



**CALIFORNIA  
TAX FOUNDATION**  
Established by CalTax in 1980

# TAX AND FEE REPORT

**Major Taxes and Fees Introduced in the California Legislature**

**Vol. VI, No. 2**  
**June 4, 2019**



# \$16.4 BILLION

Through the house-of-origin deadline on May 31, California lawmakers introduced proposals that could cost taxpayers \$16.4 billion annually in higher taxes and fees.

## INTRODUCTION

California lawmakers introduced more than \$16.4 billion in new taxes and fees through the house-of-origin deadline on May 31 of the 2019-2020 legislative session. The proposals cumulatively would increase state general fund revenue by 11.2 percent at a time when California has record-high budget reserves and an operating budget surplus.

In May, Governor Gavin Newsom presented a revised \$213.6 billion budget for fiscal year 2019-20 — a \$12.2 billion increase over the 2018-19 budget. Newsom projected that the state will have \$30 billion in reserves by the end of the 2019-20 fiscal year. The Legislative Analyst's Office reported that the state has an operating surplus of \$22 billion. (The surplus is the amount of tax revenue projected to be received, minus required ongoing spending, including mandated school and health care spending. This operating surplus is different than the budget reserves.)

## FINDINGS

1

### **\$16.4 billion more per year in higher taxes and fees**

Lawmakers proposed tax and fee increases totaling more than \$16.4 billion annually. Of the 63 bills and constitutional amendments containing taxes and fees, the cost of 32 cannot be quantified yet and eight have been excluded from the report for costing taxpayers less than \$1 million annually.

2

### **Proposals would increase state revenue 11.2 percent**

If every proposal with a known cost is enacted by the Legislature, general fund revenue will increase 11.2 percent, during a period when California has record-high budget reserves, an operating surplus of \$22 billion, and a general fund revenue increase of \$5.7 billion over the prior year.

3

### **Proposed taxes and fees represent 55 percent of state reserves**

If every proposal with a known cost is enacted by the Legislature, the annual revenue increase would be equivalent to 55 percent of current state reserve funds, estimated by Governor Newsom to reach \$30 billion by the end of the fiscal year - although the reserve amounts would change with revenue growth.

4

### **28.5 percent of tax and fee increases have been stopped**

Of the 63 bills proposed to raise taxes and fees, 18 have been amended to remove the tax or fee increases or have become two-year bills. It is possible that these bills could become active again by year end.

# THE MOST EXPENSIVE ACTIVE BILLS

The three costliest active bills in the Legislature account for 41 percent of all tax and fee increases so far:



## AB 138 – SODA TAX

A \$4.2 billion tax on sugar-sweetened beverages, syrups and powdered concentrates. The author of the bill announced that the soda tax has been placed on hold until next year.

## SB 246 – TAX ON IN-STATE ENERGY PRODUCTION

A \$1.6 billion tax on extracting oil or gas from California land.

## SCA 3 – ELIMINATES CHANGE-IN-OWNERSHIP EXCLUSION

A \$1 billion elimination of the property tax change-in-ownership exclusion for residences inherited from a parent or grandparent if the recipient does not use the home as a principal residence within 12 months.

# PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS	STATUS
Sales on Tax Services - SB 522 (Hertzberg) <sup>1</sup>	\$14,073,000,000	
Repeal of Some Tax Incentives - SB 468 (Jackson)	\$7,650,000,000 <sup>2</sup>	
Soda Tax - AB 138 (Bloom)	\$4,200,000,000	② *
Tax on In-State Energy Production - SB 246 (Wieckowski)	\$1,600,000,000	② *
Eliminates Change-in-Ownership Exclusion - SCA 3 (Hill)	\$1,000,000,000	
Authorizes Air District to Impose Taxes - SB 732 (Allen)	\$490,400,000	②
Disallows Wagering Loss Tax Deduction - AB 1606 (Gray)	\$490,000,000	
Corporate Tax Increase Based on CEO Pay - SB 37 (Skinner)	\$340,000,000	② *
Expands Sales and Use Tax Collection Obligations - AB 147 (Burke)	\$309,000,000	✓
Drinking Water Tax - AB 217 (Eduardo Garcia)	\$97,300,000	
Tire Tax Increase - AB 755 (Holden)	\$55,000,000	② *
Telephone Surcharge - AB 497 (Santiago)	\$50,000,000	
Opioid Tax - AB 1468 (McCarty and Gallagher)	\$50,000,000	
Doubles Existing Fee on Battery Manufacturers - AB 142 (Cristina Garcia)	\$21,400,000	
Emissions Fee - SB 210 (Leyva)	\$17,520,000	
Lower Vote for School Parcel Taxes - SCA 5 (Hill)	\$16,200,000	
Firearms Tax - AB 18 (Levine)	\$13,100,000	
Increases Various Court Fees - AB 330 (Gabriel)	\$11,200,000	
San Francisco Street Fee - AB 1605 (Ting)	\$10,500,000	
Tax Increase on Lawyers - AB 1060 (Gray)	\$10,200,000	
Medi-Cal Fee for Air Ambulance Services - AB 651 (Grayson)	\$10,000,000	
Water District Fees - AB 402 (Quirk)	\$6,900,000	
Notary Registration Fee - AB 199 (Calderon)	\$4,000,000	②

1. SB 993, a proposal similar to SB 522, also included a possible reduction in the sales tax rate on purchases of goods, which could reduce the estimated revenue of a sales tax on services. This bill is currently in spot bill form. This bill has been excluded from the report's cumulative total because once it is amended, the amount could be significantly higher or lower. Estimated cost sourced from "An Analysis of Sales Taxes on Business Services in California" prepared by Encina Advisors, LLC.

2. This amount reflects language from the bill prior to the May 7, 2019 amendment.

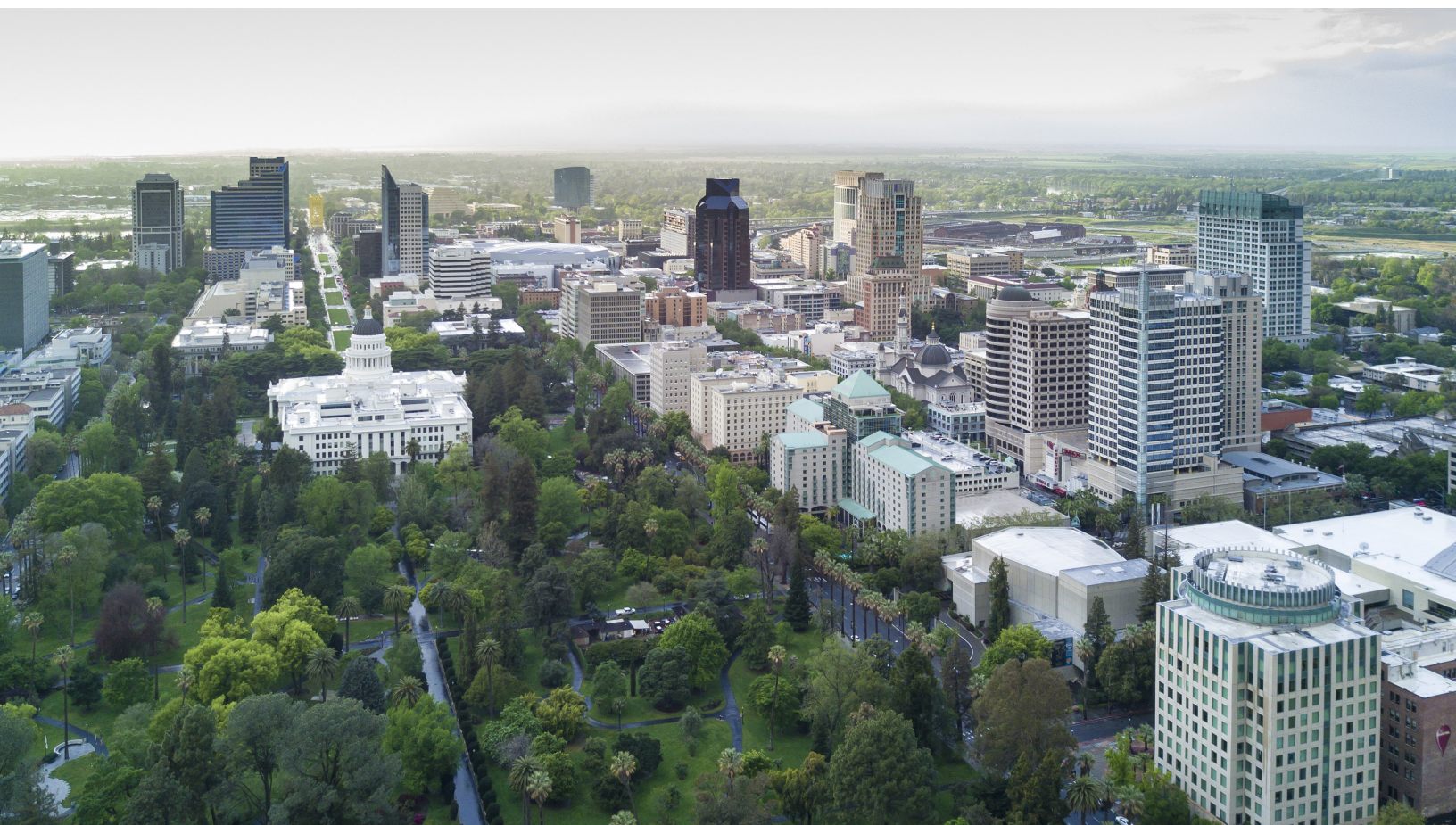
# PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS	STATUS
Fee on Grape Processors - SB 449 (McGuire)	\$3,200,000	
Fee for State Armored Courier Services - AB 717 (Nazarian)	\$2,800,000	②
Agriculture Inspection Fees - AB 419 (Assembly Agriculture Committee)	\$ 2,300,000	
Commercial Feed Tax - AB 657 (Eggman)	\$1,900,000	
Increase Court Reporter Fees - AB 1385 (Santiago)	\$1,900,000	
Filing Fees in Administrative Hearings - SB 454 (Caballero)	\$1,500,000	②
Lithium-Ion Battery Recycling Fee - AB 1509 (Mullin)	\$1,200,000	
Fee on Reusable Tobacco Components - SB 424 (Jackson)	\$1,080,000	

## Key

- ✓ The bill was signed and chaptered into law.
- The bill is actively moving through the Legislature.
- ② The bill was introduced in 2019, but cannot be acted upon until 2020.
- ②\* The bill is technically active, but it is not likely that the bill will move this year.
- Tax or fee provisions were amended out of the legislation.





# LEGISLATION WITH KNOWN COSTS

## AB 18 – FIREARMS TAX

**\$13.1 MILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended - 4/24/2019  
**Status:** Active

**AB 18** (Levine) imposes a \$25 excise tax on sales of handguns and semiautomatic rifles to raise revenue to fund grants through the California Violence Intervention and Prevention Grant Program.



Revenue Estimate: Assembly Revenue and Taxation Committee Analysis.

## AB 138 – SODA TAX

**\$4.2 BILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended - 4/11/2019  
**Status:** Active

**AB 138** (Bloom) imposes a tax of 2 cents per fluid ounce of sugar-sweetened beverages, concentrates and syrups for the privilege of distributing these products in California, and earmarks revenue to fund public health programs intended to reduce diabetes, heart disease and obesity.



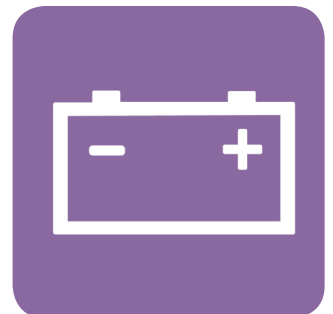
Revenue Estimate: Assembly Revenue and Taxation Committee Analysis.

## AB 142 – DOUBLES EXISTING FEE ON BATTERY MANUFACTURERS

**\$21.4 MILLION** ||

**Vote Required:** Two-Thirds  
**Version Reviewed:** Amended - 5/22/2019  
**Status:** Active

**AB 142** (Cristina Garcia) doubles the state's lead-acid battery fee from \$1 to \$2 to fund cleanup of sites contaminated by the operation of a lead-acid battery recycling facility.



Revenue Estimate: Assembly Appropriations Committee Analysis.

## AB 147 – EXPANDS SALES AND USE TAX COLLECTION OBLIGATIONS

**\$309 MILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Chaptered - 4/25/2019  
**Status:** Enacted

**AB 147** (Burke) requires businesses that meet a specified economic threshold to collect and remit California sales and use taxes for online sales. The bill was signed into law by Governor Gavin Newsom (Chapter 5, Statutes of 2019).



Revenue Estimate: Assembly Floor Analysis - 4/5/2019.



### AB 199 – NOTARY REGISTRATION FEE

**\$4 MILLION** ||

**Vote Required:** Majority

**Versions Reviewed:** Introduced - 1/10/2019

**Status:** Two-Year Bill

**AB 199** (Calderon) authorizes California notaries public to provide remote notary services over the Internet, and authorizes the state to charge an unspecified fee for applying for registration as an online notary.



Revenue Estimate: Assembly Appropriations  
Committee Analysis AB 2368 (2018).

### AB 217 – DRINKING WATER TAX

**\$97.3 MILLION** ||

**Vote Required:** Two-Thirds

**Versions Reviewed:** Amended - 5/21/2019

**Status:** Active

**AB 217** (Eduardo Garcia) imposes a “safe and affordable drinking water fee” in the amount of 50 cents per service connection on all retail water systems, as well as a “fertilizer safe drinking water fee” of \$0.01 per \$1 of all sales of fertilizing materials and \$0.006 per \$1 of packaged fertilizers intended for noncommercial use, a “dairy safe drinking water fee” of \$0.020325 per hundredweight of milk, a “fee” of \$1,000 for the first nondairy confined animal facility (and \$750 for each facility thereafter owned by the same producer, up to \$12,000 per producer per year), to fund drinking water programs.



Revenue Estimate: Assembly Floor Analysis.

### AB 330 – INCREASES VARIOUS COURT FEES

**\$11.2 MILLION** ||

**Vote Required:** Two-Thirds

**Versions Reviewed:** Amended - 5/9/2019

**Status:** Active

**AB 330** (Gabriel) increases various court fees by \$15 and requires the courts to use the revenue from this increase and other fees to establish the Sargent Shriver Civil Counsel Act to provide attorneys for litigants who face “life-changing civil legal matters” but cannot afford legal representation.



Revenue Estimate: Assembly Appropriations  
Committee Analysis.

### AB 402 – WATER DISTRICT FEES

**\$6.9 MILLION** ||

**Vote Required:** Majority

**Versions Reviewed:** Amended - 3/5/2019

**Status:** Active

**AB 402** (Quirk) authorizes the State Water Resources Control Board to establish and collect fees from small public water systems in specified counties that choose to have the board administer and enforce drinking water standards.



Revenue Estimate: Assembly Appropriations  
Committee Analysis.

**AB 419 – AGRICULTURE INSPECTION FEES****\$2.3 MILLION**

**Vote Required:** Majority  
**Versions Reviewed:** Introduced - 2/7/2019  
**Status:** Active

**AB 419** (Assembly Agriculture Committee) extends various agricultural inspection fees on food producers for five years, through January 1, 2025.



Revenue Estimate: Assembly Appropriations  
 Committee Analysis.

**AB 497 – TELEPHONE SURCHARGE****\$50 MILLION**

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended - 4/22/2019  
**Status:** Active

**AB 497** (Santiago) extends a surcharge of up to 0.5 percent on intrastate telephone service (other than one-way radio paging service and universal telephone service) for five years to fund the Deaf and Disabled Telecommunications Program.



Revenue Estimate: Assembly Appropriations  
 Committee Analysis.

**AB 651 – MEDI-CAL FEE FOR AIR AMBULANCE SERVICES****\$10 MILLION**

**Vote Required:** Majority  
**Versions Reviewed:** Amended - 4/8/2019  
**Status:** Active

**AB 651** (Grayson) requires the State Department of Healthcare Services to set and maintain a Medi-Cal fee rate for air ambulance services, equal to a percentage of the rural Medicare rates for those services. The bill also deletes an authorization that money collected for specified vehicle violations be used to fund the program.

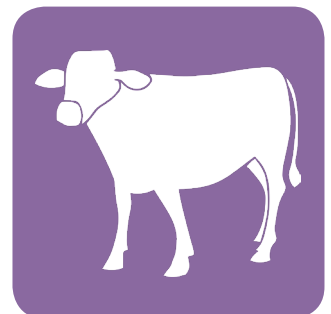


Revenue Estimate: Assembly Appropriations  
 Committee Analysis.

**AB 657 – COMMERCIAL FEED TAX****\$1.9 MILLION**

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Introduced - 2/15/2019  
**Status:** Active

**AB 657** (Eggman) authorizes the secretary of the California Department of Food and Agriculture to designate a specified amount of tonnage taxes collected from commercial agricultural feed to provide research funding and education, and extends the tax to January 1, 2025.



Revenue Estimate: Senate Appropriations  
 Committee Analysis of AB 1132 (2013).

### AB 717 – FEE FOR STATE ARMORED COURIER SERVICES

**\$2.8 MILLION** || **Vote Required:** Majority  
**Versions Reviewed:** Amended - 4/24/2019  
**Status:** Two-Year Bill

**AB 717** (Nazarian) authorizes a state agency to enter into an agreement with a participating business to charge a fee to cover the costs of the state providing armored courier services.



Revenue Estimate: California Department of Tax and Fee Administration Analysis.

### AB 755 – TIRE TAX INCREASE

**\$55 MILLION** || **Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended - 5/16/2019  
**Status:** Two-Year Bill

**AB 755** (Holden) increases the California tire tax of \$1.75 cents per tire by \$1.50 per tire, and deposits the increased revenue into the Stormwater Permit Compliance Fund for remediation of zinc pollutants from tires.



Revenue Estimate: Assembly Appropriations Committee Analysis.

### AB 1060 – TAX INCREASE ON LAWYERS

**\$10.2 MILLION** || **Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended - 4/4/2019  
**Status:** Active

**AB 1060** (Gray) makes mandatory a \$40 “fee” on California lawyers to support nonprofit organizations that provide free legal services to low-income people, and removes the requirement that the fee invoice provide an option of deducting that fee.



Revenue Estimate: California Tax Foundation.

### AB 1385 – INCREASES COURT REPORTER FEES

**\$1.9 MILLION** || **Vote Required:** Majority  
**Versions Reviewed:** Amended - 3/25/2019  
**Status:** Active

**AB 1385** (Santiago) incrementally increases court reporter fees beginning July 1, 2020 to align court recording fees with inflation and provide competitive compensation to court reporters.



Revenue Estimate: Assembly Appropriations Committee Analysis.

## AB 1468 – OPIOID TAX

**\$50 MILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended – 5/8/2019  
**Status:** Active

**AB 1468** (McCarty and Gallagher) establishes an aggregate \$50 million tax on manufacturers and wholesalers who sell or distribute opioid drugs in California, with companies' ratable share based on mandated reports of sales and distribution in the preceding fiscal year. The tax would fund opioid prevention and rehabilitation programs. The legislation includes a civil penalty for companies that pass the cost of the tax to the purchaser.



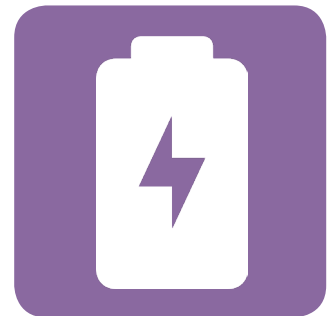
Revenue Estimate: AB 1468 Language.

## AB 1509 – LITHIUM-ION BATTERY RECYCLING FEE

**\$1.2 MILLION** ||

**Vote Required:** Majority  
**Versions Reviewed:** Amended – 5/1/2019  
**Status:** Active

**AB 1509** (Mullin) requires entities covered by the state battery recycling program to pay the Department of Resources Recycling and Recovery an administrative fee to cover the costs of implementing the program.



Revenue Estimate: Assembly Appropriations Committee Analysis.

## AB 1605 – SAN FRANCISCO STREET FEE

**\$10.5 MILLION** ||

**Vote Required:** Majority  
**Versions Reviewed:** Amended – 4/10/2019  
**Status:** Active

**AB 1605** (Ting) authorizes the San Francisco Board of Supervisors to conduct a reservation and pricing pilot program for vehicles that use Lombard Street, aka the "Crooked Street." Gives authority to the board to specify the powers and duties of the program administrator, including the authority to impose "fees" on vehicles for the use of the public street.



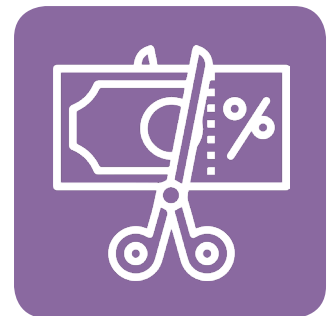
Revenue Estimate: California Tax Foundation Analysis of the San Francisco County Transportation Authority 'Lombard Crooked Street Study.'

## AB 1606 – DISALLOWS WAGERING LOSS TAX DEDUCTION

**\$490 MILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Introduced – 2/22/2019  
**Status:** Active

**AB 1606** (Gray) disallows a personal income tax deduction relating to wagering losses until a balance of \$500 million is achieved and maintained in the San Joaquin Valley Regional Campus Medical Education Endowment Fund. The bill requires the state controller to determine the revenue gained from the disallowed deduction and transfer that amount from the general fund to the medical education fund.



Revenue Estimate: Assembly Revenue and Taxation Committee Analysis.



## SB 37 – CORPORATE TAX INCREASE BASED ON CEO PAY

**\$340 MILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended – 4/3/2019  
**Status:** Active

**SB 37** (Skinner) increases the corporate income tax rate for corporations that have a specified disparity between the pay of the chief executive officer and the median salary for employees. The current corporate tax rate of 8.84 percent (10.84 percent for financial institutions) would increase to 10.84 percent and could reach 14.84 percent (12.84 percent to 16.84 percent for financial institutions) for corporations with net income in excess of \$10 million, based on each corporation's "compensation ratio" effective January 1, 2020. Additionally, the bill would increase the tax rate by 50 percent – to a maximum of 22.26 percent (24.26 percent for banks and financial corporations) – for corporations with net income in excess of \$10 million that have a specified decrease in full-time employees in the United States while increasing the number of contracted and foreign full-time employees.



Revenue Estimate: Franchise Tax Board  
 Analysis of Similar Legislation in 2014.

## SB 210 – EMISSIONS FEE

**\$17.52 MILLION** ||

**Vote Required:** Majority  
**Versions Reviewed:** Amended – 5/21/2019  
**Status:** Active

**SB 210** (Leyva) imposes a \$50 fee for a temporary permit to operate a vehicle that does not meet specified criteria. Revenue would be deposited into the Truck Emission Check Fund.



Revenue Estimate: Senate Appropriations  
 Committee Analysis.

## SB 246 – TAX ON IN-STATE ENERGY PRODUCTION

**\$1.6 BILLION** ||

**Vote Required:** Two-Thirds  
**Versions Reviewed:** Introduced – 2/11/2019  
**Status:** Active

**SB 246** (Wieckowski) imposes an oil severance tax at the rate of 10 percent of the average price per barrel of California oil and a gas severance tax of 10 percent of the average price per unit of gas, with revenue going to the general fund.



Revenue Estimate: Senate Appropriations  
 Committee Analysis of SB 231 (2013).

## SB 424 – FEE ON REUSABLE TOBACCO COMPONENTS

**\$1.08 MILLION** ||

**Vote Required:** Majority  
**Versions Reviewed:** Amended – 5/17/2019  
**Status:** Active

**SB 424** (Jackson) authorizes the Department of Resources Recycling and Recovery to impose an unspecified fee on manufacturers of tobacco products with a reusable component.

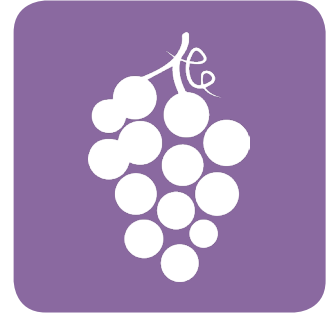


Revenue Estimate: Senate Appropriations  
 Committee Analysis.

## SB 449 – FEE ON GRAPE PROCESSORS

**\$3.2 MILLION** || **Vote Required:** Majority  
**Versions Reviewed:** Amended – 5/28/2019  
**Status:** Active

**SB 449** (McGuire) extends an assessment placed on grape processors set to expire on March 1, 2021 for five years to fund research related to the Pierce's disease program.



Revenue Estimate: Senate Appropriations  
Committee Analysis.

## SB 454 – FILING FEES IN ADMINISTRATIVE HEARINGS

**\$1.5 MILLION** || **Vote Required:** Majority  
**Versions Reviewed:** Amended – 4/30/2019  
**Status:** Two-Year Bill

**SB 454** (Caballero) requires the State Water Resources Control Board to assess fees for the filing of briefing papers or motions in a hearing conducted by the office.



Revenue Estimate: Senate Appropriations  
Committee Analysis.

## SB 468 – REPEAL OF SOME TAX INCENTIVES

**\$7.65 BILLION** || **Vote Required:** Two-Thirds  
**Versions Reviewed:** Amended – 4/25/2019  
**Status:** Tax or fee provisions removed

**SB 468** (Jackson) proposed repealing all “tax expenditures” (credits, deductions, exclusions, etc.) not under the personal income tax law on December 31, 2023. The tax provisions that would have increased taxes by \$7.65 billion were amended out of the legislation on May 7, 2019. However, the bill would currently establish a review board that could recommend that the Legislature repeal any tax incentives.



Revenue Estimate: Department of Finance  
Expenditure Report 2018-2019.

## SB 522 – SALES TAX ON SERVICES

**\$14 BILLION** || **Vote Required:** Two-Thirds  
**Versions Reviewed:** Introduced – 2/21/2019  
**Status:** Active

**SB 522** (Hertzberg) is a spot bill relating to implementing a sales tax on services in California. A May 2019 report conducted by Encina Advisors, LLC titled “An Analysis of Sales Taxes on Business Services in California” estimated a bill that would impose sales taxes on business services would cost taxpayers \$14 billion annually. For calculation purposes, this estimate was not used in the report’s total calculation because the bill, once amended with substantive language, could result in a tax increase that is significantly higher or lower.



Revenue Estimate: “An Analysis of Sales  
Taxes on Business Services in California,”  
conducted by Encina Advisors, LLC.

## SB 732 – AUTHORIZES AIR DISTRICT TO IMPOSE TAXES

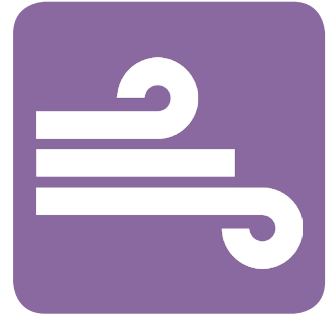
**\$490.4 MILLION** ||

**Vote Required:** Majority

**Versions Reviewed:** Amended - 4/30/2019

**Status:** Two-Year Bill

**SB 732** (Allen) authorizes the South Coast Air Quality Management District that encompasses Los Angeles, Orange, Riverside and San Bernardino counties to impose a transactions and use tax within the district's boundaries.



Revenue Estimate: Senate Governance and Finance Committee Analysis. The CDTFA estimated a minimum quarter-percent sales tax increase based upon 2017's taxable sales would generate \$490.4 million.

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## SCA 3 – ELIMINATES CHANGE-IN-OWNERSHIP EXCLUSION

**\$1 BILLION** ||

**Vote Required:** Two-Thirds

**Versions Reviewed:** Introduced - 12/4/2018

**Status:** Active

**SCA 3** (Hill) eliminates the property tax change-in-ownership exclusion for residences inherited from a parent or grandparent if the recipient does not use the home as a principal residence within 12 months. If a recipient does not use the home as a principal residence, then the property will be reassessed to its current market value. If approved by the Legislature, it will go on a statewide ballot where it must be approved by a majority of the voters.



Revenue Estimate: Senator Hill Testimony to Senate Elections and Constitutional Amendments Committee.

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## SCA 5 – LOWER VOTE FOR SCHOOL PARCEL TAXES

**\$16.2 MILLION** ||

**Vote Required:** Two-Thirds

**Versions Reviewed:** Amended - 4/22/2019

**Status:** Active

**SCA 5** (Hill) lowers the vote threshold from two-thirds to 55 percent for approval of parcel taxes placed on the ballot by school and community college districts. If approved by the Legislature, it will go on a statewide ballot where it must be approved by a majority of the voters.



Revenue Estimate: California Tax Foundation Analysis of 2018 Election Data.





# LEGISLATION WITH UNKNOWN COSTS



## TAX AND FEE REPORT

### **AB 136** Eliminates Tax Deduction for People Found Guilty in College Admissions Scandal

**AB 136** (Quirk-Silva) retroactively (to January 1, 2014) eliminates a personal income tax deduction for any contribution made to a postsecondary institution or to the Key Worldwide Foundation by a taxpayer named in the Federal Bureau of Investigations inquiry and found guilty in the college admissions scandal.

**Version Reviewed:** Amended - 5/23/2019 | **Vote Required:** Two-Thirds | **Status:** Active

### **AB 458** Fee for Optometrists' House Calls

**AB 458** (Nazarian) authorizes optometrists to make house calls, and authorizes the state to impose a fee up to \$50 per year on any optometrist who receives certification to make house calls, to pay for the state's certification and enforcement costs.

**Version Reviewed:** Amended - 5/22/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 590** Increases Various Milk Fees

**AB 590** (Mathis) authorizes the secretary of the Department of Food and Agriculture to establish new assessments on milk and milk solids to replace existing fees.

**Version Reviewed:** Amended - 4/29/2019 | **Vote Required:** Two-Thirds | **Status:** Active

### **AB 613** Regulatory Fee Increases

**AB 613** (Low) requires every board within the Department of Consumer Affairs to increase any authorized fee every four years by an amount not to exceed the rate of inflation for the preceding four years.

**Version Reviewed:** Introduced - 2/14/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 618** Higher Sales Tax in Scotts Valley

**AB 618** (Stone) authorizes the City of Scotts Valley to impose a transactions (sales) and use tax, contingent upon voter approval, that exceeds the 2 percent statewide rate cap by 0.25 percent.

**Version Reviewed:** Amended - 3/13/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 825** Authorizes San Mateo Flood District to Impose Taxes

**AB 825** (Mullin) authorizes the San Mateo County Flood Control District to impose taxes, assessments or property-related fees or charges.

**Version Reviewed:** Amended - 4/10/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 879** Firearm Fees

**AB 879** (Gipson) among other things establishes a firearms vendor license application fee and a per-transaction fee not to exceed \$1.

**Version Reviewed:** Amended - 5/16/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 1024** Home Inspector License Fee

**AB 1024** (Frazier) authorizes a license and license renewal fee for home inspectors beginning January 1, 2022.

**Version Reviewed:** Introduced - 2/21/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

**AB 1125 Animal Control Officer Fee**

**AB 1125** (Cooley) requires the California Animal Welfare Association to develop a program for certification of animal control officers, and authorizes the association's board of directors to impose a fee on the officers.

**Version Reviewed:** Amended - 5/29/2019 | **Vote Required:** Majority | **Status:** Active

**AB 1267 Fee on Driving Instruction**

**AB 1267** (Robert Rivas) authorizes the Department of Motor Vehicles to impose a \$1 fee on driving schools or independent driving instructors for "each driver education or driver certificate of completion" furnished by the department.

**Version Reviewed:** Introduced - 2/21/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

**AB 1297 Removes Cap on Concealed Carry License Fee**

**AB 1297** (McCarty) removes the \$100 cap on the fee for a license to carry a concealed firearm, and requires that the fee be equal to the cost of processing the application.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Active

**AB 1312 College Consultant Fee**

**AB 1312** (Low) enacts the College Consultants Act, which would require each college consultant and college consulting firm to register with the state and pay specified fees.

**Version Reviewed:** Amended - 5/17/2019 | **Vote Required:** Majority | **Status:** Active

**AB 1403 Transaction Fee on EBT Withdrawals**

**AB 1403** (Carrillo) modifies an existing transaction fee for making more than four withdrawals per month of state assistance benefits. The current fee is not to exceed "the amount allowed by applicable state and federal law and customarily charged to other customers." The new fee would be "in the amount established in the state's contract with the electronic benefit transfer vendor." This bill's fee provisions were amended out on March 19, 2019.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Tax or fee provisions removed

**AB 1448 Dialysis Clinic Fee**

**AB 1448** (Gray) requires the State Department of Public Health to impose a supplemental license fee on licensed chronic dialysis clinics that receive a one- or two-star quality rating as determined by certain federal standards.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

**AB 1457 Creates Taxing Authority in San Bernardino**

**AB 1457** (Reyes) creates a joint powers authority in San Bernardino County that would be authorized to impose fees and levy a transactions and use tax.

**Version Reviewed:** Amended - 4/11/2019 | **Vote Required:** Majority | **Status:** Active

**AB 1487 Creates Bay Area Housing Agency With Taxing Authority**

**AB 1487** (Chiu) establishes the Housing Alliance for the Bay Area, tasked with increasing affordable housing by providing enhanced funding and technical assistance. The bill authorizes the agency to raise revenue and allocate funds throughout the Bay Area by stating the intent to authorize the entity to place tax and bond measures on the ballot for the nine Bay Area counties.

**Version Reviewed:** Amended - 5/16/2019 | **Vote Required:** Majority | **Status:** Active

## TAX AND FEE REPORT

### **AB 1592 Athletic Trainers License Fee**

**AB 1592** (Bonta) establishes the California Board of Athletic Training and prohibits a person from practicing as an athletic trainer or using certain titles or terms without being licensed by the board. Allows the board to charge an application fee up to \$100, as well as an endorsement fee not to exceed \$50.

**Version Reviewed:** Amended - 3/28/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

### **AB 1607 Gender Discrimination Notice Fee**

**AB 1607** (Boerner Horvath) authorizes a city or county that issues business licenses to increase the fee for a business license not to exceed the cost of providing a gender discrimination notice.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 1627 Tobacco Directory Fee**

**AB 1627** (Robert Rivas) specifies that the state's directory of companies that certify they have made payments under a federal settlement agreement expires April 29 each year, and requires tobacco companies to renew their listings on the directory each year and pay a \$1,000 fee to the attorney general.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

### **AB 1669 Gun Show Fee Increase**

**AB 1669** (Bonta) increases the maximum fee the Department of Justice may charge each firearm purchaser from \$14 to \$32.19, and expands how the fee revenue may be spent.

**Version Reviewed:** Amended - 5/24/2019 | **Vote Required:** Majority | **Status:** Active

### **AB 1775 Increased Development Fees**

**AB 1775** (Reyes) increases development fees by allowing local governments to impose fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements, and fees collected pursuant to agreements with redevelopment agencies, among others. The bill's fee provisions were amended out on April 9, 2019.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Majority | **Status:** Tax or fee provisions removed

### **AB 1783 Eliminates Tax Credits for Farmworker Housing**

**AB 1783** (Robert Rivas) prohibits the use of state funding to plan, develop or operate housing that complies with the federal farmworker visa program criteria. The bill additionally prohibits any state housing tax credits to be allowed for farmworker housing used to comply with the federal criteria. The bill's tax provisions were amended out on March 19, 2019.

**Version Reviewed:** Introduced - 2/22/2019 | **Vote Required:** Two-Thirds | **Status:** Tax or fee provisions removed

### **ACA 1 Higher Local Taxes for Broad Definition of Infrastructure**

**ACA 1** (Aguiar-Curry) lowers the vote threshold from two-thirds to 55 percent for local taxes that fund "infrastructure" and affordable housing.

**Version Reviewed:** Amended - 3/18/2019 | **Vote Required:** Two-Thirds | **Status:** Active

### **SB 30 Removes Fee Exemption on Domestic Partnership Registrations**

**SB 30** (Wiener) removes a \$23 domestic partner registration exemption for partnerships of opposite sex when filing a domestic partnership registration. This bill's tax provisions were amended out on May 22, 2019.

**Version Reviewed:** Amended - 3/28/2019 | **Vote Required:** Two-Thirds | **Status:** Tax or fee provisions removed

**SB 176 State Bar License Fee**

**SB 176** (Jackson) requires the State Bar of California to continue charging its annual license fee to fund its lawyer discipline system and other functions, at an as-yet-unspecified rate for 2020.

**Version Reviewed:** Amended - 5/22/2019 | **Vote Required:** Majority | **Status:** Active

**SB 254 California Earthquake Authority Fee**

**SB 254** (Hertzberg) authorizes the California Earthquake Authority to instruct all insurers to collect an assessment on insurance policies, including specified insurance policies that cover risk in high seismic risk zones.

**Version Reviewed:** Amended - 4/1/2019 | **Vote Required:** Two-Thirds | **Status:** Active

**SB 292 Independent Insurance Adjusters Fee**

**SB 292** (Rubio) adds insurance adjuster fees to certain licensee fees that are considered filing fees and thus are nonrefundable.

**Version Reviewed:** Introduced - 2/14/2019 | **Vote Required:** Majority | **Status:** Active

**SB 378 Death Tax**

**SB 378** (Wiener) asks voters to repeal Proposition 6 - the measure approved by voters in 1982 that prevents the Legislature from imposing any estate tax. This bill would call a special election and ask voters to impose a tax on estates in excess of \$3.5 million, in an amount equal to the tax imposed by Chapter 11 of Subtitle B of the Internal Revenue Code of 1986.

**Version Reviewed:** Amended - 3/25/2019 | **Vote Required:** Majority | **Status:** Active

**SB 415 Registration of Tactical Vehicles**

**SB 415** (Grove) requires the Department of Motor Vehicles to establish a registration process for military and tactical vehicles for on-highway use by local fire departments, and to set minimum registration criteria for such vehicles and the payment of applicable fees. The bill's fee provisions were amended out on April 22, 2019.

**Version Reviewed:** Introduced - 2/20/2019 | **Vote Required:** Majority | **Status:** Tax or fee provisions removed

**SB 480 License Fee for Radiologist Assistants**

**SB 480** (Archuleta) authorizes a license fee and renewal fee to be imposed on radiologist assistants.

**Version Reviewed:** Introduced - 2/21/2019 | **Vote Required:** Majority | **Status:** Two-Year Bill

**SB 642 Pharmacy Agency Fee**

**SB 642** (Stone) requires an agreement between the Prescription Acquisition and Adjudication Agency and a health care service plan or health insurer to include provisions granting 10 percent of any rebate or of the difference between the market value and the price negotiated by the agency, or 100 percent of the rebate or difference if the agreement is with a Medi-Cal managed care plan, to be paid to the agency and deposited into the Pharmaceutical Discount Fund.

**Version Reviewed:** Amended - 4/22/2019 | **Vote Required:** Two-Thirds | **Status:** Active

**SB 741 Gender-Change Fee**

**SB 741** (Galgiani) authorizes a county to establish a fee for processing a change of gender on a birth certificate or marriage license.

**Version Reviewed:** Amended - 4/30/2019 | **Vote Required:** Majority | **Status:** Active



# METHODOLOGY

This report identifies higher taxes, fees, assessments, and charges proposed by lawmakers from the beginning of the 2019-20 legislative session on December 3, 2018, through May 31, 2019. During this period, lawmakers introduced 2,642 bills and constitutional amendments. The California Tax Foundation identified 63 bills and constitutional amendments that contain higher costs, although the costs cannot yet be quantified for 32 of the measures.

Under Proposition 26, the voter-approved Stop Hidden Taxes Act of 2010, a tax is defined as any change in state statute that results in any taxpayer paying a higher tax or exaction, including any unreasonable fee or charge. This report includes any bill that imposes or authorizes higher taxes or tax-like “fees,” as well as any bill that increases a regulatory and/or license fee, user charge, or other charge for receiving a specific government service or benefit. Legislation imposing fines, penalties and other costs for violating state or local laws were not included. This report also excludes legislation estimated to generate less than \$1 million per year in net revenue.

Revenue estimates were taken from legislative committee and floor analyses, and analyses from the state tax agencies. When an estimate had not been prepared for a bill, the California Tax Foundation used recent data from prior legislative or agency analyses of similar legislation. When estimates provided a revenue range, the lowest figure in the range was used to calculate a revenue total. Bills imposing identical taxes or fees are included in this report but were counted only once for purposes of calculating a revenue total.

For “spot” bills that contain placeholder language intending to impose a tax or fee, but do not yet have detailed language, the California Tax Foundation used revenue estimates from previous comparable proposals or available economic studies. Once the proposals are amended, the revenue estimates may change.



## ABOUT THE CALIFORNIA TAX FOUNDATION

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