

AMENDED IN SENATE APRIL 11, 2013

SENATE BILL

No. 221

Introduced by Senator ~~Rubio~~ Pavley

February 11, 2013

~~An act to amend Section 4799.09 of the Public Resources Code, relating to forestry.~~ *An act to add and repeal Sections 6011.3, 6012.4, and 10759.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 221, as amended, ~~Rubio~~ Pavley. ~~Forestry: urban forests.~~ *Sales and use taxes: vehicle license fee: exclusion: alternative fuel motor vehicles.*

Existing laws impose state sales and use taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, measured by the sales price. The Sales and Use Tax Law defines the terms "gross receipts" and "sales price."

This bill would, on and after January 1, 2014, and before January 1, 2022, in the sale of a new alternative fuel motor vehicle, exclude from the terms "gross receipts" and "sales price," any amount allowed as a credit under a specified provision of the Internal Revenue Code, relating to new qualified plug-in electric drive motor vehicles, and any amounts received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity

with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws.

This bill would specify that this exclusion does not apply to local sales and use taxes and transactions and use taxes.

The Vehicle License Fee Law provides that the annual amount of the license fee for any vehicle is 0.65% of the market value of the vehicle, as specified. That law provides for the determination of the market value of any vehicle, for reclassification to increase the market value of a vehicle, and for the exemption of certain vehicles from the imposition of the license fee.

This bill would, on and after January 1, 2014, and before January 1, 2022, for purposes of determining the vehicle license fee, exempt from the determination of market value of a new motor vehicle propelled by alternative fuels any amount allowed as a credit under a specified provision of the Internal Revenue Code, relating to new qualified plug-in electric drive motor vehicles, and any amounts received, awarded, or allowed pursuant to a state incentive program for the purchase or lease of an alternative fuel vehicle.

This bill would take effect immediately as a tax levy.

~~Existing law, the California Urban Forestry Act of 1978, authorizes the Department of Forestry and Fire Protection to implement a program in urban forestry to, among other things, encourage better management and planting of trees in urban areas and assist cities in innovative solutions to problems, including greenhouse gas emissions, urban heat island effect, stormwater management, lack of green space, and vandalism. The Director of Forestry and Fire Protection, with advice from other appropriate state agencies and interested parties, is authorized to make grants to provide assistance of 25% to 90%, inclusive of costs for projects meeting guidelines established by the State Board of Forestry and Fire Protection, upon recommendation by the director. The director is authorized to waive the cost-sharing requirement for projects that are in disadvantaged and severely disadvantaged communities. The act defines “disadvantaged community” for its purposes as a community with a median household income less than 80% of the statewide average.~~

~~This bill would instead define disadvantaged community as a community that is disproportionately impacted by pollution and adverse socioeconomic impacts.~~

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. The Legislature finds and declares:*

2 *(a) There is a wide disparity in fees levied on owners of light-,*
3 *medium-, and heavy-duty vehicles operated on alternative fuels*
4 *when compared to those same taxes and fees levied on owners of*
5 *comparable gasoline and diesel fuel vehicles.*

6 *(b) In some cases, the fees on alternative fuel vehicles are more*
7 *than twice as much as those for conventional fuel vehicles.*

8 *(c) The disparity in fees exists even though the alternative fuel*
9 *vehicle may look identical to the conventional fuel vehicle and*
10 *provide the same or lesser utility to the individual owner.*

11 *(d) The existing California vehicle license fee on motor vehicles*
12 *that operate on alternative fuels is higher than for comparable*
13 *conventional fuel vehicles because alternative fuel vehicles*
14 *generally have higher sales prices. The higher sales prices are*
15 *largely due to the fact that these vehicles are produced in extremely*
16 *low volumes (many assembled by hand), such that their production*
17 *has not achieved the economies of scale that would significantly*
18 *reduce their cost; and they use many new advanced materials and*
19 *technologies that also have not yet achieved economies of scale,*
20 *and therefore have a temporarily greater cost to consumers.*

21 *(e) The higher sales prices for these alternative fuel vehicles*
22 *are expected to be a short-term, temporary situation because prices*
23 *are expected to decline significantly to competitive levels as volume*
24 *increases. If this does not occur, these vehicles may never be*
25 *competitive, and automakers would likely withdraw them from the*
26 *market. The current vehicle license fee does not reflect these*
27 *temporary, short-term pricing situations. Instead it intrinsically,*
28 *but incorrectly, assumes that these short-term higher prices reflect*
29 *true long-term market value of the vehicles.*

30 *(f) Alternative fuel vehicles provide benefits to California*
31 *citizens that are external to, or not reflected in, their cost to the*
32 *purchaser. These benefits include: increasing our national*

1 independence from foreign energy sources; providing more
2 transportation choices for consumers and businesses, thus reducing
3 our economic vulnerability to sudden fuel price increases caused
4 by external or internal events; reducing air pollutants, climate
5 change pollutants, and toxic emissions from mobile sources; and
6 reducing future pressures for additional environmental controls
7 on existing and new businesses and industries in California.

8 (g) It is the public policy of the State of California, the federal
9 government, and many local governments to encourage the
10 development and use of alternative fuel vehicles for the purpose
11 of providing the benefits described above to all California citizens.

12 (h) Existing vehicle license fee calculations, as they relate to
13 the determination of market value of alternative fuel vehicles, do
14 not reflect the critical short-term pricing issues described above,
15 nor the external benefits that accrue to all California citizens.
16 Additionally, these existing fees act as a significant disincentive
17 to potential purchasers of alternative fuel vehicles and, as such,
18 are contrary to existing public policies at all levels of government.

19 (i) It is the intent of the Legislature to equalize the vehicle
20 license fee between alternative fuel vehicles and conventional fuel
21 vehicles for a period of eight years, beginning January 1, 2014,
22 and ending December 31, 2021.

23 SEC. 2. Section 6011.3 is added to the Revenue and Taxation
24 Code, to read:

25 6011.3. (a) Notwithstanding Section 6011 or any other law,
26 on and after January 1, 2014, and before January 1, 2022, “sales
27 price” from the purchase of a new alternative fuel motor vehicle
28 shall not include any amount allowed as a credit under Section
29 30D of the Internal Revenue Code, relating to new qualified plug-in
30 electric drive motor vehicles, and any amounts received, awarded,
31 or allowed pursuant to a state incentive program for the purchase
32 or lease of an alternative fuel vehicle, as may be determined by
33 the board, including, but not limited to, the Clean Vehicle Rebate
34 Project, the California Hybrid and Zero-Emission Truck and Bus
35 Voucher Incentive Project, and the On-Road Heavy-Duty Voucher
36 Incentive Program under the Carl Moyer Program.

37 (b) For purposes of this section:

38 (1) “Alternative fuel vehicle” means a motor vehicle subject to
39 registration under the Vehicle Code that operates some or all of
40 the time on a fuel other than gasoline or diesel fuel.

1 (2) “Diesel fuel” means diesel fuel as defined by Section 60022.

2 (3) “Gasoline” means gasoline as defined by Section 7316.

3 (4) “Motor vehicle” means a motor vehicle as defined by Section
4 415 of the Vehicle Code.

5 (c) The estimated cost of the vehicle after deducting the federal
6 and state incentive amounts described in subdivision (a) shall be
7 stated in the contract for sale or lease with the purchaser and shall
8 be reported to the board quarterly.

9 (d) Notwithstanding any provision of the Bradley-Burns Uniform
10 Local Sales and Use Tax Law (Part 1.5 (commencing with Section
11 7200)) or the Transactions and Use Tax Law (Part 1.6
12 (commencing with Section 7251)), the exclusion established by
13 this section shall not apply with respect to any tax levied by a
14 county, city, or district pursuant to, or in accordance with, either
15 of those laws.

16 (e) This section is repealed on January 1, 2022.

17 SEC. 3. Section 6012.4 is added to the Revenue and Taxation
18 Code, to read:

19 6012.4. (a) Notwithstanding Section 6012 or any other law,
20 on and after January 1, 2014, and before January 1, 2022, “gross
21 receipts” from the sale of a new alternative fuel motor vehicle
22 shall not include any amount allowed as a credit under Section
23 30D of the Internal Revenue Code, relating to new qualified plug-in
24 electric drive motor vehicles, and any amounts received, awarded,
25 or allowed pursuant to a state incentive program for the purchase
26 or lease of an alternative fuel vehicle, as may be determined by
27 the board, including, but not limited to, the Clean Vehicle Rebate
28 Project, the California Hybrid and Zero-Emission Truck and Bus
29 Voucher Incentive Project, and the On-Road Heavy-Duty Voucher
30 Incentive Program under the Carl Moyer Program.

31 (b) For purposes of this section:

32 (1) “Alternative fuel vehicle” means a motor vehicle subject to
33 registration under the Vehicle Code that operates some or all of
34 the time on a fuel other than gasoline or diesel fuel.

35 (2) “Diesel fuel” means diesel fuel as defined by Section 60022.

36 (3) “Gasoline” means gasoline as defined by Section 7316.

37 (4) “Motor vehicle” means a motor vehicle as defined by Section
38 415 of the Vehicle Code.

39 (c) The estimated cost of the vehicle after deducting the federal
40 and state incentive amounts described in subdivision (a) shall be

1 *stated in the contract for sale or lease with the purchaser and shall*
2 *be reported to the board quarterly.*

3 *(d) Notwithstanding any provision of the Bradley-Burns Uniform*
4 *Local Sales and Use Tax Law (Part 1.5 (commencing with Section*
5 *7200)) or the Transactions and Use Tax Law (Part 1.6*
6 *(commencing with Section 7251)), the exclusion established by*
7 *this section shall not apply with respect to any tax levied by a*
8 *county, city, or district pursuant to, or in accordance with, either*
9 *of those laws.*

10 *(e) This section is repealed on January 1, 2022.*

11 *SEC. 4. Section 10759.5 is added to the Revenue and Taxation*
12 *Code, to read:*

13 *10759.5. (a) On and after January 1, 2014, and before January*
14 *1, 2022, for purposes of determining the vehicle license fee imposed*
15 *by this part, there is excluded from the determination of market*
16 *value of a new motor vehicle propelled by alternative fuels any*
17 *amount allowed as a credit under Section 30D of the Internal*
18 *Revenue Code, relating to new qualified plug-in electric drive*
19 *motor vehicles, and any amounts received, awarded, or allowed*
20 *pursuant to a state incentive program for the purchase or lease of*
21 *an alternative fuel vehicle, as may be determined by the State*
22 *Board of Equalization, including, but not limited to, the Clean*
23 *Vehicle Rebate Project, the California Hybrid and Zero-Emission*
24 *Truck and Bus Voucher Incentive Project, and the On-Road*
25 *Heavy-Duty Voucher Incentive Program under the Carl Moyer*
26 *Program. This exemption shall apply to the subsequent payments*
27 *of the vehicle license fee.*

28 *(b) For purposes of this section:*

29 *(1) "Motor vehicle propelled by alternative fuels" means a*
30 *motor vehicle that operates some or all of the time on a fuel other*
31 *than gasoline or diesel fuel.*

32 *(2) "Diesel fuel" means diesel fuel as defined by Section 60022.*

33 *(3) "Gasoline" means gasoline as defined by Section 7316.*

34 *(c) The board shall provide to the Department of Motor Vehicles*
35 *any determinations of state incentive programs for the purchase*
36 *or lease of an alternative fuel vehicle made by the board, in a time*
37 *and manner prescribed by the board, for purposes of implementing*
38 *this section.*

39 *(d) This section is repealed on January 1, 2022.*

1 *SEC. 5. This act provides for a tax levy within the meaning of*
2 *Article IV of the Constitution and shall go into immediate effect.*

3 ~~SECTION 1. Section 4799.09 of the Public Resources Code~~
4 ~~is amended to read:~~

5 ~~4799.09. As used in this chapter the following terms have the~~
6 ~~following meanings:~~

7 ~~(a) “Disadvantaged community” means a community that is~~
8 ~~disproportionately impacted by pollution and adverse~~
9 ~~socioeconomic impacts.~~

10 ~~(b) “Severely disadvantaged community” means a community~~
11 ~~with a median household income less than 60 percent of the~~
12 ~~statewide average.~~

13 ~~(c) “Urban forestry” means the cultivation and management of~~
14 ~~native or introduced trees and related vegetation in urban areas for~~
15 ~~their present and potential contribution to the economic,~~
16 ~~physiological, sociological, and ecological well-being of urban~~
17 ~~society.~~

18 ~~(d) “Urban forest” means those native or introduced trees and~~
19 ~~related vegetation in the urban and near-urban areas, including,~~
20 ~~but not limited to, urban watersheds, soils and related habitats,~~
21 ~~street trees, park trees, residential trees, natural riparian habitats,~~
22 ~~and trees on other private and public properties.~~

23 ~~(e) “Urban area” means an urban place, as that term is defined~~
24 ~~by the United States Department of Commerce, of 2,500 or more~~
25 ~~persons.~~