

AMENDED IN ASSEMBLY APRIL 25, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1672**

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**Introduced by Assembly Member Takasugi**

February 24, 1995

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An act to amend Section 60401 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1672, as amended, Takasugi. Diesel fuel tax.

The Diesel Fuel Tax Law imposes a tax, with specified exemptions, upon the specified removal, entry, sale, delivery, and specified use of diesel fuel, as provided, for each gallon of fuel subject to the tax. That law requires *specified persons to obtain a license under that law and provides* that whenever the State Board of Equalization deems it necessary, as specified, the board may require any person to deposit with it appropriate security, not to exceed, among other things, \$1,000,000, when the person has established to the satisfaction of the board the sufficiency of that security, as provided.

This bill would set that security limit at \$1,000,000 without requiring the person to establish to the satisfaction of the board the sufficiency of the security *in the case of specified licenses with an effective date on or before July 1, 1995*.

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 60401 of the Revenue and  
 2 Taxation Code is amended to read:  
 3 ~~60401. The board, whenever it deems it necessary to~~  
 4 ~~ensure compliance with this part or any rule or regulation~~  
 5 ~~adopted under this part, may require any person to~~  
 6 ~~deposit with it such security as it may determine~~  
 7 ~~appropriate. The amount of the security shall be fixed by~~  
 8 ~~the board but shall not be more than four times the~~  
 9 ~~estimated average monthly tax liability of the person. The~~  
 10 ~~total amount of security may not be in excess of one~~  
 11 ~~million dollars (\$1,000,000). The amount of the security~~  
 12 ~~may be increased or decreased by the board at any time.~~  
 13 ~~Any security in the form of cash or insured deposits in~~  
 14 ~~banks and savings and loan institutions shall be held by~~  
 15 ~~the board in trust to be used solely in the manner~~  
 16 ~~provided for this section and Section 60406. Any security~~  
 17 ~~in the form of a bond or bonds shall be duly executed by~~  
 18 ~~an admitted surety insurer, payable to the state,~~  
 19 ~~conditioned upon faithful performance of all the~~  
 20 ~~requirements of this part, and expressly providing for the~~  
 21 ~~payment of all taxes, penalties, and other obligations of~~  
 22 ~~the person arising out of this part.~~  
 23 60401. The board, whenever it deems it necessary to  
 24 ensure compliance with this part or any rule or regulation  
 25 adopted under this part, may require any person to  
 26 deposit with it ~~such~~ any security as it may determine  
 27 appropriate. The amount of the security shall be fixed by  
 28 the board but shall not be more than four times the  
 29 estimated average monthly tax liability of the person. ~~The~~  
 30 *For licenses issued pursuant to Sections 60120, 60131,*  
 31 *60141, and 60161 with an effective date on or before July*  
 32 *1, 1995, the total amount of security may not be in excess*  
 33 *of one million dollars (\$1,000,000). For licenses issued*  
 34 *pursuant to Sections 60120, 60131, 60141, and 60161 with*  
 35 *an effective date after July 1, 1995, the total amount of*  
 36 *security may not be in excess of one million dollars*  
 37 *(\$1,000,000) when the person has established to the*  
 38 *satisfaction of the board that this security, together with*



1 property to which the lien imposed by Section 60445  
2 attaches, is sufficient security to ensure payment of taxes  
3 equivalent to four times the estimated average monthly  
4 tax liability of the person. The amount of the security may  
5 be increased or decreased by the board at any time. Any  
6 security in the form of cash or insured deposits in banks  
7 and savings and loan institutions shall be held by the  
8 board in trust to be used solely in the manner provided  
9 for this section and Section 60406. Any security in the  
10 form of a bond or bonds shall be duly executed by an  
11 admitted surety insurer, payable to the state, conditioned  
12 upon faithful performance of all the requirements of this  
13 part, and expressly providing for the payment of all taxes,  
14 penalties, and other obligations of the person arising out  
15 of this part.

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