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SB-457 Personal income taxes: credit: reduction in vehicles. (2021-2022)

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CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

SENATE BILL

NO. 457

Introduced by Senator Portantino

February 16, 2021

An act to add and repeal Section 17053.92 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 457, Portantino. Personal income taxes: credit: reduction in vehicles.

The Personal Income Tax Law allows various credits against the taxes imposed by the law. Existing law establishes the continuously appropriated Tax Relief and Refund Account and provides that payments required to be made to taxpayers or other persons from the Personal Income Tax Fund are to be paid from that account, including any amount to be paid as a refundable tax credit in excess of any tax liabilities.

This bill, for taxable years beginning on or after January 1, 2023, and before January 1, 2028, would allow a credit against those taxes to a qualified taxpayer in an amount equal to \$1,000 for each household with zero registered vehicles, as defined. The bill would require the qualified taxpayer to self-certify the number of registered vehicles owned by the qualified taxpayer and their dependents and by each entity in which the qualified taxpayer or their dependent holds a controlling interest, and that the qualified taxpayer and their dependent do not own or operate a vehicle within the state that is required to be registered with the Department of Motor Vehicles but is not. The bill would require the Department of Motor Vehicles to provide necessary taxpayer and vehicle information to the Franchise Tax Board for administration of the credit. For a qualified taxpayer that was allowed the California Earned Income Tax Credit, the bill would require amounts of this credit in excess of the tax liability be paid to the

qualified taxpayer from the Tax Relief and Refund Account. By authorizing new refund payments to be paid from the continuously appropriated Tax Relief and Refund Account, the bill would make an appropriation.

Existing law requires a bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would include additional information required for a bill authorizing a new tax credit.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 17053.92 is added to the Revenue and Taxation Code, to read:

17053.92. (a) For taxable years beginning on or after January 1, 2023, and before January 1, 2028, there shall be allowed a credit against the "net tax," as defined in Section 17039, to a qualified taxpayer in an amount equal to one thousand dollars (\$1,000) for each household with zero registered vehicles.

(b) For purposes of this section:

(1) "Qualified taxpayer" means a taxpayer who meets either of the following:

(A) For spouses filing joint returns, heads of household, and surviving spouses, as defined in Section 17046, has an adjusted gross income of sixty thousand dollars (\$60,000) or less.

(B) For other individuals, has an adjusted gross income of forty thousand dollars (\$40,000) or less.

(2) (A) "Registered vehicle" means a vehicle registered in the state to a qualified taxpayer or their dependent, or to an entity in which the qualified taxpayer or their dependent holds a controlling interest, for at least six months of the taxable year for which the credit allowed by this section is claimed.

(B) "Registered vehicle" includes a vehicle registered with the Department of Motor Vehicles as planned nonoperation.

(C) If a registered vehicle is jointly owned by two or more qualified taxpayers filing separately, the registered vehicle shall count as a registered vehicle for each qualified taxpayer.

(3) "Vehicle" means a device by which a person or property may be propelled, moved, or drawn upon a highway, excepting a device moved exclusively by human power or used exclusively upon stationary rails or tracks.

(d) (1) A qualified taxpayer may claim the credit allowed by this section only on a return in a form and manner specified by the Franchise Tax Board.

(2) The qualified taxpayer shall self-certify, in a form and manner specified by the Franchise Tax Board, both of the following:

(A) The number of registered vehicles owned by each qualified taxpayer and their dependents, and each entity in which the qualified taxpayer or their dependent holds a controlling interest.

(B) The qualified taxpayer and their dependents do not own or operate a vehicle within the state that is required to be registered with the Department of Motor Vehicles but is not, including vehicles required to be registered in the state but are registered in a different state.

(e) (1) In the case where the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following taxable year, and succeeding seven years if necessary, until the credit is exhausted.

(2) If the amount allowable as a credit under this section exceeds the tax liability computed under this part for the taxable year for a qualified taxpayer that has been allowed a credit under Section 17052 for the taxable year, the excess shall be credited against other amounts due, if any, and the balance, if any, shall be paid from the Tax Relief and Refund Account and refunded to the qualified taxpayer.

(3) Notwithstanding any other law, amounts refunded pursuant to paragraph (2) shall be treated in the same manner as the federal earned income refund for the purpose of determining eligibility to receive benefits under Division 9 (commencing with Section 10000) of the Welfare and Institutions Code or amounts of those benefits.

(f) The Department of Motor Vehicles shall provide necessary taxpayer and vehicle information to the Franchise Tax Board, when requested, for purposes of administering this section.

(g) For the purposes of complying with Section 41, the Legislature finds and declares all of the following:

(1) The specific goals, purposes, and objectives of this section are as follows:

(A) To meet California's ambitious climate goals and reduce greenhouse gas emissions from personal vehicles.

(B) To incentivize qualified taxpayers to give up a vehicle or reward people for not using a vehicle in order to help the environment and create healthier communities.

(2) To measure whether the credit achieves its intended purpose, the Franchise Tax Board shall prepare a written report, in compliance with Section 9795 of the Government Code, regarding all of the following:

(A) The number of qualified taxpayers claiming the credit.

(B) The average credit amount claimed.

(3) (A) The Franchise Tax Board shall provide the written report prepared pursuant to paragraph (2) to the Senate Committee on Budget and Fiscal Review, the Assembly Committee on Budget, the Senate Committee on Appropriations, the Assembly Committee on Appropriations, the Senate Committee on Governance and Finance, and the Assembly Committee on Revenue and Taxation.

(B) The report required by this paragraph shall be submitted on or before July 1, 2026.

(4) The disclosure provisions of this subdivision shall be treated as an exception to Section 19542 under Article 2 (commencing with Section 19542) of Chapter 7 of Part 10.2.

(h) This section shall be operative only until December 1, 2028, and as of that date is repealed.