

## Repeal sales tax exemption for chicken bedding materials

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**Description** This proposal would eliminate the retail sales tax exemption for the purchase bedding materials for use in chicken barns.

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**Current Law** Current law exempts from retail sales tax farmer purchases of bedding materials used to accumulate and facilitate the removal of chicken material in structures used to house chickens that are raised to sell as agricultural products. Current law also provides a comparable use tax exemption for the use bedding materials acquired without payment of retail sales tax by a farmer for the same purpose.

Bedding materials include wood shavings, straw, sawdust, shredded paper and other similar materials.

Enacted into law during 2001, the retail sales and use tax exemptions were intended to level the playing field between chicken producers in California and Georgia. At the time, these two states led the nation in the production of chickens and had already removed the sales tax on bedding materials.

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**Revenue Impact**

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$.3	\$.3

*Notes:*

- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*

*Estimates reflect the June 2011 Economic & Revenue Forecast Council revenue forecast.*

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**Expenditure Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
TBD	TBD	TBD

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