

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Corbett Analyst: William Koch Bill Number: SB 12  
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: June 25, 2012  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Repeal & Addition of Bulk Sales Laws

**SUMMARY**

This bill would repeal the Uniform Commercial Code—Bulk Sales, and add a new division to the Commercial Code that would be known as the “Bulk Sales Law.”

This analysis does not provide a comprehensive discussion of every aspect of this bill and is only intended to provide a summary of the provisions of this bill that would have an impact on the Franchise Tax Board (FTB).

**RECOMMENDATION**

No position.

**SUMMARY OF AMENDMENTS**

The June 25, 2012, amendments added provisions to the bill that would, among other things, add a definition for “bulk sale” and specify certain notice requirements for buyers involved in a bulk sale. As a result of the amendments, the “This Bill,” “Implementation Considerations,” and “Economic Impact” sections of the department’s analysis of this bill as amended May 3, 2012, have been revised. The remainder of that analysis still applies.

**THIS BILL**

This bill would repeal the Uniform Commercial Code—Bulk Sales, and add a new division to the Commercial Code that would be known as the “Bulk Sales Law.”

This bill would define a bulk sale as a sale not in the ordinary course of the seller's business of more than one-half of the seller's inventory and equipment, including the inventory and equipment purchased from a licensee, as measured by its value on the date of the bulk-sale agreement.

This bill would define a licensee as a person licensed, as a distributor or wholesaler under the Alcoholic Beverage Control Act, or a person licensed as a wholesaler or distributor of cigarettes and tobacco products pursuant to specified provisions of the Business and Professions Code.

Board Position:	Legislative Director	Date
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Except as specified, this bill would require buyers in a bulk sale, at least 12 business days before the date of the sale, to (1) record a notice of the sale in a county recorder's office, (2) publish at least once in a newspaper a notice of the sale, and (3) inform the county tax collector of the sale.

In addition, contrary to current law relating to bulk sales, this bill would not provide an exemption for bulk sales in which the value of assets being sold, net of liens and security interests, is less than \$10,000.

Based on the definition of a bulk sale, which is not limited to only alcohol and cigarettes/tobacco products, the corresponding notice requirement, and the lack of an exemption for sales with a value of assets less than \$10,000, the department expects to be aware of slightly more bulk sales than under current law, which would result in the small revenue gains identified in the "Economic Impact" section below.

### IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the departments programs or operations.

Although implementing this bill would not significantly impact the department, the language in this bill may not accomplish the author's intent. It appears the author's intent is for this bill to apply only to bulk sales involving alcohol and cigarettes/tobacco products, but based on the bill's definition of a bulk sale, and the corresponding notice requirement that hinges on that definition, this bill would also apply to bulk sales involving other products as well. The author may wish to amend the bill to resolve this issue.

### **ECONOMIC IMPACT**

#### Revenue Estimate

The bill as amended June 25, 2012, would result in a revenue gain of approximately \$6,000 per fiscal year.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

### **SUPPORT/OPPOSITION<sup>1</sup>**

Support: California Commission on Uniform State Laws (sponsor)

Opposition: California Beer and Beverage Distributors  
California Distributors Association  
California Escrow Association

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<sup>1</sup> As reported in the June 18, 2012, Assembly Committee on Judiciary analysis of this bill located at:  
[http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb\\_0001-0050/sb\\_12\\_cfa\\_20120618\\_131530\\_asm\\_comm.html](http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0001-0050/sb_12_cfa_20120618_131530_asm_comm.html)

California Land Title Association  
California Newspaper Publishers Association  
Escrow Institute of California  
First Corporate Solutions

**LEGISLATIVE STAFF CONTACT**

William Koch  
Legislative Analyst, FTB  
(916) 845-4372  
[william.koch@ftb.ca.gov](mailto:william.koch@ftb.ca.gov)

Gail Hall  
Legislative Director, FTB  
(916) 845-6333  
[gail.hall@ftb.ca.gov](mailto:gail.hall@ftb.ca.gov)