An act to amend Sections 6363.9 and 6363.10 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 6363.9 of the Revenue and Taxation Code is amended to read:

6363.9. (a) On and after January 1, 2020, there are exempted from the taxes imposed by this part the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, diapers designed, manufactured, processed, fabricated, or packaged for use by infants, toddlers, and children.

(b) This section shall become inoperative on July 1, 2023.

SEC. 2. Section 6363.10 of the Revenue and Taxation Code is amended to read:

6363.10. (a) On and after January 1, 2020, there are exempted from the taxes imposed by this part the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, menstrual hygiene products.

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

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

(c) This section shall become inoperative on July 1, 2023.

SEC. 3. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act for purposes of Section 2230 of the Revenue and Taxation Code and the state shall not reimburse any local agency for any sales and use tax revenues lost Sections 1 and 2 of this act as required by Section 2230 of the Revenue and Taxation Code.

SEC. 4. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.
Bill No.
as introduced, ______.


Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including, until July 1, 2023, an exemption for the sale of, or the storage, use, or other consumption of, diapers for infants, toddlers, and children and menstrual hygiene products, as defined.

In compliance with a state constitutional requirement, existing law requires the Department of Finance, beginning on May 15, 2020, to estimate the total dollar amount of revenue that would have been credited to the Local Revenue Fund 2011 for a fiscal year if not otherwise exempted under the sales and use tax exemptions for diapers for infants, toddlers, and children and menstrual hygiene products and requires the Controller to transfer that amount from the General Fund to the Local Revenue Fund 2011, a continuously appropriated fund, no later than June 30 of each fiscal year.

This bill would indefinitely extend the sales and use tax exemptions for the sale of, or the storage, use, or other consumption of, diapers for infants, toddlers, and children and menstrual hygiene products. By extending the above-described transfers of estimated total dollar amount of revenues that would have been credited to the Local Revenue Fund 2011 by the Controller from the General Fund to the Local Revenue Fund 2011, a continuously appropriated fund, the bill would make an appropriation.

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

Existing law requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

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

This bill would take effect immediately as a tax levy.