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AB-3259 Transactions and use taxes: City of Campbell: City of Pinole: County of Solano. (2023-2024)

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Assembly Bill No. 3259

CHAPTER 852

An act to add and repeal Chapter 3.74.1 (commencing with Section 7292.42), Chapter 3.77 (commencing with Section 7292.9.1), Chapter 3.81 (commencing with Section 7294.1), and Chapter 3.82 (commencing with Section 7294.3) of Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2024. Filed with Secretary of State September 28, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3259, Wilson. Transactions and use taxes: City of Campbell: City of Pinole: County of Solano.

Existing law authorizes 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, including a requirement that the combined rate of all taxes that may be imposed in accordance with that law in the county not exceed 2%.

This bill would authorize the City of Campbell, the City of Pinole, the County of Solano, or any city in the County of Solano, by ordinance or by citizens' initiative, 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 certain requirements are met. The bill would provide that a transactions and use tax rate imposed pursuant to the bill will not be considered for purposes of the combined rate limit described above. The bill would repeal this authorization on January 1, 2029, if an ordinance or citizens' initiative proposing the tax has not been approved by that date, as specified.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of Campbell, the City of Pinole, and the County of Solano.

This bill would declare that it is to take effect immediately as an urgency statute.

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

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

SECTION 1. Chapter 3.74.1 (commencing with Section 7292.42) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 3.74.1. Local Government Finance in the City of Campbell Transactions and Use Tax

7292.42. (a) Notwithstanding any other law, the City of Campbell, by ordinance or by citizens' initiative, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with 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 City Council of the City of Campbell adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement. This paragraph shall not apply to a tax imposed by citizens' initiative.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with 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) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

7292.43. If, as of January 1, 2029, an ordinance or citizens' initiative proposing a transactions and use tax is not approved pursuant to Section 7292.42, this chapter shall remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 2. Chapter 3.77 (commencing with Section 7292.9.1) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 3.77. Local Government Finance in the City of Pinole Transactions and Use Tax

7292.9.1. (a) Notwithstanding any other law, the City of Pinole, by ordinance or by citizens' initiative, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with 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 City Council of the City of Pinole adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement. This paragraph shall not apply to a tax imposed by citizens' initiative.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with 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) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

7292.9.2. If, as of January 1, 2029, an ordinance or citizens' initiative proposing a transactions and use tax is not approved pursuant to Section 7292.9.1, this chapter shall remain in effect only until January 1, 2029, and as of that date is repealed.

SEC. 3. Chapter 3.81 (commencing with Section 7294.1) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, immediately following Chapter 3.8 (commencing with Section 7293), to read:

CHAPTER 3.81. County of Solano Transactions and Use Tax for General or Specific Purposes

7294.1. (a) Notwithstanding any other law, the County of Solano, by ordinance or by citizens' initiative, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with 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 of Solano Board of Supervisors adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement. This paragraph shall not apply to a tax imposed by citizens' initiative.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with 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) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

7294.2. If, as of January 1, 2029, an ordinance or citizens' initiative proposing a transactions and use tax is not approved as required by subdivision (a) of Section 7294.1, this chapter shall be repealed as of that same date.

SEC. 4. Chapter 3.82 (commencing with Section 7294.3) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 3.82. Local Government Finance in the Cities within the County of Solano

7294.3. (a) Notwithstanding any other law, any city within the County of Solano, by ordinance or by citizens' initiative, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with 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 city council of any city within the County of Solano adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement. This paragraph shall not apply to a tax imposed by citizens' initiative.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with 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) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) This section shall not apply to any city within the County of Solano that has not approved, on or before January 1, 2029, an ordinance or citizens' initiative proposing a transactions and use tax pursuant to subdivision (a).

7294.4. If, as of January 1, 2029, an ordinance or citizens' initiative proposing a transactions and use tax is not approved by any city within the County of Solano, as required by subdivision (a) of Section 7294.3, this chapter shall be repealed as of that same date.

SEC. 5. 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 relating to transactions and use taxes imposed within the City of Campbell, the City of Pinole, and the County of Solano.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

A citizens' initiative proposing a 0.50 percent transactions and use tax to be imposed in the City of Benicia is scheduled to be considered by the voters of the City of Benicia in the general election to be held on November 5, 2024. If adopted by voters in the City of Benicia before this bill takes effect, the tax would exceed the limit established in Section 7251.1, making the tax invalid and depriving the City of Benicia of necessary funding for road repairs, transportation infrastructure, and other essential public services.