

AMENDED IN ASSEMBLY JULY 11, 2011

**SENATE BILL**

**No. 223**

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**Introduced by Senator Leno**  
(Coauthor: Assembly Member Ma)

February 9, 2011

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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 amended, 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 *annually* 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, *as specified*. 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.

*This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.*

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~~5.7 (commencing with Section 11160) is added  
4 to Division 2 of the Revenue and Taxation Code, to read:

5  
6 PART ~~5-6~~ 5.7. VOTER-APPROVED LOCAL ASSESSMENT

7  
8 11160. This part is applicable only to ~~counties and~~ 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 (e) ~~“County” means any county of the state.~~

16 (d)

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

18 (e)

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 (f)

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

25 (g)

26 (f) “Resident of the ~~county or~~ city and county” means a person  
27 whose address, as reflected in department registration records, is  
28 in the ~~county or~~ the city and county, but does not include a person

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

3 ~~(h)~~

4 (g) "Voter-approved local assessment" means a supplemental  
5 charge added to the fee imposed pursuant to ~~Section 10751 Part~~  
6 ~~5 (commencing with Section 10701)~~.

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

11 (a) The ordinance proposing the assessment complies with both  
12 of the following:

13 (1) Section 11163.

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

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

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

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

25 11163. An ordinance imposing a voter-approved local  
26 assessment pursuant to this part shall contain provisions in  
27 substance as follows:

28 (a) A provision that the assessment is imposed for the privilege  
29 of a resident of the ~~county or the city and county~~ to operate upon  
30 the public highways in the ~~county or the city and county~~ a vehicle  
31 or trailer coach, the registrant of which is subject to tax under Part  
32 5 (commencing with Section 10701).

33 (b) (1) A provision establishing the annual amount of the  
34 assessment at a rate that equals the difference between the  
35 following two rates:

36 (A) Two percent of the market value of the vehicle or trailer  
37 coach.

38 (B) The rate, including any offset to that rate, set forth in Part  
39 5 (commencing with Section 10701), for a vehicle or trailer coach.

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

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

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

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

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

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

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

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

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

32 (1) A requirement that the department perform all functions  
33 incident to the administration and collection of the voter-approved  
34 local assessment.

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

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

4 11163.2. Any ordinance approved pursuant to Section 11163  
5 shall be valid and enforceable even if approved, as required by  
6 Section 11162, by the board of supervisors and by the voters prior  
7 to the effective date of the act adding this section, but only if both  
8 of the following apply:

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

12 (b) The board of supervisors ratifies its adoption of the ordinance  
13 after the effective date of the act adding this section and prior to  
14 the first levy of the assessment imposed pursuant to the approval  
15 of the ordinance.

16 11164. The department shall do all of the following:

17 (a) Collect the voter-approved local assessment pursuant to a  
18 contract with the ~~county or the~~ city and county.

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

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

24 (d) Transmit revenues derived from the assessments collected  
25 under subdivision (a) to the ~~county or the~~ city and county as  
26 promptly as feasible.

27 (e) The Department of Motor Vehicles and the Franchise Tax  
28 Board shall develop a reporting process that enables the department  
29 to report to the board in a timely manner the data necessary for  
30 the board to prepare the estimate of revenue loss specified in  
31 Section 11166.

32 11165. (a) This part shall not be construed to supplant any  
33 moneys that the state apportions to the ~~county or the~~ city and  
34 county, including, but not limited to, moneys apportioned to that  
35 entity under the Vehicle License Fee Law set forth in Part 5  
36 (commencing with Section 10701), or any successor to that law.

37 (b) Notwithstanding any other law, if a ~~county or~~ city and county  
38 that imposes a voter-approved local assessment has a reduction in  
39 revenue derived from that assessment because of an increase in  
40 the rate, including any offset to that rate, set forth in Part 5

1 (commencing with Section 10701) for a vehicle or a trailer coach,  
2 reimbursement by the state shall not be made to the ~~county or city~~  
3 and county for that loss in revenue.

4 11166. On or before January 1 of the second year that follows  
5 a year, or portion thereof, in which an assessment is imposed  
6 pursuant to this part, *and annually thereafter*, the Franchise Tax  
7 Board shall report to the department an estimate of the total amount  
8 of the revenue loss to the state for the prior year resulting from  
9 deductions taken under the Personal Income Tax Law (Part 10  
10 (commencing with Section 17001)) and the Corporation Tax Law  
11 (Part 11 (commencing with Section 23001)) for taxes paid or  
12 incurred as a result of a tax being imposed pursuant to this part.

13 *SEC. 3. The Legislature finds and declares that a special law*  
14 *is necessary and that a general law cannot be made applicable*  
15 *within the meaning of Section 16 of Article IV of the California*  
16 *Constitution because numerous groups in the City and County of*  
17 *San Francisco have requested that authorization be granted for*  
18 *such an assessment in that city and county.*