AMENDED IN ASSEMBLY APRIL 6, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL No. 2325

Introduced by Assembly Member Nation

February 22, 2006

An act to ~~amend Section 21701 of the Vehicle Code, relating to vehicles.~~ *add Sections 7361.1 and 17041.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2325, as amended, Nation. ~~Vehicles: driver interference.~~ *Gas tax: income tax.*

The Motor Vehicle Fuel License Tax Law imposes a tax of 18¢ per gallon of fuel and requires, if the federal fuel tax is reduced below the rate of 9¢ per gallon and federal financial allocations to this state are reduced or eliminated, that the tax rate be increased so that the combined state and federal tax rate per gallon equals 27¢.

This bill would impose additional taxes of 5¢ per gallon beginning on January 1, 2007, and would increase these taxes in 5¢ increments to 25¢ per gallon on January 1, 2011, and thereafter. This bill would specify that the additional revenues from the tax shall, upon appropriation by the Legislature, be used only for purposes of funding the research and development of alternative energy resources, providing rebates to consumers of alternative fuel vehicles, and for the Regional Transportation Improvement Program, as provided.

The Personal Income Tax Law provides various exemptions from the taxes imposed by that law.

This bill would provide an exemption from the taxes imposed by that law to taxpayers whose gross income is less than a specified amount.

This bill would take effect immediately as a tax levy.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of ⅔ of the membership of each house of the Legislature.

~~Existing law prohibits willful interference with the driver of a vehicle in a manner that affects the driver's control of the vehicle, with specified exceptions.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: ~~majority~~ *⅔*. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

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

SECTION 1. Section 7361.1 is added to the Revenue and Taxation Code, to read:

7361.1. (a) In addition to the tax imposed by Section 7360, a tax is hereby imposed upon each gallon of fuel subject to the tax in Sections 7362, 7363, and 7364, as follows:

(1) On and after January 1, 2007, and before January 1, 2008, the additional tax shall be five cents ($0.05) per gallon.

(2) On and after January 1, 2008, and before January 1, 2009, the additional tax shall be ten cents ($0.10) per gallon.

(3) On and after January 1, 2009, and before January 1, 2010, the additional tax shall be fifteen cents ($0.15) per gallon.

(4) On and after January 1, 2010, and before January 1, 2011, the additional tax shall be twenty cents ($0.20) per gallon.

(5) On and after January 1, 2011, the additional tax shall be twenty-five cents ($0.25) per gallon.

(b) All revenues derived from the tax imposed by this section shall, upon appropriation by the Legislature, be deposited into the State Highway Account, the California Energy Independence Fund, which is hereby established in the Treasury, and the California Energy Independence Rebate Fund, which is hereby established in the Treasury, according to the following formula:

(1) Fifty percent shall be allocated to the State Highway Account for the specific purpose of funding projects nominated by regional transportation planning agencies for the Regional Transportation Improvement Program (RTIP). The distribution would mimic the current process established under the State Transportation Improvement Program, but with 100 percent funding allocated to the RTIP. None of the new revenue would be used for the Interregional Transportation Improvement Program.

(2) Twenty-five percent shall be allocated to the California Energy Independence Fund, which shall be used only for the purpose of funding the research and development of alternative energy resources.

(3) Twenty-five percent shall be allocated to the California Energy Independence Rebate Fund, which shall be used only for the purpose of providing rebates to any consumer of an alternative fuel vehicle. For purposes of this section, "alternative fuel vehicle" means either of the following:

(A) A vehicle that runs on nonpetroleum fuel, including electricity, ethanol, biodiesel, hydrogen, methanol, or natural gas that has been determined by the State Air Resources Board to meet applicable vehicular emission standards.

(B) Hybrid vehicles, plug-in hybrid vehicles, and vehicles that can run on petroleum fuel blended with nonpetroleum ingredients such as E85 or B20.

SEC. 2. Section 17041.1 is added to the Revenue and Taxation Code, to read:

17041.1. Notwithstanding any other provision in this part to the contrary, for each taxable year beginning on or after January 1, 2007, any taxpayer who has a gross income of less than ____ dollars ($____) is exempt from the taxes imposed by this part.

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

~~SECTION 1. Section 21701 of the Vehicle Code is amended to read:~~

~~21701. No person shall willfully interfere with the driver of a vehicle or with the mechanism thereof in such manner as to affect the driver's control of the vehicle. The provisions of this section shall not apply to a drivers' license examiner or other employee of the Department of Motor Vehicles when conducting the road or driving test of an applicant for a driver's license nor~~

~~to a person giving instruction as a part of a course in driver training conducted by a public school, educational institution or a driver training school licensed by the Department of Motor Vehicles.~~

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