



TAX AND FEE REPORT

Major Taxes and Fees Introduced in the California Legislature

Vol. IX, No. 1

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INTRODUCTION

During the second year of the 2021-22 session, California lawmakers have considered more than \$190 billion in new taxes and fees, including a “wealth tax” and a slew of tax increases to fund a government-run healthcare system. This figure includes all pending tax and fee legislation as of this report’s publication date – legislation introduced this year, as well as proposals from 2021 that were acted upon this year or remain eligible for action.

The tax and fee proposals were introduced despite the state’s reserves of more than \$34.6 billion, a windfall of unexpected tax revenue (nearly \$16 billion above projections during the first seven months of the 2021-22 fiscal year alone), and a projected surplus of \$45.7 billion.

The state budget for 2021-22 included \$257.6 billion in total spending – a 13 percent increase from the prior year – and the governor’s proposed budget for 2022-23 calls for another major increase, to \$286.4 billion.



\$190 BILLION

Since the Legislature returned January 3 for the final year of the 2021-22 session, lawmakers have considered increasing annual taxes and fees by more than \$190 billion.

THE MOST EXPENSIVE BILLS



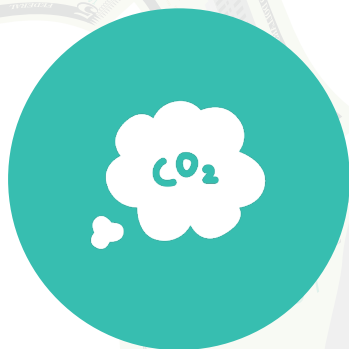
AB 1400/ACA 11 **TAXPAYER-FUNDED HEALTHCARE SYSTEM** \$162.8 BILLION

AB 1400/ACA 11 (Kalra) would create a government-run single-payer healthcare program at an estimated cost of at least \$356.5 billion per year. In addition to the cost taxpayers pay for MediCare and Medi-Cal, ACA 11 would increase taxes by an estimated \$163 billion through the imposition of a gross receipts tax, payroll tax on employers and employees, and personal tax increase on individuals with income above \$149,509.



AB 2289/ACA 8 **WEALTH TAX** \$22.3 BILLION

AB 2289/ACA 8 (Lee) would impose a “wealth tax” on California residents and former residents. California would become the only state to impose such a tax on art, collectibles, retirement funds, farm assets, stocks, and many other assets.



AB 2802 **CARBON TAX** \$5 BILLION

AB 2802 (Muratsuchi) states the intent of the Legislature to impose a carbon tax on entities that emit greenhouse gases in California. The Commission on the 21st Century Economy analyzed the potential impact of a carbon tax in 2009, projecting that a carbon tax in California could cost taxpayers \$5 billion to \$10 billion annually.

PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS	STATUS
Taxpayer-Funded Healthcare System – AB 1400/ACA 11 (Kalra)	\$162,800,000,000	☠/⌚
Wealth Tax – AB 2289/ACA 8 (Lee)	\$22,300,000,000	⌚
Carbon Tax – AB 2802 (Muratsuchi)	\$5,000,000,000	⌚
Lower Vote Threshold for Local Taxes – ACA 1 (Aguilar-Curry)	\$255,000,000	⌚
Firearms Tax – AB 1223 (Levine)	\$118,000,000	☠
Fees for Bail Agents and Solicitors – AB 2043 (Jones-Sawyer)	\$2,150,000	⌚

Key

- ⌚ The bill or proposed constitutional amendment is pending in the Legislature.
- ☠ The bill is dead.

LEGISLATION WITH KNOWN COSTS



AB 1223 FIREARMS TAX

\$118 MILLION

Vote Required: Two-Thirds

Version Reviewed: Amended – 1/24/2022

Status: Dead

AB 1223 (Levine) would have imposed an excise tax of 10 percent of the sales price of a handgun and 11 percent of the sales price of a long gun rifle, firearm precursor part, and ammunition. The bill was amended in January to make the tax effective in 2023, but the bill died in the Assembly.

Revenue Estimate: Assembly Appropriations Committee.



AB 1400/ACA 11 TAXPAYER-FUNDED HEALTHCARE SYSTEM

\$162.8 BILLION

Vote Required: Two-Thirds

Version Reviewed: Amended – 1/24/2022

Status: AB 1400 Dead/ACA 11 Active

AB 1400 (Kalra) proposed a government-run “single-payer” healthcare system for all California residents, referred to as the California Guaranteed Health Care for All Program (CalCare), and **ACA 11** (Kalra) proposes numerous tax increases to fund the system. CalCare would assume responsibility for all benefits and services now paid for by Medi-Cal, the Children’s Health Insurance Program, Knox-Keene, and Medicare. ACA 11, which still could be placed on the ballot in anticipation of a subsequent healthcare overhaul bill, imposes a tax on California businesses at 2.3 percent of gross receipts over \$2 million, a payroll tax on employers with 50 or more employees at a rate of 1.25 percent on wages and compensation, a 1 percent payroll tax on employees with annual wages above \$49,900, and a personal income tax increase on individuals with income above \$149,509.

Revenue Estimate: California State Legislature.



AB 2043

FEES FOR BAIL AGENTS AND SOLICITORS

\$2.15 MILLION

Vote Required: Majority

Version Reviewed: Introduced – 2/14/2022

Status: Active

AB 2043 (Jones-Sawyer) requires the state insurance commissioner to collect an annual fee of \$311 from those who file an application for a license to be a bail fugitive recovery person, bail agent, or bail solicitor. The bill also authorizes a fee of \$624 for the application for a license for a bail permittee.

Revenue Estimate: California Tax Foundation.



AB 2289/ACA 8

WEALTH TAX

\$22.3 BILLION

Vote Required: Two-Thirds

Version Reviewed: Introduced – 2/16/2022

Status: Active

AB 2289/ACA 8 (Lee) impose an annual “wealth tax” for taxable years beginning on or after January 1, 2023, and before January 1, 2025, at a rate of 1.5 percent of a resident’s worldwide net worth in excess of \$1,000,000,000, or in excess of \$500,000,000 in the case of a married taxpayer filing separately. For taxable years after January 1, 2025, the legislation imposes an annual tax of 1 percent on a resident’s worldwide net worth in excess of \$50,000,000, or \$25,000,000 for a married taxpayer filing separately. The tax would apply to art and collectibles, real property, pension funds, financial assets held offshore, farm assets, mutual funds, index funds, and stocks, among other things. The legislation authorizes penalties for understating net worth, and continues imposing the tax on former Californians for a period after they leave the state. ACA 8 is a proposed constitutional amendment that would place the issue before voters.

Revenue Estimate: “The California Tax on Extreme Wealth (ACA 8 & AB 310): Revenue, Economic, and Constitutional Analysis,” March 21, 2021, by Brian Galle, David Gamage, Emmanuel Saez, and Darien Shanske.



AB 2802

CARBON TAX

\$5 BILLION

Vote Required: Majority

Version Reviewed: Introduced – 2/18/2022

Status: Active

AB 2802 (Muratsuchi) states the intent of the Legislature to create a carbon tax and dividend program to impose charges on entities that emit greenhouse gases. The carbon tax would be in addition to the existing cap-and-trade program, which sets a cap on the amount of greenhouse gas emissions a business is authorized to emit and allows businesses to buy and sell “emission allowances.” The bill’s majority-vote threshold will be changed to two-thirds if it is amended to impose the tax rather than state an intent to impose it.

Revenue Estimate: “Proposed Carbon Tax for the State of California,” March 10, 2009, by the Commission on the 21st Century Economy, not adjusted for inflation.



ACA 1

LOWER VOTE THRESHOLD FOR LOCAL TAXES

\$255 MILLION

Vote Required: Two-Thirds

Version Reviewed: Introduced – 12/7/2020

Status: Active

ACA 1 (Aguiar-Curry), introduced on the first day of the current legislative session, lowers the vote threshold for local sales taxes and parcel taxes (from two-thirds to 55 percent) if those taxes finance affordable housing and public infrastructure, broadly defined. The proposed constitutional amendment additionally creates an exemption to the existing cap on ad valorem property taxes if the tax is to service bond debt incurred to fund public infrastructure, affordable housing or permanent supportive housing and is approved by at least 55 percent of the voters.

Revenue Estimate: California Tax Foundation.

LEGISLATION WITH UNKNOWN COSTS

AB 646 – FEE FOR EXPUNGED CONVICTIONS

AB 646 (Low) requires the Department of Consumer Affairs to remove information about a revoked license within 90 days of receiving an expungement order related to the conviction that prompted the revocation, and allows state licensing boards to charge a \$25 fee to the licensee to cover costs of expungement. The bill includes special provisions relating to medical licenses.

Version Reviewed: Amended – 1/24/22 | **Vote Required:** Majority | **Status:** Active

AB 1288 – LOW-INCOME TAX CREDITS

AB 1288 (Quirk-Silva) changes the process for the annual allocation of low-income housing tax credits – resulting in some taxpayers paying a higher tax within the meaning of the state constitution – and increases the minimum allocation from \$70,000,000 to \$500,000,000.

Version Reviewed: Amended – 1/24/2022 | **Vote Required:** Two-Thirds | **Status:** Active

AB 1737 – FEES RELATED TO CHILDREN’S CAMP INSPECTION

AB 1737 (Holden) requires overnight children’s camps to pay an unspecified registration fee when registering with local governments.

Version Reviewed: Introduced – 1/31/2022 | **Vote Required:** Majority | **Status:** Active

AB 1858 – FEES RELATED TO SUBSTANDARD HOUSING

AB 1858 (Quirk-Silva) provides definitions related to substandard housing and authorizes fees to be imposed on owners of substandard housing.

Version Reviewed: Introduced – 2/8/2022 | **Vote Required:** Majority | **Status:** Active

AB 2056 – PILOT BOAT SURCHARGE

AB 2056 (Grayson) expands costs included when calculating a surcharge imposed on licensed bar pilots in specified waters of the San Francisco Bay Area, relating to recovering the costs of new pilot boats.

Version Reviewed: Introduced – 2/14/2022 | **Vote Required:** Two-Thirds | **Status:** Active

AB 2218 – INCREASED FEES FOR CREDIT SERVICE ORGANIZATIONS

AB 2218 (Quirk-Silva) requires the Department of Financial Protection and Innovation to increase the amount of the fee it is authorized to charge for the registration of credit services organizations.

Version Reviewed: Introduced – 2/15/2022 | **Vote Required:** Majority | **Status:** Active

AB 2336 – FEE FOR APPEALING SPEEDING TICKET

AB 2336 (Friedman) establishes the Speed Safety System Pilot Program and requires a \$25 filing fee for an appeal challenging a notice of violation issued as a result of a speed safety system.

Version Reviewed: Introduced – 2/16/2022 | **Vote Required:** Majority | **Status:** Active

AB 2388 – FEES RELATED TO DRIVING SCHOOL

AB 2388 (Villapudua) authorizes the Department of Motor Vehicles to charge a driving instruction school a fee not to exceed \$1 for each education or training certificate issued.

Version Reviewed: Introduced – 2/17/2022 | **Vote Required:** Majority | **Status:** Active

AB 2424 – INCREASED FEES FOR REGISTERING CREDIT SERVICE ORGANIZATIONS

AB 2424 (Blanca Rubio) authorizes the Department of Financial Protection and Innovation to periodically increase the registration fee – currently capped at \$100 – for credit service organizations.

Version Reviewed: Introduced – 2/17/2022 | **Vote Required:** Majority | **Status:** Active

AB 2563 – FEES FOR MOBILE FUEL ON-DEMAND TRUCKS

AB 2563 (Quirk) requires air pollution control boards to establish a uniform permit program for mobile fueling on-demand tank vehicle operation. The bill also establishes an expedited permit review and fee schedule for these operations.

Version Reviewed: Introduced – 2/17/2022 | **Vote Required:** Majority | **Status:** Active

AB 2602 – INCREASED FEES FOR SPECIAL LICENSE PLATE

AB 2602 (Salas) increases fees for issuance and renewal of the “Have a Heart, Be a Star, Help Our Kids” license plate.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

AB 2748 – INCREASED FEES FOR INTERNET AND CABLE OPERATORS

AB 2748 (Holden) removes several exclusions from the definition of gross revenue used in calculating a franchise fee for Internet and cable operators.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

AB 2784 – FEES RELATED TO THERMOFORM PLASTIC RECYCLING

AB 2784 (Ting) requires importers and manufacturers of thermoform plastic containers to register and pay an unspecified fee to the Department of Resources Recycling and Recovery.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

SB 38 – BEVERAGE CONTAINER RECYCLING FEE

SB 38 (Wieckowski) requires beverage manufacturers to form a beverage container stewardship organization and establish a “stewardship fee” to be paid by organization members to help cover the costs of implementing the stewardship program.

Version Reviewed: Amended – 2/14/2022 | **Vote Required:** Majority | **Status:** Active

SB 620 – FEE FOR SHIPPING BEER AND DISTILLED SPIRITS

SB 620 (Allen) authorizes beer manufacturers, distilled spirits manufacturers, and craft distillers to ship directly to residents of California who are 21 years of age or older, and imposes a fee for obtaining a permit to do so.

Version Reviewed: Amended – 1/20/2022 | **Vote Required:** Majority | **Status:** Active

SB 670 – FEE ON IMMIGRATION CONSULTANTS

SB 670 (Caballero) requires state licensing of immigration consultants under the new name of “form preparers,” and requires the payment of a state licensing fee.

Version Reviewed: Amended – 1/26/2022 | **Vote Required:** Majority | **Status:** Active

SB 793 – ALCOHOL LICENSE FEE FOR MUSIC VENUES

SB 793 (Wiener) authorizes the Department of Alcoholic Beverage Control to issue a music venue license that allows venues to sell alcohol. The department would be authorized to charge an original license fee and renewal fee to cover the costs of regulation.

Version Reviewed: Amended – 1/3/2022 | **Vote Required:** Majority | **Status:** Active

SB 852 – TAXING AUTHORITY FOR “CLIMATE RESILIENCE DISTRICTS”

SB 852 (Dodd) authorizes local governments to form “climate resilience districts” with the authority to levy benefit assessments, special taxes, property-related fees, or other service charges or fees.

Version Reviewed: Introduced – 1/18/2022 | **Vote Required:** Majority | **Status:** Active

SB 869 – FEE ON MOBILEHOME PARK MANAGERS

SB 869 (Leyva) authorizes the Department of Housing and Community Development to establish a fee-based structure to administer an annual training requirement for on-site mobilehome park managers.

Version Reviewed: Amended – 2/22/2022 | **Vote Required:** Majority | **Status:** Active

SB 883 – FEE ON UMBILICAL CORD BLOOD COLLECTION

SB 883 (Roth) extends an existing umbilical cord blood collection program until January 1, 2027, allowing the University of California to collect umbilical cord blood for public use and to explore the viability of a fee.

Version Reviewed: Introduced – 1/26/2022 | **Vote Required:** Majority | **Status:** Active

SB 894 – FEES RELATED TO OFF-ROAD VEHICLES

SB 894 (Jones) imposes specified fees on competition motorcycles and all-terrain vehicles (ATVs) model year 2022 and newer.

Version Reviewed: Introduced – 1/31/2022 | **Vote Required:** Majority | **Status:** Active

SB 917 – TRANSPORTATION FARES FOR THE SAN FRANCISCO BAY AREA

SB 917 (Becker) requires the Metropolitan Transportation Commission to adopt an integrated transit fare structure; develop a comprehensive, standardized regional transit mapping and wayfinding system; develop a funding plan; and establish open data standards.

Version Reviewed: Introduced – 2/3/2022 | **Vote Required:** Majority | **Status:** Active

SB 948 – DEVELOPER FEES TO PROVIDE RENT SUBSIDIES

SB 948 (Becker) authorizes a fee on specified housing developments to fund relief for tenants facing a loss of rent subsidies.

Version Reviewed: Introduced – 2/9/2022 | **Vote Required:** Two-Thirds | **Status:** Active

SB 992 – FEES RELATED TO THE LICENSURE OF DRUG ABUSE COUNSELORS

SB 992 (Melendez) authorizes the State Department of Public Health to charge an unspecified fee for the licensure of drug abuse counselors.

Version Reviewed: Introduced – 2/14/2022 | **Vote Required:** Majority | **Status:** Active

SB 1050 – NEW TOLL BRIDGE IN SONOMA

SB 1050 (Dodd) establishes the SR-37 Toll Authority with the authority to operate and maintain toll-collection infrastructure and collect tolls for the use of the Sonoma Creek Bridge.

Version Reviewed: Introduced – 2/15/2022 | **Vote Required:** Two-Thirds | **Status:** Active

SB 1076 – FEES RELATED TO LEAD-RELATED CONSTRUCTION

SB 1076 (Archuleta) requires the State Department of Public Health to create a certification and training program for lead-related construction work and establish fee provisions for those certifications and accreditations.

Version Reviewed: Introduced – 2/15/2022 | **Vote Required:** Majority | **Status:** Active

SB 1131 – FEES RELATING TO ELECTION WORKER CONFIDENTIALITY

SB 1131 (Newman) authorizes the secretary of state to impose a fee on poll workers who choose to have their addresses kept confidential.

Version Reviewed: Introduced – 2/16/2022 | **Vote Required:** Majority | **Status:** Active

SB 1267 – LICENSING FEES FOR REPRODUCTIVE BIOLOGISTS

SB 1267 (Pan) requires geneticists and reproductive biologists to be licensed by the State Department of Public Health, and creates a \$63 licensing fee and annual renewal fee.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

SB 1299 – INCREASED FEES FOR SUMMER SCHOOL

SB 1299 (Min) requires that the application fee for the California State Summer School for Mathematics and Science Program be raised to \$40 and be increased up to 5 percent each year thereafter.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

SB 1315 – FEES RELATING TO ALCOHOL CONSUMPTION AREA PERMITS

SB 1315 (Cortese) authorizes the issuance of a “consumption area permit,” which allows the consumption of alcohol off the premises where the alcohol is sold, and authorizes an application fee and annual remittance fee to be paid by those who receive the permits.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active

SB 1428 – PSYCHOLOGICAL TESTING TECHNICIAN FEES

SB 1428 (Archuleta) requires a person authorized to provide psychological or neuropsychological test administration to pay a \$40 registration fee to the Board of Psychology.

Version Reviewed: Introduced – 2/18/2022 | **Vote Required:** Majority | **Status:** Active



METHODOLOGY

This report identifies higher taxes, fees, assessments, and charges acted on or pending in the Legislature from January 3, 2022 through the end of February.

The California Tax Foundation identified 39 bills and constitutional amendments during this period that contain higher costs. The costs cannot yet be quantified for 31 of the measures.

Legislation that was introduced in 2021 is included in this report if it was acted upon this year or remains eligible for action. Measures from 2021 that were approved or rejected last year or no longer are eligible for votes were covered in prior reports.

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 measure that imposes or authorizes higher taxes or tax-like “fees,” as well as any legislation 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 is not included. This report also excludes legislation estimated to generate less than \$1 million per year in net revenue.

Revenue estimates are taken from legislative committee and floor analyses, and analyses from the state tax agencies. For legislation that did not receive a legislative fiscal analysis, the California Tax Foundation used revenue estimates from previous comparable proposals or available economic studies. 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.

ABOUT THE CALIFORNIA TAX FOUNDATION

The California Tax Foundation is dedicated to serving the public through education and research. Founded in 1980 by the California Taxpayers Association, the Foundation seeks to improve public policy through thoughtful and independent nonpartisan research. The Foundation has been recognized for its research excellence with several national awards. The CalTax Foundation is a 501(c)3 not-for-profit organization funded through grants and donations from taxpayers. It does not take or support positions on any ballot measures or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

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