

# **Regulation 1597**

## **Section 100**

Complete Rule Making File

*OAL Approval with Approved Text Regulation 1597, December 8, 2016*

*OAL Approval with Approved Text Regulation 1597, August 31, 2016*

*Index*

1. *Form 400 and Proposed Regulation 1597, October 27, 2016*
2. *Statement of Explanation*
3. *Form 400 and Proposed Regulation 1597, August 2, 2016*
4. *Statement of Explanation*
5. **SB 598**

Other Documents Relied upon

- A. *Chief Counsel Memo Dated 05/05/15*
- B. *Minutes, 05/25/16*
- C. *Reporters Transcript, 05/25/16*

**State of California  
Office of Administrative Law**

**In re:**  
**Board of Equalization**

**Regulatory Action:**

**Title 18, California Code of Regulations**

**Amend section: 1597**

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

**California Code of Regulations, Title 1,  
Section 100**

**OAL Matter Number: 2016-1027-01**

**OAL Matter Type: Nonsubstantive (N)**

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This action without regulatory effect by the Board of Equalization adds a reference to Revenue and Taxation Code section 6018.10 to the list of Revenue and Taxation Code sections set forth in section 1597, subd. (a) of title 18 of the California Code of Regulations that "provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions."

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

Date: December 8, 2016



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Nicole C. Carrillo  
Attorney

For: Debra M. Cornez  
Director

Original: David J. Gau  
Copy: Richard Bennion

RECEIVED

DEC 9 2016

Board Proceedings

**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 12, 2016  
RE: Return of Rulemaking Materials  
OAL Matter Number 2016-1027-01  
OAL Matter Type Nonsubstantive (N)

OAL hereby returns the rulemaking record your agency submitted for review regarding “Property Transferred or Sold by Certain Nonprofit Organizations.”

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.
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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)

<b>OAL FILE NUMBERS</b>	<b>NOTICE FILE NUMBER</b>	<b>REGULATORY ACTION NUMBER</b>	<b>EMERGENCY NUMBER</b>
	Z-	2016-1027-01N	

For use by Office of Administrative Law (OAL) only

<p>NOTICE</p>	<p>REGULATIONS</p>
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2016 OCT 27 A 10:19  
OFFICE OF ADMINISTRATIVE LAW

**ENDORSED - FILED**

in the office of the Secretary of State of the State of California

DEC 08 2016

1:49 P.M.

**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		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) Property Transferred or Sold by Certain Nonprofit Organizations	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) per agency request
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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 1597
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.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Joann Richmond</i>	DATE October 26, 2016
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

DEC 08 2016

Office of Administrative Law

**Text of Proposed Changes to**

**Title 18. Public Revenue**

**Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

(a) In General. Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

(b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).

(c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).

(d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.

(1) . . . (unchanged)..

(A) "Qualified youth organization" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(B) "Qualified educational institution" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(C) . . . (unchanged).

(2) . . . (unchanged).

(f) Tangible Personal Property Sold by Certain Nonprofit Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

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

Statement of Explanation

Changes to Title 18. Public Revenue

Section 1597. *Property Transferred or Sold by Certain Nonprofit Organizations.*

**A. Factual Basis**

Senate Bill No. (SB) 598 (Stats. 2015, ch. 248) enacted Revenue and Taxation Code (RTC) section 6018.10. RTC section 6018.10, subdivision (a), provides that “[a]n all volunteer fire department [(as defined in subdivision (b))] is a consumer of, and shall not be considered a retailer within the provisions of this part [(Sales and Use Tax Law (RTC, § 6001 et seq.))] of all tangible personal property sold by it, including, but not limited to, hot prepared food products and clothing, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department.”

The State Board of Equalization (Board) recently made changes to California Code of Regulations, title 18, section (Regulation) 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, to add an “all volunteer fire department” to the list of organizations, in subdivision (f), that are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organizations, and add a reference to RTC section 6018.10 to the regulation’s reference note. These changes were approved by the Office of Administrative Law and filed with the Secretary of State on August 31, 2016.

However, the Board also intended to add a reference to RTC section 6018.10 to the list of RTC sections in subdivision (a) of Regulation 1597 that “provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions,” but the Board inadvertently omitted the change. Therefore, the Board now proposes to add the inadvertently omitted reference to RTC section 6018.10 to subdivision (a) of Regulation 1597. The Board has determined that this change is appropriate for processing under Rule 100 because the change makes the regulation consistent with the enactment of RTC section 6018.10 by SB 598, and does not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

## **B. Proposed Changes to Regulation 1597**

Proposed changes to Regulation 1597:

### **Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

(a) In General. Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

(b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).

(c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).

(d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.

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(A) "Qualified youth organization" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

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1. . . . (unchanged), or

2. . . . (unchanged).

(C) . . . (unchanged).

(2) . . . (unchanged).

(f) Tangible Personal Property Sold by Certain Nonprofit Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

tions that affected the basis for the original listing of this chemical as causing reproductive toxicity, the California Environmental Protection Agency’s Office of Environmental Health Hazard Assessment (OEHHA) referred the chemical to the Developmental and Reproductive Toxicant Identification Committee (DARTIC) for reconsideration. In its official capacity as the “state’s qualified experts” at a public meeting held on October 27, 2016, the DARTIC determined that chloroform has been clearly shown, through scientifically valid testing according to generally accepted principles, to cause reproductive toxicity and should remain on the Proposition 65 list. Regulations governing the listing of chemicals by the DARTIC are set out in Title 27, California Code of Regulations, section 25305(b)(1).

The effective date of the listing of chloroform as known to cause reproductive toxicity remains unchanged: August 7, 2009.

In summary, the chemical in the table below is being retained on the Proposition 65 list as known to the state to cause reproductive toxicity.

Chemical	CAS No.	Toxicological Endpoints	Listing Mechanism <sup>2</sup>
Chloroform	67-66-3	Developmental	SQE

<sup>2</sup> SQE: States’s Qualified Experts.

**DECISION NOT TO PROCEED**

**BOARD OF FORESTRY AND FIRE PROTECTION**

Pursuant to Government Code Section 11347, the Board of Forestry and Fire Protection hereby gives notice that it has decided not to proceed with the rulemaking action published in the California Regulatory Notice Register (CRNR) October 28, 2016, Notice Register 2016, 44-Z. The proposed rulemaking concerned the Board’s statutorily required review of General Plan Safety Elements. The associated hearing scheduled for January 24th, 2017 is canceled.

Any interested person with questions concerning this rulemaking should contact Edith Hannigan at either (916) 862-0120 or by e-mail at: [edith.hannigan@bof.ca.gov](mailto:edith.hannigan@bof.ca.gov).

The Board will also publish this Notice of Decision Not to Proceed on its website.

The Board is publishing a new 45-day Notice on the same subject in this same Notice Register.

**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# 2016-1027-01  
 BOARD OF EQUALIZATION  
 Property Transferred or Sold by Certain Nonprofit Organizations

This action without regulatory effect by the Board of Equalization adds a reference to Revenue and Taxation Code section 6018.10 to the list of Revenue and Taxation Code sections set forth in section 1597, subd. (a) of title 18 of the California Code of Regulations that “provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions.”

Title 18  
 AMEND: 1597  
 Filed 12/08/2016  
 Agency Contact: Richard Bennion (916) 445-2130

File# 2016-1031-01  
 BOARD OF PHARMACY  
 Advanced Practice Pharmacist

This is a resubmittal of rulemaking action no. 2016-0603-02S by the Board of Pharmacy, which was disapproved by OAL on July 18, 2016. The purpose of this action is to set forth requirements and fees for a licensed pharmacist to obtain Board recognition as an Advanced Practice Pharmacist.

Title 16  
 ADOPT: 1730, 1730.1 AMEND: 1730.2, 1731 [renumbered], 1749  
 Filed 12/13/2016  
 Effective 12/13/2016  
 Agency Contact: Debbie Damoth (916) 574-7935

File# 2016-1202-03  
 CALIFORNIA HEALTH BENEFIT EXCHANGE  
 Enrollment Assistance

This emergency rulemaking action by the California Health Benefit Exchange (Exchange) indefinitely extends the time period in which the Exchange will pay

**State of California  
Office of Administrative Law**

**In re:**  
**Board of Equalization**

**Regulatory Action:**

**Title 18, California Code of Regulations**

**Adopt sections:**

**Amend sections: 1597**

**Repeal sections:**

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

**California Code of Regulations, Title 1,  
Section 100**

**OAL Matter Number: 2016-0802-01**

**OAL Matter Type: Nonsubstantive (N)**

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The State Board of Equalization submitted this action without regulatory effect, pursuant to title 1, California Code of Regulations, section 100, to amend title 18, California Code of Regulations, section 1597 by adding a new subdivision (f)(4) to the section. Proposed section 1597(f)(4) restates section 6018.10 of the Revenue and Taxation Code, which was enacted in S.B. 598 (Stats.2015, c. 248). Revenue and Taxation Code section 6018.10 provides that volunteer fire departments, as defined, are exempt from sale and use tax for sales of tangible personal property, subject to specified limitations.

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

Date: August 31, 2016

*Richard L. Smith*

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Richard L. Smith  
Senior Attorney

For: Debra M. Cornez  
Director

Original: David J. Gau  
Copy: Richard Bennion

RECEIVED

31 2016

Board Proceedings

**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: September 2, 2016  
RE: Return of Rulemaking Materials  
OAL Matter Number 2016-0802-01  
OAL Matter Type Nonsubstantive (N)

OAL hereby returns the rulemaking record your agency submitted for review regarding "Property Transferred or Sold by Certain Nonprofit Organizations."

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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)

<b>OAL FILE NUMBERS</b>	<b>NOTICE FILE NUMBER</b>	<b>REGULATORY ACTION NUMBER</b>	<b>EMERGENCY NUMBER</b>
	Z-	2016-0802-01N	

For use by Office of Administrative Law (OAL) only

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

AUG 31 2016

1:56PM

2016 AUG -2 A 8:50  
OFFICE OF ADMINISTRATIVE LAW

<b>NOTICE</b>	<b>REGULATIONS</b>
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<b>AGENCY WITH RULEMAKING AUTHORITY</b> State Board of Equalization	<b>AGENCY FILE NUMBER (if any)</b>
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**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE	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) Property Transferred or Sold by Certain Nonprofit Organizations	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)	
<b>SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)</b>	ADOPT
	AMEND 1597
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)
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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 August 1, 2016
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

For use by Office of Administrative Law (OAL) only

**ENDORSED APPROVED**

AUG 31 2016

Office of Administrative Law

**Text of Proposed Changes to**

**Title 18. Public Revenue**

**Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

(a) In General. . . . (unchanged).

(b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).

(c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).

(d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.

(1) . . . (unchanged)..

(A) "Qualified youth organization" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(B) "Qualified educational institution" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(C) . . . (unchanged).

(2) . . . (unchanged).

(f) Tangible Personal Property Sold by Certain Nonprofit Organizations. The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) From January 1, 2016, through December 31, 2020, an “all volunteer fire department” as defined in Revenue and Taxation Code section 6018.10. This subdivision does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

ested persons have the right to obtain a copy of the petition that is the subject of this decision by sending a request to the board. In submitting such a request, please reference **BPH PETITION RESPONSE 2016-03** in the request.

**DATE OF DECISION: August 10, 2016**

**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# 2016-0720-03  
BOARD OF EDUCATION  
Course Periods Without Educational Content

This certificate of compliance rulemaking action by the State Board of Education makes permanent regulation section 1700, title 5 of the California Code of Regulations, adopted as an emergency in OAL matter No. 2016-0318-01E, relating to district recordkeeping requirements for courses without educational content and previously completed courses as set forth in Education Code sections 51228.1 and 51228.2 (enacted by Statutes 2015, chapter 703 (AB 1012)).

Title 5  
ADOPT: 1700  
Filed 08/30/2016  
Effective 08/30/2016  
Agency Contact: Hillary Wirick (916) 319-0644

File# 2016-0802-01  
BOARD OF EQUALIZATION  
Property Transferred or Sold by Certain Nonprofit Organizations

The State Board of Equalization submitted this action without regulatory effect, pursuant to title 1, California Code of Regulations, section 100, to amend title 18, California Code of Regulations, section 1597 by adding a new subdivision (f)(4) to the section. New section 1597(f)(4) restates section 6018.10 of the Revenue and Taxation Code, which was enacted in S.B. 598 (Stats.2015, c. 248). Revenue and Taxation Code sec-

tion 6018.10 provides that volunteer fire departments, as defined, are exempt from sale and use tax for sales of tangible personal property, subject to specified limitations.

Title 18  
AMEND: 1597  
Filed 08/31/2016  
Agency Contact: Richard Bennion (916) 445-2130

File# 2016-0714-01  
BOARD OF PHARMACY  
Vaccinations

This rulemaking action by the Board of Pharmacy establishes requirements for pharmacists who wish to independently initiate and administer vaccinations pursuant to sections 4052(a)(11) and 4052.8 of the Business and Professions Code, including training and continuing education, health care provider notification, and document retention requirements.

Title 16  
ADOPT: 1746.4  
Filed 08/25/2016  
Effective 08/25/2016  
Agency Contact: Lori Martinez (916) 574-7917

File# 2016-0719-01  
BUREAU OF REAL ESTATE APPRAISERS  
Trainee License & Supervising Appraiser Responsibilities

This rulemaking by the Bureau of Real Estate Appraisers (BREA) amends section 3568 in Title 10 of the California Code of Regulations to update the requirements for trainee appraisers and the minimum qualifications for supervisors of trainees. Trainees currently must pass the residential appraisal examination to become trainees. However, this is the same examination the trainee would need to pass to become a residential appraiser, when training is completed. The examination is duplicative and therefore, this rulemaking eliminates that examination for the purpose of becoming a trainee. For supervisors of trainees, the minimum qualifications are increased, to be consistent with the requirements of Appraiser Qualifications Board (AQB), which is the federal board that sets the minimum license criteria for all states. Pursuant to Business and Professions Code section 11314, BREA must, at a minimum, meet the criteria established by AQB.

Title 10  
AMEND: 3568  
Filed 08/29/2016  
Effective 10/01/2016  
Agency Contact: Kyle Muteff (916) 341-6126

# **Regulation 1597**

## **Section 100**

### *Index*

1. *Form 400 and Proposed Regulation 1597, October 27, 2016*
2. *Statement of Explanation*
3. *Form 400 and Proposed Regulation 1597, August 2, 2016*
4. *Statement of Explanation*
5. **SB 598**

## 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 Z-	REGULATORY ACTION NUMBER 2016-1027-01N	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

2016 OCT 27 A 10:17  
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		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) Property Transferred or Sold by Certain Nonprofit Organizations	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2016-0802-01N
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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 1597
	REPEAL
TITLE(S) 18	

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) _____
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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

DATE

*Joann Richmond*  
October 26, 2016

TYPED NAME AND TITLE OF SIGNATORY

Joann Richmond, Chief, Board Proceedings Division

**Text of Proposed Changes to**

**Title 18. Public Revenue**

**Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

(a) In General. Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

(b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).

(c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).

(d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.

(1) . . . (unchanged)..

(A) "Qualified youth organization" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(B) "Qualified educational institution" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(C) . . . (unchanged).

(2) . . . (unchanged).

(f) Tangible Personal Property Sold by Certain Nonprofit Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

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

Statement of Explanation

Changes to Title 18. Public Revenue

*Section 1597. Property Transferred or Sold by Certain Nonprofit Organizations.*

**A. Factual Basis**

Senate Bill No. (SB) 598 (Stats. 2015, ch. 248) enacted Revenue and Taxation Code (RTC) section 6018.10. RTC section 6018.10, subdivision (a), provides that “[a]n all volunteer fire department [(as defined in subdivision (b))] is a consumer of, and shall not be considered a retailer within the provisions of this part [(Sales and Use Tax Law (RTC, § 6001 et seq.))] of all tangible personal property sold by it, including, but not limited to, hot prepared food products and clothing, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department.” Subdivision (c) of RTC section 6018.10 provides that RTC section 6018.10 “shall not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of one hundred thousand dollars (\$100,000) or more.” Also, RTC section 6018.10 became operative January 1, 2016 (SB 598, § 3), and RTC section 6018.10, subdivision (d), provides that RTC section 6018.10 “is only in effect until January 1, 2021, and as of that date is repealed,” so section 6018.10 only applies from January 1, 2016, until December 31, 2020.

Subdivision (f) of California Code of Regulations, title 18, section (Regulation) 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, currently lists organizations that are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization. Therefore, the State Board of Equalization (Board) proposes to incorporate and make the regulation consistent with the provisions of RTC section 6018.10 by adding subdivision (f)(4) to the regulation to explain that the list of organizations in subdivision (f) includes, “[f]rom January 1, 2016, until December 31, 2020, an ‘all volunteer fire department’ as defined in Revenue and Taxation Code section 6018.10” and explain that new subdivision (f)(4) “does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.” The Board also proposes to add a reference to RTC section 6018.10 to the regulation’s reference note.

The Board has determined that these changes are appropriate for processing under Rule 100 because they make the regulation consistent with the enactment of RTC section 6018.10 by SB 598, 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 to Regulation 1597**

Proposed changes to Regulation 1597:

### **Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

- (a) In General. . . . (unchanged).
- (b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).
- (c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).
- (d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged).
  - (4) . . . (unchanged).
- (e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.
  - (1) . . . (unchanged).
    - (A) "Qualified youth organization" means and includes:
      - 1. . . . (unchanged), or
      - 2. . . . (unchanged).
    - (B) "Qualified educational institution" means and includes:
      - 1. . . . (unchanged), or
      - 2. . . . (unchanged).
    - (C) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) Tangible Personal Property Sold by Certain Nonprofit Organizations. The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) From January 1, 2016, until December 31, 2020, an “all volunteer fire department” as defined in Revenue and Taxation Code section 6018.10. This subdivision does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

**NOTICE PUBLICATION/REGULATIONS SUBMISSION**

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

NONSUBSTANTIVE

<b>OAL FILE NUMBERS</b>	NOTICE FILE NUMBER <b>Z-</b>	REGULATORY ACTION NUMBER <b>2016-0802-DIN</b>	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

NOTICE	REGULATIONS
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2016 AUG -2 A 8 45

OFFICE OF ADMINISTRATIVE LAW

<b>AGENCY WITH RULEMAKING AUTHORITY</b> State Board of Equalization	AGENCY FILE NUMBER (if any)
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**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE	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) Property Transferred or Sold by Certain Nonprofit Organizations	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)	SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.) ADOPT AMEND 1597 REPEAL TITLE(S) 18
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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(b))	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<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) _____
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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 August 1, 2016
TYPED NAME AND TITLE OF SIGNATORY Joann Richmond, Chief, Board Proceedings Division	

**Text of Proposed Changes to**

**Title 18. Public Revenue**

**Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

(a) In General. . . . (unchanged).

(b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).

(c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).

(d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.

(1) . . . (unchanged)..

(A) "Qualified youth organization" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(B) "Qualified educational institution" means and includes:

1. . . . (unchanged), or

2. . . . (unchanged).

(C) . . . (unchanged).

(2) . . . (unchanged).

(f) Tangible Personal Property Sold by Certain Nonprofit Organizations. The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) From January 1, 2016, until December 31, 2020, an “all volunteer fire department” as defined in Revenue and Taxation Code section 6018.10. This subdivision does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

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

Statement of Explanation

Changes to Title 18. Public Revenue

*Section 1597. Property Transferred or Sold by Certain Nonprofit Organizations.*

**A. Factual Basis**

Senate Bill No. (SB) 598 (Stats. 2015, ch. 248) enacted Revenue and Taxation Code (RTC) section 6018.10. RTC section 6018.10, subdivision (a), provides that “[a]n all volunteer fire department [(as defined in subdivision (b))] is a consumer of, and shall not be considered a retailer within the provisions of this part [(Sales and Use Tax Law (RTC, § 6001 et seq.))] of all tangible personal property sold by it, including, but not limited to, hot prepared food products and clothing, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department.” Subdivision (c) of RTC section 6018.10 provides that RTC section 6018.10 “shall not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of one hundred thousand dollars (\$100,000) or more.” Also, RTC section 6018.10 became operative January 1, 2016 (SB 598, § 3), and RTC section 6018.10, subdivision (d), provides that RTC section 6018.10 “is only in effect until January 1, 2021, and as of that date is repealed,” so section 6018.10 only applies from January 1, 2016, through December 31, 2020.

Subdivision (f) of California Code of Regulations, title 18, section (Regulation) 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, currently lists organizations that are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization. Therefore, the State Board of Equalization (Board) proposes to incorporate and make the regulation consistent with the provisions of RTC section 6018.10 by adding subdivision (f)(4) to the regulation to explain that the list of organizations in subdivision (f) includes, “[f]rom January 1, 2016, through December 31, 2020, an ‘all volunteer fire department’ as defined in Revenue and Taxation Code section 6018.10” and explain that new subdivision (f)(4) “does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.” The Board also proposes to add a reference to RTC section 6018.10 to the regulation’s reference note.

The Board has determined that these changes are appropriate for processing under Rule 100 because they make the regulation consistent with the enactment of RTC section 6018.10 by SB 598, 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 to Regulation 1597**

Proposed changes to Regulation 1597:

### **Regulation 1597. Property Transferred or Sold by Certain Nonprofit Organizations.**

- (a) In General. . . . (unchanged).
- (b) Flags Sold by Nonprofit Veterans' Organizations. . . . (unchanged).
- (c) Prisoners of War Bracelets Transferred by Charitable Organizations. . . . (unchanged).
- (d) Handcrafted or Artistic Tangible Personal Property Sold by Certain Qualified Organizations. . . . (unchanged):
  - (1) . . . (unchanged).
  - (2) . . . (unchanged).
  - (3) . . . (unchanged).
  - (4) . . . (unchanged).
- (e) Food Products, Nonalcoholic Beverages and Other Tangible Personal Property Sold by Nonprofit Youth Organizations.
  - (1) . . . (unchanged).
    - (A) "Qualified youth organization" means and includes:
      - 1. . . . (unchanged), or
      - 2. . . . (unchanged).
    - (B) "Qualified educational institution" means and includes:
      - 1. . . . (unchanged), or
      - 2. . . . (unchanged).
    - (C) . . . (unchanged).
  - (2) . . . (unchanged).
- (f) Tangible Personal Property Sold by Certain Nonprofit Organizations. The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) From January 1, 2016, through December 31, 2020, an “all volunteer fire department” as defined in Revenue and Taxation Code section 6018.10. This subdivision does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.

(g) Resale Certificates: Obligations of Persons Who Sell to Consumers. . . . (unchanged).

(h) Taxable Sales of Tangible Personal Property by or Through Nonprofit Organizations. . . . (unchanged).

(i) Transfer of Tangible Personal Property to Members. . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Note: Authority cited: Section 7051, Revenue and Taxation Code. Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370, Revenue and Taxation Code; and *Scholastic Book Clubs, Inc. v. State Board of Equalization* (1989) 207 Cal. App. 3d 734.

## Senate Bill No. 598

### CHAPTER 248

An act to add and repeal Section 6018.10 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 2, 2015. Filed with  
Secretary of State September 2, 2015.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 598, Hill. Sales and use taxes: consumer designation: all volunteer fire department.

The Sales and Use Tax Law, among other things, imposes a tax on retailers measured by the gross receipts from their sales of tangible personal property sold at retail in this state, and specifies that certain sellers of tangible personal property are consumers, and not retailers, of the tangible personal property they sell.

This bill would provide, until January 1, 2021, that an all volunteer fire department, as defined, is a consumer, and not a retailer, of all tangible personal property sold by it, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department, subject to specified limitations, so that the retail sale subject to tax is the sale of tangible personal property to the all volunteer fire department.

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

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

*The people of the State of California do enact as follows:*

SECTION 1. Section 6018.10 is added to the Revenue and Taxation Code, to read:

6018.10. (a) An all volunteer fire department is a consumer of, and shall not be considered a retailer within the provisions of this part of all tangible personal property sold by it, including, but not limited to, hot prepared food products and clothing, if the profits are used solely and exclusively in furtherance of the purposes of the all volunteer fire department.

(b) For purposes of this section, an “all volunteer fire department” means an organization that meets all of the following requirements:

(1) No member shall be paid a regular salary, but a member may be compensated on an hourly or per incident basis.

(2) The purpose of the organization is to protect the lives, property, and environment within a designated geographical area from fires, disasters, and emergency incidents through education, prevention, training, and emergency response.

(3) The organization is regularly organized for volunteer fire department purposes and qualifies as an exempt organization, either under Section 23701d or 23701f of this code or under Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, having official recognition and full or partial support of the government of the county, city, or district in which the volunteer fire department is located, and that has functions having an exclusive connection with the prevention and extinguishing of fires within the area of the county, city, or district extending official recognition for the benefit of the public generally and to lessen the burdens of the entity of government that would otherwise be obligated to furnish that fire protection.

(c) This section shall not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of one hundred thousand dollars (\$100,000) or more.

(d) This section shall remain in effect only until January 1, 2021, and as of that date is repealed.

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

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, the provisions of this act shall become operative on the first day of the first calendar quarter commencing more than 90 days after the effective date of this act.

**M e m o r a n d u m**

**To** : Mr. David J. Gau  
Executive Director (MIC 73)

**Date:** May 5, 2016

**From** : Randy Ferris, Chief Counsel  
Legal Department (MIC 83)

**Subject** : **Board Meeting, May 24-26, 2016**  
**Item J - Chief Counsel's Rulemaking Calendar**  
**Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations***

We request your approval to place proposed changes to Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, on the Chief Counsel's Rulemaking Calendar for the May 24-26, 2016, Board meeting. The proposed changes incorporate and make the regulation consistent with the enactment of Revenue and Taxation Code (RTC) section 6018.10 by Senate Bill No. (SB) 598 (Stats. 2015, ch. 248).

RTC section 6018.10 provides that an all volunteer fire department (VFD) is a consumer, and not a retailer, of all tangible personal property sold by it at retail in this state, if the profits are used solely and exclusively to further the VFD's purposes. This section does not apply if the VFD, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more. Also, RTC section 6018.10 became operative January 1, 2016 (SB 598, § 3), and RTC section 6018.10, subdivision (d), provides that it "is only in effect until January 1, 2021, and as of that date is repealed," so the section only applies from January 1, 2016, until December 31, 2020.

We will request the Board's authorization to incorporate the provisions of RTC section 6018.10 into Sales and Use Tax Regulation 1597 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 make the regulation consistent with the enactment of RTC section 6018.10 by SB 598, and do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

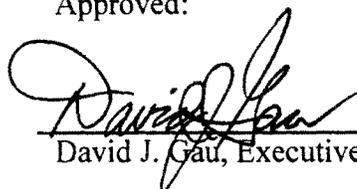
Attached is a strikeout and underlined version of the regulation illustrating the proposed revisions.

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

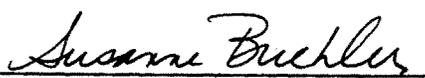
Recommendation by:

  
Randy Ferris, Chief Counsel

Approved:

  
David J. Gau, Executive Director

Approved:

  
Susanne Buehler, Deputy Director  
Business Tax and Fee Department

BOARD APPROVED  
At the 5/25/16 Board Meeting

  
Joann Richmond, Chief  
Board Proceedings Division

Attachments

- cc: Ms. Susanne Buehler (MIC 43)
- Ms. Joann Richmond (MIC 80)
- Mr. Robert Tucker (MIC 82)
- Tax Policy Division Chief (MIC 92)
- Mr. Bradley M. Heller (MIC 82)
- Ms. Kirsten Stark (MIC 50)
- Ms. Lynn Whitaker (MIC 50)
- Ms. Kim Rios (MIC 50)

## Proposed Revision to Regulation 1597

### **Regulation 1597. PROPERTY TRANSFERRED OR SOLD BY CERTAIN NONPROFIT ORGANIZATIONS.**

Reference: Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1, and 6370, Revenue and Taxation Code.  
Scholastic Book Clubs, Inc. v. State Board of Equalization (1989, 207 Cal. App. 3d 734)

**(a) IN GENERAL.** Sections 6018.9, 6018.10, 6359.3, 6360, 6361, 6361.1 and 6370 of the Revenue and Taxation Code provide that certain organizations are consumers and not retailers of specified kinds of tangible personal property under certain conditions. The subsections which follow describe the organizations and the kind of tangible personal property involved.

**(b) FLAGS SOLD BY NONPROFIT VETERANS' ORGANIZATIONS.** Any nonprofit veterans' organization is a consumer of and shall not be considered a retailer of flags of the United States which it sells where the profits are used solely and exclusively in furtherance of the purpose of the organization.

**(c) PRISONERS OF WAR BRACELETS TRANSFERRED BY CHARITABLE ORGANIZATIONS.** Any charitable organization qualifying for the welfare exemption from property taxation under Section 214 of the Revenue and Taxation Code is the consumer of bracelets designed to commemorate American prisoners of war, which it distributes, whether or not a contribution is made to such organization, where the profits are used solely and exclusively in furtherance of the purposes of such organization.

**(d) HANDCRAFTED OR ARTISTIC TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN QUALIFIED ORGANIZATIONS.** Any organization which is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (26 U.S.C.A.); which, as its primary purpose, provides services to individuals with developmental disabilities or, effective August 3, 1995, to children with severe emotional disturbances, and which does not discriminate on the basis of race, sex, nationality, or religion is the consumer and not the retailer of any tangible personal property sold by them if all of the following conditions are met:

(1) The tangible personal property is of a handcrafted or artistic nature and is designed, created, or made by individuals with developmental disabilities or, effective August 3, 1995, by children with severe emotional disturbances, who are members of, or receive services from, the qualified organization.

(2) The price of each item of tangible personal property sold does not exceed twenty dollars (\$20), or ten dollars (\$10) if sold prior to August 3, 1995.

(3) The qualified organization's sales are made on an irregular or intermittent basis.

(4) The qualified organization's profits from the sales are used exclusively in furtherance of the purposes of the organization.

**(e) FOOD PRODUCTS, NONALCOHOLIC BEVERAGES AND OTHER TANGIBLE PERSONAL PROPERTY SOLD BY NONPROFIT YOUTH ORGANIZATIONS.**

(1) A qualified youth organization is the consumer and not the retailer of food products, nonalcoholic beverages, and tangible personal property created by members of the organization which are sold on an irregular or intermittent basis provided the profits from such sales are used solely and exclusively in the furtherance of the purpose of the organization.

**(A)** "Qualified youth organization" means and includes:

1. any nonprofit organization which qualifies for tax-exempt status under Section 501(c) of the Internal Revenue Code (26 U. S. C. A.); which provides a supervised program of competitive sports for youth or promotes good citizenship in youth as its primary purpose; and which does not discriminate on the basis of race, sex, nationality, or religion, or

2. any youth group or club sponsored by or affiliated with a qualified educational institution, including but not limited to any student activity group, e.g., debating team, swimming team, band, or choir.

(B) "Qualified educational institution" means and includes:

1. any public elementary, secondary, or vocation-technical school which provides education for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof, or

2. any nonprofit private school which provides education programs for either kindergarten; grades 1 through 12, inclusive; or college or university undergraduate programs, or any part thereof. Nonprofit private school educational programs must meet the requirements of the State Department of Education and must satisfy the requirements of state and local laws governing private educational institutions in effect on January 1, 1990. The term does not include a nonprofit private school which otherwise qualifies but which discriminates on the basis of race, sex, nationality, or religion. For example, a youth group sponsored by a private school which has enrollment open only to females is not a "qualified youth organization."

(C) "Irregular or intermittent" is defined to mean sales made at particular events, such as fairs, galas, parades, scout-a-ramas, games, and similar activities, which are not conducted on a regularly scheduled basis. Sales made at refreshment stands or booths at scheduled events of organized youth sports leagues are considered made on an "irregular or intermittent" basis; however, sales made in storefront or mobile retail outlets which ordinarily require local business licenses do not qualify.

(2) The following organizations are "qualified youth organizations" and are consumers, not retailers, of tangible personal property under the circumstances described in paragraph (e)(1):

Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., formerly Campfire Girls, Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner Football.

**(f) TANGIBLE PERSONAL PROPERTY SOLD BY CERTAIN NONPROFIT ORGANIZATIONS.** The following organizations are consumers and not retailers of any tangible personal property sold by them if the profits from such sales are used exclusively in the furtherance of the purposes of the organization:

(1) Nonprofit parent-teacher associations chartered by the California Congress of Parents, Teachers, and Students, Incorporated, and equivalent organizations performing the same type of service for public or private schools and authorized to operate within the school by the governing authority of the school.

(2) Nonprofit associations commonly called Friends of the Library, and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library.

(3) Nonprofit parent cooperative nursery schools.

(4) From January 1, 2016, until December 31, 2020, an "all volunteer fire department" as defined in Revenue and Taxation Code section 6018.10. This section does not apply if an all volunteer fire department, in each of the two preceding calendar years, has gross receipts from the sale of tangible personal property of \$100,000 or more.

**(g) RESALE CERTIFICATES: OBLIGATIONS OF PERSONS WHO SELL TO CONSUMERS.** An organization classed as a consumer under this regulation may not give a resale certificate with respect to the property it transfers.

All persons, other than organizations classed as consumers, who make sales of tangible personal property not otherwise exempt, should report tax on their sales unless the purchasers furnish resale certificates which can be accepted in good faith.

It will be presumed that all sales of tangible personal property not otherwise exempt, by organizations not classed as consumers, for delivery in this state to purchasers who do not furnish resale certificates which the seller accepts in good faith are subject to sales tax or that the seller is obligated to collect use tax from the purchasers.

**(g) TAXABLE SALES OF TANGIBLE PERSONAL PROPERTY BY OR THROUGH NONPROFIT ORGANIZATIONS.** A nonprofit organization is treated as a consumer of tangible personal property it may sell under

circumstances described in subdivisions (d), (e) and (f) of this regulation. In other cases, a nonprofit organization is regarded as a retailer of property it sells to consumers, or it is regarded as an agent of the companies which furnish the property to it for delivery to consumers.

When a nonprofit organization solicits orders, collects payments, and distributes tangible personal property for a supplier, it is considered to be the agent of that supplier. Accordingly, the supplier, not the organization, is the retailer of the merchandise sold. This is true unless documentation establishes that the nonprofit organization is buying and selling for its own account. The nonprofit organization is presumed to be buying and selling on its own account if all of the following factors are present: 1) the organization solicits the orders from the public in its own name; 2) the organization collects the sale price from the customer in its own name; 3) the organization is responsible for and pays the supplier for the merchandise; and 4) the contract between the organization and the supplier clearly identifies the fact the organization will purchase and resell the products to its customers. If it is selling for its own account, the nonprofit organization will be required to obtain a permit and will be considered the retailer, unless the supplier has been classified by the Board as a retailer under Revenue and Taxation Code Section 6015 or the nonprofit organization is classified under subdivisions (d), (e) and (f) of this regulation.

If the supplier is a 6015 retailer, the supplier must pay the tax and the organization does not need a seller's permit. The measure of tax is the amount charged to the consumer. When this price is unknown by the supplier, tax will apply to the suggested retail selling price. If the nonprofit organization is classified as a consumer under subdivisions (d), (e) and (f) of this regulation, the supplier will calculate tax measured by the selling price to the nonprofit organization.

**(h) TRANSFER OF TANGIBLE PERSONAL PROPERTY TO MEMBERS.** From April 1, 2010, until January 1, 2015, an organization described under Section 501(c) of the Internal Revenue Code (26 U.S.C.A.) is the consumer of tangible personal property transferred to its members, if the following requirements are met:

(1) The tangible personal property bears a logo or other identifying mark of the organization and is a promotional item or other item commonly associated with use by a member to demonstrate the member's association with, or membership in, the organization.

(2) The cost to the member of the organization for the acquisition of the tangible personal property is not more than the cost to the nonprofit organization to obtain and transfer to the member the tangible personal property, including any applicable sales or use tax paid by the nonprofit organization.

(3) Reasonable steps are taken by the organization to ensure that no member is allowed to acquire more than 30 identical items of tangible personal property or to resell the items to another person.

(4) The tangible personal property is not distributed for purposes of organized political campaigning or issue advocacy.

**2016 MINUTES OF THE STATE BOARD OF EQUALIZATION****Wednesday, May 25, 2016**

The Board recessed at 9:58 a.m. and reconvened at 10:18 a.m. with Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers present.

**Section 100 Changes****J2 Sales and Use Tax Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations***

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to make the regulation consistent with the enactment of Revenue and Taxation Code (RTC) section 6018.10. RTC section 6018.10 provides that under specified circumstances an all-volunteer fire department (VFD) is a consumer, not a retailer, of all tangible personal property sold by it at retail in this state (Exhibit 5.13).

Action: Upon motion of Mr. Horton, seconded by Ms. Stowers and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulation 1597 as recommended by staff.

**J3 Property Tax Rules 282, *Temporary Certification*, and 283, *Permanent Certification***

Bradley Heller, Tax Counsel, Tax and Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to update Rule 283 to reflect organizational changes in state government and clarify both rules' cross-references to other rules (Exhibit 5.14).

Action: Upon motion of Mr. Runner, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Property Tax Rules 282 and 283 as recommended by staff.

**[M] OTHER CHIEF COUNSEL MATTERS****Further Discussion of *Resolution Conferring Powers on the Executive Director***

M1.1 Randy Ferris, Chief Counsel, Legal Department made introductory remarks regarding whether to require Board approval for all new office space for district field offices prior to the execution of any lease documents (Exhibit 5.15).

Action: Upon motion of Ms. Harkey, seconded by Mr. Horton and unanimously carried, Ms. Ma, Ms. Harkey, Mr. Runner, Mr. Horton and Ms. Stowers voting yes, the Board adopted the amendment with further changes to line 4: add a comma after "Member" and delete the word "other".

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

MAY 25, 2016

CHIEF COUNSEL MATTERS

J SECTION 100 CHANGES

J2 SALES AND USE TAX REGULATION 1597,  
PROPERTY TRANSFERRED OR SOLD BY CERTAIN NONPROFIT  
ORGANIZATIONS

REPORTED BY: Kathleen Skidgel

CSR NO. 9039

P R E S E N T

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For the Board  
of Equalization:

Fiona Ma, CPA  
Chairwoman

Diane L. Harkey  
Vice Chair

Jerome E. Horton  
Member

Sen. George Runner (Ret.)  
Member

Yvette Stowers  
Appearing for Betty T.  
Yee, State Controller  
(per Government Code  
Section 7.9)

Joann Richmond  
Chief  
Board Proceedings  
Division

For Board of  
Equalization Staff:

Bradley Heller  
Tax Counsel IV  
Legal Department

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1 450 N STREET  
2 SACRAMENTO, CALIFORNIA  
3 MAY 25, 2016

4 ---oOo---

5 MS. MA: Next item, Ms. Richmond.

6 MS. RICHMOND: We have two Section 100  
7 changes. Item J2, Sales and Use Tax Regulation  
8 1597, Property Transferred or Sold by Certain  
9 Nonprofit Organizations.

10 MS. MA: Mr. Heller, please commence  
11 your -- please introduce yourself and then commence  
12 your presentation.

13 MR. HELLER: Thank you. Good morning,  
14 Chairman Ma -- Chairwoman Ma, excuse me, and Members  
15 of the Board. I'm Bradley Heller from the Board's  
16 Legal Department. And I'm here to request that the  
17 Board vote to authorize staff to complete Rule 100  
18 changes to Sales and Use Tax Regulation 1597,  
19 Property Transferred or Sold by Certain Nonprofit  
20 Organizations.

21 The changes make the regulation consistent  
22 with the 2015 enactment of Revenue and Taxation Code  
23 section 6 -- 6018.10, which provides that an all  
24 volunteer fire department is a consumer, not a  
25 retailer, of all tangible personal property sold by  
26 it at retail if the profits are used solely for --  
27 solely and exclusively to further the volunteer fire  
28 department's purposes.

1 MS. MA: Okay, Members. Questions,  
2 comments?

3 MR. HORTON: Move adoption of staff  
4 recommendation.

5 MS. STOWERS: Second.

6 MS. MA: Okay. Mr. Horton moves, Ms.  
7 Stowers seconds, to adopt the staff recommendation.

8 Without objection, motion carries.

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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 May 25, 2016 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 4 constitute a complete and accurate transcription of the shorthand writing.

Dated: May 31, 2016

*Kathleen Skidgel*

KATHLEEN SKIDGEL, CSR #9039  
Hearing Reporter

