
THIRD READING

Bill No: SB 898
Author: Nguyen (R), et al.
Amended: 5/31/16
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 7-0, 4/20/16
AYES: Hertzberg, Nguyen, Beall, Hernandez, Lara, Moorlach, Pavley

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/27/16
AYES: Lara, Bates, Beall, Hill, McGuire, Mendoza, Nielsen

SUBJECT: Sales and use taxes: exemption: animal blood

SOURCE: Author

DIGEST: This bill provides a sales and use tax (SUT) exemption for the sale of animal blood sold by a nonprofit animal blood bank.

ANALYSIS:

Existing law:

- 1) Imposes a SUT on the sale, storage, or use of tangible personal property unless exempted by state law.
- 2) Exempts human whole blood, plasma, blood products, and blood derivatives, or any human body parts held in a bank for medical purposes, from SUT.

This bill:

- 1) Provides a SUT exemption for the sale of animal blood, plasma, blood products, and blood derivatives, sold by nonprofit animal blood banks for use in the cure, mitigation, treatment, or prevention of injury or disease in animals.

- 2) Requires the Board of Equalization (BOE) to cancel any current notice of determination and any related penalties and interest, and precludes BOE from issuing a new notice of determination.

Background

According to the California Department of Food and Agriculture, only two animal blood banks in California hold licenses to produce, market, and sell animal blood and blood products. These facilities provide whole blood, plasma, platelets, and clotting factors to veterinary hospitals and clinics. The blood used to make these products is collected from an animal "blood donor" housed permanently or semi-permanently at the blood bank. California law does not allow pet owners to volunteer their animals as donors to commercial blood banks.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

BOE estimates that this bill would result in an annual revenue loss of \$158,000, \$76,000 of which would be General Fund. The remainder of the reduction would impact local governments. Additionally, BOE indicates that the bill would result in minor and absorbable implementation costs.

SUPPORT: (Verified 5/31/16)

ACVS Veterinary Surgeon
 American Emergency Clinic
 American Holistic Veterinary Medical Association
 American Holistic Veterinary Medical Foundation
 Animal Urgent Care; California Veterinary Medical Association
 Center for Integrative Animal Medicine; Eye Care for Animals
 George Runner, Board of Equalization Member
 Hemopet
 Holistic Veterinary Care
 Meridian Veterinary Care
 SAGE Centers for Veterinary Specialty and Emergency Care
 VCA Emergency Animal Hospital and Referral Center

OPPOSITION: (Verified 5/31/16)

California State Association of Counties
 League of California Cities

ARGUMENTS IN SUPPORT: According to the author, “SB 898 amends the California Revenue and Taxation code to clarify that the sale and use of animal blood, blood products, and derivatives by a licensed animal blood bank are not subject to tax. Since one of the two animal blood bank organizations provides an integral portion of the California’s animal donor blood, the need to ensure the protection of this vital service is necessary and appropriate. Furthermore a similar tax exemption exists in the California tax code for human blood banks, a logical application of this exemption should extend towards animals as well.”

ARGUMENTS IN OPPOSITION: Opponents argue that sales and use tax exemptions continue to erode the already shrinking local sales tax base. Cities and counties continue to struggle financially, and sales and use tax exemptions only further exacerbate the issue.

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