



STATE BOARD OF EQUALIZATION

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No. 79/170

October 10, 1979

TO COUNTY ASSESSORS:

EXEMPTION OF BUSINESS INVENTORIES

Assembly Bill 66, Chapter 1150, was chaptered on September 29, 1979 and, as urgency legislation, took effect immediately but with various operative dates. Following is a discussion of the areas affected by the legislation and their operative dates:

- (1) Revenue and Taxation Code, Section 219 - Beginning with the 1980-81 fiscal year, business inventories will be exempt from taxation. They will not be reported or assessed.
- (2) A 100-percent exemption will be applied to the livestock head-day tax beginning with July 1, 1980. Head-day taxes will still be reported through the 1979-80 fiscal year and allowed a 50-percent exemption.
- (3) The baled cotton tax under Section 991 is repealed as of July 1, 1980. Cotton baled after that date will be exempt from taxation.
- (4) Revenue and Taxation Code, Section 23182 is amended to include the personal property of financial corporations under the same in-lieu tax provisions as banks. Beginning with the 1980 lien date, the personal property of financial corporations will not be subject to property taxes.

The term "financial corporation" includes corporations dealing primarily in the business of loaning money and who provide services in substantial competition with banks. Revenue and Taxation Code, Section 23183(b) excludes from the term "financial corporation" any corporation whose principal business is leasing tangible personal property.

We are currently attempting to compile a list of types of corporations that qualify as financial corporations. This list will be forwarded to you within the next few weeks.

TO COUNTY ASSESSORS

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October 10, 1979

Please direct any questions regarding the above to Bud Florence of this division.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

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