

AMENDED IN SENATE APRIL 28, 1997

SENATE BILL

No. 60

Introduced by Senator Kopp

December 6, 1996

An act to amend ~~Sections 7351 and 8651~~ *Section 7351* of the Revenue and Taxation Code, relating to taxation, ~~and making an appropriation therefor, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 60, as amended, Kopp. Motor vehicle fuel and use fuel taxes.

The Motor Vehicle Fuel License Tax Law imposes a tax at a rate of 18¢ per gallon of motor vehicle fuel on or after January 1, 1994, and provides that if the federal fuel tax is reduced below the rate of 9¢ per gallon and specified federal financial allocations to this state are reduced or eliminated, the tax rate shall be increased by an amount so that the combined state and federal tax rate per gallon equals 27¢ per gallon on and after January 1, 1994. ~~The Use Fuel Tax Law imposes an excise tax for the use of fuel at a rate of 18¢ per gallon on or after January 1, 1994, and provides that if the federal fuel tax is reduced below the rate of 15¢ per gallon and specified federal financial allocations to this state are reduced or eliminated, the tax rate shall be increased by an amount so that the combined state and federal tax rate per gallon equals 33¢ per gallon on and after January 1, 1994.~~

~~This bill would provide, under the Motor Vehicle Fuel License Tax Law, that if the federal fuel tax is reduced below~~

~~the rate of 18.3¢ per gallon and specified federal financial allocations to this state are reduced or eliminated, the state tax rate shall be increased by an amount so that the combined state and federal tax rate per gallon equals 36.3¢ per gallon. This bill would provide, under the Use Fuel Tax Law, that if the federal fuel tax is reduced below the rate of 24.3¢ per gallon and specified federal financial allocations to this state are reduced or eliminated, the state tax rate shall be increased by an amount so that the combined state and federal tax rate per gallon equals 42.3¢ per gallon.~~

~~Existing law provides that a portion of the amounts collected under the Motor Vehicle Fuel License Tax Law and the Use Fuel Tax Law are continuously appropriated for expenditure for specified purposes.~~

~~Since this bill would permit an increase in the taxes collected under those laws and thereby make additional moneys available for expenditure, it would make an appropriation.~~

~~Section 3 of Article XIII A of the California Constitution requires that any change in state taxes enacted for the purpose of increasing revenues be imposed by a statute that is passed by not less than $\frac{2}{3}$ of the members of each house of the Legislature.~~

~~Since this bill would permit an increase in state fuel taxes, this bill would require a $\frac{2}{3}$ vote for passage.~~

~~This bill would take effect immediately as a tax levy.~~

~~*This bill would make technical, nonsubstantive changes to these provisions by deleting obsolete language.*~~

~~Vote: — $\frac{2}{3}$ majority. Appropriation: —yes no. Fiscal committee: yes no. State-mandated local program: no.~~

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

- 1 SECTION 1. Section 7351 of the Revenue and
- 2 Taxation Code is amended to read:
- 3 7351. (a) For the privilege of distributing motor
- 4 vehicle fuel, a license tax is hereby imposed upon
- 5 distributors for each gallon of fuel distributed at the rate
- 6 of eighteen cents (\$0.18) per gallon on and after January
- 7 1, 1994.



1 (b) If the federal fuel tax is reduced below the rate of
2 ~~eighteen and three-tenths cents (\$0.183) per nine cents~~
3 ~~(\$0.09) per~~ gallon and federal financial allocations to this
4 state for highway and exclusive public mass transit
5 guideway purposes are reduced or eliminated
6 correspondingly, the tax rate imposed by this section, on
7 and after the date of the reduction, shall be increased by
8 an amount so that the combined state and federal tax rate
9 per gallon equals ~~thirty-six and three-tenths cents~~
10 ~~(\$0.363) on and after January 1, 1994: twenty-seven cents~~
11 ~~(\$0.27) on and after January 1, 1994.~~

12 (c) If any person or entity is exempt or partially
13 exempt from the federal fuel tax at the time of a
14 reduction, the person or entity shall continue to be so
15 exempt under this section.

16 ~~SEC. 2. Section 8651 of the Revenue and Taxation~~
17 ~~Code is amended to read:~~

18 ~~8651. (a) An excise tax is hereby imposed for the use~~
19 ~~of fuel at the rate of eighteen cents (\$0.18) per gallon on~~
20 ~~and after January 1, 1994.~~

21 ~~(b) If the federal fuel tax is reduced below the rate of~~
22 ~~twenty-four and three-tenths cents (\$0.243) per gallon~~
23 ~~and federal financial allocations to this state for highway~~
24 ~~and exclusive public mass transit guideway purposes are~~
25 ~~reduced or eliminated correspondingly, the tax rate~~
26 ~~imposed by this section, on and after the date of the~~
27 ~~reduction, shall be increased by an amount so that the~~
28 ~~combined state and federal tax rate per gallon equals~~
29 ~~forty-two and three-tenths cents (\$0.423) on and after~~
30 ~~January 1, 1994.~~

31 ~~(c) If any person or entity is exempt or partially~~
32 ~~exempt from the federal fuel tax at the time of a~~
33 ~~reduction, the person or entity shall continue to be~~
34 ~~exempt under this section.~~

35 ~~SEC. 3. This act provides for a tax levy within the~~
36 ~~meaning of Article IV of the Constitution and shall go into~~
37 ~~immediate effect.~~

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