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AB-2622 Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses. (2021-2022)

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Date Published: 09/19/2022 02:00 PM

Assembly Bill No. 2622

CHAPTER 353

An act to amend Section 6377 of the Revenue and Taxation Code, and to amend Section 2 of Chapter 684 of the Statutes of 2019, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 16, 2022. Filed with Secretary of State September 16, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2622, Mullin. Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.

Existing state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including, until January 1, 2024, an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, specified zero-emission technology transit buses sold to specified public agencies that are eligible for specified incentives from the State Air Resources Board.

This bill would extend the exemption for specified zero-emission technology transit buses until January 1, 2026.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives the tax expenditure will achieve, detailed performance indicators, and data collection requirements. Existing law provides this additional information for the above-described exemption from sales and use tax laws.

This bill would update these information requirements as they apply to the sales and use tax exemption, and would require the Legislative Analyst's Office to submit a report to the Legislature on the effectiveness of the tax exemption by May 1, 2024.

This bill would take effect immediately as a tax levy.

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

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

SECTION 1. Section 6377 of the Revenue and Taxation Code is amended to read:

6377. (a) There are exempted from the taxes imposed by this part the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, any zero-emission technology transit bus sold to a city, county, city and county, transportation or transit district, or other public agency that provides transit services to the public that is eligible for the California

Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project funded by the Air Quality Improvement Program, the General Fund, and the Greenhouse Gas Reduction Fund under the State Air Resources Board.

(b) For purposes of this section, all of the following definitions shall apply:

(1) "Articulated bus" means a 54-foot to 60-foot bus with two connected passenger compartments.

(2) "Bus" means a rubber-tire vehicle designed to transport passengers by road with a gross vehicle weight rating greater than 14,000 pounds.

(3) "Cutaway bus" means a vehicle in which a bus body designed to transport passengers is mounted on the chassis of a van or light- or medium-duty truck chassis, and that has a gross vehicle weight rating greater than 14,000 pounds, but not more than 26,000 pounds. A cutaway bus includes an original van or light- or medium-duty truck chassis that has been reinforced or extended. Accommodating some standing passengers does not disqualify a cutaway bus from being considered a transit bus for the purposes of this section.

(4) "Double-Decker bus" means a high-capacity bus that has two levels of seating, one over the other, connected by one or more stairways, of a height that is at least 13 feet, and carries between 40 to 80 people.

(5) "Over-The-Road bus" means a bus characterized by an elevated passenger deck located over a baggage compartment used for long-distance bus services or connecting outlying areas with central cities with limited stops.

(6) "Shuttle bus" means a commercial vehicle with a gross vehicle weight rating of 8,501 pounds or greater, sized Class 2b through Class 8, that transports passengers in a fixed destination route.

(7) "Transit bus" means an articulated bus, bus, cutaway bus, double-decker bus, over-the-road bus, shuttle bus, or trolley bus.

(8) "Trolley bus" means a rubber-tired, electrically powered passenger vehicle operated on city streets drawing power from overhead wires using trolley poles.

(c) (1) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exemption established by subdivision (a) does not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.

(2) Notwithstanding subdivision (a), the exemption established by this section shall not apply with respect to any tax levied pursuant to Section 6051.2 or 6201.2, pursuant to Section 35 of Article XIII of the California Constitution, or any tax levied pursuant to Section 6051 or 6201 that is deposited in the State Treasury to the credit of the Local Revenue Fund 2011 pursuant to Section 6051.15 or 6201.15.

(d) This section shall become inoperative on January 1, 2026, and as of that date is repealed.

SEC. 2. Section 2 of Chapter 684 of the Statutes of 2019 is amended to read:

Sec. 2. (a) For purposes of complying with Section 41 of the Revenue and Taxation Code, with respect to the tax exemption provided by Section 6377 of the Revenue and Taxation Code, the Legislature finds and declares the following:

(1) The specific goals, purposes, and objectives of the tax exemption are as follows:

(A) To assist transit agencies in transitioning bus fleets to zero-emission by reducing upfront capital costs and incremental costs between technologies.

(B) To overcome an important upfront funding shortfall that currently impedes procurement of zero-emission transit buses and is critically needed to help public transit agencies ramp up to the Innovative Clean Transit regulation.

(C) To eliminate mobile criteria pollutant emissions and clean the air in disadvantaged communities.

(D) To substantially reduce greenhouse gas emissions.

(2) The performance indicators for the Legislature to use in determining if the tax exemption achieves the stated goals, purposes, and objectives are as follows:

(A) The annual number of zero-emission transit bus purchases by transit authorities and agencies statewide.

(B) The annual number of zero-emission transit buses purchased in advance of the Innovative Clean Transit regulation timelines.

(b) The data collection requirements to enable the Legislature to determine whether the tax exemption is meeting, failing to meet, or exceeding its specified goals, purposes, and objectives are as follows:

(1) The Legislative Analyst's Office shall review the effectiveness of the tax exemption and may request information from the California Department of Tax and Fee Administration and any state governmental entity with authority relating to the purchasing of transit buses.

(2) The California Department of Tax and Fee Administration and any state governmental entity with authority relating to the purchasing of transit buses shall provide to the Legislative Analyst's Office any data requested by the Legislative Analyst's Office pursuant to this subdivision.

(c) The Legislative Analyst's Office shall submit a report to the Legislature on the effectiveness of the tax exemption provided in Section 6377 of the Revenue and Taxation Code, in compliance with Section 9795 of the Government Code, no later than May 1, 2024.

(d) The disclosure provisions of subdivisions (b) and (c) shall be treated as an exception to Sections 7056 and 7056.5 of the Revenue and Taxation Code.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.