transactions subject to sales tax, a person filing a claim for refund of the partial exemption has the burden of establishing that the purchaser of the qualified property otherwise met all the requirements of a qualified person at the time of the purchase subject to the refund claimed under this part.

(f) Improper Use of Partial Exemption.

(1) Property Used in a Manner Not Qualifying for the Partial Exemption. Notwithstanding subdivision (a), tax applies to any sale of, and the storage, use, or other consumption in this state of tangible personal property that is used in a manner not qualifying for the partial exemption under this regulation.

(2) Purchases by Non-Qualified Persons. Notwithstanding subdivision (a), tax applies to any sale of, and the storage, use, or other consumption in this state of tangible personal property if a purchaser is not a qualified person.

(g) Purchaser's Liability for the Payment of Sales Tax.

(1) If a purchaser timely submits a copy of a partial exemption certificate to the retailer or partial exemption certificate for use tax to the Board, and then uses that tangible personal property in a manner not qualifying for the partial exemption, the purchaser shall be liable for payment of the sales tax, with applicable interest, to the same extent as if the purchaser were a retailer making a retail sale of the property at the time the property was so removed, converted, or used.

(2) A purchaser providing a partial exemption certificate accepted in good faith by the retailer or a partial exemption certificate for use tax to the Board for tangible personal property that does not qualify for the partial exemption is liable for payment of the sales tax, with applicable interest, to the same extent as if the purchaser were a retailer making a retail sale of the property at the time the property was purchased.

(h) Leases to Qualifying Persons.

(1) Leases -In General. Leases of tangible personal property which are classified as “continuing sales” and “continuing purchases” of tangible personal property, in accordance with Regulation 1660, “Leases of Tangible Personal Property - In General,” may qualify for the partial exemption subject to all the limitations and conditions set forth in this regulation. This partial exemption may apply to rentals payable paid by a qualified person on or after September 1, 2001 with respect to a lease of qualified property to the qualified person, which qualified property is used in producing and harvesting agricultural products, notwithstanding the fact that the lease was entered into prior to the effective date of this regulation. For purposes of this subdivision, a non-qualified person may purchase property for resale and subsequently lease the property to a qualified person subject to the partial exemption.

(2) Leases -Acquisition Sale and Leaseback. A qualified person will be regarded as having paid sales tax reimbursement or use tax with respect to that qualified person’s purchase of property, within the meaning of those words as they are used in section 6010.65 of the Revenue and Taxation Code, if the qualified person has paid all applicable taxes with respect to the acquisition of the property, notwithstanding the fact that the sale and purchase of the property may have been subject to the partial exemption from tax provided by this regulation.

(3) Subsequent Lease of Property Acquired Subject to Partial Exemption. If a qualified person has acquired property subject to the partial exemption provided by this regulation and has paid all applicable taxes at that acquisition, the property will be regarded as property as to which sales tax reimbursement or use tax has been paid, and the subsequent lease of that property will not be subject to tax measured by rentals payable.

(i) Records. Adequate and complete records must be maintained by the qualified person as evidence that the qualified property purchased was used by the qualified person primarily in producing and harvesting agricultural products.

(j) Operative Date. This regulation is operative as of September 1, 2001.

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Section 6356.5, Revenue and Taxation Code.

## Proposed Changes to Regulation 1533.1, Appendix B

### PARTIAL EXEMPTION CERTIFICATE

### STATE BOARD OF EQUALIZATION

#### Qualified Sales and Purchases of Farm Equipment and Machinery

NOTE: This is an exemption only from the state general fund portion of the sales and use tax rate. You are not relieved from your obligations for the local and district taxes on this transaction. This partial exemption also does not apply to any tax levied pursuant to Section 6051.2 and 6201.2 of the Revenue and Taxation Code, or pursuant to Section 35 of article XIII of the California Constitution. This partial exemption also applies to lease payments made on or after September 1, 2001, for tangible personal property even if the lease agreement was entered into prior to September 1, 2001.

SELLER'S/LESSOR'S NAME
SELLER'S/LESSOR'S ADDRESS (Street, City, State, Zip Code)

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.<sup>1</sup>

**Type of Farm Equipment and Machinery (or parts 2<sup>2</sup> thereof)\*** \_\_\_\_\_

\*If you also want this certificate to be used as a blanket certificate for future purchases, describe generally the type of property you will be purchasing and ask your vendor to keep this certificate on file. If this is a specific partial exemption certificate, provide the purchase order or sales invoice number and a precise description of the property being purchased.

I understand that if such property is not used in the manner qualifying for the partial exemption, or if I am not a qualified person, as applicable, that I am required by the Sales and Use Tax Law to report and pay the state tax measured by the sales price/rentals payable of the property to/by me. I also understand that this partial exemption certificate is in effect as of the date shown below and will remain in effect until revoked in writing.

PURCHASER'S NAME OR COMPANY NAME (If applicable)	DATE
SIGNATURE (signature of the purchaser, purchaser's employee, or authorized representative of the purchaser)	PERMIT NUMBER (If applicable) <sup>3</sup>
TITLE TELEPHONE NUMBER	
ADDRESS	CITY STATE ZIP

1. Vehicles that qualify as farm equipment and machinery, as defined in Regulation 1533.1(b)(1)(B), must be used exclusively in producing and harvesting agricultural products. A vehicle whose existing design is primarily for the transportation of persons or property on a highway, such as a pickup truck or trailer, does NOT qualify for the partial exemption, unless such vehicle is otherwise specified as an implement of husbandry in some provision of the Vehicle Code, as provided in Regulation 1533.1(b)(1)(B).
2. If you are purchasing oil, grease, or lubricating or other qualifying fluids, indicate what percentage will be used in farm equipment and machinery performing qualified producing and harvesting activities. Please note: supply items not used in producing or harvesting agricultural products, such as shop towels, cleaning agents, hand cleansers, and chemicals, do NOT qualify for the partial exemption, as provided in Regulation 1533.1(b)(1)(A).
3. If you are not required to hold a seller's permit, please enter "Not Applicable."

Wednesday, September 16, 2015

**Sprint Telephony PCS, L.P. (2720)**

2012 to 2014, \$2,507,257.00 Value

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

**Digital West Networks, Inc. (8148)**

2014, \$925,000.00 Value

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the unitary land escaped assessment as recommended by staff.

**OFFER-IN-COMPROMISE RECOMMENDATIONS**

Action: Upon motion of Ms. Stowers, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Alice Marrion Chavez* and *Allen Benjamin Chavez; Felixberto M. Garcia* and *FJMM, Inc.; John Eldridge Groth; Oma Haiderzada; Elena Jurado; James Patrick Karabian; Rana Irfan Khalid; Byung S. Kim* and *KJAB Corp.; Elie Eli Maroun; Lynn P. Nguyen; Daljit Singh Sidhu* and *Nanak, Inc.; Bob Spaulding; Gregory Martin Stephenson*; and, *Gerardo Zendejas*; as recommended by staff.

**CHIEF COUNSEL MATTERS**

**RULEMAKING**

**Section 100 Changes**

**Property Tax Rules 284, Retention and Revocation of Appraiser Certificate, and 1027, U. S. Forest Service Timber Volumes**

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to update Rule 284 to refer to the Deputy Director of the "Property Tax Department," and update Rule 1027 to refer to the "Timber Tax Section" ([Exhibit 9.7](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Property Tax Rules 284 and 1027 as recommended by staff.

**Sales and Use Tax Regulation 1533.1, Farm Equipment and Machinery**

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to incorporate provisions in Regulation 1533.1 into footnotes 1 and 2 to the partial exemption certificate in Appendix B of the regulation ([Exhibit 9.8](#)).

Wednesday, September 16, 2015

Action: Upon motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1533.1 as recommended by staff.

**Sales and Use Tax Regulations 1532, Teleproduction or Other Postproduction Service Equipment; 1533.1, Farm Equipment and Machinery; 1533.2, Diesel Fuel Used in Farming Activities or Food Processing; 1534, Timber Harvesting Equipment and Machinery; and, 1535, Racehorse Breeding Stock**

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to amend the specified regulations to make them consistent with the expiration of the one-quarter percent tax imposed by Revenue and Taxation Code sections 6051.5 and 6201.5, operative January 1, 2016 ([Exhibit 9.9](#)).

Action: Upon motion of Mr. Runner, seconded by Ms. Harkey and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulations 1532, 1533.1, 1533.2, 1534 and 1535 as recommended by staff.

**Sales and Use Tax Regulation 1584, Membership Fees**

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to update the definition in Regulation 1584 of the term "nominal amount" in accordance with the regulation's existing provisions ([Exhibit 9.10](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Stowers and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1584 as recommended by staff.

**ADMINISTRATIVE SESSION**

**ADMINISTRATIVE MATTERS, CONSENT**

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board made the following orders:

Action: Adopt the following resolution, extending its sincere and grateful appreciation to the retiree for her dedicated service to the State Board of Equalization and to the State of California, their congratulations to the retiree's well-earned retirement, and best wishes to her and her family for continued success, happiness and good health in the years to come ([Exhibit 9.11](#)).

Vickie Philips, Staff Information Systems Analyst, Technology Services  
Department, Headquarters

Action: Approve the Board Meeting Minutes of July 28, 2015 and August 11, 2015.

Action: Adopt proposed revisions to Compliance Policy and Procedures Manual (CPPM) Chapter 3, *Account Maintenance*; Chapter 7, *Collections*; and, Chapter 9, *Miscellaneous* ([Exhibit 9.12](#)).

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

SEPTEMBER 16, 2015

CHIEF COUNSEL MATTERS

J RULEMAKING

SECTION 100 CHANGES

J2 SALES AND USE TAX REGULATION 1533.1, FARM

EQUIPMENT AND MACHINERY

REPORTED BY: Kathleen Skidgel

CSR NO. 9039

P R E S E N T

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For the Board  
of Equalization:

Jerome E. Horton  
Chairman  
  
Sen. George Runner (Ret.)  
Vice Chair  
  
Fiona Ma, CPA  
Member  
  
Diane L. Harkey  
Member  
  
Yvette Stowers  
Appearing for Betty T.  
Yee, State Controller  
(per Government Code  
Section 7.9)  
  
Joann Richmond  
Chief  
Board Proceedings  
Division  
  
Bradley Heller  
Legal Department

---oOo---

1 450 N STREET  
2 SACRAMENTO, CALIFORNIA  
3 SEPTEMBER 16, 2015

4 ---oOo---

5 MR. HORTON: Mr. Heller.

6 MR. HELLER: Do you want to introduce?

7 MS. RICHMOND: Our next item is J2, Sales  
8 and Use Tax Regulation 1533.1, Farm Equipment and  
9 Machinery.

10 MR. HELLER: Again, I'm Bradley Heller from  
11 the Board's Legal Department. I'm here to request  
12 that the Board vote to authorize staff to complete  
13 Rule 100 changes to the exemption certificates set  
14 forth in Appendix B to Sales and Use Tax Regulation  
15 1533.1.

16 The changes add language to footnotes 1 and  
17 2 to the certificate to provide additional notice to  
18 purchasers and retailers regarding the regulation's  
19 current requirements for the partial exemption.

20 MR. HORTON: Discussion, Member?

21 Member Hark- -- Member Harkey moves to  
22 adopt staff recommendation. Second by Member Ma.

23 Without objection, Members, such will be  
24 the order.

25 ---oOo---

REPORTER'S CERTIFICATE

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State of California )  
 ) ss  
County of Sacramento )

I, KATHLEEN SKIDGEL, Hearing Reporter for the California State Board of Equalization certify that on September 16, 2015 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 3 constitute a complete and accurate transcription of the shorthand writing.

Dated: September 22, 2015

*Kathleen Skidgel*

KATHLEEN SKIDGEL, CSR #9039  
Hearing Reporter

