

AMENDED IN SENATE AUGUST 22, 2006

AMENDED IN SENATE JUNE 21, 2006

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.

This bill would require the Franchise Tax Board to notify the department of estimated 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 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.

25 11162. Notwithstanding Section 10758, the board of  
26 supervisors may, by ordinance, impose a local vehicle license fee

1 for general revenue purposes pursuant to this part, if all of the  
2 following conditions are met:

3 (a) The ordinance proposing the fee complies with both of the  
4 following:

5 (1) Section 11163.

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

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

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

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

17 11163. An ordinance imposing a local vehicle license fee  
18 pursuant to this part shall contain provisions in substance as  
19 follows:

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

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

28 (A) Two percent of the market value of the vehicle or trailer  
29 coach.

30 (B) The rate, including any offset to that rate, set forth in Part  
31 5 (commencing with Section 10701), for a vehicle or trailer  
32 coach.

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

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

37 (B) That any adjustment that is required to be made to the rate  
38 because of a change in the rate, or any offset to that rate, set forth  
39 in Part 5 (commencing with Section 10701), shall not take effect  
40 until the first day of the first fiscal year that follows the fiscal

1 year in which the change to the rate or offset set forth in that part  
2 became operative.

3 ~~(e) A provision that the fee will be imposed beginning on the~~  
4 ~~first January 1 following voter approval of the ordinance.~~

5 (c) *A provision that the fee will begin to be imposed as*  
6 *follows:*

7 (1) *If the election in which the ordinance receives voter*  
8 *approval occurs between January 1 and June 30, on the first*  
9 *January 1 that follows that election.*

10 (2) *If the election in which the ordinance receives voter*  
11 *approval occurs between July 1 and December 31, on the first*  
12 *July 1 that follows that election.*

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

18 (e) A provision that all amendments, subsequent to the  
19 effective date of the local vehicle license fee ordinance, to Part 5  
20 (commencing with Section 10701) relating to vehicle license fees  
21 and not inconsistent with this part, shall automatically be  
22 incorporated into the local vehicle license fee ordinance.

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

26 (1) A requirement that the department perform all functions  
27 incident to the administration and collection of the local vehicle  
28 license fee.

29 (2) A provision specifying the manner in which refunds to  
30 licensees pursuant to Part 5 (commencing with Section 10701),  
31 as incorporated in the local vehicle license fee ordinance  
32 pursuant to subdivisions (c) and (d), will be made and  
33 administered.

34 (3) A provision that requires the city and county to pay the  
35 department for the initial setup and programming costs identified  
36 by the department.

37 11164. The department shall do all of the following:

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

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

3 (c) (1) From the fees collected under subdivision (a), transmit  
4 to the Controller for deposit in the General Fund the amount  
5 reported under subdivision (a) of Section 11166.

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

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

11 (e) Report annually to the Franchise Tax Board, at a time and  
12 in a manner prescribed by the Franchise Tax Board, the names,  
13 addresses, and the amount paid by each person or entity that paid  
14 a tax imposed under this part in the prior year, and the taxpayer  
15 identification numbers or social security numbers of these same  
16 persons.

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

22 11166. On or before January 1 of the second year that follows  
23 a year, or portion thereof, in which a tax is imposed pursuant to  
24 this part, the Franchise Tax Board shall report to the department  
25 both of the following:

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

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

35 SEC. 2. The Legislature finds and declares that a special law  
36 is necessary and that a general law cannot be made applicable  
37 within the meaning of Section 16 of Article IV of the California  
38 Constitution because of the unique fiscal hardship being

- 1 experienced in the City and County of San Francisco in
- 2 providing vital public services.

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