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**SB-862 Santa Cruz Metropolitan Transit District: transaction and use tax rates.** (2023-2024)

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**Senate Bill No. 862**

**CHAPTER 296**

An act to amend Section 98290 of the Public Utilities Code, relating to taxation.

[ Approved by Governor September 30, 2023. Filed with Secretary of State September 30, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 862, Laird. Santa Cruz Metropolitan Transit District: transaction and use tax rates.

(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, 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  $\frac{2}{3}$  of the electors voting on the measure at a special election called for that purpose. Existing law provides that, notwithstanding the 2% combined rate limit under the Transactions and Use Tax Law, a transactions and use tax rate imposed by the board pursuant to these provisions on or before January 1, 2020, are not considered for purposes of that combined rate limit.

This bill would authorize the board to impose a retail transactions and use tax after January 1, 2024, that is excluded from the 2% combined rate limit, if the board adopts an ordinance approving the tax before January 1, 2035, and if the total tax rate excluded under the authority added by the bill does not exceed  $\frac{1}{2}$  %.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for the County of 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 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 January 1, 2020, shall not be considered for purposes of the combined rate limit established by that section.

(c) (1) In addition to any other taxes imposed pursuant to this section, the board may impose a retail transactions and use tax pursuant to subdivision (a) after January 1, 2024, if both of the following conditions are met:

(A) The board adopts the ordinance approving the tax before January 1, 2035.

(B) The total tax rate under this subdivision is set at a rate of no more than 0.5 percent.

(2) Notwithstanding Section 7251.1 of the Revenue and Taxation Code, a transactions and use tax rate imposed pursuant to this subdivision shall not be considered for purposes of the combined rate limit established by that section.

**SEC. 2.** 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 County of Santa Cruz.