

AMENDED IN ASSEMBLY APRIL 29, 2008

AMENDED IN ASSEMBLY MARCH 24, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**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 and repeal Section ~~8651.4~~ *60100.2* of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2240, as amended, Tran. ~~Use~~ *Diesel* 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~~ *Diesel Fuel Tax Law imposes a tax on the removal, entry, sale, delivery, and use, as specified, of diesel fuel. That law provides various exemptions from that tax.*

~~This bill would, for taxable years beginning on or after January 1, 2009 and before January 11, 2014, provide an exemption from that tax for biodiesel exempt from the imposition of tax, on and after July 1, 2009, to June 30, 2014, inclusive, biomass-based diesel produced in this state with California feedstock, as defined, and would require the California Energy State Energy Resources Conservation and Development 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 60100.2 is added to the Revenue and  
2     Taxation Code, to read:  
3     60100.2. (a) On and after July 1, 2009, and to June 30, 2014,  
4     inclusive, there is exempted from the imposition of tax pursuant  
5     to Chapter 2 (commencing with Section 60050), biomass-based  
6     diesel fuel produced in this state with California feedstock.  
7     (b) For purposes of this section:  
8     (1) “California feedstock” means any of the following:  
9     (A) Used cooking oil collected in California.  
10    (B) Trap grease and other FOGs collected in California.  
11    (C) Yellow grease produced at a California rendering plant.  
12    (D) Animal fat produced at a California rendering plant, meat  
13    packing plant, or processing plant.  
14    (E) Brown grease produced at a California rendering plant.  
15    (F) Plant or fungal crop grown in California.  
16    (G) Algae or other microorganisms cultivated in California.  
17    (2) “FOG” means fat, oil, and grease.  
18    (c) The State Energy Resources Conservation and Development  
19    Commission shall, in cooperation with the board, oversee the tax  
20    incentive program established by this section and shall annually  
21    report to the Legislature regarding the program. The report shall  
22    be posted on the commission’s Internet Web site and shall include  
23    all of the following information:  
24    (1) The effect of the tax incentive program on the consumption  
25    of biodiesel by consumers.  
26    (2) Economic benefits or losses to the state as the result of the  
27    program.  
28    (3) Calculation of greenhouse gas emission reductions.  
29    (d) This section shall remain in effect only until December 1,  
30    2014, and as of that date, is repealed.  
31    SEC. 2. This act provides for a tax levy within the meaning of  
32    Article IV of the Constitution and shall go into immediate effect.  
33    SECTION 1. ~~Section 8651.4 is added to the Revenue and~~  
34    ~~Taxation Code, to read:~~  
35    ~~8651.4. (a) Notwithstanding Section 8651, on and after January~~  
36    ~~1, 2009, and before January 1, 2014, biodiesel produced in this~~  
37    ~~state with California feedstock shall be exempt from the tax~~  
38    ~~prescribed by Section 8651.~~

1 ~~(b) If any person or entity is exempt or partially exempt from~~  
2 ~~the federal fuel tax at the time of a reduction, the person or entity~~  
3 ~~shall continue to be exempt under this section.~~

4 ~~(c) All references in this code to Section 8651 shall be deemed,~~  
5 ~~with respect to the rate imposed upon biodiesel fuel, to also refer~~  
6 ~~to this section.~~

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

12 ~~(1) The effect of the tax incentive program on the consumption~~  
13 ~~of biodiesel by consumers.~~

14 ~~(2) Economic benefits or losses to the state as the result of the~~  
15 ~~program.~~

16 ~~(3) Calculation of greenhouse gas emission reductions.~~

17 ~~(e) This section shall remain in effect only until December 1,~~  
18 ~~2014, and as of that date, is repealed.~~

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