AB-723 Transactions and use taxes: County of Alameda: Santa Cruz Metropolitan Transit District. (2019-2020)

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Assembly Bill No. 723

CHAPTER 747

An act to amend Sections 29140 and 98290 of the Public Utilities Code, and to amend Section 7292.2 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 11, 2019. Filed with Secretary of State October 11, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 723, Quirk. Transactions and use taxes: County of Alameda: Santa Cruz Metropolitan Transit District.

(1) Existing law authorizes various specified cities and counties, subject to certain limitations and approval requirements, to levy a transactions and use tax for general or specific purposes, in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law. A provision of the Transactions and Use Tax Law prohibits the combined rate of all taxes that may be imposed in accordance with that law in a county from exceeding 2%.

Existing law authorizes the County of Alameda to impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5% that, in combination with other transactions and use taxes, would exceed the above-described combined rate limit of 2%, if the county adopts an ordinance proposing the tax and the ordinance proposing the tax is approved by the voters, subject to applicable voter approval requirements. Existing law repeals this authorization on December 31, 2022, for the county if an ordinance proposing the tax has not been approved by that date in that county.

Existing law, the San Francisco Bay Area Rapid Transit District Act, creates the San Francisco Bay Area Rapid Transit District and, among other things, authorizes the board of directors of the district to impose transactions and use taxes in conformity with the Transactions and Use Tax Law for specified purposes, subject to periodic legislative review and amendment, as provided.

This bill would provide that, notwithstanding the combined rate limit under the Transactions and Use Tax Law, neither a transaction and use tax rate imposed by the County of Alameda, either as described above or pursuant to previously existing law, nor a transactions and use tax rate imposed by the San Francisco Bay Area Rapid Transit District on or before the effective date of this bill, will be considered for purposes of that combined rate limit within the County of Alameda. The bill would declare that the changes made with regard to taxes imposed by the County of Alameda are declaratory of existing law.

(2) Existing law, the Santa Cruz Metropolitan Transit District Act of 1967, authorizes the County of Santa Cruz to organize and incorporate the Santa Cruz Metropolitan Transit District, as provided. Existing law, among other things, authorizes the board of directors of the district to impose transactions and use taxes in accordance with the Transactions and Use Tax Law by an ordinance approved by $^{2}/_{3}$ of the electors voting on the measure at a special election called for that purpose.

This bill would provide that, notwithstanding the combined rate limit under the Transactions and Use Tax Law, a transactions and use tax rate imposed by the Santa Cruz Metropolitan Transit District pursuant to these provisions on or before the effective date of this bill will not be considered for purposes of that combined rate limit.

(3) This bill would make legislative findings and declarations as to the necessity of a special statute for the Counties of Alameda and Santa Cruz.

Vote: majority   Appropriation: no   Fiscal Committee: no   Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 29140 of the Public Utilities Code is amended to read:

29140. (a) The board shall, by ordinance, impose transactions and use taxes in conformity with Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code for the purposes specified in Sections 29142 and 29142.2, subject to periodic legislative review and amendment.

(b) Notwithstanding Section 7251.1 of the Revenue and Taxation Code, a transactions and use tax rate imposed pursuant to subdivision (a) on or before the effective date of the act adding this subdivision that applies within the County of Alameda shall not be considered for purposes of the combined rate limit within the County of Alameda established by that section.

SEC. 2. Section 98290 of the Public Utilities Code is amended to read:

98290. (a) A retail transactions and use tax ordinance may be adopted by the board in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, provided that two-thirds of the electors voting on the measure vote to authorize its enactment at a special election called for that purpose by the board.

(b) Notwithstanding Section 7251.1 of the Revenue and Taxation Code, a transactions and use tax rate imposed pursuant to subdivision (a) on or before the effective date of the act adding this subdivision shall not be considered for purposes of the combined rate limit established by that section.

SEC. 3. Section 7292.2 of the Revenue and Taxation Code is amended to read:

7292.2. (a) Notwithstanding any other law, the County of Alameda may impose a transactions and use tax for general or specific purposes to support countywide programs at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The county adopts an ordinance proposing the transactions and use tax by any applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance pursuant to Article XIII C of the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) (1) Notwithstanding Section 7251.1, neither of the following shall be considered for purposes of the rate limit established by that section:

(A) A transactions and use tax rate imposed pursuant to subdivision (a).

(B) A transactions and use tax rate imposed by the County of Alameda pursuant to authority previously granted by Chapter 327 of the Statutes of 2011, as amended by Chapter 194 of the Statutes of 2013.

(2) This subdivision does not constitute a change in, but is declaratory of, existing law.

SEC. 4. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique fiscal pressures being experienced in the Counties of Alameda and Santa Cruz.