

AMENDED IN ASSEMBLY MAY 27, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 799**

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**Introduced by Assembly Member Leno**

February 18, 2005

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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

AB 799, as amended, Leno. Local vehicle license fee: San Francisco.

Existing law authorizes certain counties to impose a local vehicle license fee of \$10 per year, 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 the City and County of San Francisco to impose a local vehicle license fee for specified vehicles if certain conditions, including approval by local voters, are met. This bill also would require the city and county to contract with the department to collect and administer the fee, 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. ~~Existing property tax law requires, for the 2004-05 fiscal year and for each fiscal year thereafter, that each city, county, and city and county receive a vehicle license fee adjustment amount, as defined.~~

This bill would require the Franchise Tax Board to notify the ~~Controller~~ *department* of any revenue losses to the state resulting from taxpayers deducting, for purposes of the Personal Income Tax Law and the Corporation Tax Law, the local vehicle license fees authorized by this bill. This bill also would ~~reduce the vehicle license fee adjustment amount of the City and County of San Francisco by~~ *require the department to transmit from the fees collected an amount equal to these reported losses for deposit in the General Fund, as specified, and to transmit to the board an amount equal to the board’s administrative costs in making this report.*

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. Part 5.6 (commencing with Section 11160) is  
 2 added to Division 2 of the Revenue and Taxation Code, to read:  
 3  
 4 PART 5.6. CITY AND COUNTY OF SAN FRANCISCO  
 5 VEHICLE LICENSE FEE LAW  
 6  
 7 11160. This part is applicable only to the City and County of  
 8 San Francisco.  
 9 11161. For purposes of this part:  
 10 (a) “Board of supervisors” means the Board of Supervisors of  
 11 the City and County of San Francisco.  
 12 (b) “City and county” means the City and County of San  
 13 Francisco.  
 14 (c) “Department” means the Department of Motor Vehicles.  
 15 (d) “Market value” has the same meaning and shall be  
 16 determined in the same manner as required under Part 5  
 17 (commencing with Section 10701) of Division 2.  
 18 (e) “Person” includes an individual, a firm, a corporation, a  
 19 limited liability company, a partnership, or any other legal entity.  
 20 (f) “Resident of the city and county” means a person whose  
 21 address, as reflected in department registration records, is in the  
 22 city and county, but does not include a person that establishes to  
 23 the satisfaction of the department that the person’s place of  
 24 residence is elsewhere.

1 11162. Notwithstanding Section 10758, the board of  
2 supervisors may, by ordinance, impose a local vehicle license fee  
3 for general revenue purposes pursuant to this part, if all of the  
4 following conditions are met:

5 (a) The ordinance proposing the fee complies with both of the  
6 following:

7 (1) Section 11163.

8 (2) Article 3.7 (commencing with Section 53720) of Chapter 4  
9 of Division 2 of Title 5 of the Government Code.

10 (b) The ordinance proposing the fee is approved by two-thirds  
11 of all members of the board of supervisors.

12 (c) The ordinance proposing the fee is submitted to the  
13 electorate of the city and county and is approved by a majority  
14 vote of the voters voting on the ordinance.

15 (d) The board of supervisors transmits to the department and  
16 the Franchise Tax Board a certified copy of the ordinance  
17 imposing that fee immediately after the results of the election  
18 described in subdivision (c) are certified.

19 11163. An ordinance imposing a local vehicle license fee  
20 pursuant to this part shall contain provisions in substance as  
21 follows:

22 (a) A provision that the fee is imposed for the privilege of a  
23 resident of the city and county to operate upon the public  
24 highways in the city and county a vehicle or trailer coach, the  
25 registrant of which is subject to tax under Part 5 (commencing  
26 with Section 10701).

27 (b) (1) A provision establishing the annual amount of the fee  
28 at a rate that equals the difference between the following two  
29 rates:

30 (A) Two percent of the market value of the vehicle or trailer  
31 coach.

32 (B) The rate, including any offset to that rate, set forth in Part  
33 5 (commencing with Section 10701), for a vehicle or trailer  
34 coach.

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

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

39 (B) That any adjustment that is required to be made to the rate  
40 because of a change in the rate, or any offset to that rate, set forth

1 in Part 5 (commencing with Section 10701), shall not take effect  
2 until the first day of the first fiscal year that follows the fiscal  
3 year in which the change to the rate or offset set forth in that part  
4 became operative.

5 (c) A provision that the fee will be imposed beginning on the  
6 first January 1 following voter approval of the ordinance.

7 (d) Provisions identical to those contained in Part 5  
8 (commencing with Section 10701), insofar as they relate to  
9 vehicle license fees and are applicable, except that the name of  
10 the city and county as the taxing agency shall be substituted for  
11 that of the state.

12 (e) A provision that all amendments, subsequent to the  
13 effective date of the local vehicle license fee ordinance, to Part 5  
14 (commencing with Section 10701) relating to vehicle license fees  
15 and not inconsistent with this part, shall automatically be  
16 incorporated into the local vehicle license fee ordinance.

17 (f) A provision that requires the city and county to contract  
18 with the department, which contract shall contain provisions in  
19 substance as follows:

20 (1) A requirement that the department perform all functions  
21 incident to the administration and collection of the local vehicle  
22 license fee.

23 (2) A provision specifying the manner in which refunds to  
24 licensees pursuant to Part 5 (commencing with Section 10701),  
25 as incorporated in the local vehicle license fee ordinance  
26 pursuant to subdivisions (c) and (d), will be made and  
27 administered.

28 (3) *A provision that requires the city and county to pay the*  
29 *department for the initial setup and programming costs identified*  
30 *by the department.*

31 11164. The department shall do all of the following:

32 (a) Collect the local vehicle license fee pursuant to a contract  
33 with the city and county.

34 (b) Deduct its costs in administering the local vehicle license  
35 fee from the fees collected under subdivision (a).

36 (c) (1) *From the fees collected under subdivision (a), transmit*  
37 *to the Controller for deposit in the General Fund the amount*  
38 *reported under subdivision (a) of Section 11166.*

1 (2) From the fees collected under subdivision (a), transmit to  
2 the Franchise Tax Board the amount reported under subdivision  
3 (b) of Section 11166.

4 ~~(e)~~

5 (d) Transmit revenues derived from the fees collected under  
6 subdivision (a) to the city and county as promptly as feasible.

7 ~~(d)~~

8 (e) Report to the Franchise Tax Board, on or before the first  
9 day of each month that follows a month in which a tax was  
10 imposed under this part, the names, addresses, and the amount  
11 paid by each person or entity that paid a tax imposed under this  
12 part in the prior month, and, if available to the department, the  
13 taxpayer identification numbers or social security numbers of  
14 these same persons and entities.

15 11165. This part shall not be construed to supplant any  
16 moneys that the state apportions to the City and County of San  
17 Francisco, including, but not limited to, moneys apportioned to  
18 that entity under the Vehicle License Fee Law set forth in Part 5  
19 (commencing with Section 10701), or any successor to that law.

20 11166. ~~(a) On or before January 1 of the third year that~~ *On or*  
21 *before January 1 of the second year that* follows a year, or  
22 portion thereof, in which a tax is imposed pursuant to this part,  
23 the Franchise Tax Board shall report to the ~~Controller and the~~  
24 ~~auditor of the city and county department~~ both of the following:

25 ~~(1)~~

26 (a) The total amount of the revenue loss to the state for the  
27 prior year resulting from deductions taken under the Personal  
28 Income Tax Law (Part 10 (commencing with Section 17001))  
29 and the Corporation Tax Law (Part 11 (commencing with Section  
30 23001)) for taxes paid or incurred as a result of a tax being  
31 imposed pursuant to this part.

32 ~~(2)~~

33 (b) The total amount of costs incurred by the Franchise Tax  
34 Board for determining and reporting the amount described in  
35 ~~paragraph (1) subdivision (a).~~

36 ~~(b) For each year that the Franchise Tax Board makes a report~~  
37 ~~as described in subdivision (a), the auditor of the city and county~~  
38 ~~shall, on or before June 30, reduce the vehicle license fee~~  
39 ~~adjustment amount, as defined in paragraph (1) of subdivision (c)~~  
40 ~~of Section 97.70, that is otherwise required to be allocated to the~~

1 ~~city and county by the total of the amounts reported under~~  
2 ~~subdivision (a):~~

3 SEC. 2. The Legislature finds and declares that a special law  
4 is necessary and that a general law cannot be made applicable  
5 within the meaning of Section 16 of Article IV of the California  
6 Constitution because of the unique fiscal hardship being  
7 experienced in the City and County of San Francisco in  
8 providing vital public services.

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