

Introduced by Senator LenoFebruary 9, 2011

An act to add Part 5.6 (commencing with Section 11160) to Division 2 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as introduced, Leno. Voter-approved local assessment: vehicles.

Existing law authorizes certain counties to impose a local vehicle license fee not exceeding \$10 per vehicle, as provided, for the privilege of operating specified vehicles on public roads in the county. Existing law requires a county imposing this fee to contract with the Department of Motor Vehicles to collect and administer the fee, as specified.

This bill would authorize counties and the City and County of San Francisco to impose a voter-approved local assessment for specified vehicles if certain conditions, including approval by local voters, are met. The bill would require the county or the city and county to contract with the department to collect and administer the assessment, as provided.

The Personal Income Tax Law and the Corporation Tax Law authorize various deductions against the income that is otherwise subject to tax under those laws, including a deduction for local taxes that were paid or incurred by a taxpayer.

This bill would require the Franchise Tax Board to notify the department of estimated revenue losses to the state resulting from taxpayers deducting, for purposes of the Personal Income Tax Law and the Corporation Tax Law, the voter-approved local assessments authorized by this bill. This bill would require the department to transmit

from the assessments collected an amount equal to these reported losses for deposit in the General Fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 Local Assessment Act.

3 SEC. 2. Part 5.6 (commencing with Section 11160) is added
4 to Division 2 of the Revenue and Taxation Code, to read:

5
6 PART 5.6. VOTER-APPROVED LOCAL ASSESSMENT

7
8 11160. This part is applicable only to counties and to the City
9 and County of San Francisco.

10 11161. For purposes of this part:

11 (a) "Board of supervisors" means the board of supervisors of
12 the county or the city and county.

13 (b) "City and county" means the City and County of San
14 Francisco.

15 (c) "County" means any county of the state.

16 (d) "Department" means the Department of Motor Vehicles.

17 (e) "Market value" has the same meaning and shall be
18 determined in the same manner as required under Part 5
19 (commencing with Section 10701) of Division 2.

20 (f) "Person" includes an individual, a firm, a corporation, a
21 limited liability company, a partnership, or any other legal entity.

22 (g) "Resident of the county or city and county" means a person
23 whose address, as reflected in department registration records, is
24 in the county or the city and county, but does not include a person
25 that establishes to the satisfaction of the department that the
26 person's place of residence is elsewhere.

27 (h) "Voter-approved local assessment" means a supplemental
28 charge added to the fee imposed pursuant to Section 10751.

29 11162. Notwithstanding Section 10758, the board of
30 supervisors may, by ordinance, impose a voter-approved local
31 assessment for general revenue purposes pursuant to this part, if
32 all of the following conditions are met:

1 (a) The ordinance proposing the assessment complies with both
2 of the following:

3 (1) Section 11163.

4 (2) Article 3.7 (commencing with Section 53720) of Chapter 4
5 of Part 1 of Division 2 of Title 5 of the Government Code.

6 (b) The ordinance proposing the assessment is approved by
7 two-thirds of all members of the board of supervisors.

8 (c) The ordinance proposing the assessment is submitted to the
9 electorate of the county or city and county and is approved by a
10 majority vote of the voters voting on the ordinance.

11 (d) The board of supervisors transmits to the department and
12 the Franchise Tax Board a certified copy of the ordinance imposing
13 that assessment immediately after the results of the election
14 described in subdivision (c) are certified.

15 11163. An ordinance imposing a voter-approved local
16 assessment pursuant to this part shall contain provisions in
17 substance as follows:

18 (a) A provision that the assessment is imposed for the privilege
19 of a resident of the county or the city and county to operate upon
20 the public highways in the county or the city and county a vehicle
21 or trailer coach, the registrant of which is subject to tax under Part
22 5 (commencing with Section 10701).

23 (b) (1) A provision establishing the annual amount of the
24 assessment at a rate that equals the difference between the
25 following two rates:

26 (A) Two percent of the market value of the vehicle or trailer
27 coach.

28 (B) The rate, including any offset to that rate, set forth in Part
29 5 (commencing with Section 10701), for a vehicle or trailer coach.

30 (2) A provision that the rate established under the provision
31 described in paragraph (1) is subject to both of the following:

32 (A) That the rate may not exceed 2 percent of the market value
33 of the vehicle or trailer coach.

34 (B) That any adjustment that is required to be made to the rate
35 because of a change in the rate, or any offset to that rate, set forth
36 in Part 5 (commencing with Section 10701), shall not take effect
37 until the first day of the first fiscal year that follows the fiscal year
38 in which the change to the rate or offset set forth in that part
39 became operative.

1 (c) A provision that the assessment will begin to be imposed as
2 follows:

3 (1) If the election in which the ordinance receives voter approval
4 occurs between January 1 and June 30, on the first January 1 that
5 follows that election.

6 (2) If the election in which the ordinance receives voter approval
7 occurs between July 1 and December 31, on the first July 1 that
8 follows that election.

9 (d) Provisions identical to those contained in Part 5
10 (commencing with Section 10701), insofar as they relate to vehicle
11 license fees and are applicable, except that the name of the county
12 or the city and county as the taxing agency shall be substituted for
13 that of the state.

14 (e) A provision that all amendments, subsequent to the effective
15 date of the voter-approved local assessment ordinance, to Part 5
16 (commencing with Section 10701) relating to vehicle license fees
17 and not inconsistent with this part, shall automatically be
18 incorporated into the voter-approved local assessment ordinance.

19 (f) A provision that requires the county or the city and county
20 to contract with the department, which contract shall contain
21 provisions in substance as follows:

22 (1) A requirement that the department perform all functions
23 incident to the administration and collection of the voter-approved
24 local assessment.

25 (2) A provision specifying the manner in which refunds to
26 licensees pursuant to Part 5 (commencing with Section 10701), as
27 incorporated in the voter-approved local assessment ordinance
28 pursuant to subdivisions (c) and (d), will be made and administered.

29 (3) A provision that requires the county or the city and county
30 to pay the department for the initial setup and programming costs
31 identified by the department.

32 11163.2. Any ordinance approved pursuant to Section 11163
33 shall be valid and enforceable even if approved, as required by
34 Section 11162, by the board of supervisors and by the voters prior
35 to the effective date of the act adding this section, but only if both
36 of the following apply:

37 (a) Any assessment imposed pursuant to the approval of the
38 ordinance is not levied until at least 90 days after the effective date
39 of the act adding this section.

1 (b) The board of supervisors ratifies its adoption of the ordinance
2 after the effective date of the act adding this section and prior to
3 the first levy of the assessment imposed pursuant to the approval
4 of the ordinance.

5 11164. The department shall do all of the following:

6 (a) Collect the voter-approved local assessment pursuant to a
7 contract with the county or the city and county.

8 (b) Deduct its costs in administering the voter-approved local
9 assessment from the assessments collected under subdivision (a).

10 (c) From the assessments collected under subdivision (a),
11 transmit to the Controller for deposit in the General Fund the
12 amount reported under Section 11166.

13 (d) Transmit revenues derived from the assessments collected
14 under subdivision (a) to the county or the city and county as
15 promptly as feasible.

16 (e) The Department of Motor Vehicles and the Franchise Tax
17 Board shall develop a reporting process that enables the department
18 to report to the board in a timely manner the data necessary for
19 the board to prepare the estimate of revenue loss specified in
20 Section 11166.

21 11165. (a) This part shall not be construed to supplant any
22 moneys that the state apportions to the county or the city and
23 county, including, but not limited to, moneys apportioned to that
24 entity under the Vehicle License Fee Law set forth in Part 5
25 (commencing with Section 10701), or any successor to that law.

26 (b) Notwithstanding any other law, if a county or city and county
27 that imposes a voter-approved local assessment has a reduction in
28 revenue derived from that assessment because of an increase in
29 the rate, including any offset to that rate, set forth in Part 5
30 (commencing with Section 10701) for a vehicle or a trailer coach,
31 reimbursement by the state shall not be made to the county or city
32 and county for that loss in revenue.

33 11166. On or before January 1 of the second year that follows
34 a year, or portion thereof, in which an assessment is imposed
35 pursuant to this part, the Franchise Tax Board shall report to the
36 department an estimate of the total amount of the revenue loss to
37 the state for the prior year resulting from deductions taken under
38 the Personal Income Tax Law (Part 10 (commencing with Section
39 17001)) and the Corporation Tax Law (Part 11 (commencing with

- 1 Section 23001)) for taxes paid or incurred as a result of a tax being
- 2 imposed pursuant to this part.

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