

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: January 4, 2012
POSITION: Neutral
SPONSOR: Board of Equalization

BILL NUMBER: AB 843
AUTHOR: C. Calderon

BILL SUMMARY: State Board Of Equalization: Nonmonetized Bullion

This bill would, effective January 1, 2013, alter the date the Board of Equalization (BOE) is required to calculate the exemption threshold for bulk sales of monetized bullion, nonmonetized gold or silver bullion and numismatic coins. The proposed one month delay would amend the due date for calculating the exemption threshold from September 1st to October 1st each year.

FISCAL SUMMARY

This bill would not impact state revenues, or BOE's administrative costs.

COMMENTS

The proposed change would delay the exemption threshold calculation requirement by one month. This delay would give the BOE adequate time to amend the applicable regulation and notify affected taxpayers, and would not impact state revenues.

Under current law, the sales tax or use tax applies to the sale or use of tangible personal property, unless specifically exempt or excluded from the tax. Revenue & Taxation code section 6355 provides a sales tax exemption for monetized bullion, nonmonetized gold or silver bullion, and numismatic coin bulk sales that exceed \$1,000 (1993). This exemption threshold (currently \$1,500) is indexed annually by the Board of Equalization (BOE) and is due by September 1.

To calculate the threshold exemption, the BOE must obtain information from the Franchise Tax Board (FTB). Inflation adjustments are available late August. If the revised exemption exceeds the existing threshold by \$500 the BOE must formally adopt the adjustment during a scheduled board meeting. These two processes make it difficult to comply with the September 1 due date.

This bill would alter the due date for calculating the annual exemption threshold from September 1 to October 1. This date would allow the BOE additional time to receive annual inflation adjustments, calculate the threshold exemption and if needed, adopt threshold changes that exceed \$500.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP	2011-2012		2012-2013		2013-2014		
	RV	98	FC	FC	FC	FC			
1149/Sale Use Tax	RV	No	----- No/Minor Fiscal Impact -----						0001

Analyst/Principal (0723) S. Rios	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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