
UNFINISHED BUSINESS

Bill No: SB 87
Author: Seyarto (R), et al.
Amended: 6/12/25 in Assembly
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 3/12/25
AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 38-0, 5/29/25
AYES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Limón, Reyes

ASSEMBLY FLOOR: 75-0, 8/28/25 - See last page for vote

SUBJECT: Sales and Use Tax Law: consumer designation: all-volunteer fire departments

SOURCE: Author

DIGEST: This bill extends the sunset provision for the designation of a qualifying volunteer fire department as a consumer, not a retailer, under the Sales and Use Tax Law, until January 1, 2031.

Assembly Amendments of 6/12/25 extend the consumer designation of volunteer fire departments to January 1, 2031; the version of the measure the Senate approved repealed the sunset.

ANALYSIS:

Existing law:

- 1) Imposes the sales tax on every retailer “engaged in business in this state” that sells tangible personal property, and requires them to register with the California Department of Tax and Fee Administration (CDTFA), as well as remit taxes collected from purchasers to CDTFA.
- 2) Applies the sales tax whenever a retail sale occurs, which is generally any sale other than one for resale in the regular course of business.
- 3) Provides that unless the purchaser pays the sales tax to the retailer, they are liable for the use tax, which is imposed on any person consuming tangible personal property in the state, and requires the purchaser to remit use tax to CDTFA.
- 4) Sets the state sales and use tax rate at 7.25% of the sales price of the property sold or used, of which 3.9375% flows to the state General Fund.
- 5) Allows cities, counties, and specified special districts to increase the sales and use tax, also known as district or transactions and use taxes, up to a 2% countywide cap, with some exceptions.
- 6) Requires retailers to obtain a seller’s permit and report to CDTFA any sales tax collected from purchasers quarterly on a return.
- 7) Treats nonprofits, public agencies, and charities generally the same way as any other retailer by not providing blanket exemptions from collecting and remitting the tax on their purchases or sales of taxable goods.
- 8) Designates certain sellers as “consumers,” meaning that the law considers the tax paid when they purchase property, and the seller neither obtains a permit, nor collects and remits to CDTFA any tax from the purchaser at sale, including:
 - a) Licensed medical and veterinary professionals dispensing specified products during the course of performing professional services;
 - b) Nonprofit associations and organizations performing auxiliary services to any city or county museum in this state, where the profits are used for purposes of the organization;

- c) Non-profit veteran organizations that sell flags of the United States of America;
 - d) The Department of Transportation's leases and sales of automobiles; and
 - e) Nonprofit youth organizations that intermittently or irregularly sell food, nonalcoholic beverages, and other property made by the organization's members.
- 9) Designates all-volunteer fire departments as consumers, and not retailers, under the Sales and Use Tax Law for all its sales of tangible personal property, so long as its profits are solely and exclusively used to further the department's purposes (SB 598, Hill, Chapter 248, Statutes of 2015, and SB 38 Hill, Chapter 78, Statutes of 2020). To qualify, a volunteer fire department must:
- a) Pay its members hourly or per incident, not with a regular salary;
 - b) Have as its purpose the protection of life, property, and the environment within a designated geographic area from fires, disasters, and emergency incidents through education, prevention, training, and emergency response;
 - c) Be organized as a tax exempt organization for state and federal purposes; and
 - d) Meet the definition of "volunteer fire department," used in the welfare exemption from property tax.
- 10) Provides that the designation does not apply when the volunteer fire department has gross receipts from the sales of property that exceeds \$100,000 in each of the two preceding calendar years.
- 11) Sunsets the designation of all-volunteer fire departments as consumers under the Sales and Use Tax Law on January 1, 2026.

This bill:

- 1) Extends the current sunset date of January 1, 2026, to January 1, 2031, for a volunteer fire department's designation as a consumer under the Sales and Use Tax Law.
- 2) Makes legislative findings and declarations supporting its purposes to comply with Section 41 of the Revenue and Taxation Code, specifically to direct CDTFA to submit a report to the Legislature before each year beginning on or

after January 1, 2026 regarding the annual revenue loss associated with the tax expenditure created by this section.

Background

Without consumer treatment, a volunteer fire department would have to obtain a seller's permit from CDTFA and use a resale certificate to sell items at a fundraiser. If the fire department intends to hold a barbecue fundraiser, it would show the resale certificate to the supplier when purchasing hot dogs and hamburgers, and the supplier would not charge the department the sales tax at purchase. When the fire department sold the food at the fundraiser, it would collect tax from the purchaser in an amount equal to the combined state and local rate for that jurisdiction multiplied by the purchase price, then remit the total tax amount from all its quarterly sales to CDTFA. The fire department would have to collect and remit the tax even if someone donated the hot dogs and hamburgers. Under SB 87, the fire department would continue to pay the supplier the tax, as part of its purchase of hot dogs and hamburgers, and would not need to collect and remit tax from its sales at the barbecue fundraiser; instead, the food supplier would remit taxes due on the sale of those products to CDTFA.

Volunteer fire department report that most of their fundraising results from pancake breakfasts, crab, or pasta feeds. For example, departments can raise anywhere from \$2,000 to \$6,000 by selling tickets to between 200 and 300 people for a price between \$10 and \$20. The department may also sell t-shirts, hats, aprons, sweatshirts, and cups, which can generate between \$1,000 and \$5,000. The resulting funds help departments update, replace, and acquire critical firefighting equipment and can help support the purchase of expensive essentials like fire engines.

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

According to the Assembly Appropriations Committee, this bill will result in an annual General Fund revenue loss of approximately \$59,000 and an annual local government revenue loss of approximately \$71,000. CDTFA would incur absorbable costs to annually report revenue loss to the Legislature.

SUPPORT: (Verified 8/28/25)

California Forestry Association
California Special Districts Association
California State Firefighters' Association
Howard Jarvis Taxpayers Association

Kings Mountain Volunteer Fire Department
LA Honda Fire Brigade

OPPOSITION: (Verified 8/28/25)

None received

ARGUMENTS IN SUPPORT: According to the author, “SB-87 is vital legislation that ensures the survival and effectiveness of California's all-volunteer fire departments. These dedicated firefighters protect our communities without compensation, relying on local fundraising events to purchase essential equipment and maintain their operations. Making their sales tax exemption permanent, rather than requiring periodic renewals, provides the stability these departments need to plan for the future. This isn't just about tax policy – it's about supporting the brave men and women who voluntarily put their lives on the line to keep our neighborhoods safe. SB-87 represents California's enduring commitment to these selfless public servants and the communities they protect.”

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