

AB 919 (Williams)

Repayment for Itinerant Veteran Vendors

SUMMARY

AB 919 reimburses certain veteran vendors for any sales tax, interest, and penalties not collected for the period between April 1, 2002 and April 1, 2010.

BACKGROUND

Veterans returning to civilian life struggle to re-integrate into society. Unable to find a job, many veterans become vendors selling art, food, books, among other items.

For many years certain veteran vendors argued Section 16102 of the Business and Professions Code (B&PC) exempts honorably discharged veterans from paying certain license taxes and fees for their sales of goods, wares, or merchandise they own (except alcoholic beverages). The enactment of Section 16102 of B&PC dates back to 1893, long before the establishment of Sales and Use Tax Law.

Veteran vendors believe they are exempt from paying certain state and local sales tax, however, the Board of Equalization (BOE) considered veteran vendors “retailers” and, therefore, collected sales tax, interest, and penalties. Due to the misinterpretation, veteran vendors failed to collect sales tax reimbursement from customers resulting in out of pocket payment to the BOE.

To clarify the dispute, Senate Bill 809 (2009) granted “consumer” reporting status to qualified itinerant vendors (QIV) until January 1, 2012. Under a “consumer” reporting status, QIVs making otherwise taxable sales are not required to obtain a seller’s permit or report tax on those sales. Rather, QIVs are only required to pay tax on his or her cost of the taxable components of the products he or she sells, which has the effect of minimizing revenue loss and reporting burdens to specified small businesses. Senate Bill 805 (2011) extended these provisions to 2022.

NEED FOR THE BILL

While SB 809 and SB 805 helped QIVs from 2010 forward, they didn’t address previously collected

sales tax. This bill creates a temporary grant program to reimburse qualified veteran vendors for sales tax, interest, and penalties not collected from customers dating back to April 1, 2002.

A qualified veteran vendor is someone who:

1. has paid state and local sales and use taxes between April 1, 2002 and April 1, 2010,
2. not collected sales tax reimbursement from customers and,
3. paid interest or penalties associated with tax liabilities.

AB 919 requires a qualified veteran vendor to submit a written claim before January 1, 2015 in order to obtain reimbursement. Further, BOE will provide the number of qualified repayments to the Controller on or before March 1, 2015. The total amount of funds available for qualified repayment is capped at \$50,000. If the total amount of claims filed exceeds \$50,000, the BOE will determine the pro rata share due to each qualified veteran. No interest will be paid on any qualified repayment.

This bill is necessary because hard-working veteran vendors misunderstood Section 16102 of the B&P Code. While the BOE appropriately collected any outstanding liabilities, veteran vendors did not collect sales tax reimbursement from customers, resulting in thousands of dollars paid out of pocket by qualified itinerant vendors to the BOE.

SUPPORT

- California State Board of Equalization
- Board Member Betty Yee, State Board of Equalization
- Board Member George Runner, State Board of Equalization
- Carpinteria Valley Chamber of Commerce
- American Legion Auxiliary Unit 49

OPPOSITION

- None on file

FOR MORE INFORMATION

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