

**Introduced by Committee on Transportation (Senators Murray (Chair), Figueroa, Florez, Perata, Scott, Soto, and Torlakson)**

February 19, 2003

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An act to amend Section 10753 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 315, as introduced, Committee on Transportation. Taxation: vehicle license fee: adjustment.

The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. The VLF Law requires the Department of Motor Vehicles to determine the market value of a vehicle, as specified, upon the first sale of a new vehicle to a consumer and upon each sale of a used vehicle to a consumer for the purpose of computing the vehicle license fee. The VLF Law also provides that if a commercial vehicle, as defined, is modified or additions are made, as specified, at a cost of \$2,000 or more, the owner of that vehicle is required to report that modification or addition to the department for the purposes of making the specified computation.

This bill would delete obsolete cross-references contained in these provisions.

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

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

1 SECTION 1. Section 10753 of the Revenue and Taxation  
2 Code is amended to read:

3 10753. (a) Upon the first sale of a new vehicle to a consumer  
4 and upon each sale of a used vehicle to a consumer, the department  
5 shall determine the market value of the vehicle on the basis of the  
6 cost price to the purchaser as evidenced by a certificate of cost, but  
7 not including California sales or use tax or any local sales,  
8 transactions, use, or other local tax. "Cost price" includes the  
9 value of any modifications made by the seller.

10 (b) Notwithstanding subdivision (a), the department shall not  
11 redetermine the market value of used vehicles, or modify the  
12 vehicle license fee classification of used vehicles determined  
13 pursuant to Section ~~10753.1~~ or 10753.2, when the seller is the  
14 parent, grandparent, child, grandchild, or spouse of the purchaser,  
15 and the seller is not engaged in the business of selling vehicles  
16 subject to registration under the Vehicle Code, or when a lessor, as  
17 defined in Section 372 of the Vehicle Code, transfers title and  
18 registration of a vehicle to the lessee at the expiration or  
19 termination of a lease.

20 (c) (1) In the event *that* any commercial vehicle is modified or  
21 additions are made to the chassis or body at a cost of two thousand  
22 dollars (\$2,000) or more, but not including any change of engine  
23 of the same type or any cost of repairs to a commercial vehicle, the  
24 owner of the commercial vehicle shall report any modification or  
25 addition to the department and the department shall classify or  
26 reclassify the commercial vehicle in its proper class as provided in  
27 Section ~~10753.1~~ or 10753.2, taking into consideration the increase  
28 in the market value of the commercial vehicle due to those  
29 modifications or additions, and any reclassification resulting in  
30 increase in market value shall be based on the cost to the consumer  
31 of those modifications or additions. In the event any vehicle is  
32 modified or altered resulting in a decrease in the market value  
33 thereof of two hundred dollars (\$200) or more as reported to and  
34 determined by the department, the department shall classify or  
35 reclassify the vehicle in its proper class as provided in Section  
36 ~~10753.1~~ or 10753.2.

37 (2) Paragraph (1) does not apply under any of the following  
38 conditions:



1 (A) When the cost of any modification or addition to the chassis  
2 or body of a commercial vehicle is less than two thousand dollars  
3 (\$2,000).

4 (B) When the cost is for modifications or additions necessary  
5 to incorporate a system approved by the State Air Resources Board  
6 as meeting the emission standards set forth in subdivisions (a) and  
7 (b) of former Section 39102 and former Section 39102.5 of the  
8 Health and Safety Code as they read on December 31, 1975.

9 (C) When the cost is for modifications that are necessary to  
10 enable a disabled person to use or operate the vehicle.

11 (3) For purposes of this subdivision, “commercial vehicle”  
12 means a “commercial vehicle,” as defined in Section 260 of the  
13 Vehicle Code, that is regulated by the Department of the California  
14 Highway Patrol pursuant to Sections 2813 and 34500 of the  
15 Vehicle Code.

16 (d) This section also applies to a system as specified in  
17 subdivision (c) that is approved by the State Air Resources Board  
18 as meeting the emission standards specified in subdivisions (a) and  
19 (b) of former Section 39102 and former Section 39102.5 of the  
20 Health and Safety Code as they read on December 31, 1975, for  
21 vehicles 6,001 pounds or less, manufacturer’s gross vehicle  
22 weight, controlled to meet exhaust emission standards when sold  
23 new, when that system is used in any vehicle over 6,001 pounds or  
24 any vehicle 6,001 pounds or less not controlled to meet exhaust  
25 emission standards.

26 (e) The temporary attachment of any camper, as defined in  
27 Section 243 of the Vehicle Code, to a vehicle is not a modification  
28 or addition for the purposes of subdivision (c).

29 (f) The attachment to a vehicle of radiotelephone equipment  
30 furnished by a telephone corporation, as defined in Section 234 of  
31 the Public Utilities Code, is not a modification or addition for the  
32 purpose of subdivision (c), when that equipment is not owned by  
33 the owner of the vehicle.

34 (g) For purposes of this section, “vehicle” does not include  
35 trailers or semitrailers.

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