

AMENDED IN ASSEMBLY APRIL 18, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1590

Introduced by Assembly Member Leno

February 23, 2007

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

AB 1590, as amended, Leno. ~~Local vehicle license fee:~~ *Voter-approved local assessment*: San Francisco.

Existing law authorizes certain counties to impose a local vehicle license fee of \$10 per year, 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 the City and County of San Francisco to impose a ~~local vehicle license fee~~ *voter-approved local assessment* for specified vehicles if certain conditions, including approval by local voters, are met. This bill ~~also~~ would require the city and county to contract with the department to collect and administer the ~~fee 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 ~~local vehicle license fees~~ *voter-approved local assessments* authorized by this bill. This bill ~~also~~ would require the department to transmit from the ~~fees assessments~~ collected an amount equal to these reported losses for deposit in the General Fund, as specified, and to transmit to the board an amount equal to the board’s administrative costs in making this report.

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 *San Francisco Voter-Approved Local Assessment Act.*

3 ~~SECTION 1.~~

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

6
7 PART 5.6. CITY AND COUNTY OF SAN FRANCISCO
8 ~~VEHICLE LICENSE FEE LAW~~ *VOTER-APPROVED LOCAL*
9 *ASSESSMENT*

10
11 11160. This part is applicable only to the City and County of
12 San Francisco.

13 11161. For purposes of this part:

14 (a) “Board of supervisors” means the Board of Supervisors of
15 the City and County of San Francisco.

16 (b) “City and county” means the City and County of San
17 Francisco.

18 (c) “Department” means the Department of Motor Vehicles.

19 (d) “Market value” has the same meaning and shall be
20 determined in the same manner as required under Part 5
21 (commencing with Section 10701) of Division 2.

22 (e) “Person” includes an individual, a firm, a corporation, a
23 limited liability company, a partnership, or any other legal entity.

24 (f) “Resident of the city and county” means a person whose
25 address, as reflected in department registration records, is in the
26 city and county, but does not include a person that establishes to

1 the satisfaction of the department that the person's place of
2 residence is elsewhere.

3 (g) "*Voter-approved local assessment*" means a supplemental
4 charge added to the fee pursuant to Section 10751.

5 11162. Notwithstanding Section 10758, the board of
6 supervisors may, by ordinance, impose a ~~local vehicle license fee~~
7 *voter-approved local assessment* for general revenue purposes
8 pursuant to this part, if all of the following conditions are met:

9 (a) The ordinance proposing the ~~fee assessment~~ complies with
10 both of the following:

11 (1) Section 11163.

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

14 (b) The ordinance proposing the ~~fee assessment~~ is approved by
15 two-thirds of all members of the board of supervisors.

16 (c) The ordinance proposing the ~~fee assessment~~ is submitted to
17 the electorate of the city and county and is approved by a majority
18 vote of the voters voting on the ordinance.

19 (d) The board of supervisors transmits to the department and
20 the Franchise Tax Board a certified copy of the ordinance imposing
21 that ~~fee assessment~~ immediately after the results of the election
22 described in subdivision (c) are certified.

23 11163. An ordinance imposing a ~~local vehicle license fee~~
24 *voter-approved local assessment* pursuant to this part shall contain
25 provisions in substance as follows:

26 (a) A provision that the ~~fee assessment~~ is imposed for the
27 privilege of a resident of the city and county to operate upon the
28 public highways in the city and county a vehicle or trailer coach,
29 the registrant of which is subject to tax under Part 5 (commencing
30 with Section 10701).

31 (b) (1) A provision establishing the annual amount of the ~~fee~~
32 *assessment* at a rate that equals the difference between the
33 following two rates:

34 (A) Two percent of the market value of the vehicle or trailer
35 coach.

36 (B) The rate, including any offset to that rate, set forth in Part
37 5 (commencing with Section 10701), for a vehicle or trailer coach.

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

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

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

9 (c) A provision that the fee *assessment* will begin to be imposed
10 as follows:

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

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

17 (d) Provisions identical to those contained in Part 5
18 (commencing with Section 10701), insofar as they relate to vehicle
19 license fees and are applicable, except that the name of the city
20 and county as the taxing agency shall be substituted for that of the
21 state.

22 (e) A provision that all amendments, subsequent to the effective
23 date of the ~~local vehicle license fee voter-approved local~~
24 *assessment* ordinance, to Part 5 (commencing with Section 10701)
25 relating to vehicle license fees and not inconsistent with this part,
26 shall automatically be incorporated into the ~~local vehicle license~~
27 *fee voter-approved local assessment* ordinance.

28 (f) A provision that requires the city and county to contract with
29 the department, which contract shall contain provisions in
30 substance as follows:

31 (1) A requirement that the department perform all functions
32 incident to the administration and collection of the ~~local vehicle~~
33 *license fee voter-approved local assessment*.

34 (2) A provision specifying the manner in which refunds to
35 licensees pursuant to Part 5 (commencing with Section 10701), as
36 incorporated in the ~~local vehicle license fee voter-approved local~~
37 *assessment* ordinance pursuant to subdivisions (c) and (d), will be
38 made and administered.

1 (3) A provision that requires the city and county to pay the
2 department for the initial setup and programming costs identified
3 by the department.

4 11164. The department shall do all of the following:

5 (a) Collect the ~~local vehicle license fee~~ *voter-approved local*
6 *assessment* pursuant to a contract with the city and county.

7 (b) Deduct its costs in administering the ~~local vehicle license~~
8 ~~fee from the fees~~ *voter-approved local assessment from the*
9 *assessments* collected under subdivision (a).

10 (c) (1) From the ~~fees~~ *assessments* collected under subdivision
11 (a), transmit to the Controller for deposit in the General Fund the
12 amount reported under subdivision (a) of Section 11166.

13 (2) From the ~~fees~~ *assessments* collected under subdivision (a),
14 transmit to the Franchise Tax Board the amount reported under
15 subdivision (b) of Section 11166.

16 (d) Transmit revenues derived from the ~~fees~~ *assessments*
17 collected under subdivision (a) to the city and county as promptly
18 as feasible.

19 (e) Report annually to the Franchise Tax Board, at a time and
20 in a manner prescribed by the Franchise Tax Board, the names,
21 addresses, and the amount paid by each person or entity that paid
22 ~~a tax~~ *an assessment* imposed under this part in the prior year, and
23 the taxpayer identification numbers or social security numbers of
24 these same persons.

25 11165. This part shall not be construed to supplant any moneys
26 that the state apportions to the City and County of San Francisco,
27 including, but not limited to, moneys apportioned to that entity
28 under the Vehicle License Fee Law set forth in Part 5 (commencing
29 with Section 10701), or any successor to that law.

30 11166. On or before January 1 of the second year that follows
31 a year, or portion thereof, in which ~~a tax~~ *an assessment* is imposed
32 pursuant to this part, the Franchise Tax Board shall report to the
33 department both of the following:

34 (a) An estimate of the total amount of the revenue loss to the
35 state for the prior year resulting from deductions taken under the
36 Personal Income Tax Law (Part 10 (commencing with Section
37 17001)) and the Corporation Tax Law (Part 11 (commencing with
38 Section 23001)) for taxes paid or incurred as a result of a tax being
39 imposed pursuant to this part.

1 (b) The total amount of costs incurred by the Franchise Tax
2 Board for determining and reporting the amount described in
3 subdivision (a).

4 SEC. 2. The Legislature finds and declares that a special law
5 is necessary and that a general law cannot be made applicable
6 within the meaning of Section 16 of Article IV of the California
7 Constitution because of the unique fiscal hardship being
8 experienced in the City and County of San Francisco in providing
9 vital public services.

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12 **CORRECTIONS:**

13 **Digest—Pages 1 and 2.**

14 **Text—Page 4.**

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