Sales and Use Taxes:
Exemptions and Exclusions

California Revenue and Taxation Code Part 1, Division 2

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FOREWORD

SALES AND USE TAXES
EXEMPTIONS AND EXCLUSIONS

This publication summarizes the exemptions and exclusions from sales and use tax in effect when the publication was printed (as noted on the front cover). However, statutory or regulatory changes may have occurred since that time. If there is a conflict between the text in this publication and the law, the decision will be based on the law and not this publication.

In general, California sales and use taxes are imposed on the retail sale or the use of tangible personal property in this state. Since the enactment of the Sales and Use Tax Law in 1933, many exemptions have been granted that remove the liability for tax for various types of property and certain individuals or organizations. In addition to complete exemptions, provisions have been enacted that reduce the tax base by defining certain persons to be consumers of property sold, or provide a partial exemption or credit. Other transactions are excluded from the imposition of sales and use taxes because of basic definitions contained in the law or because they do not involve the transfer of merchandise.

The following two comprehensive listings are intended to identify and provide a brief general description of exemptions and exclusions from the imposition of California sales and use taxes, first by category and second by alphabetical reference. The explanations are not meant to provide detailed information as to the requirements or conditions of qualifying for exemption, and should not be used as a legal reference. For example, not all nonprofit organizations qualify for the exemptions and special rules summarized in this publication. The California Sales and Use Tax Law, as implemented by duly adopted regulations of the California Department of Tax and Fee Administration (CDTFA), should be consulted to determine the requirements and complete description of the exemptions and exclusions identified by the listings.

The listing by category places the exemptions and exclusions into the following categories: I. Necessities of Life; II. General Public Benefit; III. Industry Benefit; IV. Exclusions by Definition; and V. Other Exemptions, Exclusions, or Credits. In addition to identifying the exemptions and exclusions, this listing provides the section(s) of the Sales and Use Tax Law that provides the exemption or exclusion along with an estimate of annual revenue lost, if available. Revenue lost refers to revenue which is not realized due to the exemption or exclusion and includes both state and local revenue. The estimates of revenue lost are based on the most recent data available and are provided to give an order of magnitude of the revenue lost attributable to the exemption or exclusion. It should be noted that the amount of revenue lost is not extracted from the Sales and Use Tax returns filed with the CDTFA by taxpayers, since taxpayers are not required to report sales by commodity. In order to estimate the revenue lost attributable to the various exemptions and exclusions, the CDTFA relies on data from outside sources. However, for many of the exemptions and exclusions contained in this publication, reliable data is not available. Where the revenue lost is not known because the information is not available, “N/A” is noted.

In some cases, the publication identifies certain sellers and lessors as consumers of the tangible personal property they sell or lease. These persons do not owe sales tax on their transfers of the property. Instead, the sale to them or their use is subject to sales or use tax. The sales to them are not nontaxable sales for resale.

The placing of exemptions and exclusions into categories is in many instances subjective. Many provisions of the law impact numerous types of individuals or businesses. However, an attempt was made to place the exemptions or exclusions within the category that is perceived to be the main beneficiary of the granting of relief from tax, or that was intended to benefit from the enactment of specific legislation.

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SECTION A

SALES AND USE TAX
EXEMPTIONS AND EXCLUSIONS
(BY CATEGORY)

I. NECESSITIES OF LIFE—Provisions that exempt property necessary to the sustenance of life.

A. Food

- FOOD PRODUCTS—Sales of food for human consumption are generally exempt from tax unless sold in a heated condition (except hot bakery items or hot beverages, such as coffee, sold for a separate price), served as meals, consumed at or on the seller's facilities, ordinarily sold for consumption on or near the seller's parking facility, or sold for consumption where there is an admission charge.

  REVENUE: $6.945 billion SECTION: 6359

- CANDY, CONFECTIONERY, SNACK FOODS, AND BOTTLED WATER—The exemption for sales of food products includes candy and confectionery, snack foods and bottled water.

  REVENUE: $963 million SECTION: 6359

- FOOD PRODUCTS SOLD THROUGH VENDING MACHINES—The vending machine operator is the consumer of (1) food products which sell at retail for fifteen cents or less and (2) food products which are sold through a bulk vending machine for twenty-five cents or less. For sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than fifteen cents, 67% of the receipts from such sales are also exempt from tax.

  REVENUE: $25 million SECTIONS: 6359.2 and 6359.4

- ANIMAL LIFE, FEED, SEEDS, PLANTS AND FERTILIZER, DRUGS AND MEDICINES—The sale and use of animal life or feed for animal life, seeds, and plants the products of which normally constitute food for human consumption are exempt from tax. The sale and use of fertilizer to be applied to land the products of which are to be used for human consumption are also exempt. In addition, the sale and use of drugs and medicines including oxygen that are administered to food animals, the primary purpose of which is the prevention or control of disease, are exempt from tax. This is an expansion of the general food exemption.

  REVENUE: $1.597 billion SECTION: 6358

- MEDICATED FEED AND DRINKING WATER—The sale and use of drugs or medicines administered to animal life as an additive to feed or drinking water, the primary purpose of which is the prevention and control of disease of food animals, or of nonfood animals which are to be sold in the regular course of business, are exempt from tax.

  REVENUE: $500,000 SECTION: 6358.4

- PURCHASES MADE WITH CALFRESH BENEFITS—When otherwise taxable purchases are made with CalFresh benefits, only the amounts paid with CalFresh benefits are exempt from tax. Amounts paid with forms of consideration other than CalFresh benefits, such as cash or manufacturer's coupons, remain taxable. Examples of otherwise taxable sales which are exempt from tax when purchased with CalFresh benefits, include sales of carbonated beverages, food coloring and ice.

  REVENUE: $31.8 million SECTION: 6373

B. Health Related

- PROFESSIONAL HEALTH SERVICES—A licensed chiropractor, optometrist, physician, surgeon, podiatrist, licensed hearing aid dispenser, or registered dispensing optician is generally the consumer and not the retailer of property furnished in the performance of professional services. Also, producers of X-ray films or photographs are the consumers of property used to produce the films or photographs for use in diagnosing the medical or dental conditions of a human being. In addition, licensed pharmacists dispensing certain replacement contact lenses are regarded as consumers, rather than retailers, with respect to those lenses.

  REVENUE: $173.3 million SECTIONS: 6018, 6018.4, 6018.5, 6018.7 and 6020

- MEALS FURNISHED BY INSTITUTIONS—Sales of meals and food products served to residents and patients of a health facility, a community care facility, a residential care facility for the elderly, any housing that is financed by state or federal programs and that primarily serves older persons, any house or institution supplying board and room for a flat rate to persons 62 years and older, an alcoholism recovery facility and a drug abuse recovery or treatment facility are exempt from tax.

  REVENUE: $35.1 million SECTION: 6363.6

- BLOOD STORAGE UNITS—The sale and use of any container used to collect or store human blood, plasma, blood products, or blood derivatives, including any disposable tubing, filters, grommets, and needles sold along with the bags and held in a blood bank for medical purposes are exempt from tax. This exemption includes, but is not limited to, blood collection units and blood pack units.

  REVENUE: $12.4 million SECTION: 6364.5

- PRESCRIPTION MEDICINES—Sales of medicines are exempt from sales and use taxes if (1) prescribed for treatment of human beings and dispensed by a registered pharmacist; (2) furnished by or sold to a licensed physician and surgeon, podiatrist, or dentist for patient treatment; (3) furnished by a health facility for patient treatment pursuant to the order of a licensed physician; (4) sold to this state or any political subdivision or municipal corporation for use in treating human beings; (5) dispensed by prescription for the treatment of human beings and furnished without charge by a pharmaceutical manufacturer or distributor to a doctor, a health facility for the treatment of human beings, or to an institution of higher education for instruction or research; (6) furnished by a medical facility or clinic operated by this state or any political subdivision or municipal corporation; or (7) sold to outpatient clinics, as defined under Health and Safety Code 1200, for the treatment of any person pursuant to the order of a licensed physician and surgeon, dentist, and podiatrist. In addition to substances commonly recognized as medicines, the following items are specifically included in the definition of "medicine" for sales and use tax purposes:

  - Sutures
  - Bone screws and pins, pacemakers and other articles (excluding dentures) permanently implanted or which dissolve in the body.
  - Orthotic devices, including custom-made biomechanical foot orthoses, as defined in Regulation 1591(b)(4).
  - Prosthetic devices other than auditory, opthalmic and ocular devices, and other than dental prostheses.
  - Artificial limbs and eyes
  - Programmable drug infusion devices worn on or implanted in the body.
  - Insulin syringes
  - Mammary prostheses
  - Appliances and related supplies necessary as a result of surgery by which an artificial opening was made to eliminate natural waste.
  - Hemodialysis products
  - Any product fully implanted or injected in the human body, or any drug or any biologic, when such are approved by the U.S. Food and Drug Administration to diagnose, cure, mitigate, treat or prevent any disease, illness or medical condition.

  Dispensed on prescription includes furnishing insulin and insulin syringes, and furnishing appliances and supplies necessary to eliminate natural waste, if such items are furnished pursuant to a physician's written order. Dispensed on prescription also includes furnishing certain orthotic and prosthetic devices and replacement parts pursuant to a written order of a physician or podiatrist.

  REVENUE: $4.295 billion SECTIONS: 6369 and 6369.1

B. Health Related (cont.)

- WHEELCHAIRS, CRUTCHES, CANES AND WALKERS—Sales to and purchases by persons of wheelchairs, crutches, canes, quad canes, white canes for the legally blind, and walkers under the direction of a physician, are exempt from tax.

  REVENUE: $13 million SECTION: 6369.2

- VEHICLE MODIFICATIONS FOR HANDICAPPED—The sale of property used to modify vehicles for physically handicapped persons is exempt from tax. When a previously modified vehicle is resold, the sale of the portion of the vehicle which has been modified is exempt if the vehicle is sold to a disabled person who qualifies for a distinguishing license plate or placard.

  REVENUE: N/A SECTION: 6369.4

- OXYGEN DELIVERY SYSTEMS—Sales of medical oxygen delivery systems are exempt from tax when sold or leased to an individual as directed by a physician.

  REVENUE: N/A SECTION: 6369.5

- MEDICAL IDENTIFICATION TAGS—Sales of medical identification tags are exempt from tax when furnished by a qualifying organization.

  REVENUE: Less than $100,000 SECTION: 6371

- MEDICAL HEALTH INFORMATION—The use of medical health information literature purchased by a qualifying charitable organization which is engaged in the dissemination of such information, is exempt from use tax when the literature is purchased from either the national office or a branch of the national office of the same organization.

  REVENUE: N/A SECTION: 6408

- HEALTH AND SAFETY MATERIALS—The use of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes, is exempt from use tax if the materials are: 1) purchased or sold by a qualifying nonprofit national organization which disseminates such information, and 2) purchased from a national office or a branch or chapter of such national office of the same organization.

  REVENUE: N/A SECTION: 6409

- MEDICINAL CANNABIS—The sale of medicinal cannabis, medicinal cannabis concentrate, edible medicinal cannabis products, or topical cannabis is exempt from tax when a qualified patient or primary caregiver for a qualified patient provides his or her medical marijuana identification card and a valid government-issued identification card.

  REVENUE: N/A SECTION: 34011

C. Housing

(1) EXEMPTIONS:

- GAS, ELECTRICITY, WATER AND STEAM—The sale of gas, electricity and water, including steam and geothermal steam, brines, and heat is exempt from taxation if delivered through mains, lines, or pipes. Further, water sold to an individual in bulk quantities of 50 gallons or more for household use is exempt from taxation if the residence is not serviced by mains, lines, or pipes. Also, sales and purchases of liquid petroleum gas (LPG) are exempt from tax when delivered into a tank of 30 gallons or more to either a qualified residence for household use, or, a qualified person to be used in producing and harvesting agricultural products.

  REVENUE: $3.259 billion SECTION: 6353

(2) EXCLUSIONS:

- TELEPHONE LINES AND POLES—Telephone and telegraph lines, electrical transmission and distribution lines, and the poles, towers, or conduit by which they are supported or in which they are contained are excluded by statute from the definition of tangible personal property when sold in place.

  REVENUE: None SECTION: 6016.5

C. Housing (cont.)

- RENTALS OF HOUSEHOLD FURNISHINGS—The rental of household furnishings is not subject to tax when rented with living quarters. Tax must be paid on the cost of such items unless purchased in an exempt occasional sale.

  REVENUE: N/A SECTIONS: 6006 and 6010

II. GENERAL PUBLIC BENEFIT—Provisions that give special tax treatment for items or activities which benefit the general public.

A. Alternate Energy

- RECYCLED FEEDSTOCK, ADVANCED MANUFACTURING, ADVANCED TRANSPORTATION TECHNOLOGIES – Until January 1, 2021, there is a specific exclusion for qualifying entities that apply for financial assistance from the California Alternative Energy and Advanced Transportation Financing Authority for specified tangible personal property purchased for projects that process or use recycled feedstock or that are used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems.

  REVENUE: $43 million SECTION: 6010.8

- COGENERATION TECHNOLOGY—The sale of exhaust steam, steam waste, heat or resultant energy produced by cogeneration technology, as defined, is exempt from sales and use taxes.

  REVENUE: N/A SECTION: 6353

- FUEL FROM ORGANIC PRODUCTS AND WASTE BY-PRODUCTS—Sales of organic products grown for fuel, and waste by-products from agricultural or forest products operations, municipal refuse, or manufacturing, that are used in an industrial facility as a source of fuel are exempt from tax.

  REVENUE: N/A SECTION: 6358.1

B. Museums and Public Art Exhibits

- ART WORKS—Sales of original works of art are exempt from sales and use tax when purchased by any California state or local entity, or by certain nonprofit organizations under contract with such governmental entities, or by certain nonprofit organizations for public exhibit, or by persons for donation directly to any such governmental or nonprofit organization, if such works of art are purchased to become a part of the permanent collection of a museum or certain qualifying nonprofit organizations that regularly loan at least 85 percent of the value of their art collection to museums, or to this state or any local government entity which displays the art to the public in public places. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contract with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax.

  REVENUE: $300,000 SECTION: 6365

- MUSEUMS—Sales to and purchases by the state or a local government entity as part of a public art collection, a nonprofit museum regularly open to the public and operated by a local or state government entity, or operated by certain nonprofit organizations, are exempt from tax when the property is purchased to replace destroyed property used exclusively for display purposes. In addition, only property that has value as a museum piece and is purchased within three years from the date the original property was destroyed qualifies for exemption.

  REVENUE: Less than $100,000 SECTION: 6366.3

- SAN DIEGO AEROSPACE MUSEUM AND THE CALIFORNIA SCIENCE CENTER—The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by these museums are exempt from sales and use tax.

  REVENUE: Less than $100,000 SECTION: 6366.4

B. Museums and Public Art Exhibits (cont.)

- AUXILIARY SERVICES TO MUSEUMS—Nonprofit associations and organizations that perform auxiliary services to any city or county museum in this state are consumers of property which they sell provided the profits are used for purposes of the organization.

  REVENUE: $400,000 SECTION: 6370.5

C. Nonprofit, Religious, and Educational Organizations

- ALL-VOLUNTEER FIRE DEPARTMENTS. Until January 1, 2021, an all-volunteer fire department is a consumer of tangible personal property it sells if the profits are used solely and exclusively to further its purposes, provided the all-volunteer fire department has gross receipts from its tangible personal property sales of less than $100,000 in the preceding two calendar years.

  REVENUE: Less than $100,000 SECTION: 6018.10

- VEHICLES LOANED TO UNIVERSITY EMPLOYEES—A retailer will not owe use tax on his or her full purchase price of vehicles loaned to any employee of the University of California or the California State University provided the vehicle is for the employee's exclusive use, the loan has been approved by the chancellor or president of the university, and it is demonstrated that the loan is not dependent on the retailer receiving any automotive-related business from the university. The retailer will instead owe tax on the fair rental value of the loaned vehicle for the period of the loan.

  REVENUE: N/A SECTION: 6202.7

- NONPROFIT VETERANS' ORGANIZATIONS—Such organizations are consumers of flags of the United States of America which they sell if profits are used solely for furtherance of the purposes of the organization.

  REVENUE: Less than $100,000 SECTION: 6359.3

- VENDING MACHINE SALES—Nonprofit, charitable or educational organizations are consumers of tangible personal property sold through vending machines for 15 cents or less. Library districts, municipal libraries, or county libraries and any vendor making sales pursuant to a contract with these libraries are consumers of, and shall not be considered the retailers of, photocopies which are sold at retail through coin-operated or card-operated copy machines located at a library facility.

  REVENUE: N/A SECTION: 6359.45

- YOUTH ORGANIZATION—The following organizations are consumers, rather than retailers, of food products, nonalcoholic beverages, and tangible personal property made or produced by members of the organization when those sales are made on an irregular or intermittent basis and the organization's profits from those sales are used exclusively in furtherance of the purposes of the organization: (1) any nonprofit organization which qualifies for tax exempt status under Section 501(c) of the Internal Revenue Code whose primary purpose is to provide a supervised program of competitive sports for youth or to promote good citizenship in youth and which does not discriminate on the basis of race, sex, nationality, or religion; (2) any youth group sponsored by or affiliated with a qualified educational institution, including, but not limited to, any student activity club, athletic group, or musical group; and (3) any Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association-North, California Youth Soccer Association-South, and Pop Warner Football.

  REVENUE: N/A SECTION: 6361

- "BUDDY POPPIES" AND SIMILAR LAPEL PINS—The sale and use of a "Buddy Poppy" or any other symbolic, impermanent lapel pin that memorializes United States Military veterans killed in foreign wars of the United States, by any corporation established by the United States Congress pursuant to Chapter 2301 (commencing with Section 230101) of Title 36 of the United States Code, or any of that corporation's subordinate state or territorial subdivisions, local chapters, posts, or auxiliaries, are exempt from tax.

  REVENUE: Less than $100,000 SECTION: 6360.1

C. Nonprofit, Religious, and Educational Organizations (cont.)

- NONPROFIT ORGANIZATIONS, ARTISTIC OR HANDCRAFTED PROPERTY—A qualified nonprofit organization whose primary purpose is to provide services to children with severe emotional disturbances or individuals with developmental disabilities, and that does not discriminate on the basis of race, sex, nationality or religion, is a consumer of tangible personal property which it sells, provided that the property is of a handcrafted or artistic nature and is designed, created, or made by individuals with developmental disabilities or children with severe emotional disturbances who are members of, or receive services from, the organization. In order for the organization to qualify as a consumer, the price of each item sold must not exceed $20, and the profits from the sales must be used exclusively in furtherance of the purposes of the organization. In addition, the organization's sales must be made on an irregular or intermittent basis.

  REVENUE: Less than $100,000 SECTION: 6361.1

- SCHOOL YEARBOOKS AND CATALOGS—Public or private schools, school districts, county offices of education, or student organizations are consumers of yearbooks and catalogs prepared by or for them and distributed to students.

  REVENUE: N/A SECTION: 6361.5

- STUDENT MEALS—The sales and use of meals and food products are exempt from tax when sold or furnished to students by a public or private school, school district, student organization, parent-teacher association, and any blind vendor operating a restaurant or vending stand in an educational institution unless sold for consumption within a place subject to an admission charge except for national and state parks and monuments.

  REVENUE: N/A SECTION: 6363

- NONPROFIT ORGANIZATIONS, AUCTION SALES—The sale and use of tangible personal property that is sold to a successful bidder at an auction that is conducted no more than once in any 12-month period by a qualifying nonprofit organization are exempt from sales and use tax if the purpose of that auction is to obtain revenue for funding of a shelter for homeless individuals and families and those revenues obtained are actually used for that purpose.

  REVENUE: $100,000 SECTION: 6363.2

- NONPROFIT ORGANIZATIONS, THRIFT STORES—The sale and use of used clothing, household items, or other retail items sold by thrift stores operated by a qualifying nonprofit organization are exempt from tax until January 1, 2019, if the purpose of that thrift store is to obtain revenue for the funding of medical and social services to chronically ill individuals with HIV or AIDS and at least 75 percent of the net income derived from operations of the thrift store are expended for that purpose.

  REVENUE: $200,000 SECTION: 6363.3

- MILITARY DESIGNATED ENTITIES, THRIFT STORES—The sales and use of tangible personal property sold by a thrift store located on a military installation and operated by a specified designated entity are exempt from sales and use tax until January 1, 2024, provided the designated entity, in partnership with the United States Department of Defense, provides financial, educational, and other assistance to members of the armed forces of the United States, eligible family members, and survivors when in need.

  REVENUE: Less than $100,000 SECTION: 6363.4

- RELIGIOUS ORGANIZATIONS—The sale and use of meals and food products furnished or served by a religious organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization.

  REVENUE: N/A SECTION: 6363.5

- MEALS DELIVERED TO HOMEBOUND ELDERLY AND DISABLED—The sale and use of meals that are delivered to homebound elderly or disabled persons by a nonprofit volunteer home delivery meal provider are exempt from tax.

  REVENUE: Less than $100,000 SECTION: 6363.7

C. Nonprofit, Religious, and Educational Organizations (cont.)

- NONPROFIT VETERANS' ORGANIZATIONS—The sales and use of meals and food products furnished or served by any nonprofit veterans' organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization

  REVENUE: $444,000 SECTION: 6363.8

- ENDANGERED AND THREATENED ANIMAL AND PLANT SPECIES—The sale and use of endangered and threatened animal and plant species are exempt from tax if both the seller and the purchaser are qualifying nonprofit zoological societies.

  REVENUE: N/A SECTION: 6366.5

- FRIENDS OF THE LIBRARY AND EQUIVALENT ORGANIZATIONS—Nonprofit associations commonly called The Friends of the Library and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library, are consumers of tangible personal property which they sell if the profits from the sales are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- PARENT-TEACHER ASSOCIATIONS—Nonprofit parent-teacher associations chartered by the California Congress of Parents, Teachers, and Students, Incorporated (PTA) or equivalent organizations authorized to operate within the school by the governing authority of the school are consumers of property which they sell if the profits are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- PARENT COOPERATIVE NURSERY SCHOOLS—Nonprofit parent cooperative nursery schools are consumers of property which they sell if the profits are used exclusively to further the organization's purposes.

  REVENUE: N/A SECTION: 6370

- CHARITABLE ORGANIZATIONS—The sale and use of property that is made, prepared, assembled, or manufactured by certain nonprofit charitable organizations that are engaged in relief of poverty and distress, and whose sales or donations are made to assist purchasers or donees, are exempt from sales and use taxes.

  REVENUE: N/A SECTION: 6375

- NONPROFIT ORGANIZATION, NEW CHILDREN'S CLOTHING—The sale and use of new children's clothing are exempt if sold to a qualifying nonprofit organization for distribution without charge to elementary schoolchildren.

  REVENUE: N/A SECTION: 6375.5

- DONATIONS—A seller's donation of property to a qualifying nonprofit organization located in California is exempt from use tax. If the donee is a qualifying nonprofit museum, the donee must use the donated property exclusively for display purposes.

  REVENUE: N/A SECTION: 6403

- PROPERTY LOANED TO EDUCATIONAL INSTITUTIONS—A retailer's loan of property to any school district for an educational program is exempt from use tax. In addition, a retailer's loan of a vehicle to a California State College or the University of California, or to an accredited private or parochial secondary school for use in a qualified driver education program, is exempt from use tax. A retailer's loan of a vehicle to a veteran's hospital or such other nonprofit facility or institution to provide instruction in specially equipped vehicles to disabled veterans is also exempt from use tax.

  REVENUE: N/A SECTION: 6404

D. Other

- POLLUTION CONTROL FACILITY—The transfer of title to property constituting any project or pollution control facility by the California Pollution Control Financing Authority is not a "sale" or "purchase" for purposes of sales and use tax when the transfer or lease is made pursuant to certain provisions of the Health and Safety Code.

  REVENUE: N/A SECTION: 6010.10

- ITINERANT VETERAN VENDORS—A qualified itinerant veteran vendor is a consumer of tangible personal property owned and sold by him or her, except alcoholic beverages and tangible personal property sold for more than $100, until January 1, 2022, provided (1) the qualified itinerant vendor was a member of the United States Armed Forces, who received an honorable discharge or a release from active duty under honorable conditions from service, (2) the vendor is unable to obtain a livelihood by manual labor due to a service-connected disability, (3) for the purposes of selling tangible personal property, the vendor is a sole proprietor with no employees, and (4) the vendor has no permanent place of business in this state. These provisions do not apply to caterers or vending machine operators.

  REVENUE: Less than $100,000 SECTION: 6018.3

- BRACELETS, PRISONERS OF WAR—Charitable organizations which qualify for the welfare exemption from property taxation are consumers of bracelets designed to commemorate American prisoners of war where profits are used solely in furtherance of the purposes of such organizations.

  REVENUE: None SECTION: 6360

- MEALS, LOW-INCOME ELDERLY—The sale of meals and food products is exempt from tax when furnished to low-income elderly persons at or below cost by a nonprofit organization or government entity under a program funded by this state or the United States.

  REVENUE: Less than $100,000 SECTION: 6374

- MEALS, ELDERLY CONDOMINIUM RESIDENTS—The sale of meals and food products furnished on a regular basis and consumed by persons 62 years and older who reside in a condominium, is exempt when such persons own equal shares in a common kitchen facility.

  REVENUE: Less than $100,000 SECTION: 6376.5

- OUT-OF-STATE PURCHASES BY MILITARY MEMBERS AND OTHERS—Until January 1, 2019, purchases of tangible personal property by U.S. Armed Forces members, U.S. Armed Forces and National Guard active duty reserves, their spouses, and registered domestic partners are exempt from use tax when those purchases were made outside California prior to the report date on official transfer orders to this state. This exemption does not apply, however, to purchases of vehicles, vessels or aircraft.

  REVENUE: Insignificant SECTION: 6412

III. INDUSTRY BENEFIT—Exemptions and special tax treatments that benefit various industry groups.

A. Transportation Related Industry

- VESSELS—Sales of vessels of more than 1,000 tons burden are exempt from tax if sold by the builder.

  REVENUE: None SECTION: 6356

- MOTOR VEHICLE FUEL—Tax does not apply to the sale or use of motor vehicle fuel (except aircraft jet fuel) used in propelling aircraft if such fuel is subject to the Motor Vehicle Fuel Tax. The fuel tax is included in the price of motor vehicle fuel when purchased but is not due when the fuel is used in aircraft. Sales tax is not paid on the sale of such fuel but the purchaser may obtain refund of fuel tax less sales tax liability which becomes due if the motor vehicle fuel tax is refunded.

  REVENUE: N/A SECTION: 6357

- FUEL SOLD TO AIR COMMON CARRIERS—Sales of fuel and petroleum products are exempt from sales tax when sold for immediate consumption by an air common carrier on a flight whose final destination is a point outside the United States. To qualify for this exemption, the air common carrier must furnish the seller with a properly executed exemption certificate.

  REVENUE: $190.6 million SECTION: 6357.5

A. Transportation Related Industry (cont.)

- HOT PREPARED FOOD SOLD TO AIR CARRIERS—Sales of hot prepared food products to airlines and sales to passengers by such airlines engaged in interstate or foreign commerce are exempt from tax.

  REVENUE: N/A SECTION: 6359.1

- AIRCRAFT AND COMPONENT PARTS SALES: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—Sales of aircraft to common carriers, to foreign governments for use outside California, and to nonresidents of this state who make no use of the aircraft in this state except to remove it, are exempt from tax. Only usage during the first twelve months is considered to determine if the transaction qualifies for exemption as a sale to a common carrier. In addition, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax.

  REVENUE: $2 million SECTION: 6366

- AIRCRAFT LEASES AND COMPONENT PARTS: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—The sale of an aircraft is exempt if leased to lessees using the aircraft as common carriers, or to any foreign government as lessees who use the aircraft outside California, or leased to lessees who are not residents of this state who will not use the aircraft in this state except for removal. In addition, the sale of property to an aircraft manufacturer is exempt if the property is incorporated into aircraft to be leased by the manufacturer to such persons or entities. Also, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax.

  REVENUE: N/A SECTION: 6366 and 6366.1

- GROUND CONTROL STATIONS—The sale of a ground control station, as defined, to any foreign government for use by that government outside California or to any person who is not a California resident and who will not use that ground control station in California other than in removing it outside this state is exempt from tax.

  REVENUE: N/A SECTION: 6366

- NEW VEHICLES, FOREIGN RESIDENT—The sale of a new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided 1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and 2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point.

  REVENUE N/A SECTION: 6366.2

- WATERCRAFT—The sale, use, or lease of watercraft and component parts thereof sold or leased for use in interstate or foreign commerce, or for use in commercial deep sea fishing outside California's territorial waters, is exempt from tax. Only the operational use, excluding storage or repair, during the first twelve months is considered to determine if the exemption applies. Usage of the watercraft after the first twelve months does not affect the exemption. Tax does not apply to the sale or use of watercraft functionally used 80 percent or more of the time in the transporting for hire of property or persons to vessels or offshore drilling platforms located outside the territorial waters of this state.

  REVENUE: N/A SECTIONS: 6368 and 6368.1

- RAIL FREIGHT CARS—The sale or lease of rail freight cars used in interstate or foreign commerce is exempt from tax.

  REVENUE: N/A SECTION: 6368.5

A. Transportation Related Industry (cont.)

- PUBLIC PASSENGER TRANSPORTATION VEHICLES —The sale and purchase of public passenger transportation vehicles when purchased by a transit authority, special district, or governmental entity at the end of a lease or sublease pursuant to any exercise of a purchase option under the lease or sublease are exempt from sales and use tax under specified conditions.

  REVENUE: N/A SECTION: 6368.9

- COMMON CARRIERS—Sales of tangible personal property, other than fuel and petroleum products, to a common carrier for use in its business as a common carrier are exempt from tax when the seller ships the property to a destination outside California via the facilities of the purchasing common carrier under a bill of lading, and the purchasing common carrier makes no use of the property until after delivery to the out-of-state destination. The seller must accept and retain an exemption certificate from the purchasing carrier. The same exemption applies to sales to foreign common carriers for use in their business as common carriers after the delivery to the first foreign destination. An exemption certificate is also required for this exemption, but a bill of lading is not.

  REVENUE: N/A SECTION: 6385

- WATER COMMON CARRIERS—The sale of fuel and petroleum products is exempt from sales tax when sold to a water common carrier for immediate shipment outside this state for consumption in the conduct of its business as a common carrier after its first out-of-state destination. To qualify for the exemption, the common carrier must furnish the seller a properly executed exemption certificate. This provision will expire January 1, 2024, unless extended by legislation.

  REVENUE: $46 million SECTION: 6385

- NEW VEHICLES, OUT-OF-STATE DEALER—The sale of a new truck or trailer with an unladen weight of 6,000 pounds or more, or a new trailer coach or auxiliary dolly, purchased from an out-of-state dealer for use outside California is exempt from sales tax if the property is delivered to the purchaser in California by the manufacturer, and the purchaser removes such vehicle out of state within 30 days.

  REVENUE: N/A SECTION: 6388

- NEW TRAILERS, INTERSTATE OR OUT-OF-STATE USE—The sale of a new trailer or semitrailer with an unladen weight of 6,000 pounds or more which is purchased for use outside California, or for use exclusively in interstate or foreign commerce, or both, but delivered to the purchaser inside this state is exempt from tax if: the vehicle is manufactured outside this state and the purchaser removes the property from California within 30 days of delivery, or the vehicle is manufactured in California and the purchaser removes the vehicle from California within 75 days of delivery.

  REVENUE: N/A SECTION: 6388.5

- TRAILERS OR SEMITRAILERS, NEW OR USED—When a new or used trailer or semitrailer is moved or operated laden in accordance with a one-trip permit issued pursuant to Section 4003.5, the use is exempt from use tax.

  REVENUE: N/A SECTION: 6410

- COMPONENT PARTS OF RAILROAD EQUIPMENT—When component parts of any railroad equipment that is owned or used by a common carrier engaged in interstate or foreign commerce are purchased outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment outside this state, the use is exempt from use tax. In addition, any related charges for labor or services rendered outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment are also exempt from use tax.

  REVENUE: $200,000 SECTION: 6411

B. Entertainment Industry

(1) EXEMPTIONS:

- MASTER RECORDS AND TAPES—The sale and lease of master records or tapes is exempt from tax except for the actual tangible personal property physically incorporated and sold.

  REVENUE: N/A SECTION: 6362.5

B. Entertainment Industry (cont.)

(2) EXCLUSIONS:

- LEASE OF MOTION PICTURE AND TELEVISION FILMS AND TAPES—Leases of motion pictures, animated motion pictures, and television films and tapes (except video cassettes, tapes, and discs leased for private use under which the lessee does not obtain the right to license or broadcast) do not constitute sales. The lessor is the consumer of such tangible personal property it leases.

  REVENUE: N/A SECTIONS: 6006 and 6010

- MOTION PICTURE PRODUCTION PARTNERSHIPS—When certain persons form partnerships to reduce the cost of producing motion pictures through sharing of equipment and other assets, the furnishing of such property, without the transfer of title, by the partnership to its members for the purpose of producing motion pictures does not constitute a "sale." The partnership is the consumer of any such property.

  REVENUE: N/A SECTION: 6010.4

- QUALIFIED MOTION PICTURES AND QUALIFIED PRODUCTION SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include the following: 1) any transfer of any qualified motion picture or any interest or rights therein when the transfer is prior to the date that the qualified motion picture is exhibited or broadcast to its general audience, and (2) the performance of qualified production services, as defined, in connection with the production of any qualified motion picture, as defined.

  REVENUE: $4.006 billion SECTION: 6010.6

- ART TRANSFERRED FOR ENTERTAINMENT—For sales and use tax purposes, "sale" and "purchase" do not include transfers of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes if *all* of the following conditions are met:

  - Eighty percent or more of the drawings, sketches, illustrations, or paintings are delivered by the artist or designer to someone other than the purchaser.
  - Eighty percent or more of the drawings, sketches, illustrations, or paintings are provided to someone other than the purchaser, at no cost to the person who becomes the owner of the drawings or sketches.
  - The charge for the drawings, sketches, illustrations or paintings is based on a preset fee, and that fee is contingent upon a minimum number of at least three drawings, sketches, illustrations or paintings to be created by the artist or designer at the social gathering.

  REVENUE: Less than $100,000 SECTION: 6010.30

C. Petroleum Industry

- FUNGIBLE GOODS—When property purchased for resale is commingled with property not purchased for resale so that specific property can no longer be identified, sales from that commingled property will be considered sales of property purchased for resale until the quantity sold equals the quantity purchased for resale. Also, property withdrawn from such a commingled inventory for use is considered to be from property not purchased for resale until the quantity consumed equals the quantity not purchased for resale. Therefore, a person who self-produces property and also purchases similar property for resale will not be required to pay use tax if the quantity of such property the person uses does not exceed the quantity self-produced (except with respect to the cost of any raw materials purchased for resale using the same method of reporting). Without specific legislation, such withdrawal of property for use would be taxed on a proration basis. The petroleum industry is the main beneficiary of this provision, but producers of steel rebar, quarry rock, and other self-produced property also benefit.

  REVENUE: N/A SECTIONS: 6095 and 6245

D. Manufactured Housing and Buildings

(1) EXEMPTIONS:

- FACTORY-BUILT SCHOOL BUILDINGS—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built school building to the consumer.

  REVENUE: N/A SECTION: 6012.6

D. Manufactured Housing and Buildings (cont.)

- FACTORY-BUILT HOUSING—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built housing to the consumer.

  REVENUE: N/A SECTION: 6012.7

- NEW MOBILE HOMES—Partial exemption for sales of new mobile homes installed for occupancy as a residence when the mobile home is thereafter subject to real property taxation. The tax on sales of such mobile homes is based on seventy-five percent (75%) of the cost of the mobile home to the retailer who, for sales and use tax purposes, is generally considered to be the consumer. The subsequent sale of a mobile home that qualified for this special treatment is exempt.

  REVENUE: $4.6 million SECTIONS: 6012.8 and 6012.9

- USED MOBILE HOMES—When a used mobile home that is subject to vehicle license fees is sold between private parties, or in a brokerage transaction, tax applies to the retail value of the used mobile home as determined in accordance with an approved value guide, or the actual sales price, whichever is less.

  REVENUE: N/A SECTIONS: 6012.2 and 6276.1

- Sales of used mobile homes subject to local property taxation are exempt from the imposition of sales and use taxes whether sold in a private party transaction or by a retailer.

  REVENUE: N/A SECTION: 6379

- USED FLOATING HOMES—Tax does not apply to sales of used floating homes subject to local property taxation whether sold in a private party transaction or by a retailer.

  REVENUE: N/A SECTION: 6379

(2) EXCLUSIONS:

- LEASES OF MOBILE HOMES—A lease of a mobile home is not a taxable lease if the mobile home is subject to property taxation.

  REVENUE: N/A SECTIONS: 6006 and 6010

E. Leasing Industry

(1) EXEMPTIONS:

- MASS COMMUTING VEHICLES—"Sale" and "Purchase" do not include any transfer of qualified mass commuting vehicles such as a bus, subway car, rail car, or similar equipment, pursuant to certain safe harbor lease arrangements.

  REVENUE: N/A SECTION: 6010.11

- SALE AND LEASEBACK ARRANGEMENTS—For sales and use tax purposes, "sale" and "purchase" do not include any transfer of title to, nor any lease of, tangible personal property pursuant to an acquisition sale and leaseback. An acquisition sale and leaseback is a sale by a person and leaseback to that person of tangible personal property where (1) that person has paid California sales tax reimbursement or use tax with respect to that person's purchase of the property, and (2) the acquisition sale and leaseback is consummated within 90 days of that person's first functional use of the property.

  REVENUE: N/A SECTION: 6010.65

(2) EXCLUSIONS:

- LEASES OF PROPERTY PURCHASED TAX-PAID—When California tax or tax reimbursement is timely paid on the purchase price of tangible personal property and the property is leased in substantially the same form as acquired by lessor, the lease receipts are not taxable. In addition, leases of property acquired in a transfer of substantially all assets of a business when ownership remains substantially the same, and leases of property acquired by will or the laws of succession, are not taxable if the previous owner timely paid California tax or tax reimbursement on the original purchase price and the property is leased in substantially the same form as acquired by the previous owner. Persons that acquire property to be leased without payment of tax or tax reimbursement measured by the purchase price may elect to report tax on cost. If they do not make a timely election to report tax on cost, tax will be due on the rentals.

  REVENUE: N/A SECTIONS: 6006 and 6010

E. Leasing Industry (cont.)

- VEHICLES SOLD TO LESSEE—Normally the sale of a vehicle by a lessor to a lessee is subject to tax. However, it is rebuttably presumed that if the lessee transfers the vehicle to a third party within ten days from the date the lessee acquired title from the lessor at the lease termination, the sale by the lessor is a nontaxable sale for resale, and no tax would be due for the interim ten day period.

  REVENUE: N/A SECTION: 6277

- RENTALS OF LINEN SUPPLIES—A person leasing linen supplies and similar articles who furnishes the recurring service of laundering or cleaning such linen supplies and similar articles is the consumer of tangible personal property provided, and tax applies to the purchase of such items.

  REVENUE: $63 million SECTIONS: 6006 and 6010

- LEASES OF MOBILE TRANSPORTATION EQUIPMENT—Certain property such as trucks, aircraft, and large vessels are classified as mobile transportation equipment (MTE). The lease of MTE is never a sale, and a person who purchases MTE for purposes of leasing is always the consumer of the MTE. However, a person who purchases MTE solely for purposes of leasing may elect to pay tax on the fair rental value of such MTE if the election is made timely. If the lessor makes such an election rather than paying tax on purchase price, tax is due on fair rental value whether the property is inside or outside California.

  REVENUE: N/A SECTIONS: 6006, 6010, 6094 and 6244

- LEASE, CERTAIN PROPERTY EXCLUDED—"Lease" does not include use of property for less than one day for a charge of less than twenty dollars ($20) when the privilege of use is restricted to the premise or other business location of the grantor of use. Examples of such property are pool tables, coin operated amusement devices, golf carts, etc. The grantor of such use is the consumer of the property.

  REVENUE: N/A SECTION: 6006.3

- PASSENGER TRANSPORTATION VEHICLES—The Department of Transportation is a consumer of, rather than a retailer of passenger transportation vehicles, including but not limited to, rail passenger cars, locomotives, other rail vehicles, bus and van fleets, and ferryboats, which it sells and leases back pursuant to a certain type of safe harbor lease.

  REVENUE: N/A SECTIONS: 6018.8 and 6368.7

- LEASES OF PROPERTY ACQUIRED IN AN OCCASIONAL SALE—The lease of property acquired in an exempt occasional sale, other than mobile transportation equipment, is generally a taxable continuing sale. The lessor, however, may instead elect to report tax measured by its purchase price. For property acquired in the transfer of substantially all assets of a business with substantially similar ownership, the purchase price for this purpose is considered the same as the purchase price of the original purchaser.

  REVENUE: N/A SECTION: 6094.1

- RENTAL RECEIPTS SUBJECT TO USE TAX OR FROM PROPERTY OUTSIDE STATE—Rentals payable under a lease of tangible personal property are exempt from sales tax when the rental receipts are required to be included in the measure of use tax or where the rental property is located outside this state. The exemption does not apply to leases of mobile transportation equipment, with respect to which a lessor who has elected to pay tax on the fair rental value must report and pay tax on that basis whether the mobile transportation equipment is inside or outside this state.

  REVENUE: N/A SECTION: 6390

F. Other Industry or General Business Exemptions and Exclusions

(1) EXEMPTIONS:

- OCCASIONAL SALE OF BUSINESS—A person's sale of all or substantially all its tangible personal property is exempt from tax provided that after the sale the real or ultimate ownership of the property is substantially similar to that which existed before the sale. "Substantially all the property" means 80 percent or more of all the tangible personal property, whether inside or outside this state, which is held or used in the course of any activities of that person which require the holding of a seller's permit, or which would require the holding of a seller's permit if the activities were conducted in this state. The real or ultimate ownership is "substantially similar" to that which existed before the sale if 80 percent or more of that ownership of the tangible personal property is unchanged after the transfer. For purposes of this exemption only, stockholders, bondholders, partners, or other persons holding an ownership interest rather than a security interest in the corporation or other entity are regarded as having the real or ultimate ownership of the property of the corporation or other entity.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

- HAY PRODUCERS—Tax does not apply to the final sale of tangible personal property, other than hay, by producers of hay, provided the sale is not one of a series of sales sufficient in number, scope or character to constitute an activity for which the producer would be required to hold a seller's permit if the producer was not also selling hay.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

- VEHICLES, SUBSTANTIALLY SAME OWNERSHIP—The only occasional sale exemption for sales of vehicles, vessels, and aircraft is for sales of such property as part of the sale of all or substantially all the assets of a business (whether those assets are inside or outside this state) when the ownership of the property remains substantially similar to that which existed before the sale.

  REVENUE: N/A SECTION: 6281

- CALIFORNIA GOLD MEDALLIONS—The sale or use of commemorative "California Gold" medallions is exempt from the sales and use tax.

  REVENUE: Less than $100,000 SECTION: 6354

- MONETIZED AND NONMONETIZED BULLION AND NUMISMATIC COINS—Sales in bulk (market value of $1,000 or more, subject to adjustment based on inflation) of monetized bullion, nonmonetized gold or silver bullion, and numismatic coins are exempt from tax when those sales are substantially equivalent to transactions in securities or commodities.

  REVENUE: N/A SECTION: 6355

- DIESEL FUEL USED IN FARMING ACTIVITIES AND FOOD PROCESSING—Sales and purchases of diesel fuel are exempt from the 5 percent state sales and use tax when that fuel is consumed during the activities of a farming business as set forth in Internal Revenue Code 263A or food processing. Farming business activities include transporting farm products to the marketplace.

  REVENUE: $39 million SECTION: 6357.1

- FARM EQUIPMENT AND MACHINERY—Sales and purchases of farm equipment, machinery, and their parts are exempt from the 5 percent state sales and use tax when sold to or purchased by qualified persons who are engaged in the business of producing and harvesting agricultural products, as identified in Standard Industrial Classification Codes, or when sold to qualified persons that assist those so identified.

  REVENUE: $212 million SECTION: 6356.5

- TIMBER HARVESTING EQUIPMENT—Sales and purchases of equipment, machinery and their parts designed primarily for off-road use in commercial timber harvesting are exempt from the 5 percent state sales and use tax when sold to or purchased by a qualified person engaged in commercial timber harvesting operations.

  REVENUE: $2.0 million SECTION: 6356.6

F. Other Industry or General Business Exemptions and Exclusions (cont.)

- GASOLINE—The sale and purchase of gasoline is exempt from the 5 percent state sales and use tax.

  REVENUE: $2,700 million SECTION: 6357.7

- POULTRY LITTER—The sale and use of wood shavings, sawdust, rice hulls, or other products used as litter in poultry and egg production and ultimately resold or incorporated into fertilizer products are exempt from the sales and use tax.

  REVENUE: N/A SECTION: 6358.2

- RACEHORSE BREEDING STOCK—Sales and purchases of racehorse breeding stock are exempt from the 5 percent state sales and use tax. "Racehorse breeding stock" means a horse that is capable of reproduction and for which the purchaser states that it is the purchaser's sole intent to use the horse for breeding purposes.

  REVENUE: $200,000 SECTION: 6358.5

- ICE OR DRY ICE—The sale of ice or dry ice used in packing and shipping or transporting food products for human consumption is exempt from the sales and use tax when the food products are shipped or transported in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers.

  REVENUE: N/A SECTION: 6359.7

- CARBON DIOXIDE—The sale of carbon dioxide is exempt from sales tax when it is used in packing and shipping or transporting fruits and vegetables for human consumption when those fruits and vegetables are not sold to the ultimate consumer in a package containing the carbon dioxide. The sale of any nonreturnable materials used to contain the qualifying carbon dioxide atmosphere are also exempt from sales tax.

  REVENUE: $600,000 SECTION: 6359.8

- NEWSPAPERS AND PERIODICALS—The sale of newspapers and periodicals distributed without charge and regularly issued at average intervals not exceeding three months, including component parts and ingredients thereof, are exempt from tax.

  REVENUE: N/A SECTION: 6362.7

  The sale of newspapers or periodicals issued at average intervals not exceeding three months which are published or purchased by specified nonprofit organizations are exempt from tax when those newspapers and periodicals: are distributed to the members of an IRC §501(c)(3) organization in consideration of payment of the organization's membership fee, or to the organization's contributors; are published by an IRC §501(c)(3) organization that does not receive revenue from or accept any commercial advertising; or, are distributed by any nonprofit organization which distributes the publications to any member of the nonprofit organization in consideration, in whole or in part, of payment of the organization's membership fee, where the cost of printing the newspaper or periodical to the nonprofit organization is less than 10 percent of the membership fee attributable to the period for which the newspaper or periodical is distributed.

  REVENUE: N/A SECTION: 6362.8

- PERIODICALS—Sales of periodicals that appear at stated intervals of at least 4 times per year but not more than 60 times per year, and their ingredient and component parts, are exempt from the sales and use tax when the periodical is sold by subscription and delivered by mail or common carrier.

  REVENUE: $24.9 million SECTION: 6362.7

- MANUFACTURING AND RESEARCH AND DEVELOPMENT EQUIPMENT—On or after July 1, 2014, and before July 1, 2030, sales, purchases, and leases of manufacturing and research and development equipment are exempt from the 3.9375 percent state sales and use tax when sold to or purchased by qualifying manufacturers and certain research and developers for use primarily in manufacturing or research and development activities.

  REVENUE: $267 million SECTION: 6377.1

F. Other Industry or General Business Exemptions and Exclusions (cont.)

- ELECTRIC POWER GENERATION AND DISTRIBUTION EQUIPMENT—On or after January 1, 2018, and before July 1, 2030, sales, purchases, and leases of electric power generation and distribution equipment are exempt from 3.9375 percent sales and use tax when sold to or purchased by certain qualifying electric power generators or distributors for use primarily in electric power generation or production, or storage and distribution activities.

  REVENUE: $88.5 million SECTION: 6377.1

- PRINTED SALES MESSAGES—The sale and use of printed material consisting substantially of sales messages for goods and services are exempt from sales and use tax if the material is 1) printed to the special order of the purchaser, 2) mailed or delivered by the seller, the seller's agent, or a mailing house, acting as the agent for the purchaser, through the United States Postal Service or by common carrier, and 3) delivered to any other person at no cost to that person who becomes the owner of the printed material.

  REVENUE: N/A SECTION: 6379.5

- CONTAINERS—The sale or use of the following containers is exempt from tax: nonreturnable containers when sold to persons who place the contents in such containers for subsequent sale; containers when sold with contents whose sale is exempt from tax; returnable containers when sold with the contents or when resold for refilling; and any container, when sold without the contents to persons who place food products for human consumption in the container for shipment, provided the food products will be sold, whether in the same container or not, and whether the food products are remanufactured or repackaged prior to sale. Items such as twine, gummed tape, and wrapping materials are considered to be included in the term "container."

  REVENUE: $24.7 million SECTION: 6364

- TELEPRODUCTION AND POST PRODUCTION EQUIPMENT—The sale of teleproduction and post production equipment to businesses primarily engaged in teleproduction and post production activities (as described in Code 512191 of the North American Industry Classification System Manual) is exempt from the 5 percent state sales and use tax when that property is used 50 percent or more in those activities, subject to specified conditions.

  REVENUE: $16 million SECTION: 6378

- SPACE FLIGHT PROPERTY—The sale or use of specified qualified property for use in space flight, including an orbital space facility, space propulsion system, space vehicle, satellite, or space station of any kind, or any property which is placed or used aboard any such system, including fuel adapted and used exclusively for space flight is exempt from sales and use tax.

  REVENUE: N/A SECTION: 6380

- CONSTRUCTION CONTRACTS TO BE PERFORMED OUTSIDE CALIFORNIA—A sale of property to a construction contractor who holds a valid California seller's permit is exempt from sales tax when the property is used by the purchaser outside of this state in the performance of a contract to improve real property and, as a result of such use, is incorporated into and becomes a part of real property located outside of this state. This exemption applies only if the purchaser certifies in writing to the seller at the time of purchase that the property will be used in a manner qualifying for the exemption.

  REVENUE: N/A SECTION: 6386

- MAILING LISTS—Charges for the transfer or use of mailing lists are exempt from the sales and use tax when the contract restricts the transferee or user to use of the mailing list one time only. Such lists may be in the form of gummed labels, index cards, magnetic tape or similar devices or means of communication.

  REVENUE: $1.4 million SECTION: 6379.8

(2) EXCLUSIONS:

- STORAGE AND USE EXCLUSION—The keeping or retention of property for sale in the regular course of business is not a use. In addition, the keeping or retention of property for purpose of subsequent transportation outside California for use solely outside the state is not a "use." Therefore, no tax applies with respect to property purchased outside California and brought into the state solely for subsequent transportation to an out-of-state point for use thereafter by the purchaser solely outside California.

  REVENUE: N/A SECTIONS: 6008, 6009 and 6009.1

F. Other Industry or General Business Exemptions and Exclusions (cont.)

- PRINTING MATERIALS—The fabrication or transfer by a typographer of composed type or reproduction proofs for use in preparing printed matter is excluded from the definition of a "sale" and "purchase." Also, the fabrication or transfer of such reproduction proofs or impressed mats is not subject to tax when the fabrication is for, or the transfer is to, a printer or publisher for use in printing.

  REVENUE: N/A SECTION: 6010.3

- PAWNBROKERS—Until January 1, 2022, a pawnbroker's receipts derived from a transaction where customers buy back their property after defaulting on a loan are excluded from the computation of sales or use tax under specified conditions.

  REVENUE: Less than $100,000 SECTION: 6010.15

- CUSTOM COMPUTER PROGRAMS—The transfer of custom programs, other than a basic operational program, and separate charges for custom modifications to existing prewritten programs are excluded from the definition of a "sale" and "purchase."

  REVENUE: $139 million SECTION: 6010.9

- PET ADOPTIONS AND RELATED SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include transfers by a city, city and county, county, or other local government animal shelter or nonprofit animal welfare organization of any animal to an individual for use as a pet, or any charges made by the government shelter or nonprofit organization for services in connection with the transfer of that animal, including, the spaying or neutering or future spaying or neutering of the animal, or any vaccination, future vaccination, or similar service. This exclusion applies only to transfers of pets by organizations that are formed and operated for the primary purpose of prevention of abuse, neglect, or exploitation of animals, and that qualifies for an exemption from income tax pursuant to Section 23701(d) of the Revenue and Taxation Code.

  REVENUE: N/A SECTION: 6010.40

- ENDANGERED AND THREATENED ANIMALS AND PLANTS—Transfers of any endangered or threatened animal or plant species acquired or disposed of through a trade or exchange between nonprofit zoological societies or between a member of the American Zoo and Aquarium Association and a nonprofit zoological society are excluded from the definition of "sale" and "purchase."

  REVENUE: N/A SECTION: 6010.50

- EXCISE TAX ON FUEL—Sales tax does not apply to the federal excise tax on diesel fuel or aviation fuel when the purchaser certifies that he or she is entitled to either a direct refund or credit against his or her income tax for the federal excise tax paid.

  REVENUE: N/A SECTIONS: 6011 and 6012

- TRANSPORTATION OF LANDFILL—The amount charged for transporting landfill from an excavation site to a site specified by a purchaser is not subject to sales and use tax if (1) the charge is separately stated and is reasonable or (2) the entire amount charged relates to transportation.

  REVENUE: N/A SECTIONS: 6011 and 6012

- CONSUMER COOPERATIVES—Tax does not apply to membership fees, and labor performed in lieu of such fees, for organizations engaged in business for the mutual benefit of its shareholders, and which are composed of ultimate producers or consumers. Certain other restrictions apply.

  REVENUE: N/A SECTIONS: 6011.1 and 6012.1

- VETERINARIANS—Licensed veterinarians are generally consumers of, rather than retailers of, drugs and medicines which they use or furnish in the performance of their professional services. However, tax does not apply to licensed veterinarians of drugs or medicines which are purchased to be administered: (1) to animal life as an additive to feed or drinking water of food animals or of other animals which are being held for resale in the regular course of business, and the primary purpose of those drugs or medicines is the prevention and control of disease, or (2) directly to food animals and the primary purpose of the drugs or medicines is the prevention or control of disease.

  REVENUE: $18.5 million SECTIONS: 6018.1, 6358 and 6358.4

F. Other Industry or General Business Exemptions and Exclusions (cont.)

- ALTERATIONS OF GARMENTS—A person who receives at least 75 percent of his or her total gross receipts from garment cleaning or dyeing services and no more than 20 percent of his or her total gross receipts from altering garments during the preceding calendar year is a consumer of tangible personal property which he or she will use or furnish in altering new or used clothing in the following year. Sales tax does not apply to charges for those alterations.

  REVENUE: N/A SECTION: 6018.6

(3) OTHER:

- WORTHLESS ACCOUNTS—A retailer is relieved from sales tax liability for accounts found worthless and which are charged off for income tax purposes. If any such accounts are thereafter collected in whole or in part, the retailer must pay tax on the amount so collected. Special rules also apply to assignees of accounts receivable.

  REVENUE: $74.8 million SECTIONS: 6055 and 6203.5

- DEMONSTRATION AND DISPLAY—A purchaser may retain, demonstrate, and display property without incurring liability for tax as long as the property is being held for sale in the regular course of business.

  REVENUE: N/A SECTIONS: 6094 and 6244

- LOANS TO CUSTOMERS—A person will not owe use tax on that person's full purchase price of property loaned to customers as an accommodation while the customers' property is being repaired or while the customers await delivery of property they have purchased provided the loaned property is held for resale and is returned to resale inventory after the loan. The person will instead owe tax on the fair rental value of the loaned property for the period of the loan.

  REVENUE: N/A SECTIONS: 6094 and 6244

- USE OF PROPERTY HELD FOR SALE—If a person uses property frequently for demonstration and display while holding it for sale in the regular course of business and uses it partly for other purposes, the person owes tax on the fair rental value of the property for the period of such other use.

  REVENUE: N/A SECTIONS: 6094 and 6244

IV. EXCLUSIONS BY DEFINITION—Various types of property and business activities are excluded from the imposition of tax because of basic definitions contained in the Sales and Use Tax Law.

A. "Sales Price" and "Gross Receipts"

- CASH DISCOUNTS—Discounts taken on sales are excluded from the measure of tax. Manufacturers' coupons are rebates and do not reduce the measure of tax, but a retailer's own coupons qualify for exclusion as cash discounts.

  REVENUE: N/A SECTIONS: 6011 and 6012

- DIESEL AND USE FUEL TAX—Excise tax on diesel and alternative fuels imposed under the California Diesel Fuel Tax Law and the Use Fuel Tax Law is not included in the sales price subject to tax. California motor vehicle fuel license taxes and federal excise taxes on fuels such as gasoline are, however, included in the measure of tax.

  REVENUE: $37.5 million SECTIONS: 6011 and 6012

- FEDERAL EXCISE TAXES—The amount of any tax imposed by the United States on retail sales is not subject to sales or use taxes. However, federal taxes levied on property are included in the measure of tax if imposed at other than the retail level such as on manufacturers or wholesalers.

  REVENUE: N/A SECTIONS: 6011 and 6012

- INDIAN TRIBAL TAXES—The amount of any tax imposed by an Indian tribe within California with respect to a retail sale of tangible personal property measured by a stated percentage of the sales or purchase price, whether the tax is imposed upon the retailer or the consumer, is not subject to the use tax. However, this exclusion only applies to an Indian tribe that is in substantial compliance with California's sales and use tax laws.

  REVENUE: Less than $100,000 SECTIONS: 6011 and 6012

A. "Sales Price" and "Gross Receipts" (cont.)

- INSTALLATION LABOR—Labor or service to install or apply property sold is not subject to tax, but the charges for other services in connection with a sale are subject to tax.

  REVENUE: N/A SECTIONS: 6011 and 6012

- INTANGIBLE PERSONAL PROPERTY—When a seller who holds a patent or copyright interest transfers property and assigns or licenses to another person pursuant to a technology transfer agreement the right to make and sell a product or to use a process that is subject to the patent or copyright interest, the amount charged for the value of intangible personal property in that agreement is not subject to sales and use tax.

  REVENUE: $75.3 million SECTIONS: 6011 and 6012

- LOCAL TAXES—Taxes imposed on retail sales by local governments and transit districts are excluded from the sales price for state sales and use taxation purposes.

  REVENUE: $743 million SECTIONS: 6011 and 6012

- MOTOR VEHICLE, MOBILE HOME, OR COMMERCIAL COACH FEES AND TAXES—Taxes or fees imposed by the State of California added to or measured by the sales price of a motor vehicle, mobile home, or commercial coach, such as DMV license fees, are not subject to sales or use tax.

  REVENUE: N/A SECTIONS: 6011 and 6012

- RETURNED MERCHANDISE—Amounts allowed by a retailer for returned merchandise are not subject to tax provided the full sales price and any amount designated as "sales tax" is returned to the customer, and the customer is not required to purchase a more expensive item in order to receive credit. The retailer may deduct actual expenses for rehandling and restocking without affecting this deduction.

  REVENUE: N/A SECTIONS: 6011 and 6012

- TAX-PAID PURCHASES RESOLD—A deduction is allowed a retailer who pays California tax or tax reimbursement on the purchase of property that is resold in California prior to any use.

  REVENUE: N/A SECTION: 6012

- TRANSPORTATION CHARGES—Separately stated charges for transportation from the retailer to its customer are not subject to tax if transported by common carrier and the amount charged is the cost of the transportation. In addition, reasonable charges for transportation by the retailer's facilities or for property sold for a delivered price are not taxable if separately stated and if title to the property passes to the purchaser prior to such transportation. Note, however, that title passes to the customer prior to transportation by the retailer's own facilities only if the seller and purchaser explicitly contract for such early passage of title.

  REVENUE: N/A SECTIONS: 6011 and 6012

B. Transactions Not Considered Sales or Purchases of Tangible Personal Property

- ADMISSION CHARGES—Fees charged for the use of amusement parks, theaters, sports events, golf courses, etc., are not subject to sales or use taxes because there is no exchange of tangible personal property.

- FINANCE CHARGES—Receipts for finance charges are for the use of money or other value transferred on credit. Therefore, such receipts are not subject to sales or use taxes even though the debt was incurred due to the transfer of tangible personal property.

- LODGING—Motel, hotel, apartment, house, duplex, and other charges for short-term or long-term use of real property are not subject to sales or use taxes since such charges do not constitute consideration for the sale or use of tangible personal property.

- REAL PROPERTY—Sales and purchases of land along with the structures thereon and their component parts, and other items permanently attached to the land sold are generally not subject to tax because such items do not fall within the definition of tangible personal property under the Sales and Use Tax Law.

- SECURITIES—The sale of stocks, bonds, and other securities including memberships in limited liability companies are not subject to sales or use taxes because they are not considered to be sales of tangible personal property.

B. Transactions Not Considered Sales or Purchases of Tangible Personal Property (cont.)

- SERVICES—The sale of services where no tangible personal property is transferred or where the transfer of property is incidental, are not subject to sales and use taxes. Persons providing services are consumers of property used in their business activities. However, persons who engage in service operations are retailers of any supplies or other tangible personal property sold to their customers or clients, and tax applies to gross receipts from such sales. Certain services, however, are defined as sales of tangible personal property. For example, the fabrication of tangible personal property for a consumer is defined as a "sale" even when the consumer provides all the tangible personal property used to fabricate the end product.

- TRAVEL ACCOMMODATIONS—Charges for tickets to travel on aircraft, trains, ships, and other modes of transportation are not subject to sales or use tax.

C. Exclusion From The Term "Person"

- FOREIGN GOVERNMENTS—Foreign government entities are not "persons" for sales and use tax purposes. Sales by and purchases from such entities are not subject to sales or use tax. In addition, the use of property by the entities is not subject to use tax. However, sales to these entities in California are subject to sales tax except when a treaty requires an exemption.

  REVENUE: N/A SECTION: 6005

- STATE GOVERNMENTS—State government entities, other than California state and local government entities, are not "persons" for sales and use tax purposes. Sales by and purchases from such governmental entities are not subject to tax. The use of property in California by other states is not taxable. However, sales in California to other states are subject to sales tax.

  REVENUE: N/A SECTION: 6005

V. OTHER EXEMPTIONS, EXCLUSIONS, AND CREDITS

- CREDIT FOR TAX PAID TO OTHER STATES—Credit is allowed as an offset against a person's liability for California use tax on tangible personal property for any sales or use taxes imposed on that property and paid by that person to any other state, political subdivision thereof, or the District of Columbia.

  REVENUE: N/A SECTION: 6406

- DELIVERY TO EXPORT PACKERS—Sales of property purchased for use solely outside this state are exempt from sales tax if the property is delivered to a forwarding agent, export packer, or other person engaged in business of preparing goods for exportation, and the goods are delivered to a port outside the continental limits of the United States prior to any use.

  REVENUE: N/A SECTION: 6387

- INTERSTATE AND FOREIGN COMMERCE—Sales of property which, pursuant to the contract of sale, are shipped by the retailer to a point outside this state are exempt from tax. Generally, no exemption applies if the property is delivered to the purchaser or purchaser's representative in this state, even if the purchaser subsequently removes the property from this state.

  REVENUE: N/A SECTION: 6396

- OCCASIONAL SALES—A sale by (and purchase from) a person who is not engaged in a business requiring a seller's permit is exempt from sales and use taxes. These types of sales are "occasional" sales (some states have similar exemptions for "casual" sales). Generally, a person who makes three or more sales for substantial amounts in any period of 12 months is required to hold a seller's permit. A person who makes a substantial number of sales for relatively small amounts is also required to hold a seller's permit. (The 12 month test period can be the 12 months before the sale in question, the 12 months after the sale in question, or any other 12 month period in which the sale occurs.) A person holding two garage sales with no other sales in any 12 month period in which the garage sales are held are regarded as making exempt occasional sales. A business that is not required to hold a seller's permit would be making an occasional sale when making a single sale of its assets upon termination of its business. Such persons should be aware that making two or three sales in anticipation of final liquidation will generally result in all the sales being subject to sales tax.

  REVENUE: N/A SECTIONS: 6006.5 and 6367

V. OTHER EXEMPTIONS, EXCLUSIONS, AND CREDITS (cont.)

- PURCHASES IN FOREIGN COUNTRIES—The first eight hundred dollars ($800) purchase price of tangible property purchased in a foreign country by an individual and personally hand carried into this state from the foreign country within any 30-day period is exempt from the use tax.

  REVENUE: N/A SECTION: 6405

- PURCHASES FROM UNITED STATES—The use of property purchased by a consumer from the United States, or any agency or instrumentality thereof, is exempt from use tax except when property has been declared "surplus property" pursuant to the Surplus Property Act of 1944.

  REVENUE: N/A SECTION: 6402

- SALE FOR RESALE—The sale of property purchased for subsequent sale in the regular course of business, and property purchased that will become a component part of such property, is not subject to tax provided the purchaser makes no use of it prior to its resale.

  REVENUE: N/A SECTIONS: 6007 and 6008

- UNITED STATES—Sales and leases to the United States or its incorporated agencies and instrumentalities, any incorporated agency or instrumentality wholly owned by the United States or by a corporation wholly owned by the United States, and sales to the American National Red Cross are exempt from sales tax.

  REVENUE: N/A SECTION: 6381

- VEHICLES, VESSELS, AND AIRCRAFT PURCHASED OUTSIDE CALIFORNIA—A presumption is made that if a vehicle, vessel, or aircraft is purchased outside of California, first functionally used outside of California, and brought into California more than 12 months after purchase, the vehicle, vessel, or aircraft was not purchased for use in California and use tax does not apply.

  REVENUE: N/A SECTIONS: 6248

- VEHICLES SOLD TO FAMILY—The sale and use of vehicles, vessels, and aircraft is exempt from tax when sold by the parent, grandparent, child, grandchild, spouse or registered domestic partner, or the brother or sister if the sale is between two minors, provided that the seller is not engaged in business of selling that type of property.

  REVENUE: N/A SECTION: 6285

INDEX A

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
I. NECESSITIES OF LIFE			
A. Food			
Food Products	$ 6,945.0	6359	1
Candy, Confectionery, Snack Foods, and Bottled Water	$ 963.0	6359	1
Food Products Sold Through Vending Machines	$ 25.0	6359.2, 6359.4	1
Animal Life, Feed, Seeds, Plants, Fertilizer, Drugs, and Medicines	$ 1,597.0	6358	1
Medicated Feed and Drinking Water	$ 0.5	6358.4	1
Purchases Made With CalFresh Benefits	$ 31.8	6373	1
B. Health Related			
Professional Health Services	$ 173.3	6018, 6018.4, 6018.5, 6020	2
Meals Furnished By Institutions	$ 35.1	6363.6	2
Blood Storage Units	$ 12.4	6364.5	2
Prescription Medicines	$ 3,368.2	6369, 6369.1	2
Wheelchairs, Crutches, Canes, and Walkers	$ 13.0	6369.2	3
Vehicle Modifications for Handicapped	N/A	6369.4	3
Oxygen Delivery Systems	N/A	6369.5	3
Medical Identification Tags	Less than $ 0.1	6371	3
Medical Health Information	N/A	6408	3
Health and Safety Materials	N/A	6409	3
Medicinal Cannabis	N/A	34011	3
C. Housing			
Gas, Electricity, Water and Steam	$ 3,259.0	6353	3
Telephone Lines and Poles	None	6016.5	3
Rentals of Household Furnishings	N/A	6006, 6010	4
II. GENERAL PUBLIC BENEFIT			
A. Alternate Energy			
Recycled Feedstock, Advanced Manufacturing, Advanced Transportation Technologies	$ 43.0	6010.8	4
Cogeneration Technology	N/A	6353	4
Fuel From Organic Products and Waste By-Products	N/A	6358.1	4
B. Museums and Public Art Exhibits			
Art Works	$ 0.3	6365	4
Museums	Less than $ 0.1	6366.3	4
San Diego Aerospace Museum and the California Science Center	Less than $ 0.1	6366.4	4
Auxiliary Services to Museums	$ 0.4	6370.5	5

* "Revenue lost" refers to revenue which is not realized due to the exemption or exclusion and includes both state and local revenue. The notation "minor" or "major" is shown for provisions that result in revenue loss of less than $100,000 or more than $10 million respectively, but for which no single revenue estimate could be made with an acceptable degree of confidence. Where the revenue impact is not known because the information is not available, "N/A" is noted.

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
C. Nonprofit, Religious, and Educational Organizations			
All-Volunteer Fire Departments	Less than $ 0.1	6018.10	5
Vehicles Loaned to University Employees	N/A	6202.7	5
Nonprofit Veterans' Organizations	Less than $ 0.1	6359.3	5
Vending Machine Sales	N/A	6359.45	5
Youth Organizations	N/A	6361	5
"Buddy Poppies" and Similar Label Pins	Less than $ 0.1	6360.1	5
Nonprofit Organizations, Artistic or Handcrafted Property	Less than $ 0.1	6361.1	6
School Yearbooks and Catalogs	N/A	6361.5	6
Student Meals	N/A	6363	6
Nonprofit Organizations, Auction Sales	$ 0.1	6363.2	6
Nonprofit Organizations, Thrift Stores	$ 0.2	6363.3	6
Military Designated Entities, Thrift Stores	Less than $ 0.1	6363.4	6
Religious Organizations	N/A	6363.5	6
Meals Delivered to Homebound Elderly and Disabled	Less than $ 0.1	6363.7	6
Nonprofit Veterans' Organizations	$ 0.4	6363.8	7
Endangered and Threatened Animal and Plant Species	N/A	6366.5	7
Friends of the Library and Equivalent Organizations	N/A	6370	7
Parent-Teacher Associations	N/A	6370	7
Parent Cooperative Nursery Schools	N/A	6370	7
Charitable Organizations	N/A	6375	7
Nonprofit Organization, New Children's Clothing	N/A	6375.5	7
Donations	N/A	6403	7
Property Loaned to Educational Institutions	N/A	6404	7
D. Other			
Pollution Control Facility	N/A	6010.10	8
Itinerant Veteran Vendors	Less than $ 0.1	6018.3	8
Bracelets, Prisoners of War	None	6360	8
Meals, Low-Income Elderly	Less than $ 0.1	6374	8
Meals, Elderly Condominium Residents	Less than $ 0.1	6376.5	8
Out-of-State Purchases by Military Members and Others	Insignificant	6412	8
III. INDUSTRY BENEFIT			
A. Transportation Related Industry			
Vessels	None	6356	8
Motor Vehicle Fuel	N/A	6357	8
Fuel Sold to Air Common Carriers	$ 190.6	6357.5	8
Hot Prepared Food Sold to Air Carriers	N/A	6359.1	9
Aircraft and Component Parts Sales: Common Carriers, Foreign, Governments, Nonresidents	$ 2.0	6366	9

A. Transportation Related Industry (cont.)	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
Aircraft Leases and Component Parts: Common Carriers, Foreign, Governments, Nonresidents	N/A	6366, 6366.1	9
Ground Control Stations	N/A	6366	9
New Vehicles, Foreign Resident	N/A	6366.2	9
Watercraft	N/A	6368, 6368.1	9
Rail Freight Cars	N/A	6368.5	9
Public Passenger Transportation Vehicles	N/A	6368.9	10
Common Carriers	N/A	6385	10
Water Common Carriers	$ 46.0	6385	10
New Vehicles, Out-of-State Dealer	N/A	6388	10
New Trailers, Out-of-State or Interstate Commerce	N/A	6388.5	10
Trailers or Semitrailers, New or Used	N/A	6410	10
Component Parts of Railroad Equipment	$ 0.2	6411	10
B. Entertainment Industry			
Master Records and Tapes	N/A	6362.5	10
Lease of Motion Picture and Television Films & Tapes	N/A	6006, 6010	11
Motion Picture Production Partnerships	N/A	6010.4	11
Qualified Motion Pictures and Qualified Production Service	$ 4,006.0	6010.6	11
Art Transferred for Entertainment	Less than $ 0.1	6010.30	11
C. Petroleum Industry			
Fungible Goods	N/A	6095, 6245	11
D. Manufactured Housing and Buildings			
Factory-Built School Buildings	N/A	6012.6	11
Factory-Built Housing	N/A	6012.7	12
New Mobile Homes	$ 4.6	6012.8, 6012.9	12
Used Mobile Homes	N/A	6012.2, 6276.1	12
Used Floating Homes	N/A	6379	12
Leases of Mobile Homes	N/A	6006, 6010	12
E. Leasing Industry			
Mass Commuting Vehicles	N/A	6010.11	12
Sale and Leaseback Arrangements	N/A	6010.65	12
Leases of Property Purchased Tax-Paid	N/A	6006, 6010	12
Vehicles Sold to Lessee	N/A	6277	13
Rentals of Linen Supplies	$ 63.0	6006, 6010	13
Leases of Mobile Transportation Equipment	N/A	6006, 6010, 6094, 6244	13
Lease, Certain Property Excluded	N/A	6006.3	13
Passenger Transportation Vehicles	N/A	6018.8, 6368.7	13
Leases of Property Acquired In An Occasional Sale	N/A	6094.1	13
Rental Receipts Subject to Use Tax or From Property Outside State	N/A	6390	13

F. Other Industry or General Business Exemptions and Exclusions	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
(1) EXEMPTIONS			
Occasional Sale of Business	N/A	6006.5, 6367	14
Hay Producers	N/A	6006.5, 6367	14
Vehicles, Substantially Same Ownership	N/A	6281	14
California Gold Medallions	Less than $ 0.1	6354	14
Monetized And Nonmonetized Bullion and Numismatic Coins	N/A	6355	14
Diesel Fuel Used in Farming Activities and Food Processing	$ 39.0	6357.1	14
Farm Equipment and Machinery	$ 212.0	6356.5	14
Timber Harvesting Equipment	$ 2.0	6356.6	14
Gasoline	$ 2,700	6357.7	15
Poultry Litter	N/A	6358.2	15
Racehorse Breeding Stock	$ 0.2	6358.5	15
Ice or Dry Ice	N/A	6359.7	15
Carbon Dioxide	$ 0.6	6359.8	15
Newspapers and Periodicals	N/A	6362.7, 6362.8	15
Periodicals	$24.9	6362.7	15
Manufacturing and Research and Development Equipment	$ 267.0	6377.1	15
Electric Power Generation and Distribution Equipment	$ 88.5	6377.1	16
Printed Sales Messages	N/A	6379.5	16
Containers	$ 24.7	6364	16
Teleproduction and Post Production Equipment	$ 18.9	6378	16
Space Flight Property	N/A	6380	16
Construction Contracts Performed Outside California	N/A	6386	16
Mailing Lists	$ 1.4	6379.8	16
(2) EXCLUSIONS			
Storage and Use Exclusion	N/A	6008, 6009, 6009.1	16
Printing Materials	N/A	6010.3	17
Pawnbrokers	Less than $ 0.01	6010.15	17
Custom Computer Programs	$ 139.0	6010.9	17
Pet Adoptions and Related Services	N/A	6010.40	17
Endangered and Threatened Animals and Plants	N/A	6010.50	17
Excise Tax on Fuel	N/A	6011, 6012	17
Transportation of Landfill	N/A	6011, 6012	17
Consumer Cooperatives	N/A	6011.1, 6012.1	17
Veterinarians	$ 18.5	6018.1, 6358, 6358.4	17
Alteration of Garments	N/A	6018.6	18
(3) OTHER			
Worthless Accounts	$ 74.8	6055, 6203.5	18
Demonstration and Display	N/A	6094, 6244	18
Loans to Customers	N/A	6094, 6244	18
Use of Property Held for Sale	N/A	6094, 6244	18

	REVENUE LOST IN MILLION(S)*	SECTION(S)	PAGE
IV. EXCLUSIONS BY DEFINITION			
A. "Sales Price" and "Gross Receipts"			
Cash Discounts	N/A	6011, 6012	18
Diesel and Use Fuel Tax	$ 37.5	6011, 6012	18
Federal Excise Taxes	N/A	6011, 6012	18
Indian Tribal Taxes	Less than $ 0.1	6011, 6012	18
Installation Labor	N/A	6011, 6012	19
Intangible Personal Property	$ 75.3	6011, 6012	19
Local Taxes	$ 743.0	6011, 6012	19
Motor Vehicle, Mobilehome, or Commercial Coach Fees and Taxes	N/A	6011, 6012	19
Returned Merchandise	N/A	6011, 6012	19
Tax-Paid Purchases Resold	N/A	6012	19
Transportation Charges	N/A	6011, 6012	19
B. Transactions Not Considered Sales or Purchases of Tangible Personal Property			
Admission Charges			19
Finance Charges			19
Lodging			19
Real Property			19
Securities			19
Services			20
Travel Accommodations			20
C. Exclusion From The Term "Person"			
Foreign Governments	N/A	6005	20
State Governments	N/A	6005	20
V. OTHER EXEMPTIONS, EXCLUSIONS, AND CREDITS			
Credit for Tax Paid to Other States	N/A	6406	20
Delivery to Export Packers	N/A	6387	20
Interstate and Foreign Commerce	N/A	6396	20
Occasional Sales	N/A	6006.5, 6367	20
Purchases from Foreign Countries	N/A	6405	21
Purchases from United States	N/A	6402	21
Sale for Resale	N/A	6007, 6008	21
United States	N/A	6381	21
Vehicles, Vessels and Aircraft Purchased Outside California	N/A	6248	21
Vehicles Sold to Family	N/A	6285	21

SECTION B

SALES AND USE TAX
EXEMPTIONS AND EXCLUSIONS

(ALPHABETICAL REFERENCE)

- ADMISSION CHARGES—Fees charged for the use of amusement parks, theaters, sports events, golf courses, etc., are not subject to sales or use taxes because there is no exchange of tangible personal property.
- AIRCRAFT LEASES AND COMPONENT PARTS: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—The sale of an aircraft is exempt if leased to lessees using the aircraft as common carriers, or to any foreign government as lessees who use the aircraft outside California, or leased to lessees who are not residents of this state who will not use the aircraft in this state except for removal. In addition, the sale of property to an aircraft manufacturer is exempt if the property is incorporated into aircraft to be leased by the manufacturer to such persons or entities. Also, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax. (SECTIONS 6366 and 6366.1)
- AIRCRAFT AND COMPONENT PARTS SALES: COMMON CARRIERS, FOREIGN GOVERNMENTS, NONRESIDENTS—Sales of aircraft to common carriers, to foreign governments for use outside California, and to nonresidents of this state who make no use of the aircraft in this state except to remove it, are exempt from tax. Only usage during the first twelve months is considered to determine if the transaction qualifies for exemption as a sale to a common carrier. In addition, the sale and use of property becoming a component part of such aircraft as a result of the maintenance, repair, overhaul, or improvement of that aircraft in compliance with Federal Aviation Administration requirements, and any charges made for the labor and services rendered with respect to that maintenance, repair, overhaul, or improvement are exempt from tax. (SECTION 6366)
- ALL-VOLUNTEER FIRE DEPARTMENTS. Until January 1, 2021, an all-volunteer fire department is a consumer of tangible personal property it sells if the profits are used solely and exclusively to further its purposes, provided the all-volunteer fire department has gross receipts from its tangible personal property sales of less than $100,000 in the preceding two calendar years. (SECTION 6018.10)
- ANIMAL LIFE, FEED, SEEDS, PLANTS, FERTILIZER, DRUGS, AND MEDICINES—The sale and use of animal life or feed for animal life, seeds, and plants the products of which normally constitute food for human consumption are exempt from tax. The sale and use of fertilizer to be applied to land the products of which are to be used for human consumption are also exempt. In addition, the sale and use of drugs and medicines including oxygen that are administered to food animals, the primary purpose of which is the prevention or control of disease, are exempt from tax. This is an expansion of the general food exemption. (SECTION 6358)
- ART TRANSFERRED FOR ENTERTAINMENT—For sales and use tax purposes, “sale” and “purchase” do not include transfers of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes if *all* of the following conditions are met:
- Eighty percent or more of the drawings, sketches, illustrations, or paintings are delivered by the artist or designer to someone other than the purchaser.
- Eighty percent or more of the drawings, sketches, illustrations, or paintings are provided to someone other than the purchaser, at no cost to the person who becomes the owner of the drawings or sketches.
- The charge for the drawings, sketches, illustrations or paintings is based on a preset fee, and that fee is contingent upon a minimum number of at least three drawings, sketches, illustrations or paintings to be created by the artist or designer at the social gathering. (SECTION 6010.30)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- ART WORKS—Sales of original works of art are exempt from sales and use tax when purchased by any California state or local entity, or by certain nonprofit organizations under contract with such governmental entities, or by certain nonprofit organizations for public exhibit, or by persons for donation directly to any such governmental or nonprofit organization, if such works of art are purchased to become a part of the permanent collection of a museum, certain qualifying nonprofit organizations that regularly loan at least 85 percent of the value of their art collection to museums, or to this state or any local government entity which displays the art to the public in public places. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contact with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax. Also, leases of original works of art are exempt from the use tax if both the lessor and lessee are nonprofit organizations qualified for exemption from state income tax pursuant to Section 23701d of the Revenue and Taxation Code or a nonprofit organization operating any public museum for, and pursuant to contract with, a governmental entity. In addition, works of art that are purchased to become part of the permanent collection of a governmental entity that leases from another governmental entity art for public display are exempt from tax. (SECTION 6365)

- AUXILIARY SERVICES TO MUSEUMS—Nonprofit associations and organizations that perform auxiliary services to any city or county museum in this state are consumers of property which they sell provided the profits are used for purposes of the organization. (SECTION 6370.5)

- BLOOD STORAGE UNITS—The sale and use of any container used to collect or store human blood, plasma, blood products, or blood derivatives, including any disposable tubing, filters, grommets, and needles sold along with the bags and held in a blood bank for medical purposes are exempt from tax. This exemption includes, but is not limited to, blood collection units and blood pack units. (SECTION 6364.5)

- BRACELETS, PRISONERS OF WAR—Charitable organizations which qualify for the welfare exemption from property taxation are consumers of bracelets designed to commemorate American prisoners of war where profits are used solely in furtherance of the purposes of such organizations. (SECTION 6360)

- "BUDDY POPPIES" AND SIMILAR LAPEL PINS—The sale and use of a "Buddy Poppy" or any other symbolic, impermanent lapel pin that memorializes United States Military veterans killed in foreign wars of the United States, by any corporation established by the United States Congress pursuant to Chapter 2301 (commencing with Section 230101) of Title 36 of the United States Code, or any of that corporation's subordinate state or territorial subdivisions, local chapters, posts, or auxiliaries, are exempt from tax. (SECTION 6360.1)

- CALFRESH BENEFITS PURCHASES—When otherwise taxable purchases are made with CalFresh benefits, only the amounts paid with CalFresh benefits are exempt from tax. Amounts paid with forms of consideration other than CalFresh benefits, such as cash or manufacturer's coupons, remain taxable. Examples of otherwise taxable sales which are exempt from tax when purchased with CalFresh benefits, include sales of carbonated beverages, food coloring and ice. (SECTION 6373)

- CALIFORNIA GOLD MEDALLIONS—The sale or use of commemorative "California Gold" medallions is exempt from sales and use tax. (SECTION 6354)

- CALIFORNIA SCIENCE CENTER—The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by the California Museum of Science and Industry are exempt from sales and use tax. (SECTION 6366.4)

- CARBON DIOXIDE—The sale of carbon dioxide is exempt from sales tax when it is used in packing and shipping or transporting fruits and vegetables for human consumption when those fruits and vegetables are not sold to the ultimate consumer in a package containing the carbon dioxide. The sale of any nonreturnable materials used to contain the qualifying carbon dioxide atmosphere are also exempt from sales tax. (SECTION 6359.8)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- CASH DISCOUNTS—Discounts taken on sales are excluded from the measure of tax. Manufacturers' coupons are rebates and do not reduce the measure of tax, but a retailer's own coupons qualify for exclusion as cash discounts. (SECTIONS 6011 and 6012)

- CHARITABLE ORGANIZATIONS—The sale and use of property that is made, prepared, assembled, or manufactured by certain nonprofit charitable organizations that are engaged in relief of poverty and distress, and whose sales or donations are made to assist purchasers or donees, are exempt from sales and use taxes. (SECTION 6375)

- COGENERATION TECHNOLOGY—The sale of exhaust steam, steam waste, heat or resultant energy produced by cogeneration technology, as defined, is exempt from sales and use taxes. (SECTION 6353)

- COMMON CARRIERS—Sales of tangible personal property, other than fuel and petroleum products, to a common carrier for use in its business as a common carrier are exempt from tax when the seller ships the property to a destination outside California via the facilities of the purchasing common carrier under a bill of lading, and the purchasing carrier makes no use of the property until after delivery to the out-of-state destination. The seller must accept and retain an exemption certificate from the purchasing carrier. The same exemption applies to sales to foreign common carriers for use in their business as common carriers after the delivery to the first foreign destination. An exemption certificate is also required for this exemption, but a bill of lading is not. (SECTION 6385)

- COMPONENT PARTS OF RAILROAD EQUIPMENT—When component parts of any railroad equipment that is owned or used by a common carrier engaged in interstate or foreign commerce are purchased outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment outside this state, the use is exempt from use tax. In addition, any related charges for labor or services rendered outside this state in the course of repairing, cleaning, altering, or improving that railroad equipment are also exempt from use tax. (SECTION 6411)

- CONSTRUCTION CONTRACTS PERFORMED OUTSIDE CALIFORNIA—A sale of property to a construction contractor who holds a valid California seller's permit is exempt from sales tax when the property is used by the purchaser outside of this state in the performance of a contract to improve real property and, as a result of such use, is incorporated into and becomes a part of real property located outside of this state. This exemption applies only if the purchaser certifies in writing to the seller at the time of purchase that the property will be used in a manner qualifying for the exemption. (SECTION 6386)

- CONSUMER COOPERATIVES—Tax does not apply to membership fees, and labor performed in lieu of such fees for organizations engaged in business for the mutual benefit of its shareholders, and which are composed of ultimate producers or consumers. Certain other restrictions apply. (SECTIONS 6011.1 and 6012.1)

- CONTAINERS—The sale or use of the following containers is exempt from tax: nonreturnable containers when sold to persons who place the contents in such containers for subsequent sale; containers when sold with contents whose sale is exempt from tax; returnable containers when sold with the contents or when resold for refilling; and any container, when sold without the contents to persons who place food products for human consumption in the container for shipment, provided the food products will be sold, whether in the same container or not, and whether the food products are remanufactured or repackaged prior to sale. Items such as twine, gummed tape, and wrapping materials are considered to be included in the term "container." (SECTION 6364)

- CREDIT FOR TAX PAID TO OTHER STATES—Credit is allowed as an offset against a person's liability for California use tax on tangible personal property for any sales or use taxes imposed on that property and paid by that person to any other state, political subdivision thereof, or the District of Columbia. (SECTION 6406)

- CUSTOM COMPUTER PROGRAMS—The transfer of custom programs other than a basic operational program, and separate charges for custom modifications to existing prewritten programs are excluded from the definition of a "sale" and "purchase." (SECTION 6010.9)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- DELIVERY TO EXPORT PACKERS—Sales of property purchased for use solely outside this state are exempt from sales tax if the property is delivered to a forwarding agent, export packer, or other person engaged in business of preparing goods for exportation, and the goods are delivered to a port outside the continental limits of the United States prior to any use. (SECTION 6387)
- DEMONSTRATION AND DISPLAY—A purchaser may retain, demonstrate, and display property without incurring liability for tax as long as the property is being held for sale in the regular course of business. (SECTIONS 6094 and 6244)
- DIESEL AND USE FUEL TAX—Excise tax on diesel and alternative fuels imposed under the California Diesel Fuel Tax Law and the Use Fuel Tax Law is not included in the sales price subject to tax. California motor vehicle fuel license taxes and federal excise taxes on fuels such as gasoline are, however, included in the measure of tax. (SECTIONS 6011 and 6012)
- DIESEL FUEL USED IN FARMING ACTIVITIES AND FOOD PROCESSING—Sales and purchases of diesel fuel are exempt from the 5 percent state sales and use tax when that fuel is consumed during the activities of a farming business as set forth in Internal Revenue Code 263A or food processing. Farming business activities include transporting farm products to the marketplace. (SECTION 6357.1)
- DONATIONS—A seller's donation of property to a qualifying nonprofit organization located in California is exempt from tax. If the donee is a qualifying nonprofit museum, the donee must use the donated property exclusively for display purposes. (SECTION 6403)
- ELECTRIC POWER GENERATION AND DISTRIBUTION EQUIPMENT—On or after January 1, 2018, and before July 1, 2030, sales, purchases, and leases of electric power generation and distribution equipment are exempt from 3.9375 percent sales and use tax when sold to or purchased by certain qualifying electric power generators or distributors for use primarily in electric power generation or production, or storage and distribution activities. (SECTION 6377.1)
- ENDANGERED AND THREATENED ANIMAL AND PLANT SPECIES—The sale and use of endangered and threatened animal and plant species are exempt from tax if both the seller and the purchaser are qualifying nonprofit zoological societies. Also, transfers of any endangered or threatened animal or plant species acquired or disposed of through a trade or exchange between nonprofit zoological societies or between a member of the American Zoo and Aquarium Association and a nonprofit zoological society are excluded from the definition of "sale" and "purchase." (SECTIONS 6010.50 and 6366.5)
- EXCISE TAX ON FUEL—Sales tax does not apply to the federal excise tax on diesel fuel or aviation fuel when the purchaser certifies that he or she is entitled to either a direct refund or credit against his or her income tax for the federal excise tax paid. (SECTIONS 6011 and 6012)
- FACTORY-BUILT HOUSING—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built housing to the consumer. (SECTION 6012.7)
- FACTORY-BUILT SCHOOL BUILDINGS—Partial exemption which excludes from tax sixty percent (60%) of the sales price of factory-built school building to the consumer. (SECTION 6012.6)
- FARM EQUIPMENT AND MACHINERY—Sales and purchases of farm equipment, machinery, and their parts are exempt from the 5 percent state sales and use tax when sold to or purchased by qualified persons who are engaged in the business of producing and harvesting agricultural products, as identified in Standard Industrial Classification Codes, or when sold to qualified persons that assist those so identified. (SECTION 6356.5)
- FEDERAL EXCISE TAXES—The amount of any tax imposed by the United States on retail sales is not subject to sales or use taxes. However, federal taxes levied on property are included in the measure of tax if imposed at other than the retail level such as on manufacturers or wholesalers. (SECTIONS 6011 and 6012)
- FINANCE CHARGES—Receipts for finance charges are for the use of money or other value transferred on credit. Therefore, such receipts are not subject to sales or use taxes even though the debt was incurred due to the transfer of tangible personal property.

- FOOD PRODUCTS—Sales of food for human consumption are generally exempt from tax unless sold in a heated condition (except hot bakery items or hot beverages, such as coffee, sold for a separate price), served as meals, consumed at or on the seller's facilities, ordinarily sold for consumption on or near the seller's parking facility, or sold for consumption where there is an admission charge. The exemption for food products includes snack foods, candy, confectionery, and chewing gum. (SECTION 6359)

- FOOD PRODUCTS SOLD THROUGH VENDING MACHINES—The vending machine operator is the consumer of (1) food products, candy and confectionery which sell at retail for fifteen cents or less and (2) food products which are sold through a bulk vending machine for twenty-five cents or less. For sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than fifteen cents, 67% of the receipts from such sales are also exempt from tax. (SECTIONS 6359.2 and 6359.4)

- FOREIGN GOVERNMENTS—Foreign government entities are not "persons" for sales and use tax purposes. Sales by and purchases from such entities are not subject to sales or use tax. In addition, the use of property by the entities is not subject to use tax. However, sales to these entities in California are subject to sales tax except when a treaty requires an exemption. (SECTION 6005)

- FRIENDS OF THE LIBRARY AND EQUIVALENT ORGANIZATIONS—Nonprofit associations commonly called The Friends of the Library and equivalent organizations performing auxiliary services to any library district, municipal library, or county library in the state, which are authorized to operate within the library by the governing authority of the library, are consumers of tangible personal property which they sell if the profits from the sales are used exclusively to further the organization's purposes. (SECTION 6370)

- FUEL FROM ORGANIC PRODUCTS AND WASTE BY-PRODUCTS—Sales of organic products grown for fuel, and waste byproducts from agricultural or forest products that are delivered in bulk and are used in an industrial facility as a source of fuel are exempt from tax. (SECTION 6358.1)

- FUEL SOLD TO AIR COMMON CARRIERS—Sales of fuel and petroleum products are exempt from sales tax when sold for immediate consumption by an air common carrier on a flight whose final destination is a point outside the United States. To qualify for this exemption, the air common carrier must furnish the seller with a properly executed exemption certificate. (SECTION 6357.5)

- FUNGIBLE GOODS—When property purchased for resale is commingled with property not purchased for resale so that specific property can no longer be identified, sales from that commingled property will be considered sales of property purchased for resale until the quantity sold equals the quantity purchased for resale. Also, property withdrawn from such commingled inventory for use is considered to be from property not purchased for resale until the quantity consumed equals the quantity not purchased for resale. Therefore, a person who self-produces property and also purchases similar property for resale will not be required to pay use tax if the quantity of such property the person uses does not exceed the quantity self-produced (except with respect to the cost of any raw materials purchased for resale, using the same method of reporting). Without specific legislation, such withdrawal of property for use would be taxed on a proration basis. The petroleum industry is the main beneficiary of this provision, but producers of steel rebar, quarry rock, and other self-produced property also benefit. (SECTIONS 6095 and 6245)

- GAS, ELECTRICITY, WATER AND STEAM—The sale of gas, electricity and water, including steam and geothermal steam, brines, and heat is exempt from taxation if delivered through mains, lines, or pipes. Further, water sold to an individual in bulk quantities of 50 gallons or more for household use is exempt from taxation if the residence is not serviced by mains, lines or pipes. Also, sales and purchases of liquid petroleum gas (LPG) are exempt from tax when delivered into a tank of 30 gallons or more to either a qualified residence for household use, or, a qualified person to be used in producing and harvesting agricultural products. (SECTION 6353)

- GASOLINE—The sale and purchase of gasoline is exempt from the 5 percent state sales and use tax. (SECTION 6357.7)

- GROUND CONTROL STATIONS—The sale of a ground control station, as defined, to any foreign government for use by that government outside California or to any person who is not a California resident and who will not use that ground control station in California other than in removing it outside this state is exempt from tax. (SECTION 6366)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- HAY PRODUCERS—Tax does not apply to the final sale of tangible personal property, other than hay, by producers of hay, provided the sale is not one of a series of sales sufficient in number, scope or character to constitute an activity for which the producer would be required to hold a seller's permit if the producer was not also selling hay. (SECTIONS 6006.5 and 6367)

- HEALTH AND SAFETY MATERIALS—The use of health and safety educational materials and insignia routinely sold in connection with health and safety and first aid classes, are exempt from tax if the materials are: (1) purchased or sold by a qualifying nonprofit national organization which disseminates such information, and (2) purchased from a national office or a branch or chapter of such national office of the same organization. (SECTION 6409)

- HOT PREPARED FOOD SOLD TO AIR CARRIERS—Sales of hot prepared food products to airlines and sales to passengers by such airlines engaged in interstate or foreign commerce are exempt from tax. (SECTION 6359.1)

- ICE OR DRY ICE—The sale of ice or dry ice used or employed in packing and shipping or transporting food products for human consumption is exempt from the sales and use tax when the food products are shipped or transported in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers. (SECTION 6359.7)

- INDIAN TRIBAL TAXES—The amount of any tax imposed by an Indian tribe within California with respect to a retail sale of tangible personal property measured by a stated percentage of the sales or purchase price, whether the tax is imposed upon the retailer or the consumer, is not subject to the use tax. However, this exclusion only applies to an Indian tribe that is in substantial compliance with California's sales and use tax laws. (SECTIONS 6011 and 6012)

- INSTALLATION LABOR—Labor or service to install or apply property sold is not subject to tax, but the charges for other services in connection with a sale are subject to tax. (SECTIONS 6011 and 6012)

- INTANGIBLE PERSONAL PROPERTY—When a seller who holds a patent or copyright interest transfers property and assigns or licenses to another person pursuant to a technology transfer agreement the right to make and sell a product or to use a process that is subject to the patent or copyright interest, the amount charged for the value of intangible personal property in that agreement is not subject to sales and use tax. (SECTIONS 6011 and 6012)

- INTERSTATE AND FOREIGN COMMERCE—Sales of property which pursuant to the contract of sale are shipped by the retailer to a point outside this state are exempt from tax. Generally, no exemption applies if the property is delivered to the purchaser or the purchaser's representative in this state, even if the purchaser subsequently removes the property from this state. (SECTION 6396)

- ITINERANT VETERAN VENDORS—A qualified itinerant veteran vendor is a consumer of tangible personal property owned and sold by him or her, except alcoholic beverages and tangible personal property sold for more than $100, until January 1, 2022, provided (1) the qualified itinerant vendor was a member of the United States Armed Forces, who received an honorable discharge or a release from active duty under honorable conditions from service, (2) the vendor is unable to obtain a livelihood by manual labor due to a service-connected disability, (3) for the purposes of selling tangible personal property, the vendor is a sole proprietor with no employees, and (4) the vendor has no permanent place of business in this state. These provisions do not apply to caterers or vending machine operators. (SECTION 6018.3)

- LEASE OF MOTION PICTURE AND TELEVISION FILMS AND TAPES—Leases of motion pictures, animated motion pictures, and television films and tapes (except video cassettes, tapes, and discs leased for private use under which the lessee does not obtain the right to license or broadcast) do not constitute sales. The lessor is the consumer of such tangible personal property it leases. (SECTIONS 6006 and 6010)

- LEASE, CERTAIN PROPERTY EXCLUDED—"Lease" does not include use of property for less than one day for a charge of less than twenty dollars ($20) when the privilege of use is restricted to the premise or other business location of the grantor of use. Examples of such property are pool tables, coin operated amusement devices, golf carts, etc. The grantor of such use is the consumer of the property. (SECTION 6006.3)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- LEASES OF MOBILE TRANSPORTATION EQUIPMENT—Certain property such as trucks, aircraft, and large vessels are classified as mobile transportation equipment (MTE). The lease of MTE is never a sale, and a person who purchases MTE for purposes of leasing is always the consumer of the MTE. However, a person who purchases MTE solely for purposes of leasing may elect to pay tax on the fair rental value of such MTE if the election is made timely. If the lessor makes such an election rather than paying tax on purchase price, tax is due on fair rental value whether the property is inside or outside California. (SECTIONS 6006, 6010, 6094 and 6244)

- LEASES OF MOBILE HOMES—A lease of a mobile home is not a taxable lease if the mobile home is subject to property taxation. (SECTIONS 6006 and 6010)

- LEASES OF PROPERTY ACQUIRED IN AN OCCASIONAL SALE—The lease of property acquired in an exempt occasional sale, other than mobile transportation equipment, is generally a taxable continuing sale. The lessor, however, may instead elect to report tax measured by its purchase price. For property acquired in the transfer of substantially all assets of a business with substantially similar ownership, the purchase price for this purpose is considered the same as the purchase price of the original purchaser. (SECTION 6094.1)

- LEASES OF PROPERTY PURCHASED TAX-PAID—When California tax or tax reimbursement is timely paid on the purchase price of tangible personal property and the property is leased in substantially the same form as acquired by the lessor, the lease receipts are not taxable. In addition, leases of property acquired in a transfer of substantially all assets of a business when ownership remains substantially the same, and leases of property if acquired by will or the laws of succession, are not taxable if the previous owner timely paid California tax or tax reimbursement on the original purchase price and the property is leased in substantially the same form as acquired by the previous owner. Persons that acquire property to be leased without payment of tax or tax reimbursement measured by the purchase price may elect to report tax on cost. If they do not make a timely election to report tax on cost, tax will be due on the rentals. (SECTIONS 6006 and 6010)

- LOANS TO CUSTOMERS—A person will not owe use tax on that person's full purchase price of property loaned to customers as an accommodation while the customers' property is being repaired or while the customers await delivery of property they have purchased provided the loaned property is held for resale and is returned to resale inventory after the loan. The person will instead owe tax on the fair rental value of the loaned property for the period of the loan. (SECTIONS 6094 and 6244)

- LOCAL TAXES—Taxes imposed on retail sales by local governments and transit districts are excluded from the sales price for state sales and use taxation purposes. (SECTIONS 6011 and 6012)

- LODGING—Motel, hotel, apartment, house, duplex, and other charges for short- or long-term use of real property are not subject to sales or use taxes since such charges do not constitute consideration for the sale or use of tangible personal property.

- MAILING LISTS—Charges for the transfer or use of mailing lists are exempt from the sales and use tax when the contract restricts the transferee or user to use of the mailing list one time only. Such lists may be in the form of gummed labels, index cards, magnetic tape or similar devices or means of communication. (SECTION 6379.8)

- MANUFACTURING AND RESEARCH AND DEVELOPMENT EQUIPMENT—On or after July 1, 2014 and before July 1, 2030, sales, purchases, and leases of manufacturing and research and development equipment are exempt from the 3.9375 percent state sales and use tax when sold to or purchased by qualifying manufacturers and certain research and developers for use primarily in manufacturing or research and development activities. (SECTION 6377.1)

- MASS COMMUTING VEHICLES—"Sale" and "Purchase" do not include any transfer of qualified mass commuting vehicles such as a bus, subway car, rail car, or similar equipment, pursuant to safe harbor lease arrangements. (SECTION 6010.11)

- MASTER RECORDS AND TAPES—The sale and lease of master records or tapes is exempt from tax except for the actual tangible personal property physically incorporated and sold. (SECTION 6362.5)

- MEALS DELIVERED TO HOMEBOUND ELDERLY AND DISABLED—The sale and use of meals that are delivered to homebound elderly or disabled persons by a nonprofit volunteer home delivery meal provider are exempt from tax. (SECTION 6363.7)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- MEALS FURNISHED BY INSTITUTIONS—Sales of meals and food products served to residents and patients of a health facility, a community care facility, a residential care facility for the elderly, any housing that is financed by state or federal programs and that primarily serves older persons, any house or institution supplying board and room for a flat rate to persons 62 years and older, an alcoholism recovery facility and a drug abuse recovery or treatment facility are exempt from tax. (SECTION 6363.6)
- MEALS, ELDERLY CONDOMINIUM RESIDENTS—The sale of meals and food products furnished on a regular basis and consumed by persons 62 years and older who reside in a condominium, are exempt when such persons own equal shares in a common kitchen facility. (SECTION 6376.5)
- MEALS, LOW-INCOME ELDERLY—The sale of meals and food products are exempt from tax when furnished to low-income elderly persons at or below cost by a nonprofit organization or government entity under a program funded by this State or the United States. (SECTION 6374)
- MEDICAL IDENTIFICATION TAGS—Sales of medical identification tags are exempt from tax when furnished by a qualifying organization. (SECTION 6371)
- MEDICAL HEALTH INFORMATION—The use of medical health information literature purchased by a qualifying charitable organization which is engaged in the dissemination of such information, is exempt from use tax when the literature is purchased from either the national office or a branch of the national office of the same organization. (SECTION 6408)
- MEDICATED FEED AND DRINKING WATER—The sale and use of drugs or medicines administered to animal life as an additive to feed or drinking water, the primary purpose of which is the prevention and control of disease of food animals, or of nonfood animals which are to be sold in the regular course of business are exempt from tax. (SECTION 6358.4)
- MEDICINAL CANNABIS—The sale of medicinal cannabis, medicinal cannabis concentrate, edible medicinal cannabis products, or topical cannabis is exempt from tax when a qualified patient or primary caregiver for a qualified patient provides his or her medical marijuana identification card and a valid government-issued identification card. (SECTION 34011)
- MILITARY DESIGNATED ENTITIES, THRIFT STORES—The sales and use of tangible personal property sold by a thrift store located on a military installation and operated by a specified designated entity are exempt from sales and use tax until January 1, 2024, provided the designated entity, in partnership with the United States Department of Defense, provides financial, educational, and other assistance to members of the armed forces of the United States, eligible family members, and survivors when in need. (SECTION 6363.4)
- MONETIZED AND NONMONETIZED BULLION AND NUMISMATIC COINS—Sales in bulk (market value of $1,000 or more, subject to adjustment based on inflation) of monetized and nonmonetized bullion, nonmonetized gold or silver bullion, and numismatic coins are exempt from tax when those sales are substantially equivalent to transactions in securities or commodities. (SECTION 6355)
- MOTION PICTURE PRODUCTION PARTNERSHIPS—When certain persons form partnerships to reduce the cost of producing motion pictures through sharing of equipment and other assets, the furnishing of such property, without the transfer of title, by the partnership to its members for the purpose of producing motion pictures does not constitute a "sale." The partnership is the consumer of any such property. (SECTION 6010.4)
- MOTION PICTURES, QUALIFIED, AND QUALIFIED PRODUCTION SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include the following: (1) any transfer of any qualified motion picture or any interest or rights therein when the transfer is prior to the date that the qualified motion picture is exhibited or broadcast to its general audience, and (2) the performance of qualified production services, as defined, in connection with the production of any qualified motion picture, as defined. (SECTION 6010.6)
- MOTOR VEHICLE FUEL—Tax does not apply to the sale or use of motor vehicle fuel (except aircraft jet fuel) used in propelling aircraft if such fuel is subject to the Motor Vehicle Fuel Tax. The fuel tax is included in the price of motor vehicle fuel when purchased but is not due when the fuel is used in aircraft. Sales tax is not paid on the sale of such fuel but the purchaser may obtain refund of fuel tax less sales tax liability which becomes due if the motor vehicle fuel tax is refunded. (SECTION 6357)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- MOTOR VEHICLE, MOBILE HOME, OR COMMERCIAL COACH FEES AND TAXES—Taxes or fees imposed by the State of California added to or measured by the sales price of a motor vehicle, mobile home, or commercial coach, such as, DMV license fees are not subject to sales or use tax. (SECTIONS 6011 and 6012)

- MUSEUMS—Sales to and purchases by the state or a local government entity as part of a public art collection, a nonprofit museum regularly open to the public and operated by a local or state government entity, or operated by certain nonprofit organizations, are exempt from tax when the property is purchased to replace destroyed property used exclusively for display purposes. In addition, only property that has value as a museum piece and is purchased within three years from the date the original property was destroyed qualifies for exemption. (SECTION 6366.3)

- NEW MOBILE HOMES—Partial exemption for sales of new mobile homes installed for occupancy as a residence when the mobile home is thereafter subject to real property taxation. The tax on sales of such mobile homes is based on seventy-five percent (75%) of the cost of the mobile home to the retailer who, for sales and use tax purposes, is generally considered to be the consumer. The subsequent sale of a mobile home that qualified for this special treatment is exempt. (SECTIONS 6012.8 and 6012.9)

- NEW TRAILERS, INTERSTATE OR OUT-OF-STATE USE—The sale of a new trailer or semitrailer with an unladen weight of 6,000 pounds or more which is purchased for use outside California, or for use exclusively in interstate or foreign commerce, or both, but delivered to the purchaser inside this state is exempt from tax if: the vehicle is manufactured outside this state and the purchaser removes the vehicle from California within 30 days of delivery; or the vehicle is manufactured in California and the purchaser removes the vehicle from California within 75 days of delivery. (SECTION 6388.5)

- NEW VEHICLES, FOREIGN RESIDENT—The sale of a new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided 1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and 2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point. (SECTION 6366.2)

- NEW VEHICLES, OUT-OF-STATE DEALER—A new truck or trailer with an unladen weight of 6,000 pounds or more, or a new trailer coach or auxiliary dolly, purchased from an out-of-state dealer for use outside California is exempt from sales tax if the property is delivered to the purchaser in California by the manufacturer, and the purchaser removes such vehicle out of state within 30 days. (SECTION 6388)

- NEWSPAPERS AND PERIODICALS—The sale of newspapers and periodicals distributed without charge and regularly issued at average intervals not exceeding three months, including component parts and ingredients thereof, are exempt from tax. The sale of newspapers or periodicals issued at average intervals not exceeding three months which are published or purchased by specified nonprofit organizations are exempt from tax when those newspapers and periodicals: are distributed to the members of an IRC §501(c)(3) organization in consideration of payment of the organization's membership fee or to the organization's contributors; are published by an IRC §501(c)(3) organization that does not receive revenue from or accept any commercial advertising; or are distributed by any nonprofit organization which distributes the publications to any member of the nonprofit organization in consideration, in whole or in part, of payment of the organization's membership fee where the cost of printing the newspaper or periodical to the nonprofit organization is less than 10 percent of the membership fee attributable to the period for which the newspaper or periodical is distributed. (SECTION 6362.8)

- NONPROFIT ORGANIZATION, NEW CHILDREN'S CLOTHING—The sale and use of new children's clothing are exempt if sold to a qualifying nonprofit organization for distribution without charge to elementary schoolchildren. (SECTION 6375.5)

- NONPROFIT ORGANIZATIONS, AUCTION SALES—The sale and use of tangible personal property that is sold to a successful bidder at an auction that is conducted no more than once in any 12-month period by a qualifying nonprofit organization are exempt from sales and use tax if the purpose of that auction is to obtain revenue for funding of a shelter for homeless individuals and families and those revenues obtained are actually used for that purpose. (SECTION 6363.2)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- NONPROFIT ORGANIZATIONS, HANDCRAFTED PROPERTY—A qualified nonprofit organization whose primary purpose is to provide services to individuals with developmental disabilities, and that does not discriminate on the basis of race, sex, nationality or religion, is a consumer of tangible personal property which it sells, provided that the property is of a handcrafted nature and is designed, created, or made by individuals with developmental disabilities who are members of, or receive services from, the organization. In order to qualify as a consumer, the price of each item sold must not exceed $20, and the profits from the sales must be used exclusively in furtherance of the purposes of the organization. In addition, the organization's sales must be made on an irregular or intermittent basis. (SECTION 6361.1)

- NONPROFIT ORGANIZATIONS, PROMOTIONAL ITEMS—Until January 1, 2015, a qualifying nonprofit organization is a consumer of certain promotional items sold to its members when the cost to the member of the organization for the acquisition of the promotional item is not more than the cost to the nonprofit organization to obtain and transfer to the member the promotional item, including any applicable sales or use tax paid by the nonprofit organization. (SECTION 6018.9)

- NONPROFIT ORGANIZATIONS, THRIFT STORES—The sales and use of used clothing, household items, or other retail items sold by thrift stores operated by a qualifying nonprofit organization are exempt from tax until January 1, 2019, if the purpose of that thrift store is to obtain revenue for the funding or medical and social services to chronically ill individuals with HIV or AIDS and at least 75 percent of the net income derived from operations of the thrift store are expended for that purpose. (SECTION 6363.3)

- NONPROFIT VETERANS' ORGANIZATIONS—Such organizations are consumers of flags of the United States of America which they sell if profits are used solely for furtherance of the purposes of the organization. (SECTION 6363.8)

- NONPROFIT VETERANS' ORGANIZATIONS, MEALS AND FOOD PRODUCTS—The sales and use of meals and food products furnished or served by any nonprofit veterans' organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization. (SECTION 6363.8)

- OCCASIONAL SALE OF BUSINESS—A person's sale of all or substantially all its tangible personal property is exempt from tax provided that after the sale, the real or ultimate ownership of the property is substantially similar to that which existed before the sale. "Substantially all the property" means 80 percent or more of all the tangible personal property, whether inside or outside this state, which is held or used in the course of any activities of that person which require the holding of a seller's permit, or which would require the holding of a seller's permit if the activities were conducted in this state. The real or ultimate ownership is "substantially similar" to that which existed before the sale if 80 percent or more of that ownership of the tangible personal property is unchanged after the transfer. For purposes of this exemption only, stockholders, bondholders, partners, or other persons holding an ownership interest rather than a security interest in the corporation or other entity are regarded as having the real or ultimate ownership of the property of the corporation or other entity. (SECTIONS 6006.5 and 6367)

- OCCASIONAL SALES—A sale by (and purchase from) a person who is not engaged in a business requiring a seller's permit is exempt from sales and use taxes. These types of sales are "occasional" sales (some states have similar exemptions for "casual" sales). Generally, a person who makes three or more sales for substantial amounts in any period of 12 months is required to hold a seller's permit. A person who makes a substantial number of sales for relatively small amounts is also required to hold a seller's permit. (The 12 month test period can be the 12 months before the sale in question, the 12 months after the sale in question, or any other 12 month period in which the sale occurs.) A person holding two garage sales with no other sales in any 12 month period in which the garage sales are held are regarded as making exempt occasional sales. A business that is not required to hold a seller's permit would be making an occasional sale when making a single sale of its assets upon termination of its business. Such persons should be aware that making two or three sales in anticipation of final liquidation will generally result in all the sales being subject to sales tax. (SECTIONS 6006.5 and 6367)

- OUT-OF-STATE PURCHASES BY MILITARY MEMBERS AND OTHERS—Until January 1, 2019, purchases of tangible personal property by U.S. Armed Forces members, U.S. Armed Forces and National Guard active duty reserves, their spouses, and registered domestic partners are exempt from use tax when those purchases were made outside California prior to the report date on official transfer orders to this state. This exemption does not apply, however, to purchases of vehicles, vessels or aircraft. (SECTION 6412)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- OXYGEN DELIVERY SYSTEMS—Sales of medical oxygen delivery systems are exempt from tax when sold or leased to an individual as directed by a physician. (SECTION 6369.5)
- PARENT-TEACHER ASSOCIATIONS—Nonprofit parent-teacher associations chartered by the California Congress of Parent, Teachers, and Students, Incorporated (PTA) or equivalent organizations authorized to operate within the school by the governing authority of the school, are consumers of property which they sell if the profits are used exclusively to further the organization's purposes. (SECTION 6370)
- PARENT COOPERATIVE NURSERY SCHOOLS—Nonprofit parent cooperative nursery schools are consumers of property which they sell if the profits are used exclusively to further the organization's purposes. (SECTION 6370)
- PASSENGER TRANSPORTATION VEHICLES—The Department of Transportation is a consumer of, rather than a retailer of passenger transportation vehicles, including but not limited to, rail passenger cars, locomotives, other rail vehicles, bus and van fleets, and ferryboats, which it sells and leases back pursuant to a certain type of safe harbor lease. (SECTIONS 6018.8 and 6368.7)
- PAWNBROKERS—Until January 1, 2022, a pawnbroker's receipts derived from a transaction where customers buy back their property after defaulting on a loan are excluded from the computation of sales or use tax under specified conditions. (SECTION 6010.15)
- PERIODICALS—Sales of periodicals that appear at stated intervals of at least 4 times per year but not more than 60 times per year, and their ingredient and component parts, are exempt from the sales and use tax when the periodical is sold by subscription and delivered by mail or common carrier. (SECTION 6362.7)
- PET ADOPTIONS AND RELATED SERVICES—For sales and use tax purposes, "sale" and "purchase" do not include transfers by a city, city and county, county, or other local government animal shelter or nonprofit animal welfare organization of any animal to an individual for use as a pet, or any charges made by the government shelter or nonprofit organization for services in connection with the transfer of that animal, including, the spaying or neutering or future spaying or neutering of the animal, or any vaccination, future vaccination, or similar service. This exclusion applies only to transfers of pets by organizations that are formed and operated for the primary purpose of prevention of abuse, neglect, or exploitation of animals, and that qualifies for an exemption from income tax pursuant to Section 23701(d) of the Revenue and Taxation Code. (SECTION 6010.40)
- POLLUTION CONTROL FACILITY—The transfer of title to property constituting any project or pollution control facility by the California Pollution Control Financing Authority is not a "sale" or "purchase" for purposes of sales and use tax when the transfer or lease is made pursuant to certain provisions of the Health and Safety Code. (SECTION 6010.10)
- POULTRY LITTER—The sale and use of wood shavings, sawdust, rice hulls, or other products used as litter in poultry and egg production and ultimately resold or incorporated into fertilizer products are exempt from the sales and use tax. (SECTION 6358.2)
- PRESCRIPTION MEDICINES—Sales of medicines are exempt from sales and use taxes if (1) prescribed for treatment of human beings and dispensed by a registered pharmacist; (2) furnished by or sold to licensed physician and surgeon, podiatrist, or dentist for patient treatment; (3) furnished by a health facility pursuant to the order of a licensed physician; (4) sold to this state or any political subdivision or municipal corporation for use in treating human beings; (5) dispensed by prescription for the treatment of human beings and furnished without charge by a pharmaceutical manufacturer or distributor to a doctor, a health facility for the treatment of human beings, or to an institution of higher education for instruction or research; (6) furnished by a medical facility or clinic operated by this state or any political subdivision or municipal corporation; or (7) sold to outpatient clinics, as defined under Health and Safety Code 1200, for the treatment of any person pursuant to the order of a licensed physician and surgeon, dentist, and podiatrist. In addition to substances commonly recognized as medicines, the following items are specifically included in the definition of "medicine" for sales and use tax purposes:

- Sutures
- Bone screws and pins, pacemakers and other articles (excluding dentures) permanently implanted or which dissolve in the body.
- Orthotic devices, including custom-made biomechanical foot orthoses.
- Prosthetic devices other than auditory, opthalmic and ocular devices, and other than dental prostheses.
- Artificial limbs and eyes.
- Programmable drug infusion devices worn on or implanted in the body.
- Insulin syringes.
- Mammary prostheses.
- Appliances and related supplies necessary as a result of surgery by which an artificial opening was made to eliminate natural waste.
- Hemodialysis products.
- Any product fully implanted or injected in the human body, or any drug or any biologic, when such are approved by the U.S. Food and Drug Administration to diagnose, cure, mitigate, treat or prevent any disease, illness or medical condition.

Dispensed on prescription includes furnishing insulin and insulin syringes and furnishing appliances and supplies necessary to eliminate natural waste, if such items are furnished pursuant to a physician's written order. Dispensed on prescription also includes furnishing certain orthotic and prosthetic devices and replacement parts pursuant to a written order of a physician or podiatrist. (SECTIONS 6369 and 6369.1)

- PRINTED SALES MESSAGES—The sale and use of printed material consisting substantially of sales messages for goods and services are exempt from sales and use tax if the material is (1) printed to the special order of the purchaser, (2) mailed or delivered by the seller, the seller's agent, or a mailing house, acting as the agent for the purchaser, through the United States Postal Service or by common carrier; and (3) delivered to any other person at no cost to that person who becomes the owner of the printed material. (SECTION 6379.5)
- PRINTING MATERIALS—The fabrication or transfer by a typographer of composed type or reproduction proofs for use in preparing printed matter is excluded from the definition of a "sale" and "purchase." Also, the fabrication or transfer of such reproduction proofs or impressed mats is not subject to tax when the fabrication is for, or the transfer is to, a printer or publisher for use in printing. (SECTION 6010.3)
- PROFESSIONAL HEALTH SERVICES—A licensed chiropractor, optometrist, physician, surgeon, podiatrist, licensed hearing aid dispenser, or registered dispensing optician is generally the consumer and not the retailer of property furnished in the performance of professional services. Also, producers of x-ray films or photographs are the consumers of property used to produce the films or photographs for use in diagnosing the medical or dental conditions of a human being. In addition, licensed pharmacists dispensing certain replacement contact lenses are regarded as consumers, rather than retailers, with respect to those lenses. (SECTIONS 6018, 6018.4, 6018.5, 6018.7, and 6020)
- PROPERTY LOANED TO EDUCATIONAL INSTITUTIONS—A retailer's loan of property to any school district for an educational program is exempt from use tax. In addition, a retailer's loan of a vehicle to a California State College or the University of California, or to an accredited private or parochial secondary school for use in qualified driver education program, is exempt from use tax. A retailer's loan of a vehicle to a veteran's hospital or such other nonprofit facility or institution to provide instruction in specially equipped vehicles to disabled veterans is also exempt from use tax. (SECTION 6404)
- PUBLIC PASSENGER TRANSPORTATION VEHICLES—The sale and purchase of public passenger transportation vehicles when purchased by a transit authority, special district, or governmental entity at the end of a lease or sublease pursuant to any exercise of a purchase option under the lease or sublease are exempt from sales and use tax under specified conditions. (SECTION 6368.9)
- PURCHASES IN FOREIGN COUNTRIES—The first eight hundred dollars ($800) purchase price of tangible personal property purchased in a foreign country by an individual and personally hand carried into this state from the foreign country within any 30-day period is exempt from use tax. (SECTION 6405)
- PURCHASES FROM UNITED STATES—The use of property purchased by a consumer from the United States, or any agency or instrumentality thereof, is exempt from use tax except when property has been declared "surplus property" pursuant to the Surplus Property Act of 1944. (SECTION 6402)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- RACEHORSE BREEDING STOCK—Sales and purchases of racehorse breeding stock are exempt from the 5 percent state sales and use tax. "Racehorse breeding stock" means a horse that is capable of reproduction and for which the purchaser states that it is the purchaser's sole intent to use the horse for breeding purposes. (SECTION 6358.5)
- RAIL FREIGHT CARS—The sale or lease of rail freight cars used in interstate or foreign commerce is exempt from tax. (SECTION 6368.5)
- REAL PROPERTY—Sales and purchases of land, along with the structures thereon, and their component parts, and other items permanently attached to the land sold are generally not subject to tax because such items do not fall within the definition of tangible personal property under the Sales and Use Tax Law.
- RECYCLED FEEDSTOCK, ADVANCED MANUFACTURING, ADVANCED TRANSPORTATION TECHNOLOGIES – Until January 1, 2021, there is a specific exclusion for qualifying entities that apply for financial assistance from the California Alternative Energy and Advanced Transportation Financing Authority for specified tangible personal property purchased for projects that process or use recycled feedstock or that are used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems. (SECTION 6010.8)
- RELIGIOUS ORGANIZATIONS—The sale and use of meals and food products furnished or served by a religious organization at a social or other gathering conducted by it or under its auspices are exempt from tax if the proceeds are used to carry on the functions and activities of the organization. (SECTION 6363.5)
- RENTAL RECEIPTS SUBJECT TO USE TAX OR FROM PROPERTY OUTSIDE STATE—Rentals payable under a lease of tangible personal property are exempt from sales tax when the rental receipts are required to be included in the measure of use tax or where the rental property is located outside this state. The exemption does not apply to leases of mobile transportation equipment, with respect to which a lessor who has elected to pay tax on the fair rental value must report and pay tax on that basis whether the mobile transportation equipment is inside or outside this state. (SECTION 6390)
- RENTALS OF HOUSEHOLD FURNISHINGS—The rental of household furnishings is not subject to tax when rented with living quarters. Tax must be paid on the cost of such items unless purchased in an exempt occasional sale. (SECTIONS 6006 and 6010)
- RENTALS OF LINEN SUPPLIES—A person leasing linen supplies and similar articles who furnishes the recurring service of laundering or cleaning such linen supplies and similar articles is the consumer of tangible personal property provided, and tax applies to the purchase of such items. (SECTIONS 6006 and 6010)
- RETURNED MERCHANDISE—Amounts allowed by a retailer for returned merchandise are not subject to tax provided the full sales price and any amount designated as "sales tax" is returned to the customer, and the customer is not required to purchase a more expensive item in order to receive credit. The retailer may deduct actual expenses for rehandling and restocking without affecting this deduction. (SECTIONS 6011 and 6012)
- SALE AND LEASEBACK ARRANGEMENTS—For sales and use tax purposes, "sale" and "purchase" do not include any transfer of title to, nor any lease of, tangible personal property pursuant to an acquisition sale and leaseback. An acquisition sale and leaseback is a sale by a person and leaseback to that person of tangible personal property where (1) that person has paid California sales tax reimbursement or use tax with respect to that person's purchase of the property, and (2) the acquisition sale and leaseback is consummated within 90 days of that person's first functional use of the property. (SECTION 6010.65)
- SALES FOR RESALE—The sale of property purchased for subsequent sale in the regular course of business, and property purchased that will become a component part of such property, is not subject to tax provided the purchaser makes no use of it prior to its resale. (SECTIONS 6007 and 6008)
- SAN DIEGO AEROSPACE MUSEUM—The sale and use of museum display items and sprung instant structures used as temporary exhibit housing sold to or purchased by the San Diego Aerospace Museum are exempt from sales and use tax. (SECTION 6366.4)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- SCHOOL YEARBOOKS AND CATALOGS—Public or private schools, school districts, county offices of education, or student organizations are consumers of yearbooks and catalogs prepared by or for them and distributed to students. (SECTION 6361.5)
- SECURITIES—The sale of stocks, bonds, and other securities including memberships in limited liability companies are not subject to sales or use taxes because they are not considered to be sales of tangible personal property.
- SERVICES—The sale of services where no tangible personal property is transferred, or where the transfer of property is incidental, are not subject to sales and use taxes. Persons providing services are consumers of property used in their business activities. However, persons who engage in service operations are retailers of any supplies or other tangible personal property sold to their customers or clients, and tax applies to gross receipts from such sales. Certain services, however, are defined as sales of tangible personal property. For example, the fabrication of tangible personal property for a consumer is defined as a "sale" even when the consumer provides all the tangible personal property used to fabricate the end product.
- SPACE FLIGHT PROPERTY—The sale or use of specified qualified property for use in space flight, including an orbital space facility, space propulsion system, space vehicle, satellite, or space station of any kind, or any property which is placed or used aboard any such systems, including fuel, adapted and used exclusively for space flight, is exempt from sales and use tax. (SECTION 6380)
- STATE GOVERNMENTS—State government entities, other than California state and local government entities, are not "persons" for sales and use tax purposes. Sales by and purchases from such governmental entities are not subject to tax. The use of property in California by other states is not taxable. However, sales in California to other states are subject to sales tax. (SECTION 6005)
- STORAGE AND USE EXCLUSION—The keeping or retention of property for sale in the regular course of business is not a use. In addition, the keeping or retention of property for purpose of subsequent transportation outside California for use solely outside the state is not a "use." Therefore, no tax applies with respect to property properly purchased outside California and brought into the state solely for subsequent transportation to an out-of-state point for use thereafter by the purchaser solely outside California. (SECTIONS 6008, 6009, and 6009.1)
- STUDENT MEALS—The sale and use of meals and food products are exempt from tax when sold or furnished to students by a public or private school, school district, student organization, parent-teacher association, and any blind vendor operating a restaurant or vending stand in an educational institution unless sold for consumption within a place subject to an admission charge except for national and state parks and monuments. (SECTION 6363)
- TAX-PAID PURCHASES RESOLD—A deduction is allowed a retailer who pays California tax or tax reimbursement on the purchase of property that is resold in California prior to any use. (SECTION 6012)
- TELEPHONE LINES AND POLES—Telephone and telegraph lines, electrical transmission and distribution lines, and the poles, towers, or conduit by which they are supported or in which they are contained are excluded by statute from the definition of tangible personal property when sold in place. (SECTION 6016.5)
- TELEPRODUCTION AND POST PRODUCTION EQUIPMENT—The sale of teleproduction and post production equipment to businesses primarily engaged in teleproduction and post production activities (as described in Code 512191 of the North American Industry Classification System Manual) is exempt from the 5 percent state sales and use tax when that property is used 50 percent or more in those activities, subject to specified conditions. (SECTION 6378)
- TIMBER HARVESTING EQUIPMENT—Sales and purchases of equipment, machinery and their parts designed primarily for off-road use in commercial timber harvesting are from the 5 percent state sales and use tax when sold to or purchased by a qualified person engaged in commercial timber harvesting operations. (SECTION 6356.6)
- TRAILERS OR SEMITRAILERS, NEW OR USED—When a new or used trailer or semitrailer is moved or operated laden in accordance with a one-trip permit issued pursuant to Section 4003.5, the use is exempt from use tax. (SECTION 6410)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- TRANSPORTATION CHARGES—Separately stated charges for transportation from the retailer to its customer are not subject to tax if transported by common carrier and the amount charged is the cost of the transportation. In addition, reasonable charges for transportation by the retailer's facilities, or for property sold for a delivered price are not taxable if separately stated and if title to the property passes to the purchaser prior to such transportation. Note, however, that title passes to the customer prior to transportation by the retailer's own facilities only if the seller and purchaser explicitly contract for such early passage of title. (SECTIONS 6011 and 6012)

- TRANSPORTATION OF LANDFILL—The amount charged for transporting landfill from an excavation site to a site specified by a purchaser is not subject to sales and use tax if (1) the charge is separately stated and is reasonable or (2) the entire amount charged relates to transportation. (SECTIONS 6011 and 6012)

- TRAVEL ACCOMMODATIONS—Charges for tickets to travel on aircraft, trains, ships, and other modes of transportation are not subject to sales or use tax.

- UNITED STATES—Sales and leases to the United States or its incorporated agencies and instrumentalities, any incorporated agency or instrumentality wholly owned by the United States or by a corporation wholly owned by the United States, and sales to the American National Red Cross are exempt from sales tax. (SECTION 6381)

- USE OF PROPERTY HELD FOR SALE—If a person uses property frequently for demonstration and display while holding it for sale in the regular course of business and uses it partly for other purposes, the person owes tax on the fair rental value of the property for the period of such other use. (SECTIONS 6094 and 6244)

- USED FLOATING HOMES—Tax does not apply to sales of used floating homes subject to local property taxation whether sold in a private party transaction or by a retailer. (SECTION 6379)

- USED MOBILEHOMES—Tax does not apply to the sale of a used mobilehome if, at the time of sale, the mobilehome is subject to local property tax. For mobilehomes that are not subject to property tax at the time of sale, such mobilehomes are subject to vehicle license fees. When a used mobilehome that is subject to vehicle license fees is sold between private parties, or in a brokerage transaction, tax applies to the retail value of the used mobilehome as determined in accordance with an approved value guide, or the actual sales price, whichever is less. (SECTIONS 6012.2, 6276.1 and 6379)

- VEHICLE MODIFICATIONS FOR HANDICAPPED—The sale of property used to modify vehicles for physically handicapped persons is exempt from tax. When a previously modified vehicle is resold, the sale of the portion of the vehicle which has been modified is exempt if the vehicle is sold to a disabled person who is eligible to be issued a distinguishing license plate or placard. (SECTION 6369.4)

- VEHICLES LOANED TO UNIVERSITY EMPLOYEES—A retailer will not owe use tax on his or her full purchase price of vehicles loaned to any employee of the University of California or the California State University provided the vehicle is for the employee's exclusive use, the loan has been approved by the chancellor or president of the university, and it is demonstrated that the loan is not dependent on the retailer receiving any automotive-related business from the university. The retailer will instead owe tax on the fair rental value of the loaned vehicle for the period of the loan. (SECTION 6202.7)

- VEHICLES, VESSELS, AND AIRCRAFT PURCHASED OUTSIDE CALIFORNIA—A presumption is made that if a vehicle, vessel, or aircraft is purchased outside of California, first functionally used outside of California, and brought into California more than 12 months after purchase, the vehicle, vessel, or aircraft was not purchased for use in California and use tax does not apply. (SECTION 6248)

- VEHICLES SOLD TO FAMILY—The sale and use of vehicles, vessels, and aircraft is exempt from tax when sold by the parent, grandparent, child, grandchild, spouse, or registered domestic partner, or the brother or sister if the sale is between two minors, provided that the seller is not engaged in business of selling that type of property. (SECTION 6285)

- VEHICLES SOLD TO FOREIGN RESIDENT—A new motor vehicle manufactured in the United States and sold to a resident of a foreign country who arranged for the purchase through an authorized vehicle dealer in the foreign country prior to arriving in the United States is exempt from tax, provided (1) the purchaser is issued an in-transit permit pursuant to the Vehicle Code, and (2) prior to the expiration of the permit, the retailer ships or drives the vehicle to a point outside the United States by the retailer's facilities or by delivery to a carrier, customs broker or forwarding agent for shipment to that point. (SECTION 6366.2)

SALES AND USE TAX EXEMPTIONS AND EXCLUSIONS (cont.)

- VEHICLES SOLD TO LESSEE—Normally the sale of a vehicle by a lessor to a lessee is subject to tax. However, it is rebuttably presumed that if the lessee transfers the vehicle to a third party within ten days from the date the lessee acquired title from the lessor at the lease termination, the sale by the lessor is a nontaxable sale for resale, and no tax would be due for the interim ten day period. (SECTION 6277)
- VEHICLES, SUBSTANTIALLY SAME OWNERSHIP—The only occasional sale exemption for sales of vehicles, vessels, and aircraft is for sales of such property as part of the sale of all or substantially all the assets of a business (whether those assets are inside or outside this state) when the ownership of the property remains substantially similar to that which existed before the sale. (SECTION 6281)
- VENDING MACHINE SALES—Nonprofit, charitable or educational organizations are consumers of tangible personal property sold through vending machines for 15 cents or less. Library districts, municipal libraries, or county libraries and any vendor making sales pursuant to a contract with these libraries are consumers of photocopies which are sold at retail through coin-operated or card-operated copy machines located at a library facility. (SECTION 6359.45)
- VENDING MACHINE SALES OF FOOD—The vending machine operator is the consumer of (1) food products which sell at retail for 15 cents or less and (2) food products which are sold through a bulk vending machine, as defined in the Revenue and Taxation Code, for 25 cents or less. Sales of cold food products, hot coffee, hot tea and hot chocolate through other vending machines at a price greater than 15 cents are also partially exempt from tax, in the following percentages: 23% in 1988, 45% in 1989 and 67% thereafter. (SECTIONS 6359.2 and 6359.4)
- VESSELS—Sales of vessels of more than 1,000 tons burden are exempt from tax if sold by the builder. (SECTION 6356)
- VETERINARIANS—Licensed veterinarians are consumers of, rather than retailers of, drugs and medicines which they use or furnish in the performance of their professional duties. (SECTION 6018.1)
- WATER COMMON CARRIERS—The sale of fuel and petroleum products is exempt from sales tax when sold to a water common carrier for immediate shipment outside this state for consumption in the conduct of its business as a common carrier after its first out-of-state destination. To qualify for this exemption, the common carrier must furnish the seller with a properly executed exemption certificate. This provision will expire January 1, 2024, unless extended by legislation. (SECTION 6385)
- WATERCRAFT—The sale, use, or lease of watercraft and component parts thereof sold or leased for use in interstate or foreign commerce, or for use in commercial deep sea fishing outside California's territorial waters, is exempt from tax. Only the operational use, excluding storage or repair, during the first 12 months is considered to determine if the exemption applies. Usage of the watercraft after the first 12 months does not affect the exemption. Tax does not apply to the sale or use of watercraft functionally used 80 percent or more of the time in the transporting for hire of property or persons to vessels or offshore drilling platforms located outside the territorial waters of this state. (SECTIONS 6368 and 6368.1)
- WHEELCHAIRS, CRUTCHES, CANES, WHITE CANES AND WALKERS—Sales to and purchases by persons of wheelchairs, crutches, canes, quad canes, white canes for the legally blind, and walkers under the direction of a physician, are exempt from tax. (SECTION 6369.2)
- WORTHLESS ACCOUNTS—A retailer is relieved from sales tax liability for accounts found worthless and which are charged off for income tax purposes. If any such accounts are thereafter collected in whole or in part, the retailer must pay tax on the amount so collected. Special rules also apply to assignees of accounts receivable. (SECTIONS 6055 and 6203.5)

- YOUTH ORGANIZATIONS—The following organizations are consumers, rather than retailers, of food products, nonalcoholic beverages, and tangible personal property made or produced by members of the organization when those sales are made on an irregular or intermittent basis and the organization's profits from those sales are used exclusively in furtherance of organization: (1) any nonprofit organization which qualifies for tax exempt status under Section 501(c) of the Internal Revenue Code whose primary purpose is to provide a supervised program of competitive sports for youth or to promote good citizenship in youth and which does not discriminate on the basis of race, sex, nationality, or religion; (2) any youth group sponsored by or affiliated with a qualified educational institution, including, but not limited to, any student activity club, athletic group, or musical group; and (3) Little League, Bobby Sox, Boy Scouts, Cub Scouts, Girl Scouts, Campfire, Inc., Young Men's Christian Association, Young Women's Christian Association, Future Farmers of America, Future Homemakers of America, 4-H Clubs, Distributive Education Clubs of America, Future Business Leaders of America, Vocational Industrial Clubs of America, Collegiate Young Farmers, Boys' Clubs, and Girls' Clubs, Special Olympics, Inc., American Youth Soccer Organization, California Youth Soccer Association, North, California Youth Soccer Association, South, and Pop Warner Football. (SECTION 6361)

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1573. Court Ordered Sales, Foreclosures and Repossessions
1574. Vending Machine Operators
1583 Modular Systems Furniture

Article 7. Specific Kinds of Property and Exemptions Generally

1584. Membership Fees
1585. Cellular Telephones, Pagers, and Other Wireless Telecommunication Devices
1586. Works of Art and Museum Pieces for Public Display
1587. Animal Life, Feed, Drugs and Medicines
1588. Seeds, Plants and Fertilizer
1589. Containers and Labels
1590. Newspapers and Periodicals
1591. Medicines and Medical Devices
1591.1. Specific Medical Devices, Appliances and Related Supplies
1591.2. Wheelchairs, Crutches, Canes and Walkers
1591.3. Vehicles for Physically Handicapped Persons
1591.4. Medical Oxygen Delivery Systems
1592. Eyeglasses and Other Ophthalmic Materials
1593. Aircraft and Aircraft Parts
1594. Watercraft
1595. Occasional Sales–Sale of a Business–Business Reorganization
1596. Buildings and Other Property Affixed to Realty
1597. Property Transferred or Sold by Certain Nonprofit Organizations
1598. Motor Vehicle and Aircraft Fuels
1598.1 Diesel Fuel Prepayment Exemption
1599. Coins and Bullion

Article 8. Food Products

1602. Food Products
1602.5. Reporting Methods for Grocers
1603. Taxable Sales of Food Products

Article 9. Special Provisions Affecting Vehicles, Vessels and Aircraft

1610. Vehicles, Vessels, and Aircraft
1610.2. Mobile Homes and Commercial Coaches

You may obtain copies of a particular regulation by visiting our website at ***www.cdtfa.ca.gov***
You may also contact any office of the California Department of Tax and Fee Administration or by calling toll-free 1-800-400-7115

Article 10. Matters Involving the Federal Government

1614. Sales to the United States and Its Instrumentalities
1616. Federal Areas
1617. Federal Taxes
1618. United States Government Supply Contracts
1619. Foreign Consuls

Article 11. Interstate and Foreign Commerce

1620. Interstate and Foreign Commerce
1620.1 Sales of Certain Vehicles and Trailers for Use in Interstate or Out-of-State Commerce
1620.2. Beverages Sold or Served by Carriers
1621. Sales to Common Carriers

Article 12. Matters Involving Transportation of Property

1628. Transportation Charges
1629. Goods Damaged in Transit
1630. Packers, Loaders and Shippers
1632. C.O.D. Fees

Article 13. Credit Transactions

1641. Credit Sales and Repossessions
1642. Bad Debts
1643. Debit Card Charges

Article 14. Exchanges, Returns, Defects

1654. Barter, Exchange, "Trade-ins" and Foreign Currency Transaction
1655. Returns, Defects and Replacements

Article 15. Leases of Tangible Personal Property

1660. Leases of Tangible Personal Property—In General
1661. Leases of Mobile Transportation Equipment

Article 16. Resale Certificates; Demonstration, Gifts and Promotions

1667. Exemption Certificates
1668. Sales for Resale
1669. Demonstration, Display and Use of Property Held for Resale – General
1669.5. Demonstration, Display and Use of Property Held for Resale – Vehicles
1670. Gifts, Marketing Aids, Premiums and Prizes
1671. Trading Stamps and Related Promotional Plans
1671.1 Discounts, Coupons, Rebates, and Other Incentives

Article 17. Payment and Collection of Use Tax

1684. Collection of Use Tax by Retailers
1685. Payment of Tax by Purchasers
1685.5 Calculation of Estimated Use Tax—Use Tax Table
1686. Receipts for Tax Paid to Retailers
1687. Information Returns

Article 18. Administration – Miscellaneous

1698. Records
1698.5 Audit Procedures
1699. Permits
1699.5. Direct Payment Permits
1699.6 Use Tax Direct Payment Permits
1700. Reimbursement for Sales Tax
1701. "Tax-Paid Purchases Resold"
1702. Successor's Liability
1702.5. Responsible Person Liability
1702.6. Suspended Corporations
1703. Interest and Penalties
1704. Whole Dollar Reporting—Computations on Returns or Other Documents
1705. Relief from Liability
1705.1. Innocent Spouse or Registered Domestic Partner Relief from Liability
1706 Drop Shipments
1707 Electronic Funds Transfer

Article 19. Bradley-Burns Uniform Local Sales and Use Taxes

1802. Place of Sale and Use for Purposes of Bradley-Burns Uniform Local Sales and Use Taxes
1803. Application of Tax
1803.5 Long-Term Leases of Motor Vehicles
1805. Aircraft Common Carriers
1806. Construction Contractors
1807. Petitions for Reallocation of Local Tax

Article 20. Transactions (Sales) and Use Taxes

1821. Foreword
1822. Place of Sale for Purposes of Transactions (Sales) and Use Taxes
1823. Application of Transactions (Sales) Tax and Use Tax
1823.4 Place of Delivery of Tangible Personal Property Generally
1823.5. Place of Delivery of Certain Vehicles, Aircraft and Undocumented Vessels
1825. Aircraft Common Carriers
1826. Construction Contractors
1827. Collection of Use Tax by Retailers
1828. Petitions for Distribution or Redistribution of Transactions and Use Tax
5200. Annotations
8000-8016. Public Access to Records Pertaining to Tax and Fee Programs

You may obtain copies of a particular regulation by visiting our website at ***www.cdtfa.ca.gov***
You may also contact any office of the California Department of Tax and Fee Administration or by calling toll-free 1-800-400-7115

FOR MORE INFORMATION

For additional information or assistance with how the Sales and Use Tax Law applies to your business operations, please take advantage of the resources listed below.

CUSTOMER SERVICE CENTER
1-800-400-7115
TTY:711

Customer service representatives are available weekdays from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

CDTFA OFFICES

City	Area Code	Number
Bakersfield	1-661	395-2880
Cerritos	1-562	356-1102
Culver City	1-310	342-1000
El Centro	1-760	352-3431
Fairfield	1-707	427-4800
Fresno	1-559	440-5330
Glendale	1-818	543-4900
Irvine	1-949	440-3473
Oakland	1-510	622-4100
Rancho Cucamonga	1-909	257-2900
Rancho Mirage	1-760	770-4828
Redding	1-530	224-4729
Riverside	1-951	680-6400
Sacramento	1-916	227-6700
Salinas	1-831	443-3003
San Diego	1-858	385-4700
San Francisco	1-415	356-6600
San Jose	1-408	277-1231
Santa Clarita	1-661	222-6000
Santa Rosa	1-707	576-2100
Ventura	1-805	677-2700
West Covina	1-626	480-7200
Out-of-State Offices		
Chicago, IL	1-312	201-5300
Houston, TX	1-713	739-3900
New York, NY	1-212	697-4680
Sacramento, CA	1-916	227-6600

INTERNET
www.cdtfa.ca.gov

You can log onto the CDTFA website for additional information—such as laws, regulations, forms, publications, industry guides, and policy manuals—that will help you understand how the law applies to your business.

You can also verify seller's permit numbers on the CDTFA website (look for "Verify a Permit/ License") or call the CDTFA's toll-free automated verification service at 1-888-225-5263.

Multilingual versions of publications are available on the CDTFA website at *www.cdtfa.ca.gov.*

Another good resource—especially for starting businesses—is the California Tax Service Center at *www.taxes.ca.gov*.

TAX INFORMATION BULLETIN

The quarterly Tax Information Bulletin (TIB) includes articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current and archived TIBs on the CDTFA website. Sign up for CDTFA updates email list and receive notification when the latest issue of the TIB has been posted to the CDTFA website.

FREE CLASSES AND SEMINARS

Most of the CDTFA statewide field offices offer free basic sales and use tax classes with some classes offered in other languages. Check the Sales and Use Tax Section on the CDTFA website at *www.cdtfa.ca.gov* for a listing of classes and locations. You can also call your local field office for class information. We also offer online seminars including the Basic Sales and Use Tax tutorial and how to file your tax return that you can access on the CDTFA website at any time. Some online seminars are also offered in other languages.

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Please visit the CDTFA website at: *www.cdtfa.ca.gov/email* to email your request. You may also send your request in a letter to: Audit and Information Section, MIC:44, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0044.

TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see publication 70*, Understanding Your Rights as a California Taxpayer,* or contact the Taxpayers' Rights Advocate Office for help at 1-916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70; California Department of Tax and Fee Administration; P.O. Box 942879; Sacramento, CA 94279-0070.

California Department of Tax and Fee Administration
450 N Street • Sacramento, California
(Mailing Address: P.O. Box 942879 • Sacramento, CA 94279-0001)