



*California State Board of Equalization,
Legislative Division*

LEGISLATIVE BULLETIN



**SPECIAL TAXES LEGISLATION
2000**

SPECIAL TAXES LEGISLATION 2000

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Assembly Bill 1002 (Wright) Chapter 932
Natural gas surcharge

Effective January 1, 2001. Adds Article 10 (commencing with Section 890) to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code.

Imposes a surcharge on all natural gas consumed in this state to fund low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development. This bill requires the Board to collect the surcharge and transmit payments to the Treasurer for deposit in the Gas Consumption Surcharge Fund and be used for low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development. In addition, the Public Utility Commission (PUC) is required to annually determine the amount of money required for the following year to administer the program and fund the natural gas related programs for the service territory of each public utility gas corporation. Based upon those costs, the PUC establishes surcharge rates for each class of customer (core customers and non-core customers) for the service territory of each public utility gas corporation. A customer of an interstate gas pipeline pays the same surcharge rate as the customer pays if the customer received service from the public utility gas provider in whose service territory the customer resides.

The surcharge applies to all consumption, except natural gas used to generate power for sale, resold to end users, used for enhanced oil recovery, utilized in cogeneration technology, or produced in California and transported on a proprietary pipeline.

The surcharge is collected and paid to the Board by a public utility gas corporation on or before the last day of the month succeeding the calendar quarter under the administrative provisions contained in the Fee Collections Procedure Law (Part 30 (commencing with Section 55001) of Division 2 of Revenue and Taxation Code). Persons consuming natural gas that had been transported by an interstate pipeline are required to remit the surcharge directly to the Board.

Sponsor: Sempra Energy

Law Prior to Amendment:

Under existing law, various public policy programs are paid for through gas rates charged to customers of utilities regulated by the PUC. The four current programs are:

- California Alternate Rates for Energy Program (CARE) that provides rate assistance to low-income gas customers.
- Low-Income Direct Assistance Program (DAP) to finance weatherization of low-income housing.
- Research, Demonstration and Development (RD&D) to support technology research that would reduce energy production and use costs.
- Energy Efficiency Program (DSM) to reduce energy demand through the promotion of cost-effective energy conservation and efficiency measures.

These program costs are spread among core customers (residential and commercial) and non-core customers (large commercial and industrial) who purchase their gas from PUC-regulated utilities. Federally regulated gas pipeline users do not have these public policy program costs reflected in the gas prices they pay to their supplier.

Under current law, Section 40016 of the Revenue and Taxation Code imposes a surcharge at the rate of two-tenths mills (\$0.0002) per kilowatt-hour on the consumption in this state of electrical energy purchased from an electrical utility. Electric utilities are required to collect the surcharge from consumers and remit the surcharge to the Board. Consumers purchasing electrical energy from the federal government are required to remit the surcharge directly to the Board. The surcharge is transferred to the Energy Resources Programs Account to fund ongoing energy programs and projects deemed appropriate by the Legislature.

General:

Federal gas deregulation has made it possible for interstate pipelines regulated by the Federal Energy Regulatory Commission (FERC) to directly serve California customers, in direct competition with PUC-regulated pipelines. As a result, a number of large non-core customers have opted to receive their natural gas supply from these interstate pipelines. According to Southern California Gas estimates made in 1998, these "bypass" losses are about 400 million cubic feet per day or 15 percent of sales.

Background:

SB 678 (Calderon, Chapter 285, Statutes of 1996) required the PUC to prepare a report recommending an approach to funding low-income public policy programs that did not create a competitive imbalance between regulated and unregulated natural gas providers. That report, reflected in Decision 97-06-108, recommended legislation to impose a nonbypassable gas surcharge, or, in plain English, require all current gas customers to continue to pay public policy charges even if they left the regulated utility system and purchased gas from a FERC-regulated gas pipeline.

In 1998, Assembly Bill 2112 (Wright) proposed to make the costs of natural gas public goods programs "nonbypassable". The purpose was to establish a nonbypassable public policy surcharge on current customers of PUC-regulated natural gas pipelines so that competition between PUC-regulated and FERC-regulated natural gas pipelines would be based upon service differences, rather than avoidance of the public policy surcharge. That bill, sponsored by Southern California Gas, would have required the PUC to administer the surcharge. However, AB 2112 did not receive the necessary votes for passage on the Senate Floor.

Comments:

1. **Purpose.** The intent of the bill is to spread the cost of the public policy programs among all users of natural gas in California and thereby correct the current disparity between intrastate and interstate natural gas pipeline deliveries.
2. **Suggested amendments.** Previous analyses suggested that the bill be amended to make all consumers primarily responsible for the surcharge. As introduced, each consumer was primarily responsible for the surcharge but with the reporting and payment of the surcharge the responsibility of each public utility gas corporation. It was suggested that provisions be added back to the bill to make the consumer liable for the surcharge, consistent with both the intent of the bill and the current energy resources surcharge.

Previous analyses also suggested that this bill be amended to include a specific date, several months prior to the effective date, for the PUC to notify the Board of any annual rate changes.

3. **The Board's primary administrative provisions are contained in the Fee Collection Procedures Law.** The Board's authority to impose penalty and interest for failure to report and pay the surcharge is adequately embodied in the generic fee collection provisions referenced in the bill. Also, because the surcharge is imposed on a natural gas consumer, the bill provides the Board with the authority to require each non-core customer to pay the surcharge directly to the Board in the event federal law restricts the Board from collecting the surcharge directly from interstate pipeline suppliers located outside California.

Assembly Bill 1626 (Torlakson) Chapter 3
Permanent increase in low-income housing insurance tax credit

Effective February 23, 2000. Amends Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code.

Among other things, this bill permanently increases the \$50 million aggregate housing credit that may be allocated annually by the California Tax Credit Allocation Committee for investments in qualified low-income housing projects. This bill also makes non-substantive changes for clarification purposes.

Sponsor: Local Initiatives Support Corporation Enterprise Foundation

Law Prior to this Bill:

Under current law, Section 12206 of the Revenue and Taxation Code authorizes insurance companies that invest in low-income housing to compete for a gross premiums tax credit granted by the California Tax Credit Allocation Committee. The tax credit is also available under the Personal Income Tax Law and the Bank and Corporation Tax Law, but the tax credit for the 1999 calendar year is limited to an aggregate \$50 million under all three tax laws combined. For each year thereafter, the aggregate tax credit is limited to \$35 million per calendar year.

Under Sections 12202 and 12221 of the Revenue and Taxation Code, an annual tax of 2.35% is imposed on the gross premiums, less return premiums, of insurers not transacting title insurance in this state.

In the case of insurers transacting title insurance, under Sections 12202 and 12231 a tax of 2.35% is imposed on all income except interest and dividends, rents from real property, profits from the sale of investments, and income from investments.

Under Section 12204 of the Revenue and Taxation Code, these taxes are imposed on insurers and their property in lieu of all other state, county, and municipal taxes and licenses, including income taxes, with specified exceptions.

Background:

Prior to the enactment of Assembly Bill 1438 (Ch. 1222, 1993), the state low-income housing credit was strictly an income tax credit available only under the Personal Income Tax Law and the Banks and Corporations Tax Law. Since insurance companies pay the gross premiums tax in lieu of all other state, county, and municipal taxes and licenses, including income taxes, they were not able to take advantage of the tax credit as an incentive to invest in low-income housing.

Assembly Bill 1438 (Caldera) was sponsored by Housing California with the intent of expanding the base of low-income housing investors. By including the tax credit in the insurance tax law, insurance companies were able to compete for a portion of the \$35 million tax credit available each year.

In 1998, Assembly Bill 168 (Torlakson, Ch. 9) increased the aggregate tax credit granted by the California Tax Credit Allocation Committee for qualifying low-income housing project investments from \$35 million to \$50 million for calendar years 1998 and 1999 only. This bill was intended to stimulate more investment in low-income housing by increasing the amount of the available tax credit.

Comments:

1. **Purpose.** This bill is intended to stimulate more investment in low-income housing by increasing the amount of the available tax credit
2. **The Board staff does not foresee any administrative problems with this measure.** The Board of Equalization, the State Controller, and the Department of Insurance share administrative responsibility for the insurance tax program. Section 28 of Article XIII of the California Constitution states that the Board shall assess taxes under the Insurance Tax Law. Upon recommendation from the Department of Insurance, the Board also issues deficiency assessments in cases of underpayment of the tax by an insurer. The Office of the Controller has the responsibility to collect the tax and issue refunds. Audit verification work is the responsibility of the Department of Insurance.

As the law is currently administered, the Department of Insurance will be responsible for the verification of the tax credit. It is anticipated that the increase in the tax credit as proposed by this measure will have no impact on the Board's current functions under the Insurance Tax Law.

Assembly Bill 1965 (Leach) Chapter 962
Distribution of permit holder information

Effective January 1, 2001. Amends Sections 1798.61 and 1798.75 of, and adds Section 1798.69 to the Civil Code.

This measure prohibits the release of names and addresses of individuals who are registered with or are holding licenses or permits issued by the Board. This restriction only applies to information about individuals (sole proprietors). The names and addresses of entities such as partnerships, corporations, or other business organizations would remain accessible for commercial purposes pursuant to the Public Records Act. This measure also clarifies that disclosure of information as necessary to verify resale certificates or to administer the tax and fee provisions of the Revenue and Taxation Code will continue to be permitted, and does not prohibit the release by the Board to, or limit the use by, any federal or state agency, or local government, of any data collected by the Board that is otherwise authorized by law.

Sponsor: Board of Equalization

Law Prior to Amendment:

Section 1 of Article I of the California Constitution states:

All people are by nature free and independent and have inalienable rights. Among these are enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy.

The Information Practices Act, or IPA (commencing with Section 1798 of the Civil Code), provides that state agencies shall only maintain necessary personal information in their records, as specified, and shall not disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains, with certain exceptions. For example, the IPA specifically permits the Board to sell names and addresses of permit holders to commercial users of the information, provided that any related state costs be paid from fees received by the Board for the sale. The Board also provides information to confirm the existence of seller's permits, or resale certificates, to individuals requesting it. The IPA is modeled after the Federal Privacy Act of 1974, and became effective in 1978.

Personal information may be disclosed pursuant to the Public Records Act, or PRA (commencing with Section 6250 of the Government Code), which provides for public access to any record maintained by a state and local agency, unless there is a statutory exemption that allows or requires the agency to withhold the record.

Confidential information, as specified within each tax or fee program, is exempt from disclosure under the PRA and may not be released unless specifically authorized by the Governor or with the taxpayer's consent. The PRA is modeled after the Federal Freedom of Information Act, and became effective in 1968.

In General:

Currently, in accordance with the IPA, the Board provides customized "mailing" lists of the names and addresses of persons who are registered with the Board under the Sales and Use Tax Law, and also has a "searching service" that provides nonconfidential taxpayer information. Both services are provided to private sector requestors for a fee that allows the Board to recoup the costs associated with providing these services.

Requestors of mailing lists, who largely consist of direct-mail marketers, must specify the media option (computer printout, labels, magnetic tape, etc.) and the selection option (by geographic area, business code, or tax program). The information provided by the Board includes the business name, owner's name (or corporation name), and mailing address. Additional information such as the account number, business address (if different than the mailing address), business code, ownership designation (sole proprietor, partnership, corporation), start date, and tax area may be provided depending on the media option selected. This information is also available on a weekly basis, printed on 3 x 5 cards, and may specify new accounts, changes, close-outs, reinstatements, or any combination.

The BOE searching service is a fee-based method by which taxpayers, organizations, and individuals may obtain a business owner's name, business address, and account status (open or closed). The overlying authority that allows this service to be provided is the PRA. Personal or confidential data and copies of file materials are not available through the searching service. Requests for the searching service may come from collection agencies, attorneys, banks and mortgage companies, and wholesalers (attempting to verify resale certificates). Resale certificate validation is also available free of charge on the BOE website.

The BOE also enters into agreements with other state, local, and federal agencies and private organizations (such as the Federation of Tax Administrators and the Multistate Tax Compact) to furnish or exchange data. These agreements allow agencies to assist one another with tax enforcement and administration.

The Board currently provides cities, counties, and special taxing jurisdictions on a monthly basis with records of the businesses in their jurisdictions that have been issued seller's permits. The Board encourages these entities, through both written and oral communications, to compare their lists of entities having business licenses with the Board's list of seller's permits issued, and to notify the Board of any businesses that have been issued a business license for sales of goods that are not on the seller's permit list. In addition, the Board's publication - Pamphlet 28 - "Tax Information for City and County Officials," instructs cities and counties on how to

compare the Board's seller's permit registration data with their data in order to both insure correct local tax allocation, and to identify persons who should have a seller's permit.

Background:

The IPA was added by SB 170, Chapter 709 of 1977, effective July 1, 1978. As originally enacted, the IPA prohibited the commercial sale or distribution of names and addresses of individuals, defined as natural persons (sole proprietors were considered natural persons for purposes of the IPA).

Effective September 19, 1978, an urgency statute (SB 1429, Chapter 874 of 1978) was enacted that changed the definition of "individual" to mean "a natural person acting in his or her individual and private capacity." By changing the definition of individual, the sale of all permittee names and addresses was again allowed as it had been prior to the enactment of SB 170.

Effective January 1, 1981, the IPA was amended (AB 502, Chapter 174 of 1980) to again define the term "individual" to mean "a natural person," so that the name and address of any person registered with the Board as an individual owner (sole proprietor) would be subject to the restrictions of the IPA. This change once again prohibited the Board from selling names and addresses of individual permit holders, until the enactment of AB 1355 (Chapter 1001 of 1982) effective January 1, 1983, which remains in effect today.

Comments:

1. **Purpose.** The Board has received complaints from permit holders who do not want their names and addresses made available to direct mail marketers. In particular, individuals who work from their homes have complained to both the Board and the Legislature about the public release of their home addresses. The Board collects information from permit holders for use in the tax collection system and, in order to protect the privacy of taxpayer information, the Board Members believe that this information should not be released, except to verify the existence of a resale certificate and to administer the tax and fee provisions of the Revenue and Taxation Code.
2. **This bill again prohibits the Board from selling names and addresses of individual permit holders.** The prohibition protects the privacy of these businesses and may eliminate or reduce the unsolicited mailings sent to individual permit holders (sole proprietors). Data collected by the Board will still be available to federal, state, and local government agencies.

Assembly Bill 2114 (Longville) Chapter 1053*Collection point of gasoline tax moved*

Effective January 1, 2001, but operative January 1, 2002. Amends Sections 7851, 7855, 7861, 7863, 7865, 7891, 7892, 7893, 7895, 7931, 7934, 7956, 7958, 8101, 8103, 8106, 8106.1, 8106.5, 8126, 8128, 8130, 8146, 8150, 8152, 8253, 8263, 8270, 8351, 8352.1, 8352.4, 8502, 60012, and 60023 of, to add Chapter 2 (commencing with Section 7360) and Chapter 2.5 (commencing with Section 7385) to Part 2 of Division 2 of, to repeal Sections 8106.7 and 8127.6 of, to repeal Chapter 2 (commencing with Section 7351) and Chapter 2.5 (commencing with Section 7370) of Part 2 of Division 2 of, to repeal and add Chapter 1 (commencing with Section 7301), Chapter 3 (commencing with Section 7401), Chapter 4 (commencing with Section 7451), Chapter 5 (commencing with Section 7651), Chapter 9 (commencing with Section 8301), and Chapter 11 (commencing with Section 8401) of Part 2 of Division 2 of, the Revenue and Taxation Code.

Operative January 1, 2002, this bill revises the Motor Vehicle Fuel License Tax Law to conform to the state Diesel Fuel Tax Law and Federal Fuel Tax Law by moving the collection point of the tax from the first distribution level to the refinery or terminal rack level. Additionally, this bill conforms the Motor Vehicle Fuel License Tax Law to the state Diesel Fuel Tax Law and Federal Fuel Tax Law with respect to definitions and exemptions.

This bill also provides for a backup tax, which applies to gasoline delivered into the fuel tank of a motor vehicle fuel-powered highway vehicle or the sale of gasoline when the tax has been refunded on the fuel, or the liquid has not been taxed. Furthermore, this bill renames the Motor Vehicle Fuel License Tax Law to the Motor Vehicle Fuel Tax Law.

This bill also provides for a floor stock tax, which is imposed on gasoline owned on January 1, 2002 by a distributor (supplier) in the distribution chain below the refinery or terminal rack on which a tax has not been charged. This is the case when a distributor owns a retail service station where the fuel at the station was not yet “distributed” and therefore was not yet taxed.

Sponsor: Assembly Member Longville

Law Prior to this bill:

Under current law, an excise tax of \$0.18 per gallon is imposed on both motor vehicle fuel (gasoline) and diesel fuel. For use fuels such as liquefied petroleum gas, compressed natural gas, ethanol, and methanol, the excise tax rates are \$0.06, \$0.07, \$0.09 and \$0.09, respectively.

The excise tax on gasoline is imposed upon distributors for the privilege of distributing gasoline on the distribution of such fuel in this state. Distribution includes refining, producing, blending, or compounding gasoline in this state coupled with the sale, donation, consignment for sale, barter, or use of the fuel in this state. Distribution also includes importing into this state, coupled with the sale, donation, consignment for sale, barter, or use of the fuel in this state. The first distribution of gasoline generally occurs at the highest point in the distribution chain, before the gasoline leaves the refinery by way of a terminal rack or pipeline.

By contrast, the collection point of the excise tax on diesel is at the terminal rack level. The terminal rack level is a level in the distribution chain at a refinery or at a storage and distribution facility at the end of a pipeline where diesel fuel is delivered through a mechanism (the rack as it leaves the refinery or storage facility) into ground transportation, such as a truck, trailer, or railroad car.

Background:

In 1990, voters approved Senate Constitutional Amendment 1 at the June direct primary election. Approval of this measure made operative Assembly Bill 471 (Ch. 106, Stats. 1989) and Senate Bill 300 (Ch. 105, Stats. 1989). These bills, among other things, increased the rate of tax imposed on most motor vehicle fuels from \$0.09 to \$0.14 per gallon, effective August 1, 1990. Further, on January 1, 1991, and each January 1 through 1994 thereafter, the excise tax increased by \$0.01 per gallon to the current \$0.18 per gallon.

Comments:

- 1. Purpose.** This bill is intended to make conforming changes to the current method of tax collection of gasoline in California so that it is in line with the current Federal Fuel Tax Law and state Diesel Fuel Tax Law. Uniformity between the state and federal fuel taxes is intended to simplify accounting and reporting procedures for taxpayers.
- 2. The point of collecting the California motor vehicle fuel license tax will mirror the federal law.** In 1987, the federal government moved the imposition of the federal fuel tax for gasoline to the terminal rack level. This bill follows the federal government's lead by moving the collection point of the state excise tax on gasoline. As such, the point of taxation will be the same for both federal and California fuel taxes.
- 3. Another method of tracking fuel.** In 1998, the Internal Revenue Service received \$10 million in funding from Congress to develop an Excise Fuel Information Reporting System (ExFIRS) in cooperation with a task force representing the states and the petroleum industry. The system will be designed to track fuel into and out of the terminal and includes independent verification from third parties, requires total accountability, facilitates cooperation between federal and state

governments, provides timely data to tax agencies, and utilizes uniform codes and Electronic Data Interchange (EDI) maps. The Internal Revenue Service has a target date of October 1, 2000 for the ExFIRS system to be in place, and the ExFIRS system will be a tremendous aid in deterring fuel tax evasion for any state that taxes fuel at the rack. Accordingly, this bill provides the Board another method of verifying the number of gallons reported as removed from the terminal.

4. The measure should resolve problems in the administration of the motor vehicle fuel license tax. Motor vehicle fuel is traded, exchanged and sold in the pipeline or terminal in order to have the fuel at the correct location for a distributor. These transactions above the rack result in problems in the administration of the tax for both the taxpayer and Board as follows:

- (a) There are numerous transactions above the rack between qualified distributors that are exempt from the Motor Vehicle Fuel License Tax, but must be reported and verified on the tax return.
- (b) Since the Internal Revenue Service taxes fuel at the rack, all fuel in the pipeline and terminal is ex-tax fuel for federal purposes. That same fuel may be tax-paid fuel for state purposes, thereby requiring the taxpayers to maintain two sets of records (state and federal) in order to account for the fuel above the rack.
- (c) There is a shifting point of taxation for fuel in California. Since the tax is imposed upon the distribution in this state, the point must be determined for each movement of motor vehicle fuel. For the most part, qualified distributors each operate a refinery within the state. Depending on when the qualified distributor makes the distribution of fuel, the point of taxation could occur when the fuel leaves the refinery, while it is in transit in a pipeline, while it is in storage at a pipeline terminal, when it is removed from the pipeline terminal, or even when it is sold through a retail pump at a service station.

Assembly Bill 2380 (Lempert) Chapter 110
Ballast Water Fee: Authorization to Collect

Effective July 10, 2000. Adds and repeals Part 22 (commencing with Section 44000) to Division 2 of the Revenue and Taxation Code.

This Board-sponsored bill provides the necessary fee collection and other administrative provisions for the Board to properly administer the Ballast Water Management Fee.

Law Prior to this bill:

Under existing law, Section 71215(c) of the Public Resources Code requires the Board to collect the Ballast Water Management Fee from the owner or operator of each vessel that enters a California port with ballast water loaded from outside the exclusive economic zone (EEZ). However, current law does not contain provisions for the proper collection or administration of the Ballast Water Management Fee.

Background:

Assembly Bill 703 (Ch. 849, Lempert, Stats. 1999) created Division 39 (commencing with Section 71200) in the Public Resources Code titled "Ballast Water Management for Control of Nonindigenous Species." Chapter 4 of Division 39 (commencing with Section 71215) requires the Board to collect a fee from the owner or operator of each vessel that enters a California port with ballast water loaded from outside the EEZ, as defined in the statutes. The fee was intended to collect funds to establish a program to address the problem of the introduction and spread of nonindigenous aquatic species into the state waters of California. However, when Assembly Bill 703 was enacted, it did not contain the necessary collection and administrative provisions for the Board to comply with the fee collection requirement.

Comments:

- 1. Purpose.** This bill is intended to allow the Board to carryout the fee collection requirements contained under Section 71215(c) of the Public Resources Code.
- 2. This bill allows the Board to comply with the requirements to collect the Ballast Water Management Fee.** Current law contains no provisions for collections, refunds, registration, or even payment due dates. This bill adds the necessary fee collection provisions as contained in the Fee Collection Procedures Law and other administrative provisions, including the California Taxpayers' Bill of Rights, required for the administration of the fee collection program.

3. **This bill is an urgency statute.** The provisions of Assembly Bill 703, which includes the requirement for the Board to collect the Ballast Water Management Fee, became operative on January 1, 2000. Accordingly, in order for the Board to properly collect and administer the Ballast Water Management Fee the provisions of this bill should take effect immediately.

Assembly Bill 2894 (Committee on Revenue and Taxation) Chapter 923
Electronic Funds Transfer

Effective January 1, 2001. Adds Sections 6011, 6012, 6066, 6366, 6366.1, 6452, 6479.31, 7093.5, 7655, 7657, 7658, 7659.2, 8876, 8877, 8878, 30281, 30282, 30283, 32252, 32255, 32256, 32311, 40101, 40102, 40103, 41095, 41096, 41097, 43152.12, 43152.15, 43155, 43157, 43158, 45153, 45155, 45156, 45156.5, 46154, 46156, 46157, 50112, 50112.2, 50112.3, 50112.4, 55042, 55044, 55046, 60207, 60209, and 60211 of, to add Sections 6245.5 and 46154.1 to, to add Article 1.2 (commencing with Section 7659.9) to Chapter 5 of Part 2 of Division 2 of, to add Article 1.1 (commencing with Section 8670) to Chapter 4 of Part 3 of Division 2 of, to add Article 1.1 (commencing with Section 30190) to Chapter 4 of Part 13 of Division 2 of, to add Article 1.1 (commencing with Section 32260) to Chapter 6 of Part 14 of Division 2 of, to add Article 2.1 (commencing with Section 40067) to Chapter 4 of Part 19 of Division 2 of, to add Article 1.1 (commencing with Section 41060) to Chapter 4 of Part 20 of Division 2 of, to add Article 1.1 (commencing with Section 43170) to Chapter 3 of Part 22 of Division 2 of, to add Article 1.1 (commencing with Section 45160) to Chapter 3 of Part 23 of Division 2 of, to add Article 1.1 (commencing with Section 46160) to Chapter 3 of Part 24 of Division 2 of, to add Article 1.1 (commencing with Section 50112.7) to Chapter 3 of Part 26 of Division 2 of, to add Article 1.1 (commencing with Section 55050) to Chapter 3 of Part 30 of Division 2 of, and to add Article 1.1 (commencing with Section 60250) to Chapter 6 of Part 31 of Division 2 of, and to repeal Sections 32254, 32292, 43156, 45154, 46155, 50112.1, and 55043 of, the Revenue and Taxation Code, relating to taxation.

This bill contains Board of Equalization-sponsored proposals that accomplish, specifically with respect to Special Taxes, the following:

- 1. Adds the requirement for persons whose estimated tax liability averages \$20,000 or more per month to submit payment by electronic funds transfer (EFT) for certain Special Taxes accounts.**
- 2. Deletes a typographical error in legislation added in 1999.**

EFT

Law Prior to Amendments:

Under current Sales and Use Tax Law, the Revenue and Taxation Code requires any person whose estimated sales and use tax liability averages \$20,000 or more per month to remit amounts due by an electronic funds transfer (EFT). In addition, any person may pay by electronic funds transfer, even if the estimated tax liability averages less than \$20,000 per month. Under the law, if a person fails to timely remit those taxes, or fails to remit those taxes by an electronic funds transfer, or fails to file a timely return, that person becomes liable for a 10 percent penalty for the amount of those taxes. The maximum penalty that can be applied in any one

reporting period is 10 percent (rather than three separate 10 percent penalties for paying late, for filing the return late and for remitting taxes by other than electronic funds transfer).

Under existing law, there are no provisions requiring mandatory payment of taxes or fees by EFT in any Special Taxes Department tax program where the Board collects the tax or fee.

Proposed Law:

This bill adds provisions requiring persons whose estimated tax liability averages \$20,000 or more per month to submit payment by EFT for the following Special Taxes programs:

- Motor Vehicle Fuel License Tax
- Use Fuel Tax
- Cigarette and Tobacco Products Tax
- Alcoholic Beverage Tax
- Energy Resources Surcharge
- Emergency Telephone Users Surcharge
- Hazardous Substances Tax
- Integrated Waste Management Fee
- Oil Spill Response, Prevention and Administration Fee
- Underground Storage Tank Maintenance Fee
- Diesel Fuel Tax

This bill also makes conforming changes to the Fee Collection Procedures Law.

In addition, this bill provides equity between traditional filers and EFT filers by extending the 10 percent penalty for failure to file a return, which is contained in the EFT provisions, to traditional filers.

Comments:

This bill simply extends the EFT provisions from the Sales and Use Tax Law to certain Special Taxes programs. Extending these provisions provides tax and fee payers with an additional customer service by offering an alternative payment method. Board staff has determined that 69 percent of the tax or fee payers that will be required to remit payments by EFT under this bill currently remit their sales and use tax payments by EFT. Additionally, 95 percent of the revenue expected to be paid by EFT from Special Taxes program accounts will be from taxpayers already paying their sales and use tax by EFT.

This bill also eliminates the “float” period (float is the elapsed time between the taxpayer mailing a check and the check being deposited into the Board’s bank account) and the State of California will earn additional interest on tax payments deposited. The handling of check payments has inherent delays of processing and clearing time, or “float”, caused by the mail. This bill eliminates a number of methods currently used by taxpayers to maximize the amount of float on

disbursements. For example, envelopes can be pre-postmarked or mailed from remote sites. Checks can be drawn against remotely located banks or those which receive only a limited number of checks presented for payment each day. Consequently, a tax payment can be postmarked on the tax due date, but the payment may not be received and deposited by the State Treasurer for a week or more.

Furthermore, this bill reduces the manual processing of checks.

And lastly, this bill extends the 10 percent penalty for failure to file a return for traditional filers from the Sales and Use Tax Law to the Special Taxes programs. Senate Bill 1827 (Ch. 1087, Stats. 1996) added this additional penalty to the Sales and Use Tax Law in order to obtain equity between the traditional filers and the EFT filers.

Typographical Error

Law Prior to Amendments:

Under existing law, Sections 45156.5, 50112.4 and 55046 provide the Board with the statutory authority to relieve interest in cases where the reason for the late payment of tax is due to an unreasonable error or delay caused by a Board employee.

Proposed Law:

This bill corrects a typographical error to clarify the Board's authority to relieve interest where the failure to pay tax is due to an unreasonable error or delay by the Board.

Comments:

The Board of Equalization sponsored legislation in 1999 to strengthen and update the California Taxpayers' Bill of Rights. This legislation (Assembly Bill 1638, Assembly Revenue and Taxation Committee, Ch. 929, Stats. 1999) included provisions in the Special Taxes programs which authorized the Board to relieve interest where the failure to pay tax is due to an unreasonable error or delay by the Board.

For the most part, the language in the bill was identical to the language originally drafted by the Board. However, it appears that an "or" was mistakenly inserted in three separate sections of the bill which authorize the Board to relieve interest in cases where the reason for the late payment of tax is due to an unreasonable error or delay caused by a Board employee. The error was amended into Sections 45156.5, 50112.4 and 55046 of the Revenue and Taxation Code which affect the Integrated Waste Management Fee, Underground Storage Tank Fee, and Fee Collection Procedures Law, respectively. This additional word changes the intended meaning of the sections in which it appears. This proposal simply removes the stray language.

Assembly Bill 2898 (Committee on Revenue and Taxation) Chapter 1052
Board-sponsored measure to strengthen the California Taxpayers' Bill of Rights

Effective January 1, 2001. Amends Sections 6456, 6592, 6832, 7076.7, 7091, 7657, 8269, 8877 9033, 9269, 11253, 11597, 30282, 30354, 30458.9, 32255, 32389, 32469, 38452, 38504, 40102, 40167, 40209, 41096, 41127.6, 41169, 43157, 43448, 43520, 45155, 45609, 45865, 46156, 46464, 46620, 50112.2, 50138.6, 50156.9, 55044, 55209, 55330, 60209, 60493, and 60630 of, and to add Sections 6704, 6832.6, 7056.6, 8128.1, 8257, 8958, 9033.5, 9152.1, 9255.2, 11253.5, 11453, 11553.5, 11656, 11657, 30316, 30354.5, 30362.1, 30455.5, 32387.5, 32389.5, 32402.1, 32455.5, 38503.5, 38504.5, 38602.5, 38707, 38708, 40112.1, 40156, 40167.5, 40176, 41101.1, 41123.6, 41127.7, 41132, 43444.3, 43448.5, 43452.1, 43506, 45605.5, 45609.5, 45652.1, 45855.5, 46407, 46464.5, 46502.1, 46606, 50136.5, 50138.7, 50140.1, 50155.5, 55205.5, 55209.5, 55222.1, 55305, 60408, 60493.5, 60522.1, and 60609.5 to, the Revenue and Taxation Code, relating to taxation

This Board of Equalization-sponsored measure strengthens and updates the California Taxpayers' Bill of Rights for the taxes and fees administered by the Board. Specifically, with respect to the Special Taxes program, this bill:

- 1. Authorizes the Board to establish criteria to provide relief of the late payment penalty in a more efficient manner,**
- 2. Provides relief to a taxpayer whose employer withheld delinquent taxes or fees from the taxpayer's pay, but failed to remit the amounts to the Board,**
- 3. Provides relief of the late payment penalty in cases where the taxpayer enters into and successfully complies with an installment payment agreement,**
- 4. Prohibits the disclosure of confidential taxpayer information by tax preparers,**
- 5. Changes the effective date for which reimbursement of fees and expenses may be awarded so that taxpayers may claim reimbursement commencing from the date the notice of determination, jeopardy determination, or denial of claim for refund is issued,**
- 6. Suspends the statute of limitations on filing refund claims during periods of disability, and**
- 7. Requires the Board to provide annual statements summarizing the payment and liability information to taxpayers who have entered into installment payment agreements.**

Background:

The Harris-Katz California Taxpayers' Bill of Rights was enacted in 1988 (Ch. 1574), effective January 1, 1989, to place certain guarantees in the California Sales and Use Tax Law to ensure that the rights, privacy, and property of California taxpayers are adequately protected during the process of the assessment and collection of taxes. The Katz-Harris Taxpayers' Bill of Rights, also enacted in 1988, placed similar guarantees in the California Personal Income Tax Law and the Bank and Corporation Tax Law. Conforming taxpayer rights were added to the Board-administered Special Taxes programs in 1992 by Chapter 438.

On July 30, 1996, Congress enacted the federal Taxpayer Bill of Rights 2 to provide an additional set of taxpayer protections under the federal income tax laws. As a conformity measure, the Franchise Tax Board sponsored AB 713 (Ch. 600, Stats. 1997) to conform many of its bill of rights provisions to the 1996 federal changes.

In 1998, the Board sponsored Assembly Bill 821 (Ch. 612, Takasugi) to conform California sales and use tax laws to the Franchise Tax Board's AB 713. Effective January 1, 1999, AB 821 expanded, modified and supplemented the Katz-Harris Taxpayers' Bill of Rights Act with respect to relief of interest, installment payment agreements, interest on erroneous refunds, education and information programs, reimbursement of certain fees and expenses, return of levied property, and release of liens to facilitate collection or when it is in the best interest of the state and taxpayer.

Also in 1998, Congress enacted the Internal Revenue Service Restructuring and Reform Act of 1998. In addition to providing for a massive reorganization of IRS and the way it does business, this Act included various taxpayer rights protections, including greater relief of liability for innocent spouses, statute of limitations relief for financially disabled taxpayers, increased tax agency notification requirements, and many others.

In 1999, California conformed its Sales and Use Tax and Personal Income and Bank and Corporation Tax Laws to several of the taxpayer rights provisions in the IRS Act through the enactment of AB 1638 (Chapter 929, Statutes of 1999) and SB 94 (Chapter 931, Statutes of 1999).

Provide relief to a taxpayer whose employer withheld delinquent taxes or fees from the taxpayer's pay, but failed to remit the amounts to the Board

Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill, Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Under Section 6703 of the Sales and Use Tax Law, and similar statutes in the Board's other tax and fee programs, if a retailer or other person liable for the tax is delinquent in his or her payment of amounts due, the Board is authorized to take administrative collection action. One such action is the issuance of earnings withholding orders for taxes or fees pursuant to the Code of Civil Procedure. These orders require employers to withhold delinquent taxes or fees from an employee's earnings and remit the withheld amount to the Board. This situation arises when the taxpayer, at the time of this action, is employed by another, as for example, a purchaser of an aircraft who is delinquent in his or her payment of use tax to the Board. In cases where the employer fails to remit the withheld amount to the Board, the employee continues to remain liable to the Board for the amounts withheld and, other than obtaining a civil action against the employer, the Board has no authority to take administrative collection action against the employer. Under existing law, the Board has no authority to credit the account of the tax or feepayer for the amount the employer withheld and failed to remit. In addition, the Board does not have authority to stop collection action against the tax or feepayer.

Comment:

This provision, which is consistent with the authority granted to the Franchise Tax Board by SB 94 (Ch. 931, Stats. 1999), provides relief to a tax or feepayer whose employer withheld delinquent taxes or fees from the tax or feepayer's pay pursuant to an earnings withholding order, but failed to remit the amounts to the Board. Specifically, this provision:

- Eliminates the tax or feepayer's liability for the unremitted amount by allowing the Board to credit the taxpayer's account for the unremitted amount.
- Holds the employer liable for the unremitted amount by allowing the Board to administratively assess an amount equal to the unremitted amount against the employer.
- Stops collection action against the tax or feepayer for the amount.

Provide relief of the late payment penalty in cases where the taxpayer enters into and successfully complies with an installment payment agreement

Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill, Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Under current law, the Board may enter into a written installment payment agreement with a person for the payment of any taxes or other amounts due over an

agreed period. Generally, if a taxpayer is late in payment of those taxes, a penalty of 10% of the tax is added.

Comment:

This proposal provides that, if a person entered into a written installment payment agreement with the Board within 45 days of the date of the Board's notice of determination or redetermination becomes final, the taxpayer may be relieved of the late payment penalty, provided the taxpayer satisfactorily completes the installment payment proposal.

Prohibit the disclosure of confidential taxpayer information by tax preparers

Motor Vehicle Fuel License Tax, Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill, Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Among the inalienable personal rights listed in Article I of the California Constitution, is the right to privacy. Consistent with this provision, current law prohibits the Board and its employees from divulging confidential information about the business affairs of taxpayers registered with the Board. Any violation of these laws is a misdemeanor, punishable by a fine of not less than \$1,000 and not more than \$5,000, or imprisonment not to exceed one year in the county jail, or both a fine and imprisonment, at the discretion of the court. Current law does not prohibit tax preparers from divulging tax or fee information relating to taxes and fees collected by the Board.

Comment:

This provision, which is consistent with Section 7216 of the United States Code for purposes of the Federal Income Tax Law, and Section 17530.5 of the Business and Professions Code for purposes of federal or state income tax returns, makes it a misdemeanor for any person who is engaged in the business of preparing or providing services in connection with the preparation of Board-administered tax or fee returns, to disclose any information furnished to him or her for, or in connection with the preparation of any such return, or to use any such information for any purpose other than to prepare, or assist in preparing, any such return.

Change the effective date for which reimbursement of fees and expenses may be awarded

Motor Vehicle Fuel License Tax, Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill,

Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Under current law, a taxpayer is entitled to be reimbursed for any reasonable fees and expenses related to a hearing before the Board if the Board finds that the action taken by the Board staff was unreasonable. Under existing provisions, the amount of reimbursed fees and expenses is limited to the fees and expenses incurred after the date of the filing of the petitions for redetermination and claims for refund.

Comment:

This provision, which conforms to the Franchise Tax Board's SB 94 (Ch. 931, Stats. 1999), changes the effective date from which reasonable fees and expenses may be granted, from the date the petition or claim for refund is *filed* to the date the notice of determination is *issued*.

Suspend the statute of limitations on filing refund claims during periods of disability

Motor Vehicle Fuel License Tax, Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill, Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Under both the IRS Restructuring and Reform Act of 1998 and the Sales and Use Tax Law, as added by AB 1638 (Stats. 1999, Ch. 929), a taxpayer is allowed equitable tolling of the statute of limitations for refund claims during any period in which the individual is unable to manage his or her financial affairs by reason of a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months. However, tolling does not apply for periods in which the taxpayer's spouse or another person is authorized to act on the taxpayer's behalf on financial matters.

Current law specifies the period in which claims for refund are required to be filed for any overpayments. The Board's tax programs require a claim for refund to be filed no later than three years from the due date of the return (four years under the Private Railroad Car Tax Law), or six months from the date of the overpayment, whichever period expires later. Current law does not provide for equitable tolling under any circumstances.

Comment:

The Board's conformance to the Act provides equitable relief for those taxpayers that qualify, and will not likely result in a significant increase in staff workload or loss in revenues.

Require the Board to provide annual statements to taxpayers who have entered into installment payment agreements.

Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substances Tax, Integrated Waste Management Fee, Oil Spill, Response, Prevention, and Administration Fee, Underground Storage Tank Fee, Fee Collection Procedures Law, Diesel Fuel Law

Current Law:

Under both the IRS Restructuring and Reform Act of 1998 and the Sales and Use Tax Law, as added by AB 1638 (Stats. 1999, Ch. 929), the IRS and Board are required to provide an annual statement to every taxpayer with an installment agreement indicating the initial balance at the beginning of the year, the payments made during the year, and the remaining balance at the end of the year.

AB 1638 also granted authorization to the Board to enter into installment payment agreements with taxpayers under the Special Taxes, Private Railroad Car Tax, and the Timber Yield Tax programs. Statutory conformance with the Act and the Sales and Use Tax Law will enhance the Board's services to taxpayers who have entered into these agreements by requiring the Board to provide clear explanations of accrued interest and penalties on their respective tax liabilities. It will also allow taxpayers to clearly track their remaining outstanding liabilities with the Board of Equalization.

Comment:

Although the Board intends to provide taxpayers with this type of information on their installment payment plans without a statutory requirement, it is necessary to add these provisions to the law in order to provide taxpayers with legal certainty. It should be noted that these provisions do not apply to taxes due under the Motor Vehicle Fuel License Tax Law, since those taxes are collected by the State Controller and not the Board.

Senate Bill 607 (Chesbro) Chapter 609
Exemption for sales of distilled spirits to military bases

Effective September 24, 2000, but operative January 1, 2001. Adds Section 32177.5 to the Revenue and Taxation Code.

Operative January 1, 2001, this bill exempts from the excise tax distilled spirits sold by brandy manufacturers, distilled spirits manufacturers, rectifiers, importers, and distilled spirits wholesalers to the following instrumentalities of the United States organized under Army, Air Force, Navy, Marine Corps, or Coast Guard regulations and located in California:

- **Army, Air Force, Navy, Marine Corps, and Coast Guard exchanges;**
- **Officers', noncommissioned officers', and enlisted men's clubs or messes.**

Sponsor: Wine and Spirits Wholesalers of California, Inc.

Law Prior to Amendments:

Under existing law, a per-gallon excise tax is imposed on the sale of alcoholic beverages by manufacturers, distillers, wine growers, wholesalers, rectifiers, importers, and others selling such beverages with respect to which no tax has been paid. Therefore, even though state taxes can not be imposed upon the United States Government, a manufacturer, distiller, wine grower, wholesaler, rectifier, and importer is required to remit the excise tax to the state for sales of alcoholic beverages to military bases.

The current taxes and surcharges on beer, wine, and distilled spirits are as follows:

	<u>Tax Per Gallon</u>	<u>Per Gallon Surcharge</u>	<u>Total Per Gallon</u>
Beer	\$0.04	\$0.16	\$0.20
Wine (not more than 14 percent alcohol)	\$0.01	\$0.19	\$0.20
Wine (more than 14 percent alcohol)	\$0.02	\$0.18	\$0.20
Sparkling wine	\$0.30	None	\$0.30
Distilled spirits (100 proof)	\$2.00	\$1.30	\$3.30
Distilled spirits (100+ proof)	\$4.00	\$2.60	\$6.60
Hard Cider	\$0.02	\$0.18	\$0.20

Current exemptions from the excise tax include:

- Sales of alcohol, distilled spirits, or wine for use in trades, professions, or for industrial purposes and not for beverage purposes. These must be sold in packages larger than one gallon.
- Sales of distilled spirits to registered common carriers that are required to report and pay the alcoholic beverage tax.
- Alcoholic beverages in continuous transit through this State while in possession or custody of common carriers.
- Distilled spirits sold for export and actually exported.
- Sales or transfers of distilled spirits between distilled spirits wholesalers.
- Beer and wine imported into the United States in bulk containers withdrawn from customs and custody and transferred to the premises of a bonded brewery or bonded wine cellar.

The alcoholic beverage tax is paid to the Board of Equalization and deposited into the Alcohol Beverage Control Fund

Background:

The exemption proposed by this bill was previously included in Section 32177.5 of the Alcoholic Beverage Tax Law. This earlier exemption, which also included wine, was added by Assembly Bill 905 (Stats. 1980, Ch. 1280), effective September 30, 1980 with a January 1, 1984 sunset date. Although the earlier exemption language remained in the Alcoholic Beverage Tax Law until January 1, 1989, it no longer applied effective January 1, 1984.

Comments:

- 1. Purpose.** This bill is intended to correct a competitive disadvantage experienced by in-state manufacturers, distillers, and wholesalers who are currently unable to sell significant amounts of distilled spirits to military bases in the state because they cannot compete with out-of-state entities that do not have to pay the excise taxes on their sales to military bases.

The price paid by military bases on in-state purchases of distilled spirits includes the excise tax on distilled spirits required to be paid by a brandy manufacturer, distilled spirits manufacturer, rectifier, importer or wholesaler because existing law does not provide an exemption for sales of alcoholic beverages to the United States Government. Therefore, when a brandy manufacturer, distilled spirits manufacturer, rectifier, importer, and distilled spirits wholesaler, upon whom the excise tax is imposed, sell distilled spirits to a military base, they incorporate the excise tax into the selling price of the product.

However, military bases are able to purchase distilled spirits from out-of-state vendors and avoid paying the excise tax. Although current law generally provides that alcoholic beverages purchased out-of-state must be imported by a common carrier for consignment to a licensed importer, upon whom the excise tax is imposed, this does not hold true for the United States Government. In addition, Federal law does not allow state taxes to be imposed upon the United States Government. According to Department of Alcoholic Beverage Control staff, California has no jurisdiction over the United States Government with respect to imports of distilled spirits to military bases. Therefore, the United States Government can avoid paying the excise tax usually included in the selling price to consumers by either transporting distilled spirits from an out-of-state location to a military base by its own facilities or by common carrier.

2. **The Board does not anticipate any problems administering the provisions of this bill.** Providing an exemption for sales of distilled spirits to military bases in California as proposed by this bill, does not create any administrative concerns for the Board.
3. **This bill does not impact sales tax revenues.** Generally, the alcoholic beverage taxes and surtaxes are incorporated into the retail selling price of an alcoholic beverage and become part of the sales tax base for that product. Therefore, when a consumer purchases an alcoholic beverage, the sales tax is charged on the retail price of the alcoholic beverage including the alcoholic beverage taxes and surtaxes.

However, sales tax does not apply to sales made by the United States Government. Therefore, the sales price of alcoholic beverages, including alcoholic beverage taxes and surcharges, by an instrumentality of the armed forces of the United States is not subject to sales tax under current law. Accordingly, exempting sales of distilled spirits to military bases in California from alcoholic beverage taxes and surcharges, as provided in this bill, will not impact sales tax revenues.

Senate Bill 876 (Escutia) Chapter 838
California Tire Fee increased

Effective January 1, 2001. Amends Sections 42807, 42808, 42845, 42849, 42885, 42889, 42889.1, 42950, 42951, 42952, 42953, 42954, 42955, 42956, 42958, 42960, 42962, 42963, and 48100 of, to add Sections 42801.5, 42801.6, 42801.7, 42803.5, 42805.5, 42805.6, 42805.7, 42806.5, 42814, 42885.5, 42889.3, and 42889.4 to, to repeal Sections 42842, 42866, and 42959 of, and to repeal and add Sections 42843 and 42961.5 of, the Public Resources Code.

Among other things, this bill requires every person who purchases a new tire from a retail seller of new tires to pay a California tire fee of \$1.00 per tire until December 31, 2006, and \$0.75 per tire after that date. The definition of "new tire" is expanded to include a new tire sold with a new or used motor vehicle, including the spare. A "new or used motor vehicle" is defined to mean any device by which any person or property may be propelled, moved or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.

This bill also requires the retail seller to collect the fee at the time of sale and remit the fee, less 3 percent retained as reimbursement of collection costs, to the state on a quarterly schedule for deposit in the California Tire Recycling Management Fund.

Furthermore, this bill deletes the January 1, 2001 sunset date.

Sponsor: Senator Escutia

Law Prior to Amendments:

Under existing law, Section 42885 of the Public Resources Code imposes a fee of 0.25 on the purchase of each tire from a retail seller of new tires. After deducting 10% of the total fees as reimbursement for costs associated with the collection of the fee, a retailer must remit the fees to the Board of Equalization (Board) each quarter for deposit in the California Tire Recycling Management Fund.

The fee remains in effect only until January 1, 2001, and as of that date is repealed, unless extended by another statute.

In General:

The California Integrated Waste Management Board (CIWMB) is charged with overseeing recycling and disposal issues for numerous programs, including the statewide tire recycling program. Since the first imposition of the tire recycling fee in 1991, CIWMB has used the tire recycling fee funds to finance permitting,

enforcement, and clean up activities, as well as market development programs and administrative costs. Though current law provides the CIWMB with the authority to contract with any state agency to collect the fee, the BOE has collected the fee under a contract with it since the inception of the program.

Background:

Assembly Bill 117 (Escutia, Ch. 1020, Stats. 1998) extended the tire recycling fee sunset date from June 30, 1999 to January 1, 2001. In addition, the bill required the CIWMB to submit a status report to the Governor and the Legislature with respect to waste tires generated in California and the reduction of existing waste tire stockpiles. The CIWMB convened a working group of affected parties in the development of their report and recommended proposed legislation. Among the issues outlined in the CIWMB California Waste Tire Program Evaluation and Recommendations report, as adopted at its June 22, 1999 board meeting, was that California generates more waste tires than other states, yet its program ranks at the bottom in funding. One impact of the minimal funding has been the relatively slow pace in cleaning up illegal tire piles, resulting in greater public exposure to the dangers associated with large tire fires.

In 1996, Assembly Bill 2108 (Mazzoni, Ch. 304) amended Section 42885 to impose the \$0.25 per tire recycling fee on each new tire purchased. Prior to January 1, 1997, the operative date of AB 2108, the fee was imposed on each tire left for disposal with a tire seller. Assembly Member Mazzoni sponsored AB 2108 in order to improve the efficiency of the collection of the fee. The previous method of imposing the fee on the disposal of tires was viewed by the author as a disincentive for consumers to leave tires with a tire retailer for purposes of disposal. The Board supported AB 2108.

Comments:

1. **Purpose.** This bill is intended to implement changes to address the issues outlined in the CIWMB's California Waste Tire Program Evaluation and Recommendations report, as adopted at its June 22, 1999 board hearing. The additional funds generated by increasing the fee will be used to eliminate major tire stockpiles, set up a local enforcement element, and provide a viable market development/business retention program for reclaiming or recycling scrap tires.
2. **CIWMB will administer the civil penalty.** The language in this bill is intended to impose, under Section 42885, a civil penalty for any person or business who knowingly, or with reckless disregard makes any false statement or representation in any document used to comply with Section 42885. In addition to the civil penalty, an administrative penalty may be imposed by the CIWMB on any person who intentionally or negligently violates any permit, rule, regulation,

standard, or requirement issued or adopted pursuant to Chapter 17 of the Public Resources Code.

Pursuant to Section 42882, the CIWMB has contracted with the Board to collect the fee imposed in Section 42885. Since the civil and administrative penalties are also contained within Section 42885, the language in its current form may be confusing as to what state agency (the CIWMB or the Board) will *impose* the civil penalty and what state agency will *collect* the civil and administrative penalties.

Board staff contacted both the author's office and the CIWMB (who provided the current bill language) to verify the intent of what state agency will administer the penalties. Based on Board staff's discussion with CIWMB staff, the civil and administrative penalties are to be imposed and collected by the CIWMB.

Senate Bill 1038 (Burton) Chapter 18
Imported cigarettes

Effective May 5, 2000. Amends Section 30163 of the Revenue and Taxation Code.

Among other things, this bill prohibits the affixing of a California tax stamp to a package of cigarettes which bears a cigarette brand name that is a registered United States trademark of a manufacturer that participates in the Master Settlement Agreement between the states and tobacco companies, if the package was imported by anyone other than the participating manufacturer.

Sponsor: California Distributors Association

Law Prior to Amendment:

Currently, Cigarette and Tobacco Products Tax Law Section 30163 requires that an appropriate stamp or meter impression be affixed to, or made on, each package of cigarettes prior to distribution of the cigarettes. However, this section prohibits the affixing of any cigarette tax stamp to, or meter impression made upon, any package of cigarettes if any one of the following occurs:

1. The package does not comply with all requirements of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. Sections 1331-1341) for the placement of labels, warnings, or any other information upon a package of cigarettes that is to be sold within the United States.
2. The package of cigarettes is labeled "For Export Only", "U.S. Tax Exempt", "For Use Outside U.S.", or similar wording indicating that the manufacturer did not intend that the product be sold in the United States.
3. The package of cigarettes has been altered by adding or deleting the wording, labels, or warnings described in (1) or (2) above.
4. The package of cigarettes was imported into the United States after January 1, 2000, in violation of Section 5754 of Title 26 of the United States Code.

Section 30163 also requires the Board to revoke the license of any distributor who violates the stamping restrictions of that section. In addition, Section 30436 authorizes the Board to seize cigarettes that have been stamped in violation of the restrictions contained in Section 30163.

In General:

Several American cigarette manufacturers produce cigarettes domestically and overseas, and some American-brand cigarettes are produced overseas by other

manufacturers pursuant to licensing agreements with the manufacturers that “own” the brands. The foreign-manufactured cigarettes can be purchased at a price below the price for the same domestically manufactured brands. Some California distributors lawfully have been importing these cigarettes, paying federal and state taxes and duties, and selling them in California. The price differential between domestic and foreign-manufactured cigarettes averages \$6 per carton.

Background:

The current restriction on the distribution of cigarettes in California that do not meet all the requirements of the Federal Cigarette Labeling and Advertising Act was amended into Section 30163 by Senate Bill 2134 (Stats. 1998, Ch. 292) and sponsored by the California Distributors Association. The sponsor asserted that “for export only” cigarettes, which are manufactured in the United States by American cigarette manufacturers for foreign markets, were returned to the United States and have become associated with export fraud, smuggling, and organized crime. Their bill was intended to deter the increasing volume of ex-tax cigarettes sold in California.

In spite of the restriction placed into the cigarette tax law by Senate Bill 2134, “for export only” cigarettes continued to be available in California because these cigarettes *did* comply with the Federal Cigarette Labeling and Advertising Act, which basically requires health warning labels and a plan approved by the Federal Trade Commission describing how the four health warning labels will be included on the cigarette packages throughout the year. Accordingly, Section 30163 was once again amended by Senate Bill 702 (Stats. 1999, Ch. 935) to prohibit the affixing of a tax stamp on:

1. cigarette packages which are labeled “For Export Only”, “U.S. Tax Exempt”, “For Use Outside U.S.”, or similar wording indicating that the manufacturer did not intend that the product be sold in the United States,
2. cigarette packages which have been altered by adding or deleting the health warnings or “export only” language, or
3. cigarette packages that were imported into the United States after January 1, 2000, in violation of Section 5754 of Title 26 of the United States Code.

This bill was sponsored by the California Distributors Association and was intended to clarify the definition of export cigarette product subject to the stamping restrictions in current law and give the Board the authority to seize the cigarettes found to be in violation of those restrictions.

However, it was not apparent at the time Senate Bills 2134 and 702 were enacted that a significant number of American cigarette brands were being manufactured in foreign countries and shipped into the United States for sale in California. Although the importing and stamping of these cigarettes does not violate California’s cigarette tax law, there is a potential for evasion of the cigarette tax

because these cigarettes may not be subject to the same reporting and tracking requirements as cigarettes manufactured and shipped within the United States.

Comments:

1. **Purpose.** This bill is intended to add to the category of export cigarettes that "may not be stamped in California, those packages which are brands of a participating manufacturer to the Master Settlement Agreement brought into the state through a party other than the participating manufacturer." The emphasis is on brands, not where the product is manufactured. It ensures that such cigarette packages will be subject to state and federal reporting requirements for cigarettes shipped in the United States. Additionally, this bill is intended to ensure the capture of Master Settlement Agreement funds paid by the participating manufacturer for cigarettes (including imported cigarettes) shipped in the United States.
2. **This bill better ensures that participating manufacturers make payments under the Master Settlement Agreement for all their cigarette brands shipped in or to this country.** It is Board staff's understanding that American manufacturers have licensed foreign manufacturers to produce their brand name cigarettes for sales abroad. (The brand names are registered as trademarks.) It is possible for those foreign-manufactured cigarettes to be imported into the United States for sale by someone other than the licensing participating manufacturer.

A participating manufacturer's annual payment under the Master Settlement Agreement is based on its relative market share (as a percentage) of the base amount specified in the agreement. The base amount specified in the agreement can increase or decrease, based on the number of cigarettes shipped in the United States by a participating manufacturer. If a participating manufacturer's brand name cigarettes are manufactured off-shore pursuant to a license agreement, and imported into the United States by someone other than the participating manufacturer, the base payment amount (and, consequently, the payments to the states under the Master Settlement Agreement) may be reduced because such cigarettes will not count as cigarettes shipped in the United States by the participating manufacturer. In other words, since the participating manufacturer is not involved with any part of the shipping process of its cigarette brand in the United States, those cigarettes will not count for purposes of computing its base payment under the Master Settlement Agreement.

3. **Importing of foreign-manufactured cigarettes does not automatically lead to tax evasion.** Tax evasion occurs when cigarettes are distributed without the payment of the tax. Distributors of foreign-manufactured cigarettes who properly stamp their cigarettes, and thereby pay their cigarette taxes, are not violating current state cigarette tax law. This measure, however, will prevent distributors from selling foreign-manufactured cigarettes bearing a brand name

that is a registered United States trademark of a participating manufacturer if the cigarettes were imported by anyone other than that participating manufacturer.

Although this proposal limits the ability of distributors to sell foreign-manufactured cigarettes, even if the cigarette tax on such cigarettes is paid, it will help prevent an increase in smuggling. As smugglers become more aware that foreign-manufactured cigarettes provide potential profits and an easier method for bringing untaxed cigarettes into California (with the possibility of avoiding the reporting requirements related to domestically produced and shipped cigarettes), foreign-manufactured cigarettes could potentially become a greater source of tax evasion.

It should be pointed out that this proposal does not completely prohibit the affixing of a cigarette tax stamp to a package of foreign-manufactured cigarettes. In addition to participating manufacturers importing their own cigarette brands, foreign-manufactured cigarette packages that bear a cigarette brand name which is not a registered United States trademark of a participating manufacturer may be legally imported, stamped, and made available for sale by a distributor.

Senate Bill 1933 (Vasconcellos) Chapter 619
California Commission on Tax Policy in the New Economy

Effective January 1, 2001. Adds and repeals Part 18.3 (commencing with Section 38061) of Division 2 of the Revenue and Taxation Code.

This measure makes various findings and declarations regarding the rapidly changing technology and its impact on California's economy, and states "There is a need to reevaluate our entire system of tax policies and collection mechanisms in light of the new economy." This measure creates the California Commission on Tax Policy in the New Economy, comprised of nine voting members, five appointed by the Governor, two appointed by the President pro Tempore, and two appointed by the Speaker of the Assembly. In addition, ex officio members of the Commission include the chair of the BOE, the executive officer of the Franchise Tax Board, the Director of Employment Development, the chair of the California Public Utilities Commission, the Director of Finance, the Controller, a public member of the California Economic Strategy Panel, and the chairs of both the Senate and Assembly Revenue and Taxation Committees.

The Commission is charged with conducting public hearings to address Internet taxation, and study and make recommendations regarding specified elements of the California system of state and local taxes, including, but not limited to, the sales and use tax, telecommunications taxes, income taxes, and property taxes.

With respect to the telecommunications tax, this bill requires the Commission to examine the status of the current telecommunications tax system, including state telecommunications surcharges, utility user charges, and franchise fees, in light of changes in the competitive and technological features of the industry. This examination should focus on the complexity, consistency, and efficiency of the system.

The commission must submit an interim report to the Governor and the Legislature at least 12 months from its first public meeting, and a final report with recommendations at least 24 months from its first public meeting.

This bill will be repealed on January 1, 2004.

Sponsor: Senator John Vasconcellos

Law Prior to Amendment:

The federal Internet Tax Freedom Act imposed a three-year moratorium, which expires in October 2001, on new Internet access taxes or other levies on electronic commerce. That legislation also created the Advisory Commission on Electronic Commerce (ACEC) to study federal, state, local, and international taxation and

tariffs on transactions using the Internet and Internet access. The ACEC's 19 members include three governors, heads of several major information technology corporations, and other government and business leaders from across the nation, including Board of Equalization Chair Dean Andal. The Commission issued a report to Congress on April 3, 2000.

Comments:

1. **Purpose.** To address the collection and administration of taxes in the 21st century technology-dependent economy.
2. **The ACEC was created by Congress to study this issue.** The ACEC obtained at least majority approval on the following concepts: (1) Extend the current moratorium on multiple and discriminatory taxation of electronic commerce for an additional five years, through 2006. (2) Prohibit taxation of digitized goods and their non-digitized counterparts to protect consumer privacy on the Internet and prevent the taxation of all services, entertainment, and information in the U.S. economy (both on the Internet and on Main Streets across America). (3) Make permanent the current moratorium on Internet access taxes, including those access taxes grandfathered under the Internet Tax Freedom Act. (4) Establish "bright line" nexus standards for American businesses engaged in interstate commerce, since the cyber economy has blurred the application of many nexus rules, and American businesses need clear and uniform tax rules and definitions before being exposed to business activity and sales and use tax collection obligations. (5) Encourage state and local governments to work with the National Conference of Commissioners on Uniform State Laws to simplify their own telecommunications and sales tax systems to ease burdens on interstate commerce. (6) Respect and protect consumer privacy in crafting any laws pertaining to online commerce generally and in imposing any tax collection and administration burdens on the Internet specifically. Their final report is available on-line at <http://www.ecommercecommission.org./report.htm>.
3. **Other organizations have already been formed to address tax administration in the new economy.** In addition to the ACEC, the Multistate Tax Commission (MTC), of which the BOE is a member, developed the Sales Tax Simplification Project to address sales tax simplification for all sales tax states. The minutes from these conferences are posted on the MTC website (<http://www.mtc.gov>). The Organization for Economic Cooperation and Development (OECD), which is comprised of the United States and 28 other countries, is actively addressing taxation issues related to e-commerce from an international perspective (<http://www.oecd.org>). The National Tax Association (NTA), an association of government officials, tax practitioners, business representatives, and academicians includes a Communications and Electronic Commerce Tax Project that issued its final report in September 1999 (<http://www.ntanet.org>). The Electronic Commerce Advisory Council (ECAC), which was created by Governor

Pete Wilson by Executive Order W-175-98, released a report in November 1998 (<http://www.e-commerce.ca.gov>). And the Legislative Analysts Office issued its report, California Tax Policy and the Internet, in January 2000 (<http://www.lao.ca.gov>). In addition, many other states and organizations have become involved in Internet tax policy and numerous reports, with varying conclusions and recommendations, have been published on the topic.

TABLE OF SECTIONS AFFECTED

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Motor Vehicle Fuel Tax Law</i>		
Chapter 1 (commencing with Section 7301) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	General provisions and definitions
Chapter 2 (commencing with Section 7351) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	Imposition of tax
Chapter 2.5 (commencing with Section 7370) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	Aircraft jet fuel
Chapter 3 (commencing with Section 7401) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	Exemptions

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Motor Vehicle Fuel Tax Law</i>		
Chapter 4 (commencing with Section 7451) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	Licenses and bonds
Chapter 5 (commencing with Section 7651) to Part 2 of Division 2 Repeal Add	AB 2114 Ch. 1053	Determinations and payments
§7655 Amend	AB 2894 Ch. 923	Penalty for failure to file or pay
§7657 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§7657 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§7658 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§7659.2 Add	AB 2894 Ch. 923	EFT: prepayment form
Article 1.2 (commencing with Section 7659.9) to Chapter 5 of Part 2 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER			SUBJECT
Revenue and Taxation Code				
<i>Motor Vehicle Fuel Tax Law</i>				
§7851	Amend	AB 2114	Ch. 1053	Notice of delinquency to creditors
§7855 ¹	Amend	AB 2114	Ch. 1053	Notice of levy
§7855 ²	Amend	AB 2114	Ch. 1053	Notice of levy
§7861	Amend	AB 2114	Ch. 1053	Request by Controller
§7863	Amend	AB 2114	Ch. 1053	Partial payment no bar to action
§7865	Amend	AB 2114	Ch. 1053	Certificate: Prima facie evidence
§7891	Amend	AB 2114	Ch. 1053	Seizure and sale by Controller
§7892	Amend	AB 2114	Ch. 1053	Notice of sale of seized property
§7893	Amend	AB 2114	Ch. 1053	Sale of property
§7895	Amend	AB 2114	Ch. 1053	Disposition of proceeds
§7931	Amend	AB 2114	Ch. 1053	Sale of State-acquired property by Controller
§7934	Amend	AB 2114	Ch. 1053	Distribution of proceeds
§7956	Amend	AB 2114	Ch. 1053	Discontinuance notice of distribution
§7958	Amend	AB 2114	Ch. 1053	Tax due concurrently with termination of business
§8101	Amend	AB 2114	Ch. 1053	Refunds on certain sales
§8103	Amend	AB 2114	Ch. 1053	Amount of refund
§8106	Amend	AB 2114	Ch. 1053	Credit in lieu of refund

¹ As amended by Chapter 609 of the Statutes of 1998

² As amended by Chapter 991 of the Statutes of 1999

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Motor Vehicle Fuel Tax Law</i>		
§8106.1 Amend	AB 2114 Ch. 1053	Credit in lieu of refund, foreign consulate sales
§8106.5 Amend	AB 2114 Ch. 1053	Credit in lieu of refund, exported fuel
§8106.7 Repeal	AB 2114 Ch. 1053	Credit in lieu of refund: Qualified distributor
§8126 Amend	AB 2114 Ch. 1053	Refund in case of excess payments
§8127.6 Repeal	AB 2114 Ch. 1053	Tax reimbursement: Qualified distributor
§8128 Amend	AB 2114 Ch. 1053	Claim: Limitation period
§8128.1 Add	AB 2898 Ch. 1052	Financially disabled
§8130 Amend	AB 2114 Ch. 1053	Interest on erroneous overpayments
§8146 Amend	AB 2114 Ch. 1053	Injunction forbidden
§8150 Amend	AB 2114 Ch. 1053	Judgement credits and refunds
§8152 Amend	AB 2114 Ch. 1053	Judgement for assignee forbidden
§8253 Amend	AB 2114 Ch. 1053	Examination of licensee records
§8263 Amend	AB 2114 Ch. 1053	Annual hearing with taxpayers
§8270 Amend	AB 2114 Ch. 1053	Investigation for nontax administration purposes
§8257 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§8269 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	CHAPTER	SUBJECT
Revenue and Taxation Code			
<i>Motor Vehicle Fuel Tax Law</i>			
Chapter 9 (commencing with Section 8301) to Part 2 of Division 2 Repeal Add	AB 2114	Ch. 1053	Records
§8351 Amend	AB 2114	Ch. 1053	Deposit of Fund
§8352.1 Amend	AB 2114	Ch. 1053	Fund expenditures
§8352.4 Amend	AB 2114	Ch. 1053	Transfer to Harbors and Watercraft Revolving Fund
Chapter 11 (commencing with Section 8401) of Part 2 of Division 2 Repeal Add	AB 2114	Ch. 1053	Violations
§8502 Amend	AB 2114	Ch. 1053	Authority to levy tax
<i>Use Fuel Tax Law</i>			
Article 1.1 (commencing with Section 8760) to Chapter 4 of Part 3 of Division 2 Add	AB 2894	Ch. 923	Payment by EFT
§8876 Amend	AB 2894	Ch. 923	Relief of penalty: Reasonable cause

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER		SUBJECT
Revenue and Taxation Code			
<i>Use Fuel Tax Law</i>			
§8877	Amend	AB 2894	Ch. 923
Penalty for failure to file or pay			
§8877	Amend	AB 2898	Ch. 1052
Penalty for failure to file or pay			
§8878	Amend	AB 2894	Ch. 923
Relief of penalty: Disaster			
§8958	Add	AB 2898	Ch. 1052
Delinquent taxes withheld by employer			
§9033	Amend	AB 2898	Ch. 1052
Installment payment agreement			
§9033.5	Add	AB 2898	Ch. 1052
Installment payment agreement			
§9152.1	Add	AB 2898	Ch. 1052
Financially disabled			
§9255.2	Add	AB 2898	Ch. 1052
Tax preparer: Disclosure of confidential information			
§9269	Amend	AB 2898	Ch. 1052
Reimbursement for reasonable fees			
<i>Insurance Tax Law</i>			
§12206	Amend	AB 1626	Ch. 3
Permanent increase in low-income housing insurance tax credit			
<i>Cigarette and Tobacco Products Tax Law</i>			
§30163	Amend	SB 1038	Ch. 18
Imported cigarettes			
Article 1.1 (commencing with Section 30190) to Chapter 4 of Part 13 of Division 2	Add	AB 2894	Ch. 923
Payment by EFT			

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER		SUBJECT
Revenue and Taxation Code			
<i>Cigarette and Tobacco Products Tax Law</i>			
§30281	Amend	AB 2894 Ch. 923	Penalty for failure to file or pay
§30282	Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§30282	Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§30283	Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§30316	Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§30354	Amend	AB 2898 Ch. 1052	Installment payment agreement
§30354.5	Add	AB 2898 Ch. 1052	Installment payment agreement
§30362.1	Add	AB 2898 Ch. 1052	Financially disabled
§30455.5	Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§30458.9	Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>Alcoholic Beverage Tax Law</i>			
§32177.5	Add	SB 607 Ch. 609	Distilled spirits exemption
§32252	Amend	AB 2894 Ch. 923	Penalty for failure to file or pay
§32254	Repeal	AB 2894 Ch. 923	Interest
§32255	Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§32255	Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Alcoholic Beverage Tax Law</i>		
§32256 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
Article 1.1 (commencing with Section 32260) to Chapter 6 of Part 14 of Division 2 Amend	AB 2894 Ch. 923	Payment by EFT
§32292 Repeal	AB 2894 Ch. 923	Penalty for failure to file
§32311 Amend	AB 2894 Ch. 923	Collection: Jeopardy
§32387.5 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§32389 Amend	AB 2898 Ch. 1052	Installment payment agreement
§32389.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§32402.1 Add	AB 2898 Ch. 1052	Financially disabled
§32455.5 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§32469 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>California Commission on Tax Policy in the New Economy</i>		
§38061 Repeal Add	SB 1933 Ch. 619	California Commission on Tax Policy in the New Economy

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Energy Resources Surcharge Law</i>		
Article 2.1 (commencing with Section 40067) to Chapter 4 of Part 19 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§40102 Amend	AB 2894 Ch. 923	Penalty for failure to file or pay
§40102 Amend	AB 2898 Ch. 1052	Penalty for failure to file or pay
§40112.1 Add	AB 2898 Ch. 1052	Financially disabled
§40156 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§40167 Amend	AB 2898 Ch. 1052	Installment payment agreement
§40167.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§40176 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§40202 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§40203 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§40209 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Emergency Telephone Users Surcharge Law</i>		
Article 1.1 (commencing with Section 41060) to Chapter 4 of Part 20 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§41095 Amend	AB 2894 Ch. 923	Penalty for failure to file or pay
§41096 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§41096 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§41097 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§41101.1 Add	AB 2898 Ch. 1052	Financially disabled
§41123.6 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§41127.6 Amend	AB 2898 Ch. 1052	Installment payment agreement
§41127.7 Add	AB 2898 Ch. 1052	Installment payment agreement
§41132 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§41169 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>Hazardous Substances Tax Law</i>		
§43152.12 Amend	AB 2894 Ch. 923	Prepayments
§43152.15 Amend	AB 2894 Ch. 923	Prepayments
§43155 Amend	AB 2894 Ch. 923	Penalty for failure to file or pay

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Hazardous Substances Tax Law</i>		
§43156 Repeal	AB 2894 Ch. 923	Interest
§43157 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§43157 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§43158 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
Article 1.1 (commencing with Section 43170) to Chapter 3 of Part 22 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§43444.3 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§43448 Amend	AB 2898 Ch. 1052	Installment payment agreement
§43448.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§43452.1 Add	AB 2898 Ch. 1052	Financially disabled
§43506 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§43520 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>Ballast Water Management Fee Law</i>		
§44000 Add	AB 2380 Ch. 110	Collection provisions
§44001 Add	AB 2380 Ch. 110	Collection provisions
§44002 Add	AB 2380 Ch. 110	Collection provisions

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTION	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Ballast Water Management Fee Law</i>		
§44003 Add	AB 2380 Ch. 110	Collection provisions
§44004 Add	AB 2380 Ch. 110	Collection provisions
§44005 Add	AB 2380 Ch. 110	Collection provisions
§44006 Add	AB 2380 Ch. 110	Collection provisions
§44007 Add	AB 2380 Ch. 110	Collection provisions
§44008 Add	AB 2380 Ch. 110	Collection provisions
<i>Integrated Waste Management Fee Law</i>		
§45153 Amend	AB 2894 Ch. 923	Penalty for failure to pay or file
§45154 Repeal	AB 2894 Ch. 923	Interest
§45155 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§45155 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§45156 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§45156.5 Amend	AB 2894 Ch. 923	Relief of interest: Typographical error
§45605.5 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§45609 Amend	AB 2898 Ch. 1052	Installment payment agreement
§45609.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§45652.1 Add	AB 2898 Ch. 1052	Financially disabled
§45855.5 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTIONS	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Oil Spill Response, Prevention, and Administration Fees Law</i>		
§45865 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
§46154 Amend	AB 2894 Ch. 923	Penalty for failure to pay or file
§46154.1 Add	AB 2894 Ch. 923	Penalty: Failure to file information return
§46155 Repeal	AB 2894 Ch. 923	Interest rates
§46156 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§46156 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§46157 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
Article 1.1 (commencing with Section 46160) to Chapter 3 of Part 24 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§46407 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§46464 Amend	AB 2898 Ch. 1052	Installment payment agreement
§46464.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§46502.1 Add	AB 2898 Ch. 1052	Financially disabled
§46606 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§46620 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTIONS	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Underground Storage Tank Maintenance Fee Law</i>		
§50112 Amend	AB 2894 Ch. 923	Penalty for failure to pay or file
§50112.1 Repeal	AB 2894 Ch. 923	Interest
§50112.2 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§50112.2 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§50112.3 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster
§50112.4 Amend	AB 2894 Ch. 923	Relief of interest: Typographical error
§50136.5 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§50138.6 Amend	AB 2898 Ch. 1052	Installment payment agreement
§50138.7 Add	AB 2898 Ch. 1052	Installment payment agreement
§50140.1 Add	AB 2898 Ch. 1052	Financially disabled
§50155.5 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§50156.9 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>Fee Collection Procedures Law</i>		
§55042 Amend	AB 2894 Ch. 923	Penalty for failure to pay or file
§55043 Repeal	AB 2894 Ch. 923	Interest rates
§55044 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§55044 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§55046 Amend	AB 2894 Ch. 923	Relief of interest: Typographical error

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTIONS	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Fee Collection Procedures Law</i>		
Article 1.1 (commencing with Section 55050) to Chapter 3 of Part 30 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§55205.5 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§55209 Amend	AB 2898 Ch. 1052	Installment payment agreement
§55209.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§55222.1 Add	AB 2898 Ch. 1052	Financially disabled
§55305 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§55330 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
<i>Diesel Fuel Tax Law</i>		
§60012 Amend	AB 2114 Ch. 1053	"Blender"
§60023 Amend	AB 2114 Ch. 1053	"Blended diesel fuel"
§60207 Amend	AB 2894 Ch. 923	Penalty for failure to pay or file
§60209 Amend	AB 2894 Ch. 923	Relief of penalty: Reasonable cause
§60209 Amend	AB 2898 Ch. 1052	Relief of penalty: Reasonable cause
§60211 Amend	AB 2894 Ch. 923	Relief of penalty: Disaster

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTIONS	BILL AND CHAPTER NUMBER	SUBJECT
Revenue and Taxation Code		
<i>Diesel Fuel Tax Law</i>		
Article 1.1 (commencing with Section 60250) to Chapter 6 of Part 31 of Division 2 Add	AB 2894 Ch. 923	Payment by EFT
§60408 Add	AB 2898 Ch. 1052	Delinquent taxes withheld by employer
§60493 Amend	AB 2898 Ch. 1052	Installment payment agreement
§60493.5 Add	AB 2898 Ch. 1052	Installment payment agreement
§60522.1 Add	AB 2898 Ch. 1052	Financially disabled
§60609.5 Add	AB 2898 Ch. 1052	Tax preparer: Disclosure of confidential information
§60630 Amend	AB 2898 Ch. 1052	Reimbursement for reasonable fees
Civil Code		
§1798.61 Amend	AB 1965 Ch. 962	Distribution of permit holder information.
§1798.75 Amend	AB 1965 Ch. 962	Distribution of permit holder information.
§1798.69 Add	AB 1965 Ch. 962	Distribution of permit holder information.
Public Resources Code		
§42803.5 Add	SB 876 Ch. 838	"New or used motor vehicle"

TABLE OF SECTIONS AFFECTED (CONTINUED)

SECTIONS	BILL AND CHAPTER NUMBER	SUBJECT
Public Resources Code		
§42885 Amend	SB 876 Ch. 838	California tire fee
§42803.5 Add	SB 876 Ch. 838	"New or used motor vehicle"
§42885 Amend	SB 876 Ch. 838	California tire fee
Public Utilities Code		
Article 10 (commencing with Section 890) to Chapter 4 of Part 1 of Division 1 Add	AB 1002 Ch. 932	Natural gas surcharge