

Regulation 1805 and 1825

Section 100

Complete Rule Making File

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

Index

1. *Form 400 and Proposed Regulation 1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825*
2. *Statement of Explanation*
3. *DOF Letter Dated August 5, 2015*

Other Documents Relied upon

- A. *Chief Counsel Memo Dated 10/08/15*
- B. *Minutes, 10/27/15*
- C. *Reporters Transcript, 10/27/15*

RECEIVED

DEC 21 2015

**State of California
Office of Administrative Law**

by EXECUTIVE DIRECTOR'S OFFICE
STATE BOARD OF EQUALIZATION

In re:
Board of Equalization

Regulatory Action:

Title 18, California Code of Regulations

Adopt sections:

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

Repeal sections:

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

California Code of Regulations, Title 1,
Section 100

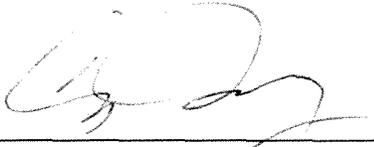
OAL Matter Number: 2015-1104-01

OAL Matter Type: Nonsubstantive (N)

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

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

Date: December 16, 2015



Craig S. Tarpenning
Assistant Chief Counsel

For: DEBRA M. CORNEZ
Director

Original: Cynthia Bridges
Copy: Richard Bennion

OFFICE OF ADMINISTRATIVE LAW

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



DEBRA M. CORNEZ
Director

MEMORANDUM

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

LW

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

If this is an approved matter, it contains a copy of the regulation(s) stamped “ENDORSED APPROVED” by the Office of Administrative Law and “ENDORSED FILED” by the Secretary of State. The effective date of an approved regulation is specified on the Form 400 (see item B.5).

Beginning January 1, 2013, unless an exemption applies, Government Code section 11343.4 states the effective date of an approved regulation is determined by the date the regulation is filed with the Secretary of State (see the date the Form 400 was stamped “ENDORSED FILED” by the Secretary of State) as follows:

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

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

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

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

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

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

DO NOT DISCARD OR DESTROY THIS FILE

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

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

Enclosures

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER 2015110401N	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
NOTICE		REGULATIONS	

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

DEC 16 2015

2:10 PM

AGENCY WITH RULEMAKING AUTHORITY
State Board of Equalization

AGENCY FILE NUMBER (if any)

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

1. SUBJECT OF NOTICE Teleproduction or Other Postproduction Service	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY	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) <i>Partial Sales and Use Tax Exemption</i>	per agency request	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	1532, 1533.1, 1533.2, 1534, 1535, 1805, 1825
TITLE(S) 18	REPEAL	
3. TYPE OF FILING		
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))
<input 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 checked="" type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> File & Print
		<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

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

Joann Richmond

DATE

November 4, 2015

TYPED NAME AND TITLE OF SIGNATORY

Joann Richmond, Chief, Board Proceedings Division

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

DEC 16 2015

Office of Administrative Law

Memorandum

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

Date: November 5, 2015

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

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

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

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

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

REB

Text of Proposed Changes to

Title 18. Public Revenue

Regulation 1532. Teleproduction or Other Postproduction Service Equipment.

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

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

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

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

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

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

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

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

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

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

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

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

(4) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(5) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

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

(Appendices A & B on Next Pages)

Appendix A

Section 6378 Exemption Certificate

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

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

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

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

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

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

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

Appendix B

Section 6378 Blanket Exemption Certificate

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

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

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

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

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

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

Regulation 1533.1. Farm Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

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

(j) . . . (unchanged).

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

Appendix A . . . (unchanged).

(Appendix B on Next Page)

Appendix B

PARTIAL EXEMPTION CERTIFICATE

STATE BOARD OF EQUALIZATION

Qualified Sales and Purchases of Farm Equipment and Machinery

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

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

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.¹

Type of Farm Equipment and Machinery (or parts ² thereof)* _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

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

(i) . . . (unchanged).

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

Regulation 1534. Timber Harvesting Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(8) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1535. Racehorse Breeding Stock.

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

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

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1805. Aircraft Common Carriers.

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

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

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

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

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

Appendix

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

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

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

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

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

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

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

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

“Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____ ”

Regulation 1825. Aircraft Common Carriers.

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

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

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

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

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

Appendix

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

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

(b) Form of Certificate.

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

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

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

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

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

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

(2) Exemption from district tax only

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

“Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____”

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

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

<p>SUMMARY OF REGULATORY ACTIONS</p>

**REGULATIONS FILED WITH
SECRETARY OF STATE**

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

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

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

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

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

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

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

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

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

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

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

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

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

Regulation 1805 and 1825

Section 100

Index

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

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

NONSUBSTANTIVE

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

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

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
State Board of Equalization

AGENCY FILE NUMBER (If any)

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

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

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

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

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

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

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

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

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

For use by Office of Administrative Law (OAL) only

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

Text of Proposed Changes to

Title 18. Public Revenue

Regulation 1532. Teleproduction or Other Postproduction Service Equipment.

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

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

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

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

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

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

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

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

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

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

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

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

(4) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(5) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

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

(Appendices A & B on Next Pages)

Appendix A

Section 6378 Exemption Certificate

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

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

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

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

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

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

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

Appendix B

Section 6378 Blanket Exemption Certificate

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

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

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

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

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

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

Regulation 1533.1. Farm Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

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(d) . . . (unchanged).

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(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Appendix A . . . (unchanged).

(Appendix B on Next Page)

Appendix B

PARTIAL EXEMPTION CERTIFICATE

STATE BOARD OF EQUALIZATION

Qualified Sales and Purchases of Farm Equipment and Machinery

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

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

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.¹

Type of Farm Equipment and Machinery (or parts 2² thereof)* _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

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(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

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

Regulation 1534. Timber Harvesting Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

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(1) . . . (unchanged).

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(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1535. Racehorse Breeding Stock.

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

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(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1805. Aircraft Common Carriers.

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

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

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

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

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

Appendix

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

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

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

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

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

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

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

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

“Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____ ”

Regulation 1825. Aircraft Common Carriers.

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

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

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

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

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

Appendix

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

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

(b) Form of Certificate.

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

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

(1) the State of California

(2) the United States

(3)

_____ (Insert the name of the foreign government)

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

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

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

(2) Exemption from district tax only

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

“Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____ ”

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

Statement of Explanation

Title 18. Public Revenues

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

A. Factual Basis

1. Changes Related to Tax Rates and Partial Exemption Percentages

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

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

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

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

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

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

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

b. Regulations 1805 and 1825

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

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

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

2. Clarifying Changes to Appendix B to Regulation 1533.1

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

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

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

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

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

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

B. Proposed Changes

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

TEXT OF PROPOSED CHANGES

Regulation 1532. Teleproduction or Other Postproduction Service Equipment.

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

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

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

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

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

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

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

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

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

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

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

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

(1) . . . (unchanged).

(2) . . . (unchanged).

(b) . . . (unchanged).

(c) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

1. . . . (unchanged).

2. . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(5) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(6) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(f) . . . (unchanged).

(g) . . . (unchanged).

(h) . . . (unchanged).

(i) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(j) . . . (unchanged).

(k) . . . (unchanged).

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

(Appendices A & B on Next Pages)

Appendix A

Section 6378 Exemption Certificate

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

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

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

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

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

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

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

Appendix B

Section 6378 Blanket Exemption Certificate

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

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

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

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

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

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

Regulation 1533.1. Farm Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(2) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(G) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Appendix A . . . (unchanged).

Appendix B

PARTIAL EXEMPTION CERTIFICATE

STATE BOARD OF EQUALIZATION

Qualified Sales and Purchases of Farm Equipment and Machinery

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

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

I, as the undersigned purchaser, hereby certify I am engaged in an agricultural business described in Codes 0111 to 0291 of the Standard Industrial Classification (SIC) Manual, or I perform an agricultural service described in Codes 0711 to 0783 of the SIC Manual for such classified persons. The property purchased or leased will be used primarily in producing and harvesting agricultural products in accordance with Revenue & Taxation Code Section 6356.5.¹

Type of Farm Equipment and Machinery (or parts ² thereof)* _____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(4) . . . (unchanged).

Example A: . . . (unchanged).

Example B: . . . (unchanged).

Example C: . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

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

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

Regulation 1534. Timber Harvesting Equipment and Machinery.

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

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(6) . . . (unchanged).

(7) . . . (unchanged).

(8) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(D) . . . (unchanged).

(E) . . . (unchanged).

(F) . . . (unchanged).

(4) . . . (unchanged).

(5) . . . (unchanged).

(d) . . . (unchanged).

(e) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(f) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1535. Racehorse Breeding Stock.

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

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

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

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

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

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

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

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

(b) . . . (unchanged):

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged):

(A) . . . (unchanged).

(B) . . . (unchanged).

(C) . . . (unchanged).

(4) . . . (unchanged).

(c) . . . (unchanged).

(1) . . . (unchanged).

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(g) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(h) . . . (unchanged).

(1) . . . (unchanged).

(2) . . . (unchanged).

(3) . . . (unchanged).

(i) . . . (unchanged).

(j) . . . (unchanged).

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

Regulation 1805. Aircraft Common Carriers.

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

(b) Aircraft Common Carriers.

(1) . . . (unchanged).

(2) . . . (unchanged).

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

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

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

Appendix

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

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

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

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

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

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

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

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

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

“Description of property to be purchased _____

Name of Seller _____
Purchaser _____
Address _____
Dated _____”

Regulation 1825. Aircraft Common Carriers.

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

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

Appendix

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

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

(b) Form of Certificate.

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

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

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

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

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

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

“Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____²²



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

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

RECEIVED

August 5, 2015

AUG 07 2015

by EXECUTIVE DIRECTOR'S OFFICE
STATE BOARD OF EQUALIZATION

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

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

Dear Treasurer Chiang and Ms. Bridges:

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

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

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

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

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

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

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



MICHAEL COHEN
Director

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

Memorandum

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

Date: October 8, 2015

From : ^{RMF} Randy Ferris, Chief Counsel
Legal Department (MIC 83)

Subject : **Board Meeting, October 27, 2015**
Item J - Chief Counsel's Rulemaking Calendar
Regulation 1805, Aircraft Common Carriers
Regulation 1825, Aircraft Common Carriers

We request your approval to place proposed changes to the above referenced uniform local sales and use tax regulation and transactions (sales) and use tax regulation on the Chief Counsel's Rulemaking Calendar for the October 27, 2015, Board meeting. The changes make the regulations consistent with the expiration of the one-quarter percent (0.25%) reduction in the rate of local sales and use tax that may be imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law (RTC, § 7200 et seq.) by Revenue and Taxation Code (RTC) section 7203.1, and the corresponding restoration of the partial 80 percent local sales and use tax exemption for aircraft common carriers provided by RTC sections 7202, subdivision (g), and 7203, subdivision (e), operative January 1, 2016.

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

carriers from 80 percent of the local tax rate to 67 percent of the local tax rate during the revenue exchange period.

AB 9 (Stats. 2003, 5th Ex. Sess., ch. 2) (ABX5 9), enacted the Economic Recovery Bond Act (GC, § 99050 et seq.), effective December 12, 2003, and authorized the issuance of up to \$15 billion of bonds to finance the accumulated budget deficit after the act was subsequently approved by the voters, as Proposition 57, at the March 2, 2004, primary election. ABX5 9 reduced the tax rate proposed under the original "Triple Flip" by repealing and reenacting RTC sections 6051.5, 6201.5, and 7203.1 and substituting "one-quarter" for "one-half" of a percent. As a result, the "Triple Flip," as modified by ABX5 9, ultimately increased the state sales and use tax rate by one-quarter percent (0.25%) and decreased by a like amount the Bradley-Burns Uniform Local Sales and Use Tax rate, operative July 1, 2004. The resulting revenues from the one-quarter percent (0.25%) state sales and use tax imposed by RTC sections 6051.5 and 6201.5 are deposited into the Fiscal Recovery Fund. ABX5 9 also repealed and reenacted RTC sections 7202 and 7203 to increase the partial local sales and use tax exemption for aircraft common carriers from 67 percent to 75 percent of the local tax rate during the revenue exchange period.

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

The regulations referenced above explain exemptions from local and district transactions (sales) and use taxes for aircraft common carriers provided by RTC sections 7202, 7203, 7261, and 7262, and both regulations provide the rate of the partial local sales and use tax exemption which may be claimed by aircraft common carriers. The proposed changes to the regulations referenced above clarify that the partial local sales and use tax exemption for aircraft common carriers will apply to 75 percent of the one percent (1%) local tax rate (i.e., .75%) until December 31, 2015, and will apply to 80 percent of the one and one-quarter percent (1.25%) local tax rate (i.e., 1%) on and after January 1, 2016. The proposed changes also delete unnecessary quotation marks from the regulations' exemption certificates, and delete the reference to RTC section 7203.1 from Regulation 1805's reference note.

Staff will request the Board's authorization to make the changes to the regulations 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 regulations consistent with the expiration of the one-quarter percent (0.25%) decrease in the local sales and use tax rate prescribed by RTC sections 7203.1 and the restoration of the partial 80 percent local sales and use tax exemption for aircraft common carriers on January 1, 2016, revise the formatting of the regulations' exemption certificates,

and update Regulation 1805's reference note, and the changes do not materially alter any requirement, right, responsibility, condition, prescription or other regulatory element of any California Code of Regulations provision.

Attached are strikeout and underlined versions of the regulations 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.

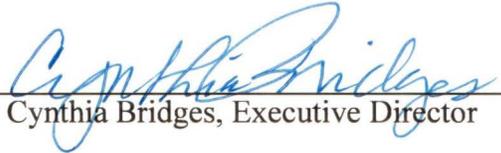
Attachments

Recommendation by:

Approved:



Randy Ferris, Chief Counsel



Cynthia Bridges, Executive Director

Approved:

BOARD APPROVED

At the _____ Board Meeting



Lynn Bartolo, Acting Deputy Director
Sales and Use Tax Department

Joann Richmond, Chief
Board Proceedings Division

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

Proposed Revisions to Regulation 1805

Regulation 1805. AIRCRAFT COMMON CARRIERS.

(a) **DEFINITION - "COMMON CARRIERS."** As used herein, the term "common carriers" means persons who engage in the business of transporting persons or property for hire or compensation and who offer their services indiscriminately to the public or to some portion of the public.

(b) AIRCRAFT COMMON CARRIERS.

(1) The state-administered Bradley-Burns local sales tax does not apply to sales of tangible personal property to operators of aircraft to be used or consumed principally outside the county in which the sale is made if such property is used or consumed directly and exclusively in the use of such aircraft as common carriers of persons or property under the laws of this state, the United States, or any foreign government. Tax applies, however, to sales of fuel and petroleum products on and after July 29, 1991. Exemption rates and their effective dates are provided in the Appendix.

(2) The state-administered Bradley-Burns local use tax does not apply to the storage, use, or other consumption of tangible personal property purchased by operators of aircraft when such property is used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. Effective July 29, 1991, this exemption is not available for the storage, use, or other consumption of fuel and petroleum products. This exemption is in addition to that provided in sections 6366 and 6366.1 of the Revenue and Taxation Code.

(c) **CONDITIONS OF EXEMPTION.** The exemption for operators of aircraft common carriers applies only if the property is used directly and exclusively in the exempt activity. This exemption is limited to supplies and equipment (excluding fuel and petroleum products effective July 29, 1991) used or consumed directly in the carriage of persons or property. It does not include office or shop equipment or supplies or any other property not directly used or consumed in the carriage of persons or property.

(d) **LEASES.** If property is leased to an operator of an aircraft common carrier under a lease which is a continuing sale or a continuing purchase, unless otherwise exempted, either the use tax or sales tax applies to the gross receipts from the lease during such period of time that the property is in a taxing jurisdiction.

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

Appendix

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

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

(b) FORM OF CERTIFICATE.

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

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

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

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

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

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

"Description of property to be purchased _____

Name of Seller _____

Purchaser _____

Address _____

Dated _____ "

Proposed Revisions to Regulation 1825

Regulation 1825. AIRCRAFT COMMON CARRIERS.

(a) **DEFINITION - "COMMON CARRIERS."** As used herein, the term "common carriers" means persons who engage in the business of transporting persons or property for hire or compensation and who offer their services indiscriminately to the public or to some portion of the public.

(b) AIRCRAFT COMMON CARRIERS.

(1) State-administered district transactions (sales) tax does not apply to sales of tangible personal property to operators of aircraft to be used or consumed principally outside the county in which the sale is made if such property is to be used or consumed directly and exclusively in the use of such aircraft as common carriers of persons or property under the laws of this state, the United States, or any foreign government. Tax applies, however, to sales of fuel and petroleum products on and after July 29, 1991.

(2) State-administered district use tax does not apply to the storage, use, or other consumption of tangible personal property purchased by operators of aircraft when such property is used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. Effective July 29, 1991, this exemption is not available for the storage, use, or other consumption of fuel and petroleum products. This exemption is in addition to that provided in sections 6366 and 6366.1 of the Revenue and Taxation Code.

(c) **CONDITIONS OF EXEMPTION.** The exemption for operators of aircraft common carriers applies only if the property is used directly and exclusively in the exempt activity. This exemption is limited to supplies and equipment (excluding fuel and petroleum products effective July 29, 1991) used or consumed directly in the carriage of persons or property. It does not include office or shop equipment or supplies or any other property not directly used or consumed in the carriage of persons or property.

(d) **LEASES.** If property is leased to an operator of an aircraft common carrier under a lease which is a continuing purchase, unless otherwise exempted, either the use tax or transactions (sales) tax applies to the gross receipts from the lease during such period of time that the property is in a taxing jurisdiction.

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

Appendix

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

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

(b) FORM OF CERTIFICATE.

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

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

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

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

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

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

"Description of property to be purchased _____
Name of Seller _____
Purchaser _____
Address _____
Dated _____"



RECEIVED

August 5, 2015

AUG 07 2015

by EXECUTIVE DIRECTOR'S OFFICE
STATE BOARD OF EQUALIZATION

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

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

Dear Treasurer Chiang and Ms. Bridges:

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

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read "Michael Cohen", with a stylized flourish at the end.

MICHAEL COHEN
Director

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

Tuesday, October 27, 2015

Truck Insurance Exchange, 240627 (STF)
01/01/00 to 12/31/00, \$1,057,500.00 Claim for Refund
Considered by the Board: Summary Decision (Rev. & Tax. Code, § 40)
Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.
Action: Upon motion of Mr. Runner, seconded by Ms. Ma and duly carried, Mr. Runner, Ms. Ma and Ms. Harkey voting yes, Mr. Horton voting no, Ms. Stowers not participating in accordance with Government Code section 7.9, the Board adopted the written summary decision as presented by staff.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Joseph W. Valva and Marilyn K. Valva, 719017
Action: The Board deferred the matter to later in the day.

TAX PROGRAM NONAPPEARANCE MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE STATUTE

OFFER-IN-COMPROMISE RECOMMENDATIONS

Action: Upon motion of Ms. Stowers, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved the Offer in Compromise Recommendations of *Bayan Mosadek Alattar; Scott Francis Armstrong; Lewis Lavell Canyon; Cornerstone Partnership, LLC; Zubair I. Hansia; Fernando A. Hernandez; J C Wright, Inc.; Ragaey Tobia Estefan and Samia Samy Sous; Arsen Kirakosyan and ADAK, Inc.; Akbar A. Matani; Mc Neely Investments, Inc.; Maria Rosa Milos; Dani Fouad Mokdad; Ted Michael O'Neill and Exercise Solutions; Luis Fernando Rodriguez; SNS Foods, Inc.; Teng Yun Corporation; Jeremy Robert Tucker and, Tucker & Company, Inc.*; as recommended by staff.

CHIEF COUNSEL MATTERS

RULEMAKING

Section 100 Changes

Uniform Local Sales and Use Tax Regulation 1805, *Aircraft Common Carriers*; and Transactions (Sales) and Use Tax Regulation 1825, *Aircraft Common Carriers*

Bradley Heller, Tax Counsel, Tax & Fee Programs Division, Legal Department, made introductory remarks regarding staff's request for authorization to make Rule 100 changes to amend the specified regulations to make them consistent with the expiration of the one-quarter (0.25%) decrease in the local sales and use tax rate prescribed by Revenue and Taxation Code sections 7203.1, operative January 1, 2016 ([Exhibit 10.2](#)).

Action: Upon motion of Ms. Harkey, seconded by Ms. Ma and unanimously carried, Mr. Horton, Mr. Runner, Ms. Ma, Ms. Harkey and Ms. Stowers voting yes, the Board approved authorization to make Rule 100 changes to Regulations 1805 and 1825 as recommended by staff.

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N STREET

SACRAMENTO, CALIFORNIA

REPORTER'S TRANSCRIPT

OCTOBER 27, 2015

BUSINESS TAXES COMMITTEE

REPORTED BY: Kathleen Skidgel

CSR NO. 9039

1 P R E S E N T

2
3 P R E S E N T

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5 For the Board
of Equalization:

Diane L. Harkey
Chair

6
7 Jerome E. Horton
Member

8
9 Sen. George Runner (Ret.)
Member

10 Fiona Ma, CPA
Member

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

15 Joann Richmond
16 Chief
Board Proceedings
17 Division

18 For the Department:

Susanne Buehler
19 Chief
Tax Policy Division
20 Sales and Use Tax
Department

21 Pamela Mash
22 Tax Counsel
Legal Department

23 ---oOo---

1 450 N STREET
2 SACRAMENTO, CALIFORNIA
3 OCTOBER 27, 2015

4 ---oOo---

5 MR. HORTON: Ms. Richmond, what is our next
6 item?

7 MS. RICHMOND: Good morning, Mr. Chairman
8 and Members. Our first item on this morning's
9 agenda is the Business Taxes Committee. Ms. Harkey
10 is the Chair of that committee.

11 Ms. Harkey.

12 MS. HARKEY: Woops. Thank you.

13 Our first item -- I believe we have two.
14 Excuse me.

15 Okay. Our first item is Proposed
16 Amendments to Sales and Use Tax Regulation 1668,
17 Sales for Resale.

18 I think this is long past due and it was --
19 it's -- it's with regard to convicted sellers or
20 purchasers of counterfeit goods.

21 Thank you. Would you like to start, Ms.
22 Buehler?

23 MS. BUEHLER: Certainly. Good morning. I
24 am Susanne Buehler with the Sales and Use Tax
25 Department.

26 We have two agenda items for your
27 consideration today. With me is Miss Pam Mash from
28 our Legal Department. We will take each agenda

1 items and their respective action item separately
2 before moving to the next.

3 For agenda item one, staff requests your
4 approval and authorization to publish proposed
5 amendments to Sales and Use Tax Regulation 1668,
6 Sales for Resale.

7 You received a revised copy of the proposed
8 regulation yesterday that corrected minor
9 grammatical errors.

10 The proposed amendments are the result of
11 the passage of Board-sponsored Assembly Bill 2681
12 and state that sales or purchases of counterfeit
13 goods by a convicted seller or purchaser are subject
14 to tax, regardless of whether it was their intention
15 to resell them.

16 We'd be happy to answer any questions you
17 may have.

18 MS. HARKEY: Any questions, Members?

19 MR. RUNNER: Move adoption.

20 MS. STOWERS: Second.

21 MR. HORTON: Second.

22 MS. HARKEY: I have a motion and a second.

23 MR. HORTON: Quick comment, Madam Chair, if
24 I may.

25 Just wanted to commend staff and Madam
26 Chair for bringing this forward. I think it's
27 fundamentally important for the Board to be in
28 position to be able to participate in retrieving

1 sales tax and potential funds when there's a
2 criminal investigation that results in prosecution
3 and so forth.

4 Without this measure, the items could be
5 very well treated as an exempt sale and, therefore,
6 the Board of Equalization would not be able to
7 protect the interest of the State of California.

8 To that end, thank you, Madam Chair and
9 staff, for your efforts in that regard.

10 MS. BUEHLER: Thank you.

11 MS. HARKEY: I'd just like to add, not
12 only the State of California, but all those
13 legitimately out trying to earn a living in
14 California. So thank you very much for this.

15 The next item is proposed amendments to
16 Sales and Use Tax Regulation 1698 and proposed
17 amendments to Special Taxes Regulation 4901.

18 Ms. Buehler.

19 MS. BUEHLER: Before I start that, did we
20 have a vote on the first item?

21 MS. HARKEY: Oh, excuse me. We had a
22 motion from Senator Runner and a second from Ms. Ma.

23 Any objection?

24 Okay.

25 MS. BUEHLER: Thank you.

26 MS. HARKEY: Thank you.

27 MS. BUEHLER: For agenda item two, staff
28 requests your approval and authorization to publish

1 proposed amendments to Sales and Use Tax Regulation
2 1698, Records, and Special Taxes and Fees Regulation
3 4901, Records.

4 The proposed amendments include and define
5 electronic cash registers, computerized point of
6 sale systems and electronic records.

7 We'd be happy to answer any questions you
8 may have on this topic.

9 MS. HARKEY: Any questions from the Board?

10 MR. HORTON: Move approval and authorize
11 staff to propose -- publish both proposed amendments
12 to clarify.

13 MS. HARKEY: Thank you. I have a motion to
14 approve.

15 I have a second?

16 MS. STOWERS: Second.

17 MS. HARKEY: Second by Ms. Stowers.

18 Any objection?

19 So be it. Thank you.

20 MS. BUEHLER: Thank you.

21 MS. HARKEY: This ends the Business Taxes
22 Committee.

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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 October 27, 2015 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding pages 1 through 6 constitute a complete and accurate transcription of the shorthand writing.

Dated: October 30, 2015

Kathleen Skidgel

KATHLEEN SKIDGEL, CSR #9039

Hearing Reporter

