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## STREAMLINED SALES TAX PROJECT SSUT AGREEMENT SECTION ANALYSIS

## STATE OF CALIFORNIA BOARD OF GOVERNANCE

**Section:** 309 (Exhibit I provides the complete language of Section 309 of the Streamlined Sales and Use Tax Agreement)

**Title:** Application of General Sourcing Rules and Exclusions from the Rules

### Summary

Conforming to Section 309 of the Streamlined Sales and Use Tax Agreement (SSUT Agreement) would not require any changes to California's Revenue and Taxation Code or Regulations. This section requires each member state to abide by the general sourcing rules found in Section 310 of the SSUT Agreement except for certain property listed in Section 309(B).

California would be allowed to source retail sales of the excluded property independent of other member states.

Conforming to SSUT Agreement Section 309 would not result in a revenue loss to the state; nor would it shift revenues between local taxing jurisdictions or special tax districts. However, if California chooses to adopt conforming legislation, definitions should be developed for each of the items identified in this section to provide clear and useful information to retailers.

### Description

Sourcing determines the place of sale and, therefore, which jurisdiction is entitled to the tax generated from a retail transaction. The SSUT Agreement adopts a destination-based sourcing method where the location the consumer takes delivery of the goods or service is generally the place of sale. This allows businesses to have a single set of rules for their in-store, catalog, and online sales.

SSUT Agreement Section 309 provides, in pertinent part, that:

- Each member state must agree to require sellers to source the retail sale of a product in accordance with Section 310 regardless of the characterization of the product.
- Sourcing rules only apply to the seller's retail sale of a product.
- Sourcing rules do not affect the obligation of a purchaser or lessee to remit tax on the use of a product.

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SSUT Agreement Section 309 provides the following exclusions from the general sourcing rules found in Section 310.

- The retail sales of watercraft, modular homes, manufactured homes and mobile homes must be sourced according to the requirements of each member state.
- The retail sales of motor vehicles, trailers, semi-trailers, or aircraft that do not qualify as transportation equipment, as defined in Section 310(D), must be sourced according to the requirements of each member state.
- Telecommunication services shall be sourced according to Section 314.
- Florist sales will be sourced according to the requirements of each member state until December 31, 2005.

### **Related SSUT Agreement Sections**

Section 310: General Sourcing Rules

Section 311: General Sourcing Definitions

Section 313: Direct Mail Sourcing

Section 314: Telecommunication Sourcing Rule

Section 315: Telecommunication Sourcing Definitions

### **Related California Revenue and Taxation Code Sections and Regulations**

Section 6010.5 Place of sale

Section 6012.6 Factory-built school building

Section 6012.7 Factory-built housing

Section 6012.8 Mobilehomes-installed as residences

Section 6012.9 Mobilehomes-installed as residences subject to property tax

Section 6022 Vehicle; motor vehicle

Section 6023 Mobile transportation equipment

Section 6024 One-way rental trucks

Section 6077 Retail florists

Section 6272 Vehicle

Section 6273 Vessel

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Section 6274	Aircraft
Section 6368	Watercraft
Section 6368.1	Watercraft leased for use in interstate or foreign commerce or for commercial fishing
Section 6388	New or remanufactured vehicles purchased from out-of-state dealer
Section 6388.5	New or remanufactured trailers purchased for out-of-state or interstate commerce use
Section 7204.03	Place of sale; sales of jet fuel
Section 7205	Place of sale
Section 7205.1	Place of sale; leases of motor vehicles
Section 7263	Place of sale
Regulation 1521.4	Factory-built housing
Regulation 1571	Florists
Regulation 1594	Watercraft
Regulation 1610	Vehicles, vessels, and aircraft
Regulation 1610.2	Mobilehomes and commercial coaches
Regulation 1620.1	Sales of certain vehicles and trailers for use in interstate or out-of-state commerce
Regulation 1661	Leases of mobile transportation equipment
Regulation 1802	Place of sale and use for purposes of Bradley-Burns uniform local sales and use taxes
Regulation 1803.5	Long-term leases of motor vehicles
Regulation 1806	Construction contractors
Regulation 1822	Place of sale for purposes of transactions (sales) and use taxes
Regulation 1823.5	Place of delivery of certain vehicles, aircraft and undocumented vessels
Regulation 1826	Construction contractors

### **Evaluation**

California would be allowed to source retail sales or transfers of the following property independent of other member states.

- Watercraft
- Modular homes
- Manufactured homes
- Mobile homes
- Florist sales (through 12/31/05)

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California would also be allowed to source retail sales, excluding the lease or rental, of the following types of property that do not qualify as “transportation equipment,” as defined in Section 310(D), independent of other member states.

- Motor vehicles
- Trailers
- Semi-trailers
- Aircraft

The lease or rental of the above listed property must be sourced according to SSUT Agreement Section 310(C). Retail sales, including leases or rentals, of property qualifying as “transportation equipment” must be sourced according to Section 310(D).

In addition to the above sourcing provisions, California would also be allowed to define these types of property independent of other member states, as long as there are no conflicts with SSUT Agreement Section 327, Library of Definitions.

The following is a summary for each type of property listed in Section 309. See Exhibit II, Sourcing Terms, for specific information regarding these items.

### **Watercraft**

- Not defined in the SSUT Agreement.
- Not defined in California Revenue and Taxation Code sections (Section(s)) or California Code of Regulations, Title 18 (Regulation(s)).
- Referenced in Sections 6368 and 6368.1, and Regulation 1594.
- Section 6273 and Regulation 1610 define the terms “vessels,” “documented vessels,” and “undocumented vessels.”
- Section 6273 defines the term “vessel” to exclude certain types of watercraft.
- General “place of sale” rules apply for local and district taxes as provided in Sections 7205 and 7263, except as noted below.

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- Regulation 1823.5(a) provides that if certain undocumented vessels are licensed or registered in any district imposing a tax, the retailer is considered to be engaged in business in that district and is required to collect and pay the district use tax to the state.

### **Modular Homes**

- Not defined in the SSUT Agreement.
- Not defined in California Sections or Regulations.
- Section 6012.7 uses the similar term “modular housing” to define “factory-built housing.”
- General “place of sale” rules apply for local and district taxes as provided by Sections 7205 and 7263 unless the sale is considered a construction contract. If a construction contract, the jobsite is the “place of sale” for fixtures and the place of use for materials.

### **Manufactured Homes**

- Not defined in the SSUT Agreement.
- Not defined in California Sections or Regulations.
- Defined in California Health and Safety Code Section 18007.
- General “place of sale” rules apply for local and district taxes as provided by Sections 7205 and 7263 unless the sale is considered a construction contract. If a construction contract, the jobsite is the “place of sale” for fixtures and the place of use for materials.

### **Mobilehomes**

- Not defined in the SSUT Agreement.
- Defined in Sections 6012.8 and 6012.9, and Regulation 1610.2
- Defined in California Health and Safety Code Sections 18008 and 18211.
- General “place of sale” rules apply for local and district taxes as provided by Sections 7205 and 7263.

### **Florist**

- Not currently defined in the SSUT Agreement. The Streamlined Sales Tax Project (SSTP) is working on a sourcing rule with an expected implementation date of December 31, 2005.
- Defined in Section 6077.
- General “place of sale” rules apply for local and district taxes as provided by Sections 7205 and 7263.

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- Regulation 1571 provides special rules relating to the application of tax.

### **Motor Vehicles (Retail Sales)**

- Not defined in the SSUT Agreement.
- Defined in Sections 6022, 6272, and 7205.1, and Regulation 1610.
- General “place of sale” rules apply for local tax as provided by Section 7205.
- Regulation 1823.5(a) provides that if certain vehicles are licensed or registered in any district imposing a tax, the retailer is considered to be engaged in business in that district and is required to collect and pay the district use tax to the state.

### **Trailers (Retail Sales)**

- Not defined in the SSUT Agreement.
- Defined in Regulation 1620.1.
- Most trailers would qualify as a “vehicle” pursuant to Section 6272.
- General “place of sale” rules apply for local tax as provided by Section 7205.
- Regulation 1823.5(a) provides that if certain vehicles are licensed or registered in any district imposing a tax, the retailer is considered to be engaged in business in that district and is required to collect and pay the district use tax to the state.

### **Semi-trailers (Retail Sales)**

- Not defined in the SSUT Agreement.
- Defined in Regulation 1620.1.
- Most semi-trailers would qualify as a “vehicle” pursuant to Section 6272.
- General “place of sale” rules apply for local tax as provided by Section 7205.
- Regulation 1823.5(a) provides that if certain vehicles are licensed or registered in any district imposing a tax, the retailer is considered to be engaged in business in that district and is required to collect and pay the district use tax to the state.

### **Aircraft (Retail Sales)**

- Not defined in the SSUT Agreement.
- Defined in Section 6274 and Regulation 1610.

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- General “place of sale” rules apply for local tax as provided by Section 7205.
- Regulation 1823.5(a) provides that if certain vehicles are licensed or registered in any district imposing a tax, the retailer is considered engaged in business in that district and is required to collect and pay the district use tax to the state.

### **Statutory or regulatory changes needed to conform to SSUT Agreement Section 309**

None required. Subsection (A) provides only that member states must abide by the general sourcing rules found in Section 310. Subsection (B) identifies property that is excluded from the general sourcing rules. Member states are allowed to source retail sales of the excluded property independent of other member states.

However, as noted above, many of the items listed in Section 309 are not specifically defined in the Revenue and Taxation Code Sections, Regulations, or in the SSUT Agreement. If California chooses to adopt conforming legislation, specific definitions and sourcing rules should be developed for each of the items or terms included in this section as excluded property. This would require revisions to many of the Sections and Regulations identified in this analysis.

### **Impact**

The revenue impact would depend on the actions taken to define the items listed in this section and if changes were made to the sourcing rules attributable to each of these items. If the existing sourcing rules for these items were not changed, there would be no revenue shifts between local jurisdictions.

**Section 309: APPLICATION OF GENERAL SOURCING RULES AND EXCLUSIONS FROM THE RULES**

- A. Each member state shall agree to require sellers to source the retail sale of a product in accordance with Section 310. The provisions of Section 310 apply regardless of the characterization of a product as tangible personal property, a digital good, or a service. The provisions of Section 310 only apply to determine a seller's obligation to pay or collect and remit a sales or use tax with respect to the seller's retail sale of a product. These provisions do not affect the obligation of a purchaser or lessee to remit tax on the use of the product to the taxing jurisdictions of that use.
- B. Section 310 does not apply to sales or use taxes levied on the following:
1. The retail sale or transfer of watercraft, modular homes, manufactured homes, or mobile homes. These items must be sourced according to the requirements of each member state.
  2. The retail sale, excluding lease or rental, of motor vehicles, trailers, semi-trailers, or aircraft that do not qualify as transportation equipment, as defined in Section 310, subsection (D). The retail sale of these items shall be sourced according to the requirements of each member state, and the lease or rental of these items must be sourced according to Section 310, subsection (C).
  3. Telecommunications services, as set out in Section 315, shall be sourced in accordance with Section 314.
  4. Until December 31, 2005, florist sales as defined by each member state. Prior to this date, these items must be sourced according to the requirements of each member state.



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**Exhibit II**

**Sourcing Terms**

<b>TERM</b>	<b>SSUT AGREEMENT</b>	<b>CALIFORNIA</b> <i>Section refers to the Revenue and Taxation Code unless otherwise noted.</i>
<b>Watercraft</b>	Not defined.	Not defined. Referenced in Sections 6368, 6368.1 and Regulation 1594. [See “vessel” below]
<b>Vessel</b>	Not included.	<p><b>Section 6273.</b> “Vessel” means any boat, ship, barge, craft, or floating thing designed for navigation in the water except:</p> <ul style="list-style-type: none"> <li>(a) A seaplane,</li> <li>(b) A watercraft specifically designed to operate on a permanently fixed course, the movement of which is restricted to or guided on such permanently fixed course by means of a mechanical device on a fixed track or arm to which the watercraft is attached or by which the watercraft is controlled, or by means of a mechanical device attached to the watercraft itself,</li> <li>(c) A watercraft of a type designed to be propelled solely by oars or paddles,</li> <li>(d) A watercraft of eight feet or less in length of a type designed to be propelled by sail.</li> </ul> <p>A motor or other component of a vessel, whether or not detachable, shall be deemed to be part of the vessel, when sold therewith.</p> <p><b>Regulation 1610(a)(2).</b> “Vessel” means any boat, ship, barge, craft, or floating thing designed for navigation in the water except:</p> <ul style="list-style-type: none"> <li>A) A seaplane.</li> <li>B) A watercraft specifically designed to operate on a permanently fixed course, the movement of which is restricted to or guided on such permanently fixed course by means of a mechanical device on a fixed track or arm to which the watercraft is attached or by which the watercraft is controlled, or by means of a mechanical device attached to the watercraft itself.</li> <li>C) A watercraft of a type designed to be propelled solely by oars or paddles.</li> <li>D) A watercraft eight feet or less in length of a type designed to be propelled by sail. A motor or other component of a vessel shall be deemed to be a part of the vessel when sold therewith.</li> </ul> <p><b>Regulation 1661(a)(5).</b> “Ship” includes vessels, such as trawlers, fishing boats, sailboats, yachts and houseboats, which are 30 feet or more in length. The term does not include vessels less than 30 feet in length.</p>
<b>Documented vessel</b>	Not included.	<b>Regulation 1610(c)(2)(A).</b> A documented vessel means a vessel which is required to be documented by the United States Coast Guard and for which the United States Coast Guard has issued a valid marine certificate.
<b>Undocumented</b>	Not included.	<b>Regulation 1610(c)(2)(B).</b> Any vessel which is not required to have, and does

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<b>vessel</b>		not have, a valid marine certificate issued by the United States Coast Guard.
<b>Modular home</b>	Not defined.	<b>See Factory-built housing below.</b>
<b>Manufactured home</b>	Not defined.	<b>Health and Safety Code Section 18007.</b> "Manufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width, or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein; except that such term shall include any structure which meets all the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification and complies with the standards established under this part. "Manufactured home" includes a mobilehome subject to the National Manufactured Housing Construction and Safety Act of 1974 (42 U.S.C., Sec. 5401, et seq.).
<b>Mobilehome</b>	Not defined.	<p><b>Section 6012.8(b) and Section 6012.9(b).</b> A "mobilehome" is defined in Sections 18008 and 18211 of the Health and Safety Code.</p> <p><b>Regulation 1610.2(a)(1).</b> "Mobilehome" means a structure transportable in one or more sections, designed and equipped to contain not more than two dwelling units to be used with or without a foundation system. A "dwelling unit" consists of one or more habitable rooms which are designed to be occupied by one family with facilities for living, sleeping, cooking, eating, and sanitation. "Mobilehome" does not include a recreation vehicle, commercial coach, or factory built housing as defined in Section 19971 of the Health and Safety Code.</p> <p><b>Health And Safety Code Section 18008.</b> "Mobilehome" means a structure that meets the requirements of Health and Safety Code Section 18007. Mobilehome does not include a commercial coach, factory-built housing, or a recreational vehicle.</p> <p><b>Health and Safety Code Section 18211.</b> "Mobilehome" has the same meaning as defined in Section 18008.</p>
<b>Factory-built housing</b>	Not included.	<p><b>Section 6012.7.</b> Factory-built housing includes:</p> <ul style="list-style-type: none"> <li>• <b>A residential building,</b> dwelling unit or an individual dwelling room or combination of rooms thereof, or building component, assembly, or system manufactured either wholly or in substantial part at an offsite location.</li> </ul>

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		<ul style="list-style-type: none"> <li>• <b>Modular housing</b>, which is a three-dimensional box or cube-shaped structure or structures making up one or more rooms of a residential building.</li> <li>• <b>Sectionalized housing</b> which generally consists of two modules which form a total living unit.</li> <li>• <b>“Modular” “utility,” or “wet core,”</b> which are three-dimensional habitable rooms or modules and which are generally comprised of a kitchen or a bathroom or bathrooms.</li> </ul> <p><b>Factory-built housing does not include:</b></p> <ul style="list-style-type: none"> <li>• A <b>“mobilehome.”</b></li> <li>• <b>“Precut housing packages”</b> where more than 50% of the package consists of precut lumber only.</li> <li>• <b>“Panelized construction,”</b> such as walls or components that may become one or more rooms of a building, unless a complete housing package is provided by the builder or manufacturer, such as by providing wall panels, floors, and a roof which will form a complete housing structure.</li> <li>• <b>“Porches” or “awnings”</b> which are not purchased as part of the original housing package.</li> </ul> <p><b>Regulation 1521.4(b)(1).</b> Factory-built housing includes only those particular models or units that are approved by the Department of Housing and Community Development of the State of California (Department) or by the local building authority under contract with the Department as factory-built housing within Section 19971 of the Health and Safety Code.</p> <p>Such models or units include:</p> <ul style="list-style-type: none"> <li>• A residential building or dwelling unit,</li> <li>• Modular housing,</li> <li>• Sectional housing,</li> <li>• Modular, utility or wet cores, and</li> <li>• “Fixtures” and “materials” that were included as items sold or purchased as part of the factory-built housing package and installed in the resulting structure.</li> </ul> <p>Such models or units exclude:</p> <ul style="list-style-type: none"> <li>• Mobilehomes,</li> <li>• Precut housing packages,</li> </ul>

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		<ul style="list-style-type: none"> <li>• Panelized construction,</li> <li>• Porches and awnings</li> <li>• Free standing appliances, such as refrigerators, stoves, washers, and dryers, which are included in the sales or purchase price of, and installed as part of the factory-built housing package, and</li> <li>• Rugs (except wall-to-wall carpets), draperies, freestanding cabinets, furniture, or other furnishings.</li> </ul>
<b>Factory-built school buildings</b>	Not included.	<p><b>Section 6012.6(b).</b> “Factory-built school building” means any building designed in compliance with state laws for school construction and approved by the structural safety section in the Office of the State Architect, which is either wholly manufactured or is in substantial part manufactured at an offsite location, to be assembled, erected, or installed on a site owned or leased by a school district or a community college district.</p> <p><b>Regulation 1521(c)(4)(B)(1).</b> “Factory-built school building” means and includes any building which is designed or intended for use as a school building and is wholly or substantially manufactured at an offsite location for the purpose of being assembled, erected, or installed on a site owned or leased by a school district or a community college district.</p> <p>The term does not include buildings licensed by either the Department of Motor Vehicles or the Department of Housing and Community Development. The term also does not include prefabricated or modular buildings which are similar in size to, but which are not “factory-built school buildings.” It is immaterial whether the building is erected upon or affixed to land owned by the owner of the building or leased to the landowner or lessee of the land.</p>
<b>Commercial Coach</b>	Not included.	<p><b>Regulation 1610.2(2).</b> “Commercial coach” means a structure transportable in one or more sections, designed and equipped for human occupancy for industrial, professional, or commercial purposes, which is required to be moved under permit, and shall include a trailer coach. “Trailer coach” means a vehicle, other than a motor vehicle, designed for human habitation, or human occupancy for industrial, professional, or commercial purposes, for carrying property on its own structure, and for being drawn by a motor vehicle.</p>
<b>Vehicle</b>	Not included.	<p><b>Section 6022.</b> “Vehicle” and “motor vehicle,” shall have the meanings ascribed to them in Sections 415 and 670 of the Vehicle Code.</p> <p><b>Section 6272.</b> “Vehicle” is defined in Section 670 of the Vehicle Code and shall</p>

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		<p>include off-highway motor vehicles subject to identification under Division 16.5 (commencing with Section 38000) of the Vehicle Code.</p> <p><b>Regulation 1620.1.</b> For purposes of this regulation, the term vehicle means a new or remanufactured truck, truck tractor, semi-trailer, or trailer with an unladen weight of 6,000 pounds or more; or a new or remanufactured trailer coach, or auxiliary dolly, manufactured or remanufactured in this state and purchased from an out-of-state dealer for delivery in this state.</p> <p><b>Vehicle Code Section 670.</b> A “vehicle” is a device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.”</p>
<b>Motor vehicle</b>	Not defined.	<p><b>Section 6022.</b> “Vehicle” and “motor vehicle,” shall have the meanings ascribed to them in Sections 415 and 670 of the Vehicle Code.</p> <p><b>Vehicle Code Section 415.</b></p> <ul style="list-style-type: none"> <li>(a) A “motor vehicle” is a vehicle that is self-propelled.</li> <li>(b) “Motor vehicle” does not include a self-propelled wheelchair, invalid tricycle, or motorized quadricycle, if operated by a person who, by reason of physical disability, is otherwise unable to move about as a pedestrian.</li> <li>(c) A “motor vehicle” also includes a recreational vehicle as that term is defined in Section 18010 of the Health and Safety Code, but does not include a truck camper.</li> </ul> <p><b>Vehicle Code Section 670.</b> A “vehicle” is a device by which any person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.”</p> <p><b>Section 6272.</b> “Vehicle” is defined in Section 670 of the Vehicle Code and shall include off-highway motor vehicles subject to identification under Division 16.5 (commencing with Section 38000) of the Vehicle Code.</p> <p><b>Regulation 1610(a)(1).</b> “Vehicle” means:</p> <ul style="list-style-type: none"> <li>A) Any device by which any person or property may be propelled, moved or drawn upon a highway, excepting a device moved by human power or used</li> </ul>

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		<p>exclusively upon stationary rails or tracks and excepting a device that is not required to be registered under the Vehicle Code. “Vehicle” does not include a mobilehome or commercial coach required to be registered under the Health and Safety Code. “Vehicle” includes trailer coaches which are required to be registered with the Department of Motor Vehicles.</p> <p>B) Off-highway motor vehicles subject to identification under Division 16.5 of the Vehicle Code. “Vehicle” does not include automatic bale wagons.</p> <p><b>Section 7205.1(d)(2).</b> “Motor vehicle” means any self-propelled passenger vehicle (other than a house car) or pickup truck rated less than one ton.</p>
<b>Trailers</b>	Not defined.	<p><b>Regulation 1620.1.</b> For purposes of this regulation, trailer means a new or remanufactured trailer or semi-trailer with an unladen weight of 6,000 pounds or more. Any vehicle not designed for carrying persons or property on its own structure, such as an auxiliary dolly, does not qualify as a trailer for purposes of this regulation. Qualified trailers may be manufactured or remanufactured either inside or outside this state.</p> <p><b>(See Vehicle, Section 6272)</b></p>
<b>Semi-trailers</b>	Not defined.	<p><b>Regulation 1620.1.</b> For purposes of this regulation, trailer means a new or remanufactured trailer or semi-trailer with an unladen weight of 6,000 pounds or more. Any vehicle not designed for carrying persons or property on its own structure, such as an auxiliary dolly, does not qualify as a trailer for purposes of this regulation. Qualified trailers may be manufactured or remanufactured either inside or outside this state.</p> <p><b>(See Vehicle, Section 6272)</b></p>
<b>Aircraft</b>	Not defined.	<p><b>Section 6274.</b> “Aircraft” means any contrivance designed for powered navigation in the air except a rocket or missile.</p> <p><b>Regulation 1610(a)(3).</b> “Aircraft” also includes an airframe or a fuselage even without an engine.</p>
<b>Transportation Equipment</b>	<p>Section 310(D) “Transportation equipment” means any of the following:</p> <ol style="list-style-type: none"> <li>1. Locomotives and railcars that are utilized for the carriage of persons or property in interstate commerce.</li> <li>2. Trucks and truck-tractors with a Gross Vehicle Weight Rating (GVWR) of 10,001 pounds or greater, trailers, semi-trailers, or passenger buses that are:</li> </ol>	<p><b>Section 6023.</b> “Mobile Transportation Equipment” includes equipment such as railroad cars and locomotives, buses, trucks (except “one-way rental trucks”), truck tractors, truck trailers, dollies, bogies, chassis, reusable cargo shipping containers, aircraft and ships, and tangible personal property which is or becomes a component part of such equipment. “Mobile Transportation Equipment” does not include passenger vehicles as defined in Section 465 of the Vehicle Code, trailers and baggage containers designed for hauling by passenger vehicles, or</p>

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	<ul style="list-style-type: none"> <li>• Registered through the International Registration Plan; and</li> <li>• Operated under authority of a carrier authorized and certificated by the U. S. Department of Transportation or another federal authority to engage in the carriage of persons or property in interstate commerce.</li> </ul> <p>3. Aircraft that are operated by air carriers authorized and certificated by the U.S. Department of Transportation or another federal or foreign authority to engage in the carriage of persons or property in interstate or foreign commerce.</p> <p>4. Containers designed for use on and component parts attached or secured on the items set forth in 1 and 2 above.</p>	<p>“one-way rental trucks” as defined and identified pursuant to Section 6024.</p> <p><b>Vehicle Code Section 465.</b> A “passenger vehicle” is any motor vehicle, other than a motortruck, truck tractor, or a bus, as defined in Section 233 of the Vehicle Code, and used or maintained for the transportation of persons. The term “passenger vehicle” shall include a housecar.</p> <p><b>Section 6024.</b> “One-way rental trucks” are motortrucks of a kind required to be registered under the Vehicle Code, not exceeding the manufacturer’s gross vehicle weight rating of 24,000 pounds, which are principally employed by a person in the rental business in being leased out for short-term periods of not more than 31 days to individual customers for one-way or local hauling of personal property of the customers. (Also see Regulation 1661(a)(1)(C))</p> <p><b>Regulation 1661(a)(1).</b> “Mobile transportation equipment” includes only equipment for use in transporting persons or property for substantial distances, such as railroad cars and locomotives, buses, trucks (“except one-way rental trucks”), truck tractors, truck trailers, dollies, bogies, chassis, reusable cargo shipping containers, aircraft and ships, and tangible personal property which is or becomes a component part of such equipment. The term does not include items of a kind commonly used only in loading or unloading persons or property, or short distance moving within the confines of a limited area, such as a loading dock, warehouse, terminal, bay or airport.</p> <p><b>Regulation 1661(a)(2).</b> “Bogie” means a vehicle consisting of an axle or axles with wheels and tires with a device mounted on its frame to support a container (van body) as an undercarriage. It acts as wheels for and in conjunction with the container temporarily for highway use, being detachable when not required. (See “vehicle”)</p> <p><b>Regulation 1661(a)(3).</b> “Chassis” means a frame with one or more axles designed to be used in conjunction with and as a temporary support or undercarriage for a container or other van-type box. (See “vehicle”)</p> <p><b>Regulation 1661(a)(4).</b> “Dolly” means a vehicle consisting of a tongue, fifth wheel and axle equipped with wheels and tires to be connected to a semitrailer so as to support the front end of the semitrailer, including a portion of the cargo thereon, but which is not permanently attached to the semitrailer. When coupled</p>

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**Exhibit II**

**Sourcing Terms**

<b>TERM</b>	<b>SSUT AGREEMENT</b>	<b>CALIFORNIA</b> <i>Section refers to the Revenue and Taxation Code unless otherwise noted.</i>
		<p>to the semitrailer by its fifth wheel and to a trailer by the tongue, the semitrailer becomes in effect a “full” trailer. A dolly may also be designed and used as the third or rear axle of a two-axle tractor to act as any additional axle to support a portion of the weight of a towed semitrailer and any load thereon. Pole, pipe, and logging dollies consist of a tongue, bolster and axle or axles equipped with wheels and tires. (See “vehicle”)</p> <p><b>Regulation 1620(b)(2)(B)2.</b> “Intermodal Cargo Container” are containers that are used to transport freight during a continuous movement of that freight from the origin shipper to the destination receiver by the use of two or more of the following modes of transportation: railroad, vehicle, or vessel.</p>
<b>Commercial Vehicle</b>	Not included.	<b>Regulation 1823.5(c).</b> A vehicle of a type required to be registered under the Vehicle Code used or maintained for the transportation of persons for hire, compensation, or profit or designed, used, or maintained primarily for the transportation of property. Passenger vehicles which are not used for the transportation of persons for hire, compensation, or profit are not commercial vehicles.
<b>Telecommunication Services</b>	Partially defined in Section 314(C). The SSTP is continuing to develop definitions.	Not defined.
<b>Florist</b>	Not defined.	<b>Section 6077(c)(1).</b> “Retail florists” means any person selling any flowers, potted ornamental plants, floral arrangements, floral bouquets, wreaths, or any similar products at retail. “Retail florist” does not include any flower or ornamental plant grower who sells his or her own product.