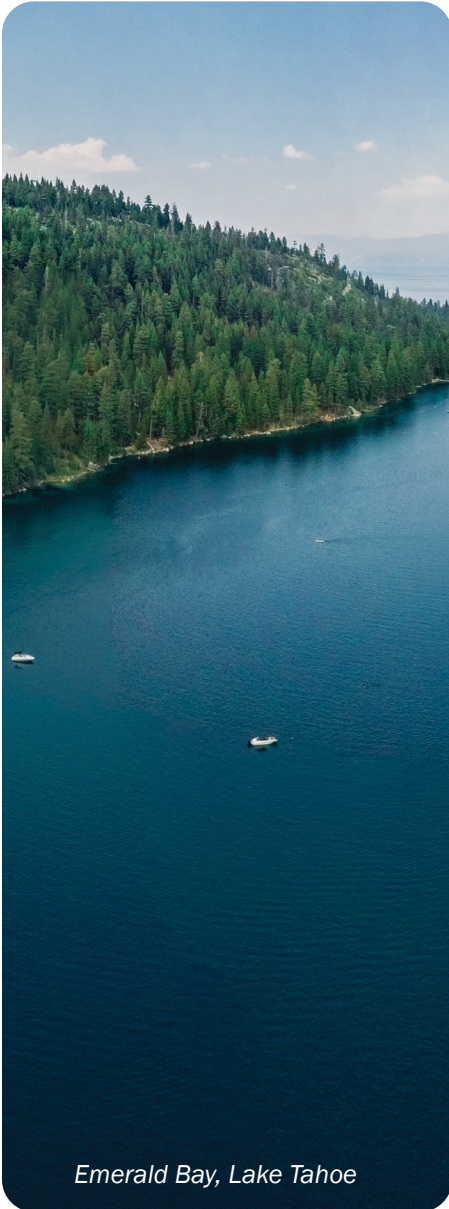


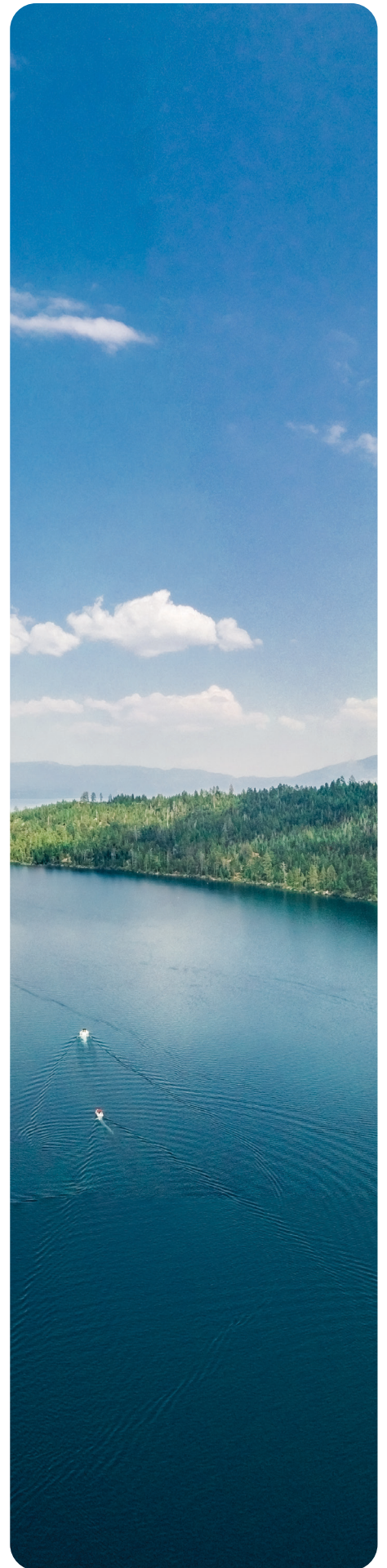
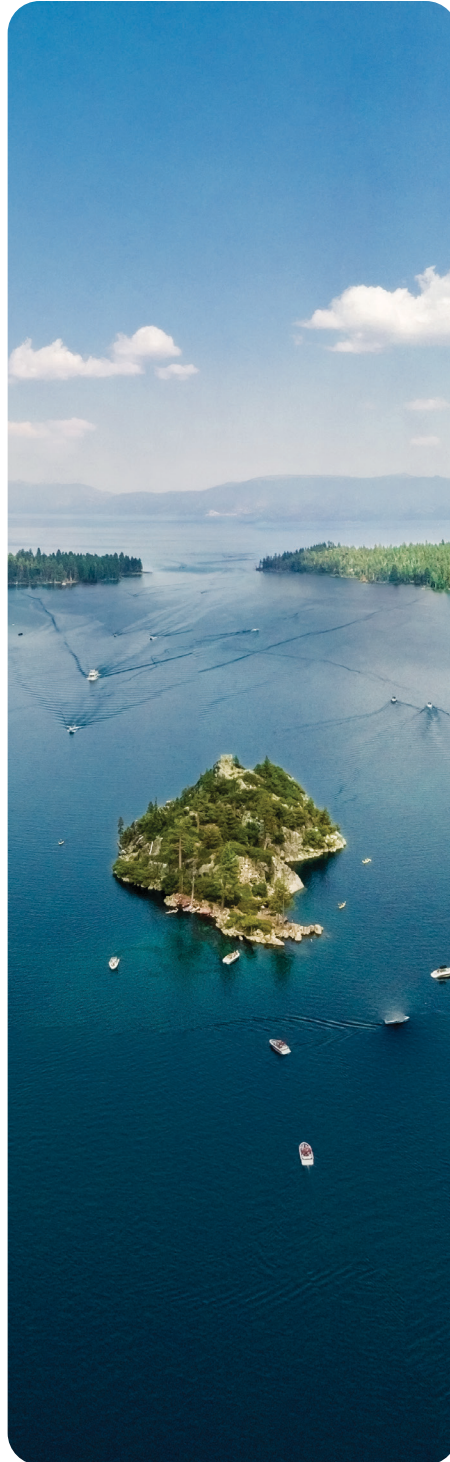
# TAX AND FEE REPORT

Major Taxes and Fees Introduced in the California Legislature

Vol. XI, No. 2 | June 18, 2024



*Emerald Bay, Lake Tahoe*







# \$196.5 BILLION

During the first five months of 2024, as the Legislature began the second half of its 2023-24 session, California lawmakers considered increasing annual taxes and fees by more than \$196.5 billion.

## INTRODUCTION

During the first five months of 2024, California lawmakers considered increasing annual taxes and fees by more than \$196.5 billion, including a package of business tax increases contained in the state budget already approved by lawmakers.

These taxes and fees were introduced as lawmakers and the governor face a budget deficit that the Department of Finance recently projected to be approximately \$27.6 billion.

During the first year of the 2023-24 session, the Legislature and governor approved more than \$10.4 billion in higher taxes and fees.

California has the highest unemployment rate in the United States. As out-of-work Californians struggle to make ends meet, many of the tax proposals in this report would not only make the state less affordable, but also would make it more costly for employers to hire workers.

For decades, California has been the leading innovator in cutting-edge research, new technologies, and changes to how we live and work. One of the policy drivers that has made this climate possible is the state's research-and-development tax credit. While the credit was restored in 2022 after two years of suspension, Governor Gavin Newsom and legislators eliminated the credit for the next several years, leading to higher taxes for Silicon Valley and California's innovation economy. How this proposal and other proposals contained in the report will impact the state's long-term economic growth remains to be seen.

Other notable bill introductions include proposals to eliminate the mortgage interest deduction for second homes, create a government-funded healthcare system that would require hundreds of billions of dollars in new taxes, impose new taxes on digital advertising, and increase taxes on businesses with the foreign dividends.

# PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS	STATUS
Government-Funded Health Care – AB 2200 (Kalra)	\$162,800,000,000	☠
Wealth Tax – AB 259/ACA 3 (Lee)	\$22,300,000,000	☠/⌚
Suspension of Net Operating Loss Deduction, Limitation on Tax Credits, Taxation of Foreign Dividends, Elimination of Bad Debt Sales Tax Deduction, and Elimination of Deductions and Credits for Oil and Gas Companies – AB 167 (Assembly Budget Committee) / SB 167 (Senate Budget and Fiscal Review Committee)	\$7,529,500,000	⌚
Bay Area Tax Increases – SB 1301 (Wiener)	\$1,500,000,000	⌚
Digital Advertising Tax – SB 1327 (Glazer)	\$1,000,000,000	⌚
Digital Advertising Tax – AB 2829 (Papan)	\$670,000,000	⌚
Unemployment Insurance for Striking Employees – SB 1116 (Portantino)	\$215,000,000	⌚
Increased Bridge Tolls in Bay Area – SB 532 (Wiener)	\$162,000,000	⌚
Tax on Short-Term Rental Property – SB 584 (Limón)	\$150,000,000	⌚
Disallows Mortgage Interest Deductions on Second Homes – AB 2616 (Lee) and AB 1932 (Ward)	\$130,000,000	⌚
Authorizes Solano County to Exceed Transactions and Use Tax Cap – AB 3259 (Wilson)	\$49,400,000	⌚
Solar Panel Recycling Fee – AB 2 (Ward)	\$4,400,000	⌚
Increased Fees Associated With Agricultural Products – SB 1270 (Grove)	\$1,600,000	⌚
Fees for Restructuring Home Loans – AB 2638 (Ward)	\$1,380,000	⌚
Fees for Nurse Anesthetists – AB 2526 (Gipson)	\$1,300,000	⌚
Fees for Restructured Loans – AB 515 (Ward)	\$1,120,000	⌚
Fee to Obtain a Concealed Firearm License – AB 1133 (Schiavo)	\$1,000,000	⌚
Fees on Transporters of Kitchen Grease – AB 2721 (Assembly Agriculture Committee)	\$1,000,000	⌚
Fee for Serving Beer at Specified Events – AB 2174 (Aguiar-Curry)	\$1,000,000	⌚

## Key

- ⌚ The bill, constitutional amendment or budget proposal is pending in the Legislature.
- ☠ The bill is dead.

## LEGISLATION WITH KNOWN COSTS



### **AB 2** SOLAR PANEL RECYCLING FEE

**\$4.4 MILLION**

**Vote Required:** Two-Thirds

**Version Reviewed:** Amended – 6/28/2023

**Status:** Active

**AB 2** (Ward) requires the Department of Resources Recycling and Recovery (CalRecycle) to establish a fee for recycling customer-owned solar photovoltaic module products – with the fee charged to a consumer or a service provider serving the consumer – and to require that the fee be adjusted annually for inflation.

**Revenue Estimate:** Senate Appropriations Committee.



### **AB 167 / SB 167** SUSPENSION OF NET OPERATING LOSS DEDUCTION, LIMITATION ON TAX CREDITS, TAXATION OF FOREIGN DIVIDENDS, ELIMINATION OF BAD DEBT SALES TAX DEDUCTION, AND ELIMINATION OF DEDUCTIONS AND CREDITS FOR OIL AND GAS COMPANIES

**\$7.52 BILLION**

**Vote Required:** Two-Thirds

**Version Reviewed:** AB 167: Amended – 6/8/2024;

SB 167: Amended – 6/10/2024

**Status:** Active

**AB 167** (Assembly Budget Committee) and **SB 167** (Senate Budget and Fiscal Review Committee) propose a variety of tax increases, including suspending the utilization of net operating loss deductions for businesses with more than \$1 million in annual revenue and capping usage of business tax credits to \$5 million for the 2024, 2025, and 2026 tax years. The budget bills additionally propose requiring certain income to be excluded from a business' apportionment factor when filing on a water's-edge basis – directly reversing a unanimous Office of Tax Appeals (OTA) decision; eliminating the bad-debt deduction provided to non-retail lenders effective January 1, 2025; and eliminating several deductions and credits for oil and gas businesses, including the immediate deduction for intangible drilling costs, percentage depletion rules for fossil fuels, and the enhanced oil recovery costs credit.

**Revenue Estimate:** Senate Floor Analysis.



## AB 259/ACA 3 WEALTH TAX

**\$22.3 BILLION**

**Vote Required:** Two-Thirds

**Version Reviewed:** Introduced – 1/19/2023

**Status:** AB 259: Dead; ACA 3: Active

**AB 259** (Lee) would have imposed 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 would have authorized 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 Galle, David Gamage, Emmanuel Saez, and Darien Shanske.

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## AB 515 FEES FOR RESTRUCTURED LOANS

**\$1.12 MILLION**

**Vote Required:** Majority

**Version Reviewed:** Amended – 7/3/2023

**Status:** Active

**AB 515** (Ward) authorizes the Department of Housing and Community Development to charge fees necessary to cover the costs of processing restructured loan transactions.

**Revenue Estimate:** Senate Appropriations Committee.



## **AB 1133**

### **FEE TO OBTAIN A CONCEALED FIREARM LICENSE**

**\$1 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 6/29/2023  
**Status:** Active

**AB 1133** (Schiavo) requires the Department of Justice to establish a standardized test for people applying for a concealed firearm license and authorizes the department to charge a fee for taking the test. The Assembly Appropriations Committee estimates this will cost the department \$1 million. As of 2021, California had 121,000 CCW license holders, so each would need to pay a license fee of at least \$10 to cover these additional costs.

**Revenue Estimate:** Assembly Appropriations Committee.

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## **AB 1932 AND AB 2616**

### **DISALLOWS MORTGAGE INTEREST DEDUCTIONS ON SECOND HOMES**

**\$130 MILLION**

**Vote Required:** Two-Thirds  
**Version Reviewed:** AB 2616: Introduced – 2/14/2024; AB 1932: Amended – 4/3/2024  
**Status:** Active

**AB 1932** (Ward) disallows the mortgage interest deduction on property that is not used as the principal residence of a taxpayer. **AB 2616** (Lee) similarly disallows the mortgage interest deduction available under current law for an additional residence in addition to the taxpayer’s principal residence, beginning January 1, 2025. The bill additionally requires the Franchise Tax Board and Department of Finance to estimate the revenue that would result from the elimination of the deduction.

**Revenue Estimate:** Franchise Tax Board.

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## **AB 2174**

### **FEEES FOR SERVING BEER AT SPECIFIED EVENTS**

**\$1 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 4/24/2024  
**Status:** Active

**AB 2174** (Aguiar-Curry) authorizes licensed beer manufacturers to apply for a newly established “beer caterer’s permit” and imposes a \$275 annual fee for the permit.

**Revenue Estimate:** California Department of Public Health.



## AB 2200

### GOVERNMENT-FUNDED HEALTH CARE

**\$162.8 BILLION**

**Vote Required:** Majority

**Version Reviewed:** Amended – 4/30/2024

**Status:** Dead

**AB 2200** (Kalra) would have established the California Guaranteed Health Care for All Program (CalCare) with a nine-member board responsible for seeking federal waivers and approval to allow existing federal health care payments to be paid to the new state program instead. The bill would have prohibited medical providers from billing or entering into a private contract unless specified conditions are met, among other things. The bill states the intent of the Legislature to enact legislation that would raise taxes to fund the single-payer healthcare system.

**Revenue Estimate:** “Economic Analysis of the Healthy California Single-Payer Health Care Proposal (SB-562).” May 2017, by Robert Pollin, James Heintz, Peter Arno, and Jeannette Wicks-Lim.

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## AB 2526

### FEEES FOR NURSE ANESTHETISTS

**\$1.3 MILLION**

**Vote Required:** Majority

**Version Reviewed:** Amended – 4/17/2024

**Status:** Active

**AB 2526** (Gipson), among other things, authorizes a certified registered nurse anesthetist to administer a prescription drug when requested by a dentist and requires a nurse to register with the Dental Board of California and pay a fee to be allowed to administer deep sedation in a dentist’s office.

**Revenue Estimate:** Assembly Appropriations Committee.

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## AB 2638

### FEEES FOR RESTRUCTURING HOME LOANS

**\$1.38 MILLION**

**Vote Required:** Majority

**Version Reviewed:** Amended – 4/9/2024

**Status:** Active

**AB 2638** (Ward), among other things, authorizes the Department of Housing and Community Development to allow recipients of loans issued by the department to pay off a loan in whole or in part before the end of its term. The bill also authorizes the department to charge a fee to cover the costs of restructuring specified home loans.

**Revenue Estimate:** Assembly Appropriations Committee.





**AB 2721**  
**FEES ON TRANSPORTERS OF KITCHEN GREASE**

**\$1 MILLION**

**Vote Required:** Two-Thirds  
**Version Reviewed:** Introduced – 2/14/2024  
**Status:** Active

**AB 2721** (Assembly Agriculture Committee) extends the Department of Food and Agriculture’s authority to impose fees on vehicles that are authorized to transport kitchen grease.

**Revenue Estimate:** Assembly Appropriations Committee.



**AB 2829**  
**DIGITAL ADVERTISING TAX**

**\$670 MILLION**

**Vote Required:** Two-Thirds  
**Version Reviewed:** Amended – 4/1/2024  
**Status:** Active

**AB 2829** (Papan) imposes a 5 percent tax on annual gross revenue derived from digital advertising services – defined as advertisement services on “a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services in the state,” but excluding advertisement services owned or operated on behalf of a news media entity. The tax would become operative January 1, 2025, and would apply to taxpayers with \$100 million or more in annual gross revenue.

**Revenue Estimate:** Assembly Revenue and Taxation Committee.



**AB 3259**  
**AUTHORIZES SOLANO COUNTY TO EXCEED TRANSACTIONS AND USE TAX CAP**

**\$49.4 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 5/7/2024  
**Status:** Active

**AB 3259** (Wilson) authorizes Solano County or any city located in the county to impose a transactions and use tax, capped at 0.5 percent, that would exceed the state’s 2 percent cap on local transactions and use taxes. This authorization would be repealed January 1, 2029, if a tax has not been approved.

**Revenue Estimate:** California Tax Foundation Analysis of Taxable Sales in Solano County.



## **SB 532** INCREASED BRIDGE TOLLS IN BAY AREA

**\$162 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 6/29/2023  
**Status:** Active

**SB 532** (Wiener) requires the Bay Area Toll Authority to impose a \$1.50 toll increase for vehicles crossing state-owned bridges, and requires all revenue collected from the toll increase to be transferred to the Metropolitan Transportation Commission.

**Revenue Estimate:** California Tax Foundation Analysis of Bay Area Toll Authority Toll Revenue.

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## **SB 584** TAX ON SHORT-TERM RENTAL PROPERTY

**\$150 MILLION**

**Vote Required:** Two-Thirds  
**Version Reviewed:** Amended – 5/18/2023  
**Status:** Active

**SB 584** (Limón) imposes a 15 percent tax on the rental price of a “short-term rental” – defined as a home, house, or a room in a house occupied for less than 30 days – collected by the online platform that facilitates the rental.

**Revenue Estimate:** Senate Floor Analysis.

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## **SB 1031** BAY AREA TAX INCREASES

**\$1.5 BILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 5/20/2024  
**Status:** Active

**SB 1031** (Wiener) authorizes the Metropolitan Transportation District in the San Francisco Bay Area to impose a transactions and use tax, regional payroll tax, parcel tax, regional vehicle registration surcharge, or issue bonds in all or some of the nine counties the district operates in. SB 1031 also requires that revenue generated from the tax increases be used for transportation improvements in the Bay Area and requires the district to conduct an assessment of consolidating all regional transportation districts.

**Revenue Estimate:** SB 1031 Intent Language.



## **SB 1116** UNEMPLOYMENT INSURANCE FOR STRIKING EMPLOYEES

**\$215 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Introduced – 2/13/2024  
**Status:** Active

**SB 1116** (Portantino) authorizes employees who have been on strike for more than two weeks to claim unemployment insurance benefits, which are funded by a payroll tax on employers.

**Revenue Estimate:** California Chamber of Commerce.

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## **SB 1270** INCREASED FEES ASSOCIATED WITH AGRICULTURAL PRODUCTS

**\$1.6 MILLION**

**Vote Required:** Majority  
**Version Reviewed:** Amended – 3/18/2024  
**Status:** Active

**SB 1270** (Grove), among other things, increases licensing fees associated with receiving a license from the Department of Food and Agriculture, adds a tier to the fee schedule for each kind of license, raises the filing fee for processors of farm products, and removes the authority of nonelected officials appointed by the governor to impose fees associated with farm products.

**Revenue Estimate:** Senate Appropriations Committee.

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## **SB 1327** DIGITAL ADVERTISING TAX

**\$1 BILLION**

**Vote Required:** Two-Thirds  
**Version Reviewed:** Amended – 5/16/2024  
**Status:** Active

**SB 1327** (Glazer) imposes a 7.25 percent tax on “data extraction transactions” – defined as revenue generated from the sale of digital advertising where user data is exchanged – for taxpayers with gross receipts in California exceeding \$2.5 billion, and uses the revenue to fund a tax credit for journalists. The Franchise Tax Board would be responsible for administering the journalism credit program and the new tax on businesses. The bill requires the FTB to adopt regulations regarding the sourcing of receipts, and specifies that any revenue generated from the new tax must be deposited into the Data Extraction Mitigation Fee Fund.

**Revenue Estimate:** Senator Steve Glazer.

# LEGISLATION WITH UNKNOWN COSTS

## 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 impose a fee on a collegiate institution to cover the costs of administering the program.

**Version Reviewed:** Amended – 5/30/2024 | **Vote Required:** Majority | **Status:** Active

## AB 796 – FEES IMPOSED ON ATHLETIC TRAINERS

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

**Version Reviewed:** Amended – 7/6/2023 | **Vote Required:** Majority | **Status:** Active

## AB 805 – AUTHORIZES UNELECTED OFFICIALS TO INCREASE SEWAGE RATES

**AB 805** (Arambula) authorizes the State Water Resources Control Board to contract with an administrator to conduct managerial services for designated sewer systems. The bill authorizes the administrator to set and collect sewer rates and fees, subject to approval by the state board.

**Version Reviewed:** Amended – 5/15/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## AB 886 – LINK TAX ON INTERNET PLATFORMS

**AB 886** (Wicks) requires internet platforms with 50 million or more monthly users or with annual revenue exceeding \$550 billion to pay a tax (described as a “journalism usage fee,” but actually a tax under the definitions of the Internet Tax Freedom Act) to digital journalism providers. The tax would be equal to a percentage established in government-mandated arbitration between journalism providers and media platforms.

**Version Reviewed:** Amended – 7/3/2023 | **Vote Required:** Majority | **Status:** Active

## AB 1008 – JOSHUA TREE TAX

**AB 1008** (Bauer-Kahan) establishes a conservancy program for Joshua trees and establishes a tax imposed on residents intending to purchase a Joshua tree.

**Version Reviewed:** Amended – 4/13/2023 | **Vote Required:** Majority | **Status:** Active

## AB 1328 – FEES IMPOSED ON MULTISTATE COSMETOLOGISTS

**AB 1328** (Gipson) authorizes the State Board of Barbering and Cosmetology to charge a fee for multistate cosmetology licenses and impose fees on licensees in member states, and establishes the Cosmetology Licensure Compact to facilitate interstate regulation of cosmetologists.

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

## AB 1826 – VIDEO FRANCHISE FEES

**AB 1826** (Holden) provides that the Public Utilities Commission does not have the authority to regulate the rates of video service, revises the definition of gross revenue used in calculating a franchise fee for internet and cable operators to increase the charge by removing several exclusions, and increases the maximum penalty that a local entity may assess against a holder of a state franchise that breaches customer service protections, among other things.

**Version Reviewed:** Amended – 5/16/2024 | **Vote Required:** Majority | **Status:** Active

## AB 1827 – HIGHER LOCAL WATER FEES AND RATES

**AB 1827** (Papan) authorizes incrementally higher costs of water services for parcels with higher water demands.

**Version Reviewed:** Amended – 4/4/2024 | **Vote Required:** Majority | **Status:** Active

## AB 1883 – REGULATIONS AND FEES FOR HOME PROTECTION CONTRACTS

**AB 1883** (Calderon) establishes various regulations for home protection contracts and requires an applicant for a license to provide a home protection contract to remit a fee to the Department of Insurance.

**Version Reviewed:** Amended – 4/9/2024 | **Vote Required:** Majority | **Status:** Active

## AB 1912 – TAX ON UTILITIES TO FUND UC BERKELEY ANALYSIS OF LEGISLATION AFFECTING UTILITIES

**AB 1912** (Pacheco) requires legislative policy committees, before hearing any measure that would impose a mandated program affecting electrical corporations, to request a written analysis of the measure from the University of California at Berkeley and requires the state controller to assess an annual “fee” – based on a large electrical corporation’s percentage of the statewide load served by all large electrical corporations – to cover the costs associated with providing the analyses.

**Version Reviewed:** Amended – 5/16/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## AB 2113 – TAX ON PESTICIDES

**AB 2113** (Garcia) increases the assessment rate on pesticide products until July 1, 2028, and authorizes the state director of pesticide regulation to adopt regulations setting one fixed rate on pesticide sales. The bill increases the maximum amount of additional assessments to \$0.00104 per dollar of sales.

**Version Reviewed:** Amended – 5/20/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## AB 2148 – FEES FOR PROFESSIONAL FIDUCIARIES

**AB 2148** (Low), among other things, authorizes the Professional Fiduciaries Bureau to issue a certification of registration to a professional corporation and authorizes the bureau to impose a fee to cover the costs of issuing registration.

**Version Reviewed:** Amended – 4/3/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2156 – FEES FOR ADDING DIACRITICAL MARKS TO BIRTH, DEATH, AND MARRIAGE RECORDS

**AB 2156** (Pacheco) requires the state registrar or vital statistics to require counties to accept diacritical marks – accents, haček, tildes, umlauts, etc. – on birth or death certificates and marriage licenses. The bill additionally requires registrars to review requests to add diacritical marks to existing records, and to establish specified fees for performing such modifications.

**Version Reviewed:** Amended – 4/4/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2247 – EXTENDS COLLECTION OF SPECIFIED MOBILEHOME INSPECTION FEES

**AB 2247** (Wallis), among other things, requires the Department of Housing and Community Development to publish specified loan information received by mobilehome operators under the Manufactured Housing Opportunity and Revitalization Program and extends the collection of specified fees imposed on mobilehome parks until January 1, 2030.

**Version Reviewed:** Amended – 4/25/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2375 – FEE FOR LIDS ON ALCOHOLIC BEVERAGES

**AB 2375** (Lowenthal) authorizes a holder or applicant of a restaurant or bar alcohol license to provide a lid for a customer’s drink and authorizes a fee to be imposed for the cost of providing the lid.

**Version Reviewed:** Amended – 5/20/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2385 – FEES FOR DRIVING INSTRUCTION

**AB 2385** (Alanis) extends the provisional driver’s license program (which currently applies to qualified driving students ages 16 or 17) to any qualified person under 21 years old and authorizes the Department of Motor Vehicles to impose a \$1 fee for each driver education or driver training certificate it issues.

**Version Reviewed:** Amended – 4/8/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2402 – FEES TO FUND PROGRAM TO HELP BAR OWNERS PREVENT DRINK-SPIKING

**AB 2402** (Lowenthal) authorizes the State Department of Public Health to establish the Safe Bar Training Program, a voluntary program for owners of bars and restaurants to identify strategies to prevent on-site drugging of patrons. To obtain certification, bars and restaurants that participate in the program would be required to send new employees to the training classes and – under the original version of the bill – pay a fee to cover the state’s costs to administer the program.

**Version Reviewed:** Amended – 4/24/2024 | **Vote Required:** Majority | **Status:** Levy Removed

## AB 2412 – FEES ON “BODY CONTOURING” BUSINESS

**AB 2412** (Reyes) would have established the California Body Contouring Council to regulate the act of body contouring – defined as a nonmedical treatment “intended to shape or contour the fatty areas of the body” – and would have authorized the council to establish permit fees, including an initial fee capped at \$495, to practice body contouring.

**Version Reviewed:** Amended – 4/8/2024 | **Vote Required:** Majority | **Status:** Dead

## AB 2431 – AUTHORIZES LOCAL GOVERNMENTS TO EXCEED THE TRANSACTIONS AND USE TAX CAP

**AB 2431** (Mathis) authorizes local governments, excluding special districts, to impose a transactions and use tax, capped at an unspecified rate, that would exceed the state's 2 percent cap on this type of local sales tax.

**Version Reviewed:** Introduced – 2/13/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2436 – INCREASES CATTLE INSPECTION FEES

**AB 2436** (Alanis) increases various inspection fees to \$1.60 per head of cattle, increases the fee associated with purchasing cattle from a cattle sale market to \$0.80 per head, and increases fees associated with inspecting the carcass or hide to \$2.10 per head.

**Version Reviewed:** Introduced – 2/13/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2651 – FEES IMPOSED ON DRUG COUNSELORS

**AB 2651** (Bains), among other things, establishes the Licensed Alcohol Drug Counselor Board to regulate drug counselors operating in the state and authorizes the board to impose a licensing fee.

**Version Reviewed:** Introduced – 2/14/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2733 – FEES ON SPECIFIED ZERO-EMISSION VEHICLES

**AB 2733** (Boerner) would have authorized the Department of Transportation to issue permits for the operation of specified zero-emission vehicles in parts of San Diego County and to impose a fee to cover the costs of issuing the permits.

**Version Reviewed:** Introduced – 2/15/2024 | **Vote Required:** Majority | **Status:** Dead

## AB 2760 – FEES FOR ZERO-EMISSION CARGO-HANDLING EQUIPMENT

**AB 2760** (Muratsuchi) would have required the State Air Resources Board to establish regulations for cargo-handling equipment to lower greenhouse gas emissions, with application fees for specified equipment.

**Version Reviewed:** Amended – 4/24/2024 | **Vote Required:** Majority | **Status:** Dead

## AB 2785 – HIGHER TENANT SCREENING FEES

**AB 2785** (Wilson), among other things, authorizes a higher tenant application screening fee for residential renters, but prohibits landlords from adjusting this fee annually.

**Version Reviewed:** Amended – 5/13/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2828 – INCREASED FEES FOR SPECIAL LICENSE PLATES

**AB 2828** (Bains) increases fees associated with the issuance and renewal of the “Have a Heart, Be a Star, Help Our Kids” license plate and appropriates revenue from the program to various childcare programs.

**Version Reviewed:** Introduced – 2/15/2024 | **Vote Required:** Majority | **Status:** Active

## AB 2860 – FEES IMPOSED ON FOREIGN DOCTORS

**AB 2860** (Garcia) establishes the Licensed Physicians From Mexico Program and the Licensed Dentists From Mexico Pilot Program to attract physicians and dentists from Mexico to practice in California and imposes a fee in connection with the program.

**Version Reviewed:** Amended – 5/29/2024 | **Vote Required:** Majority | **Status:** Active

## AB 3045 – FEES FOR SPECIAL BIRTH CERTIFICATES

**AB 3045** (Ta) requires the state registrar to issue an Asian Zodiac heirloom birth certificate if requested, and authorizes the registrar to impose an application fee.

**Version Reviewed:** Amended – 3/21/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## AB 3064 – TAX ON FIREARM SAFETY DEVICES

**AB 3064** (Maienschein) authorizes the Department of Justice to impose an annual tax – described as a “fee” – on each entity that manufactures or imports a firearm safety device, and requires each device to have specified information permanently affixed to it.

**Version Reviewed:** Amended – 4/25/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## AB 3097 – FEE TO WORK AS A RADIOLOGY ASSISTANT

**AB 3097** (Chen), among other things, establishes the Radiologist Assistant Committee to regulate radiology assistants and, prior to amendments, authorized the Medical Board of California to establish registration and renewal fees for radiology assistants.

**Version Reviewed:** Amended – 4/3/2024 | **Vote Required:** Majority | **Status:** Levy Removed

## AB 3152 – VARIOUS EXCISE TAXES ON FOOD AND OTHER PRODUCTS

**AB 3152** (Jones-Sawyer) requires that beginning January 1, 2025, if approved by voters in a separate constitutional amendment, excise taxes be imposed (at as-yet-unspecified rates) on the purchase of gold bullion, gold coins, tobacco products, tangible personal property made of cotton, wine, olives, cane sugar, granulated sugar, rice, and coffee beans. Revenue from the tax increases would be used to provide loans for the construction of a primary residential property or for qualified education expenses for “an African American with a special consideration for an African American who is a descendant of persons enslaved in the United States.”

**Version Reviewed:** Amended – 3/21/2024 | **Vote Required:** Two-Thirds | **Status:** Active



## AB 3195 – FEE TO OPERATE A BAR PAST 2 A.M.

**AB 3195** (Haney) would have authorized establishments that are licensed to serve alcohol to obtain an additional license, for a \$2,500 charge, that would allow the establishment to serve alcohol until 4 a.m. on Fridays and Saturdays.

**Version Reviewed:** Introduced – 2/16/2024 | **Vote Required:** Majority | **Status:** Dead

## AB 3204 – FEE TO SERVE AS A “DATA DIGESTER”

**AB 3204** (Bauer-Kahan) requires “data digesters” – defined as businesses that use personal information to train artificial intelligence – to register with the California Privacy Protection Agency and pay a registration fee.

**Version Reviewed:** Introduced – 4/18/2024 | **Vote Required:** Majority | **Status:** Active

## AB 3206 – FEES FOR ALCOHOL SALES IN INGLEWOOD ARENA

**AB 3206** (McKinnor) authorizes beverage sales between 2 a.m. and 4 a.m. at licensed arenas in Inglewood that meet narrowly tailored qualifications – in effect, applying only to a small lounge in the new home of the Los Angeles Clippers basketball team – and requires a covered facility to have a license for the sale of alcohol during these times, with an initial fee of \$2,000 and a renewal fee of \$1,500.

**Version Reviewed:** Amended – 4/24/2024 | **Vote Required:** Majority | **Status:** Active

## AB 3279 – FEE TO PRACTICE LAW IN CALIFORNIA

**AB 3279** (Assembly Judiciary Committee) requires the State Bar of California to set its annual license fees for 2025 at \$390 for active lawyers and \$97.40 for inactive lawyers.

**Version Reviewed:** Amended – 5/2/2024 | **Vote Required:** Majority | **Status:** Active

## ACA 21 – CANDY TAX

**ACA 21** (Jackson) authorizes the state to levy and collect sales tax on the sale, storage, use, or other consumption of “candy” – defined as a food bar, drop, or piece that is prepared with sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings. The measure additionally raises the eligible age to claim the Young Child Tax Credit to 18 for qualified dependents and specifies that any revenue raised from the tax increase would be used to offset general fund costs associated with the expansion of the tax credit.

**Version Reviewed:** Introduced – 3/13/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## SB 440 – AUTHORIZES LOCAL GOVERNMENTS TO FORM HOUSING AGENCIES WITH TAXING AUTHORITY

**SB 440** (Skinner) authorizes a regional housing authority to impose a parcel tax, gross receipts tax, special business tax, and/or documentary transfer tax, as well as issue general obligation bonds and impose commercial linkage fees, if approved by voters, for the purpose of increasing the supply of affordable housing.

**Version Reviewed:** Amended – 6/30/2023 | **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 – 5/18/2023 | **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:** Amended – 4/3/2024 | **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:** Amended – 3/29/2023 | **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:** Amended – 6/15/2023 | **Vote Required:** Majority | **Status:** Active

## SB 904 – SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

**SB 904** (Dodd) authorizes special taxes for the Sonoma-Marín Transit District to be placed on the ballot via a qualified voter initiative. Additionally, the bill requires the boards of supervisors for Marin and Sonoma counties to call a special election for transit district taxes qualified for the ballot by voter initiative.

**Version Reviewed:** Amended – 3/21/2023 | **Vote Required:** Majority | **Status:** Active

## SB 915 – FEES RELATING TO AUTONOMOUS VEHICLES

**SB 915** (Cortese) prohibits an autonomous vehicle service that has received state approval to conduct commercial activity from operating within a local jurisdiction until a local ordinance is adopted that includes the registration of rates for commercial passenger activity, hours of service, a certification process, fines for moving violations, and other regulations. The bill additionally authorizes local jurisdictions to impose service charges, fees, or assessments sufficient to cover the costs of the ordinance or resolution adopted.

**Version Reviewed:** Amended – 5/16/2024 | **Vote Required:** Majority | **Status:** Active

## SB 919 – REGISTRATION FEE IMPOSED ON FRANCHISE SELLERS

**SB 919** (Umberg) requires a third-party franchise seller – defined as a person or entity directly engaged in the sale of a franchise – to register with the commissioner of financial protection. A third-party franchise seller would be prohibited from selling a franchise in California if not registered with the commissioner’s office, and the office would be authorized to impose registration fees.

**Version Reviewed:** Amended – 5/16/2024 | **Vote Required:** Majority | **Status:** Active

## SB 966 – FEES FOR PHARMACY BENEFIT MANAGERS

**SB 966** (Wiener) requires, among other things, that a “pharmacy benefit manager” – defined as a person or business that manages prescription drug coverage – obtain a license from the California State Board of Pharmacy and authorizes the board to establish initial license and renewal fees for pharmacy benefit managers.

**Version Reviewed:** Amended – 4/29/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1045 – FEES FOR COMPOSING FACILITIES

**SB 1045** (Blakespear) creates various regulations for the zoning of composting facilities and, prior to amendments, authorized a regional district or board to impose a fee for submitting an application for a siting permit.

**Version Reviewed:** Amended – 4/29/2024 | **Vote Required:** Majority | **Status:** Levy Removed

## SB 1047 – FEES AND REGULATIONS FOR ARTIFICIAL INTELLIGENCE

**SB 1047** (Wiener) requires developers of artificial intelligence to determine whether their platforms have a hazardous capability or the potential to come close to being hazardous for consumers, and authorizes the Department of Technology to assess fees on developers to carry out the provisions of the bill.

**Version Reviewed:** Amended – 5/16/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1066 – CHARGE FOR PRODUCING MARINE FLARES

**SB 1066** (Blakespear), among other things, regulates manufacturers of marine flare products and requires manufacturers to pay an annual administrative charge set by the Department of Toxic Substances Control to cover the costs of new regulations.

**Version Reviewed:** Amended – 4/18/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1160 – ANNUAL REGISTRATION FEE FOR FIREARMS

**SB 1160** (Portantino) requires every firearm, except those specifically exempted, to be registered with the state and, prior to amendments, required firearm owners to pay an unspecified fee for registration.

**Version Reviewed:** Amended – 4/24/2024 | **Vote Required:** Majority | **Status:** Levy Removed

## SB 1169 – LOS ANGELES COUNTY FLOOD CONTROL DISTRICT TAX

**SB 1169** (Stern) authorizes the Los Angeles County Flood Control District to obtain loans from specified entities and to repay those loans over a 35-year period with an interest rate not to exceed 5.5 percent annually. The bill authorizes the special district to impose a tax to pay the interest and principal on the loans.

**Version Reviewed:** Amended – 3/18/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1178 – SURCHARGE ON WASHWATER DISCHARGES

**SB 1178** (Padilla) requires the State Water Resources Board to establish regulations for annual reporting of waste discharges, quantify the costs associated with waste discharges, notify businesses of these costs, and authorize covered businesses to elect to mitigate pollution costs associated with waste discharges by paying an annual “surcharge” administered by the board and collected on the payer’s annual tax bill.

**Version Reviewed:** Amended – 4/29/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1367 – EXTENDS HIGHER FEE ASSOCIATED WITH AGRICULTURAL PRODUCTS

**SB 1367** (Hurtado) extends higher fees associated with commercial feed manufacturing licenses until January 1, 2031. The bill also extends the authority of the secretary of the Department of Food and Agriculture to designate a portion of the revenue from the inspection tonnage tax on commercial feed for research and education.

**Version Reviewed:** Amended – 4/17/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## SB 1434 – UNEMPLOYMENT INSURANCE TAX INCREASE

**SB 1434** (Durazo) increases the wages subject to the unemployment insurance tax on employers from \$7,000 of an employee’s annual compensation to an as-yet-unspecified amount. The bill additionally establishes the Excluded Workers Fund to provide income assistance to workers ineligible for unemployment insurance, imposes a 0.5 percent tax on employees’ wages, and increases the unemployment benefits that recipients are eligible to claim.

**Version Reviewed:** Introduced – 2/16/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## SB 1453 – FEES FOR ORAL ANESTHESIA

**SB 1453** (Ashby), among other things, revises requirements to receive a permit for the administration of oral anesthesia and establishes various fees relating to anesthesia.

**Version Reviewed:** Amended – 4/23/2024 | **Vote Required:** Majority | **Status:** Active

## SB 1497 – CARBON TAX

**SB 1497** (Menjivar) enacts a new tax under the Polluters Pay Climate Cost Recovery Act of 2024, administered by the California Environmental Protection Agency, and authorizes the agency to publish a list of “responsible parties” – defined as a list of individuals, trustees, agents, partnerships, associations, corporations, or other legal organizations that hold a majority ownership interest in a fossil fuel business, or a business engaged in extracting or refining fossil fuels who have emitted more than 1 billion metric tons of emissions – and to quantify the cost of emissions emitted from 2000 to 2020. The bill requires the agency to conduct a climate cost study every two years to quantify “all past and future climate harms and damages to the state through December 31, 2045” and requires the “responsible parties” to pay these costs to the state.

**Version Reviewed:** Introduced – 2/16/2024 | **Vote Required:** Two-Thirds | **Status:** Active

## SB 1505 – AIRPLANE TAX

**SB 1505** (Stern) requires owners of specified aircraft based in California to register with the Department of Motor Vehicles and requires the department to impose an aircraft registration tax that would cover costs associated with the “detrimental environmental impact of aircraft emissions.”

**Version Reviewed:** Introduced – 2/16/2024 | **Vote Required:** Two-Thirds | **Status:** Active



## METHODOLOGY

This report identifies higher taxes, fees, assessments, and charges acted on or pending in the Legislature from the beginning of the January 3, 2024, through May 31, 2024, along with budget proposals that were proposed in May and put into legislative bill form in early June.

This report identifies 77 proposals during this period that contain higher costs. The costs cannot yet be quantified for 55 of the proposals.

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 most recent data from prior legislative or agency analyses of similar legislation or available economic studies was used. 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 the cumulative revenue total for this report.

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