



TAX AND FEE REPORT

Major Taxes and Fees Introduced in the California Legislature

**Vol. X, No. 1
March 16, 2023**

\$185.6 BILLION

Since the Legislature returned January 4 for the first year of the 2023-24 session, lawmakers have considered increasing annual taxes and fees by more than \$185.6 billion.



INTRODUCTION

During the first three months of the 2023-24 session, California lawmakers have considered more than \$185.6 billion in new taxes and fees, including a “wealth tax,” a government-run health care system that would require hundreds of billions of dollars in new taxes, a tax on oil company earnings, and a slew of fee increases. This figure includes all tax and fee legislation introduced from the beginning of the session through this report’s publication date.

In January, Governor Gavin Newsom proposed a \$296.9 billion state budget that includes a Managed Care Organization (MCO) tax estimated to generate \$6.5 billion in general fund revenue over the next three years, and a \$30 million tax increase by subjecting incomplete non-grantor trusts to California income tax. These proposals have not been introduced in the Legislature, and thus are not included in this report.

The January budget proposal estimated that the state has an operating deficit – the shortfall projected if no changes are made to spending or revenue – of approximately \$22.5 billion. The Legislative Analyst’s Office estimated in mid-February that the deficit could be \$7 billion larger. The deficit could increase the likelihood that lawmakers propose more taxes and fees as the session continues.

THE MOST EXPENSIVE BILLS



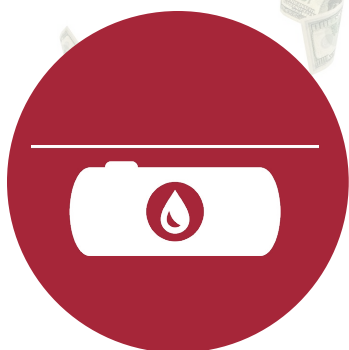
AB 1690 **GOVERNMENT-FUNDED HEALTH CARE** \$162.8 BILLION

AB 1690 expresses legislative intent to create a government-run single-payer health care program – a change estimated to require at least \$162.8 billion in tax increases.



AB 259/ACA 3 **WEALTH TAX** \$22.3 BILLION

AB 259/ACA 3 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 1115 **UNDERGROUND STORAGE TANK TAX INCREASE** \$262.4 MILLION

AB 1115 extends the collection of a “storage fee” for each gallon of petroleum placed in an underground storage tank.

PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS	STATUS
Government-Funded Health Care – AB 1690 (Kalra)	\$162,800,000,000	
Wealth Tax – AB 259/ACA 3 (Lee)	\$22,300,000,000	
Underground Storage Tank Tax Increase – AB 1115 (Papan)	\$262,400,000	
Lower Vote Threshold for Local Taxes – ACA 1 (Aguiar-Curry)	\$255,000.000	
Low-Income Housing Tax Credits – AB 346 (Quirk-Silva)	\$1,900,000	
Driving School Fees – SB 473 (Allen)	\$1,000,000	

Key

The bill or proposed constitutional amendment is pending in the Legislature.

LEGISLATION WITH KNOWN COSTS



AB 259/ACA 3 WEALTH TAX

\$22.3 BILLION

Vote Required: Two-Thirds

Version Reviewed: Introduced – 1/19/2023

Status: Active

AB 259 (Lee) imposes an annual “wealth tax” on Californians, as well as on former Californians for a period of time after they leave the state. For tax years 2024 and 2025, the tax would be imposed at a rate of 1.5 percent of a resident’s worldwide net worth in excess of \$1 billion, or in excess of \$500 million in the case of a married taxpayer filing separately. For tax years on or after January 1, 2026, the tax would be modified to cover additional taxpayers, at a rate of 1 percent of a resident’s worldwide net worth in excess of \$50 million, or \$25 million for a married taxpayer filing separately. The 1.5 percent rate would remain in place for those with assets above these thresholds. Net worth would be calculated every year based on the known or estimated values of assets as of December 31. The tax would apply to art, 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. **ACA 3** is a proposed constitutional amendment that would need voter approval in a statewide election for the tax to take effect.

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



AB 346 LOW-INCOME HOUSING TAX CREDITS

\$1.9 MILLION

Vote Required: Two-Thirds

Version Reviewed: Introduced – 1/31/2023

Status: Active

AB 346 (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 – by authorizing the California Tax Credit Allocation Committee to amend or repeal regulations without complying with the procedural requirements of the Administrative Procedure Act.

Revenue Estimate: Franchise Tax Board Analysis of AB 1288 (2022).



AB 1115

UNDERGROUND STORAGE TANK TAX INCREASE

\$262.4 MILLION

Vote Required: Two-Thirds
Version Reviewed: Introduced – 2/17/2023
Status: Active

AB 1115 (Papan) extends through January 1, 2036, the imposition of “storage fees” on each gallon of petroleum placed in an underground storage tank.

Revenue Estimate: California Department of Tax and Fee Administration Analysis of AB 753 (2021).



AB 1690

GOVERNMENT-FUNDED HEALTH CARE

\$162.8 BILLION

Vote Required: Majority
Version Reviewed: Introduced – 2/17/2023
Status: Active

AB 1690 (Kalra) expresses legislative intent to create a government-run single-payer health care program. During the prior legislative session, the same author introduced this bill with a companion measure that proposed tax increases totaling an estimated \$162.8 billion through the imposition of a gross receipts tax, payroll taxes on employers and employees, and a personal income tax increase. A government-run health care system would cost more than \$400 billion annually, according to estimates for legislation proposed several years ago – some of which would be paid by the federal government and some from existing state funds that would be redirected from current health care programs. Health care costs have increased significantly since this estimate was prepared, so the total cost would be much higher – and far higher than the tax increases proposed in the 2022 legislation.

Revenue Estimate: California Tax Foundation.



ACA 1

LOWER VOTE THRESHOLD FOR LOCAL TAXES

\$255 MILLION

Vote Required: Two-Thirds
Version Reviewed: Introduced – 12/5/2022
Status: Active

ACA 1 (Aguiar-Curry) lowers the vote threshold for sales, transactions and use, and parcel taxes to 55 percent if those taxes finance affordable housing and public infrastructure. The proposal additionally allows the ad valorem tax rate to exceed 1 percent of the full cash value of the property if the ad valorem tax is to service bond indebtedness incurred to fund public infrastructure, affordable housing or permanent supportive housing and is approved by at least 55 percent of the electors.

Revenue Estimate: California Tax Foundation.



SB 473

DRIVING SCHOOL FEES

\$1 MILLION

Vote Required: Majority

Version Reviewed: Introduced – 2/13/2023

Status: Active

SB 473 (Allen) requires the Department of Motor Vehicles to charge a fee, not to exceed \$1, for each driver education or driver training certificate issued to an individual.

Revenue Estimate: California Tax Foundation.

LEGISLATION WITH UNKNOWN COSTS

AB 39 – CRYPTOCURRENCY FEE

AB 39 (Grayson) prohibits Californians from engaging in digital financial asset business activities unless they are licensed with the Department of Financial Protection and Innovation, imposes an unspecified licensing fee, and requires individuals licensed by the department to keep specified records of financial transactions.

Version Reviewed: Amended – 1/30/2023 | **Vote Required:** Majority | **Status:** Active

AB 239 – ASSESSMENT ON AVOCADO OIL PRODUCERS

AB 239 (Wilson) establishes the Avocado Oil Commission of California with a prescribed board of directors and authorizes the commission to levy an unspecified annual assessment on avocado oil producers.

Version Reviewed: Introduced – 1/13/2023 | **Vote Required:** Majority | **Status:** Active

AB 240 – ADDITIONAL TAX ON PET FOOD SALES

AB 240 (Kalra) authorizes a tax on pet food manufacturers, at a rate of \$200 for each label that would be attached to the dog or cat food container submitted by the manufacturer to the Department of Public Health, and requires a manufacturer of dog and cat food that has less than \$75,000 in gross annual sales to pay a single \$200 tax to the Department of Food and Agriculture. The bill also establishes the California Spray-Neuter Fund and authorizes the Department of Food and Agriculture to offer competitive grants to animal shelters that provide spaying and neutering services.

Version Reviewed: Amended – 2/28/2023 | **Vote Required:** Two-Thirds | **Status:** Active

AB 252 – FEES AND FINES FOR VIOLATING STUDENT ATHLETE REQUIREMENTS

AB 252 (Holden) establishes the College Athlete Protection Act to provide various protections and benefits to collegiate athletes and authorizes a subpanel to assess unspecified certification fees, renewal fees, fines, and penalties for entities required to comply with the program.

Version Reviewed: Amended – 3/6/2023 | **Vote Required:** Majority | **Status:** Active

AB 279 – WATER ASSESSMENT IN SAN GABRIEL VALLEY

AB 279 (Blanca Rubio) doubles the allowable assessment on water in the San Gabriel Valley. Increases the maximum allowable assessment (currently \$10 per acre-foot) to \$20 per acre-foot.

Version Reviewed: Amended – 2/8/2023 | **Vote Required:** Majority | **Status:** Active

AB 307 – EXTENDS FUMIGATION FEE

AB 307 (Chen) extends a program (until January 1, 2029) that requires a company performing a structural fumigation in Los Angeles, Orange, or Santa Clara counties to pay an unspecified fee to the agricultural commissioner.

Version Reviewed: Introduced – 1/26/2023 | **Vote Required:** Majority | **Status:** Active

AB 402 – WEED ABATEMENT ASSESSMENT

AB 402 (Aguiar-Curry) establishes the Broomrape Control Board and requires the board to establish an assessment to be paid by producers and handlers of commercial tomatoes for weed abatement.

Version Reviewed: Introduced – 2/2/2023 | **Vote Required:** Majority | **Status:** Active

AB 534 – AIRPORT RENTAL COMPANY FEE

AB 534 (McCarty) indefinitely extends a program that allows airports to collect a “customer facility charge,” defined as a fee or alternative fee levied on customers of airport vehicle rental facilities.

Version Reviewed: Introduced – 2/8/2023 | **Vote Required:** Majority | **Status:** Active

AB 540 – INCREASES ANNUAL VEHICLE TAX

AB 540 (Wicks) increases the “transportation improvement fee” by \$10. The “fee” is an annual tax with rates ranging from \$25 to \$175, depending on the market value of the vehicle.

Version Reviewed: Introduced – 2/8/2023 | **Vote Required:** Two-Thirds | **Status:** Active

AB 568 – FEE FOR ENHANCED DRIVER'S LICENSE

AB 568 (Ta) authorizes the Department of Motor Vehicles to issue or renew “enhanced driver’s licenses,” defined as licenses that are “enhanced in process, technology, and security to denote identity and citizenship,” and set an application fee of up to \$55.

Version Reviewed: Introduced – 2/8/2023 | **Vote Required:** Majority | **Status:** Active

AB 592 – NONFRANCHISE WASTE HAULING FEES

AB 592 (Wilson) authorizes Contra Costa County to create a pilot program to regulate nonfranchise waste hauling operations within the county and authorizes the county to charge an unspecified fee to oversee the program.

Version Reviewed: Introduced – 2/9/2023 | **Vote Required:** Majority | **Status:** Active

AB 743 – FEES FOR AUTHORIZATION TO PERFORM ONLINE NOTARIZATIONS

AB 743 (Petrie-Norris) authorizes a notary public to apply for registration with the state to perform online notarizations and authorizes the Secretary of State's Office to charge applicants an unspecified fee to cover the office's costs of administering the program.

Version Reviewed: Introduced – 2/23/2023 | **Vote Required:** Majority | **Status:** Active

AB 796 – FEES FOR ATHLETIC TRAINERS

AB 796 (Weber) prohibits a person from working as an athletic trainer without being licensed by the California Board of Athletic Training, which would be authorized to establish licensing and renewal fees.

Version Reviewed: Introduced – 2/13/2023 | **Vote Required:** Majority | **Status:** Active

AB 1055 – FEES FOR ALCOHOL AND DRUG COUNSELORS

AB 1055 (Bains) requires the newly established Allied Behavioral Health Board to charge a licensing fee to alcohol and drug counselors.

Version Reviewed: Introduced – 2/15/2023 | **Vote Required:** Majority | **Status:** Active

AB 1136 – TAX ON TICKETS TO MMA EVENTS

AB 1136 (Haney) requires the State Athletic Commission to establish the Mixed Martial Arts Pension Fund and authorizes the commission to establish financing measures for the fund that may include, but would not be limited to, a tax on tickets to events under the commission's jurisdiction, revenue generated from the sale of "sport paraphernalia and souvenirs," and "contributions from mixed martial artists, managers, promoters, or any one or more of these persons."

Version Reviewed: Introduced – 2/15/2023 | **Vote Required:** Two-Thirds | **Status:** Active

AB 1244 – PRIVATE SECURITY MANAGER FEES

AB 1244 (Holden) establishes requirements for renewing a certificate for private security managers and establishes application, examination, renewal, and delinquency fees for a qualified manager certificate.

Version Reviewed: Introduced – 2/16/2023 | **Vote Required:** Majority | **Status:** Active

AB 1304 – COUNTY FEES FOR WEIGHTS AND MEASURES

AB 1304 (Papan) extends the authorization for a county board of supervisors to assess a fee on weighing and measuring devices that require a county seal.

Version Reviewed: Introduced – 2/16/2023 | **Vote Required:** Majority | **Status:** Active

AB 1403 – FEES FOR SALE OF FIREWORKS

AB 1403 (Garcia) authorizes local jurisdictions to establish a permit fee for the sale of safe fireworks. The bill additionally requires the California Department of Tax and Fee Administration to estimate the gross receipts from the sale of fireworks for the 2024-25 fiscal year and requires 2.5 percent of the gross receipts amount, capped at \$1.8 million, to be deposited into the governor's revised budget for that fiscal year.

Version Reviewed: Introduced – 2/17/2023 | **Vote Required:** Two-Thirds | **Status:** Active

AB 1570 – LICENSING FEES FOR SPECIFIED OPTOMETRISTS

AB 1570 (Low) requires the State Board of Optometry to establish a fee for the issuance and renewal of a certificate for optometrists who perform advanced procedures to treat glaucoma.

Version Reviewed: Introduced – 2/17/2023 | **Vote Required:** Majority | **Status:** Active

SB 2 – ADDITIONAL FEES FOR FIREARMS

SB 2 (Portantino) authorizes firearm licensing authorities to charge an additional unspecified processing fee for a concealed carry license renewal, and implements additional regulations for firearm licensing authorities to adhere to.

Version Reviewed: Amended – 3/1/2023 | **Vote Required:** Majority | **Status:** Active

SB 76 – FEE ON CATERING PERMITS

SB 76 (Wiener) imposes a fee for a catering permit for a licensee under a music venue license, and for an event permit for a licensee under a music venue license.

Version Reviewed: Introduced – 1/11/2023 | **Vote Required:** Majority | **Status:** Active

SB 374 – INCREASED FEES FOR SPECIAL LICENSE PLATES

SB 374 (Ashby) increases the registration renewal fee for specialized license plates from \$35 to \$40.

Version Reviewed: Introduced – 2/9/2023 | **Vote Required:** Majority | **Status:** Active

SB 495 – ALCOHOL DELIVERY LICENSING FEE

SB 495 (Dodd) establishes a new type of license for an alcohol consumer delivery service permit and sets an application fee of \$20,000 and an annual renewal fee of \$1,500.

Version Reviewed: Introduced – 2/14/2023 | **Vote Required:** Majority | **Status:** Active

SB 500 – TAX INCREASE ON SEA URCHIN HARVESTING

SB 500 (McGuire) increases the maximum assessment the California Sea Urchin Commission can levy to \$0.06 for each pound of sea urchin landed, and extends by four years a temporary increase in various fees, surcharges, and penalties levied on aquaculture facilities.

Version Reviewed: Introduced – 2/14/2023 | **Vote Required:** Majority | **Status:** Active

SB 608 – INCREASED FEES FOR SPECIAL LICENSE PLATES

SB 608 (Becker) increases the fees associated with the “Have a Heart, Be a Star, Help Our Kids,” license plate to \$90 for the initial issuance and \$80 for registration renewal.

Version Reviewed: Introduced – 2/15/2023 | **Vote Required:** Majority | **Status:** Active

SB 676 – LOCAL TAX ON CHLORINE

SB 676 (Allen) authorizes a county to levy a tax by ordinance – with approval from a majority of voters – on trichlor, a common chemical used to clean pools, at a rate of 30 cents per tablet.

Version Reviewed: Introduced – 2/16/2023 | **Vote Required:** Majority | **Status:** Active

SB 707 – FEES FOR TEXTILE RECYCLING

SB 707 (Newman) requires textile manufacturers to pay fees to the Department of Resources Recycling and Recovery for the costs of administering a stewardship program for the recycling of specified textiles.

Version Reviewed: Introduced – 2/16/2023 | **Vote Required:** Majority | **Status:** Active

SB 708 – FEES FOR OFFROAD VEHICLES

SB 708 (Jones) requires the Department of Motor Vehicles to establish a special permit for the operation of certain off-road vehicles and charge operators an unspecified fee for the permit.

Version Reviewed: Introduced – 2/16/2023 | **Vote Required:** Majority | **Status:** Active

SB 778 – FEES FOR SUBSURFACE INSTALLATIONS

SB 778 (Ochoa Bogh) revises the definition of “subsurface installation” to include non-pressurized sewer lines, non-pressurized storm drains, and other non-pressurized drain lines, and authorizes local agencies to charge fees associated with subsurface installations.

Version Reviewed: Introduced – 2/17/2023 | **Vote Required:** Majority | **Status:** Active

SB 816 – FEES IMPOSED ON INTERIOR DESIGNERS

SB 816 (Roth) establishes the California Council for Interior Design Certification and provides the council with the authority to establish application fees, renewal fees, and other fees relating to the certification of interior designers.

Version Reviewed: Introduced – 2/17/2023 | **Vote Required:** Majority | **Status:** Active

SB 2X – TAX ON OIL COMPANY EARNINGS

SB 2X (Skinner) establishes a tax, at an as-yet-unspecified rate, on oil company earnings above a threshold that would be established by the State Energy Resources Conservation and Development Commission.

Version Reviewed: Introduced – 12/5/2022 | **Vote Required:** Majority | **Status:** Active



METHODOLOGY

This report identifies higher taxes, fees, assessments, and charges acted on or pending in the Legislature from the beginning of the 2023 session through March 6, 2023.

The California Tax Foundation identified 38 bills and constitutional amendments during this period that contain higher costs. The costs could not be quantified for 31 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 measure that imposes, authorizes, or states the intent to impose or authorize 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. 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. For bills that did not receive a legislative fiscal analysis, the 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 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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