

**ASSEMBLY BILL**

**No. 2240**

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**Introduced by Assembly Members Tran and Price**

February 20, 2008

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An act to add Section 8651.4 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2240, as introduced, Tran. Use fuel tax: exemption: biodiesel.

The Use Fuel Tax Law imposes an excise tax for the use of fuel at a specified rate and provides specified exemptions from that tax.

This bill would provide an exemption from that tax for biodiesel produced in this state with California feedstock and require the California Energy Commission to provide specified oversight and make an annual report in connection therewith, as provided.

This bill would take effect immediately as a tax levy.

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. Section 8651.4 is added to the Revenue and  
2 Taxation Code, to read:  
3 8651.4. (a) Notwithstanding Section 8651, on and after January  
4 1, 2009, biodiesel produced in this state with California feedstock  
5 shall be exempt from the tax prescribed by Section 8651.  
6 (b) If any person or entity is exempt or partially exempt from  
7 the federal fuel tax at the time of a reduction, the person or entity  
8 shall continue to be exempt under this section.

1 (c) All references in this code to Section 8651 shall be deemed,  
2 with respect to the rate imposed upon biodiesel fuel, to also refer  
3 to this section.

4 (d) The California Energy Commission shall, in cooperation  
5 with the board, oversee the tax incentive program established by  
6 this section and shall annually report to the Legislature regarding  
7 the program. The report shall be posted on the commission's  
8 Internet Web site and shall include all of the following information:

9 (1) The effect of the tax incentive program on the consumption  
10 of biodiesel by consumers.

11 (2) Economic benefits or losses to the state as the result of the  
12 program.

13 (3) Calculation of greenhouse gas emission reductions.

14 SEC. 2. This act provides for a tax levy within the meaning of  
15 Article IV of the Constitution and shall go into immediate effect.