

Assembly Bill No. 799

Passed the Assembly August 28, 2006

Chief Clerk of the Assembly

Passed the Senate August 23, 2006

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

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, 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.

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

SECTION 1. Part 5.6 (commencing with Section 11160) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 5.6. CITY AND COUNTY OF SAN FRANCISCO
VEHICLE LICENSE FEE LAW

11160. This part is applicable only to the City and County of San Francisco.

11161. For purposes of this part:

(a) “Board of supervisors” means the Board of Supervisors of the City and County of San Francisco.

(b) “City and county” means the City and County of San Francisco.

(c) “Department” means the Department of Motor Vehicles.

(d) “Market value” has the same meaning and shall be determined in the same manner as required under Part 5 (commencing with Section 10701) of Division 2.

(e) “Person” includes an individual, a firm, a corporation, a limited liability company, a partnership, or any other legal entity.

(f) “Resident of the city and county” means a person whose address, as reflected in department registration records, is in the city and county, but does not include a person that establishes to the satisfaction of the department that the person’s place of residence is elsewhere.

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

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

(1) Section 11163.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11164. The department shall do all of the following:

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

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

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

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

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

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

11165. This part shall not be construed to supplant any moneys that the state apportions to the City and County of San

Francisco, including, but not limited to, moneys apportioned to that entity under the Vehicle License Fee Law set forth in Part 5 (commencing with Section 10701), or any successor to that law.

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

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

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

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

Approved _____, 2006

Governor