

ASSEMBLY BILL

No. 1083

Introduced by Assembly Member Huffman

February 23, 2007

An act to add and repeal Sections 17053.62 and 23662 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1083, as introduced, Huffman. Income and corporation taxes: credit: sale of biodiesel fuel.

The Personal Income Tax Law and the Corporation Tax Law authorize various deductions and credits in computing the taxes imposed by those laws.

This bill would, under both laws, for taxable years beginning on or after January 1, 2008, and before January 1, 2023, allow a tax credit in an amount equal to an unspecified amount for each gallon of qualified biodiesel fuel, as defined, sold by a fuel retailer, as defined, at any facility located in this state.

This bill also states the Legislature's intent to provide grants to retailers that install tanks and distribution equipment that meet specified low carbon standards.

This bill would take effect immediately as a tax levy.

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

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

1 SECTION 1. Section 17053.62 is added to the Revenue and
2 Taxation Code, to read:

3 17053.62. (a) For each taxable year beginning on or after
4 January 1, 2008, and before January 1, 2023, there shall be allowed
5 as a tax credit against the “net tax,” as defined by Section 17039,
6 an amount equal to ____ cents for each gallon of qualified biodiesel
7 fuel sold during the taxable year by a fuel retailer at any retail
8 facility located in this state.

9 (b) For purposes of this section, all of the following definitions
10 apply:

11 (1) “Qualified biodiesel fuel” means any biodiesel fuel that
12 satisfies both of the following requirements:

13 (A) It meets the Low Carbon Fuel Standard (LCFS), to be
14 established pursuant to Executive Order S-01-07.

15 (B) The price of each gallon is ____ percent higher than the
16 price of a gallon of regular fuel.

17 (2) “Fuel retailer” means any person who sells or otherwise
18 provides fuel to consumers.

19 (c) No deduction shall be allowed for that portion of the
20 expenses otherwise allowable as a deduction for the taxable year
21 that is equal to the amount of the credit determined for the taxable
22 year under this section.

23 (d) In the case where the credit allowed by this section exceeds
24 the “net tax,” the excess may be carried over to reduce the “net
25 tax” in the following year, and the six succeeding years if
26 necessary, until the credit is exhausted.

27 (e) The Franchise Tax Board, in consultation with the California
28 Air Resources Board, shall prescribe rules and regulations
29 necessary to implement this section.

30 (f) This section is repealed on January 1, 2023.

31 SEC. 2. Section 23662 is added to the Revenue and Taxation
32 Code, to read:

33 23662. (a) For each taxable year beginning on or after January
34 1, 2008, and before January 1, 2023, there shall be allowed as a
35 tax credit against the “tax,” as defined by Section 23036, an amount
36 equal to ____ cents for each gallon of qualified biodiesel fuel sold
37 during the taxable year by a fuel retailer at any retail facility located
38 in this state.

1 (b) For purposes of this section, all of the following definitions
2 apply:

3 (1) “Qualified biodiesel fuel” means any biodiesel fuel that
4 satisfies both of the following requirements:

5 (A) It meets the Low Carbon Fuel Standard (LCFS), to be
6 established pursuant to Executive Order S-01-07.

7 (B) The price of each gallon is ____ percent higher than the
8 price of a gallon of regular fuel.

9 (2) “Fuel retailer” means any person who sells or otherwise
10 provides fuel to consumers.

11 (c) No deduction shall be allowed for that portion of the
12 expenses otherwise allowable as a deduction for the taxable year
13 which is equal to the amount of the credit determined for the
14 taxable year under this section.

15 (d) In the case where the credit allowed by this section exceeds
16 the “tax,” the excess may be carried over to reduce the “tax” in
17 the following year, and the six succeeding years if necessary until
18 the credit is exhausted.

19 (e) The Franchise Tax Board, in consultation with the California
20 Air Resources Board, shall prescribe rules and regulations
21 necessary to implement this section.

22 (f) This section is repealed on January 1, 2023.

23 SEC. 3. (a) It is the intent of the Legislature to provide a
24 one-time grant in the amount of fifty thousand dollars (\$50,000)
25 to each fuel retailer for purposes of installing tanks and distribution
26 equipment that meet the requirements of the Low Carbon Fuel
27 Standard, to be established pursuant to Executive Order S-01-07.

28 (b) The Legislature finds and declares that the tax credit program
29 established pursuant to Sections 17053.62 and 23662 of the
30 Revenue and Taxation Code may be suspended under certain
31 exigent circumstances, such as fuel shortage, an economic
32 slowdown, or a technical change.

33 SEC. 4. This act provides for a tax levy within the meaning of
34 Article IV of the Constitution and shall go into immediate effect.

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