

Assembly Bill No. 1672

CHAPTER 30

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

[Approved by Governor April 19, 1996. Filed with
Secretary of State April 19, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1672, Takasugi. Diesel fuel tax.

The Diesel Fuel Tax Law imposes a tax, with certain exemptions, upon the specified removal, entry, sale, delivery, and use of diesel fuel 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, 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.

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, or where a person has established to the satisfaction of the board a specified payment history.

The people of the State of California do enact as follows:

SECTION 1. Section 60401 of the Revenue and Taxation Code is amended to read:

60401. The board, whenever it deems it necessary to ensure compliance with this part or any rule or regulation adopted under this part, may require any person to deposit with it any security as it may determine appropriate. The amount of the security shall be fixed by the board but shall not be more than four times the estimated average monthly tax liability of the person. For any license issued pursuant to Sections 60120, 60131, 60141, and 60161, the total amount of security shall not be in excess of one million dollars (\$1,000,000) where the person has established to the satisfaction of the board that all taxes due under this part for the three-year period preceding the time the security is fixed were paid when due, or when the person has established to the satisfaction of the board that this security, together with property to which the lien imposed by Section 60445 attaches, is sufficient security to ensure payment of taxes equivalent to four times the estimated average monthly tax liability of the



person. The amount of the security may be increased or decreased by the board at any time. Any security in the form of cash or insured deposits in banks and savings and loan institutions shall be held by the board in trust to be used solely in the manner provided for this section and Section 60406. Any security in the form of a bond or bonds shall be duly executed by an admitted surety insurer, payable to the state, conditioned upon faithful performance of all the requirements of this part, and expressly providing for the payment of all taxes, penalties, and other obligations of the person arising out of this part.

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