



**CALIFORNIA
TAX FOUNDATION**
Established by CalTax in 1980

TAX AND FEE REPORT

Major Taxes and Fees Introduced in the California Legislature

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METHODOLOGY

This report identifies higher taxes, fees, assessments, and charges proposed by lawmakers from the first day of the legislative session, on December 3, 2018, through the bill introduction deadline of February 22, 2019. During this period, lawmakers introduced 2,721 bills and constitutional amendments. The California Tax Foundation identified 40 bills and constitutional amendments that contain higher costs, although the costs cannot yet be quantified for 27 of the measures.

Under Proposition 26, the voter-approved Stop Hidden Taxes Act of 2010, a tax is defined as any change in state statute that results in any taxpayer paying a higher tax or exaction, including any unreasonable fee or charge. This report includes any bill that imposes or authorizes higher taxes or tax-like “fees,” as well as any bill that increases a regulatory and/or license fee, user charge, or other charge for receiving a specific government service or benefit. Legislation imposing fines, penalties and other costs for violating state or local laws were not included. This report also excludes legislation estimated to generate less than \$1 million per year in net revenue.

Revenue estimates were taken from legislative committee and floor analyses, and analyses from the state tax agencies. When an estimate had not been prepared for a bill, the California Tax Foundation used recent data from prior legislative or agency analyses of similar legislation. When estimates provided a revenue range, the lowest figure in the range was used to calculate a revenue total. Bills imposing identical taxes or fees are included in this report but were counted only once for purposes of calculating a revenue total.

For “spot” bills that contain placeholder language intending to impose a tax or fee, but do not yet have detailed language, the California Tax Foundation used revenue estimates from previous comparable proposals. Once amended, the revenue estimates of these proposals may change.



State Capitol Rotunda.



\$6.2 BILLION

In the first three months of the new legislative session, California lawmakers introduced proposals that could cost taxpayers \$6.2 billion annually in higher taxes and fees.

INTRODUCTION

California lawmakers introduced more than \$6.2 billion in new taxes and fees in the first months of the 2019-20 legislation session, plus numerous “spot bills” that serve as placeholders for additional tax and fee proposals. The cumulative total will increase significantly once substantive provisions are amended into the spot bills.

The proposed tax and fee increases come at a time when California has record budget reserves. In January, Governor Gavin Newsom proposed a \$209 billion budget that includes an estimated \$19.7 billion in reserve accounts. The budget calls for a \$7.6 billion increase in spending over the enacted 2018-19 budget.

The California Tax Foundation’s Tax and Fee Report is updated several times during the legislative session to account for new and amended proposals.

PROJECTED COST TO TAXPAYERS

PROPOSAL	ESTIMATED ANNUAL COST TO TAXPAYERS
Sales on Tax Services - SB 522 (Hertzberg) ¹	\$49,000,000,000 ²
Soda Tax - AB 138 (Bloom) ³	\$4,000,000,000
Tax on California Energy Production - SB 246 (Wieckowski)	\$1,500,000,000
Online Sales Tax Collections - AB 147 (Burke)	\$309,000,000
Tax on Prescription Painkillers - AB 1468 (McCarty and Gallagher)	\$100,000,000
Tax-Like "Fee" on Water - SB 200 (Monning) ³	\$100,000,000
Telephone Surcharge - AB 497 (Santiago)	\$50,000,000
Firearms Tax - AB 18 (Levine) ³	\$22,000,000
Lower Vote for School Parcel Taxes - SCA 5 (Hill)	\$16,200,000
Doubles Fee on Batteries - AB 142 (Cristina Garcia)	\$16,000,000
Tax Increase on Lawyers - AB 1060 (Gray)	\$10,200,000
Online Notary Registration Fee - AB 199 (Calderon)	\$4,000,000
Commercial Feed Tax - AB 657 (Eggman)	\$1,900,000

Note: 1. Last year's SB 993 also included a possible reduction in the sales tax rate on purchases of goods, which could reduce this estimate. 2. This bill has been excluded from the report's cumulative total because once it is amended, the amount could be significantly higher or lower. 3. These bills are currently in spot bill form.

AB 18 - FIREARMS TAX

\$22 MILLION || **Vote Required:** Majority
Versions Reviewed: Introduced 12/3/2018

AB 18 (Levine) is a "spot bill" to state the intent to impose an excise tax on the sales of handguns and semiautomatic rifles to raise revenue to fund grants issued by the California Violence Intervention and Prevention Grant Program. According to data from the attorney general, 882,585 guns were sold in California in 2017. The author has suggested that the rate may be set at \$25 per firearm, collectively costing taxpayers \$22 million annually.



Revenue Estimate: California Tax Foundation
 Revenue Estimate.

AB 138 – SODA TAX

\$4 BILLION || **Vote Required:** Majority
Versions Reviewed: Introduced 12/7/2018

AB 138 (Bloom) is a spot bill that the author said he plans to amend to include a tax on sweetened beverages purchased in California, at an as-yet-unspecified rate. In 2016, the author ran a two-cent per fluid ounce tax on sugar-sweetened beverages that the State Board of Equalization estimated would cost taxpayers \$4 billion annually.

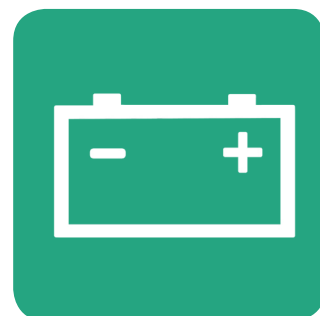


Revenue Estimate: State Board of Equalization Analysis of AB 2782 (2016).

AB 142 – DOUBLES FEE ON BATTERIES

\$16 MILLION || **Vote Required:** Two-thirds
Version Reviewed: Amended 2/25/2019

AB 142 (Cristina Garcia) doubles the state's lead-acid battery fee from \$1 to \$2 to fund cleanup of sites contaminated by the operation of a lead-acid battery recycling facility. In 2018, the author ran a similar bill that the Assembly Appropriations Committee estimated would cost taxpayers \$16 million annually.



Revenue Estimate: 2018 Assembly Appropriations Analysis of AB 1663.

AB 147 – ONLINE SALES TAX COLLECTIONS

\$309 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: Amended 2/27/2019

AB 147 (Burke) changes the requirements for businesses that meet a specified economic threshold to collect and remit sales and use taxes for online sales. Additionally, the bill would expand these requirements to include marketplace facilitators to collect and remit sales and use taxes on behalf of third-party sellers. According to an Assembly Revenue and Taxation Committee analysis, the change in requirements would cost taxpayers \$309 million in the first year.



Revenue Estimate: Assembly Revenue and Taxation Committee Analysis.

AB 199 – NOTARY REGISTRATION FEE

\$4 MILLION || **Vote Required:** Majority
Versions Reviewed: Introduced 1/10/2019

AB 199 (Calderon) authorizes a registration application fee up to \$25 for online notaries. Currently, notaries must renew their registration every four years. In 2018, the author ran similar legislation imposing a fee on online notaries that was estimated to cost taxpayers \$4 million annually, according to the Assembly Appropriations Committee.



Revenue Estimate: Assembly Appropriations Committee Analysis AB 2368 (2018).

AB 497 – TELEPHONE SURCHARGE

\$50 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/12/2019

AB 497 (Santiago) extends a surcharge of up to 0.5 percent on intrastate telephone service (other than one-way radio paging service and universal telephone service) for five years to fund the Deaf and Disabled Telecommunications Program. According to a California Public Utilities Commission 2017-2018 annual report, the current surcharge costs taxpayers \$50 million annually.



Revenue Estimate: California Public Utilities
Commission 2017-2018 Annual Report.

AB 657 – COMMERCIAL FEED TAX

\$1.9 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/15/2019

AB 657 (Eggman) authorizes the secretary of agriculture to designate a specified amount of tonnage taxes collected from commercial agricultural feed to provide research funding and education, and extends the tax to January 1, 2025. A Senate Appropriations Committee analysis of the author's AB 1132 (2013) estimated the tonnage tax on commercial feed would generate \$1.9 million annually.



Revenue Estimate: Senate Appropriations
Analysis of AB 1132 (2013).

AB 1060 – TAX INCREASE ON LAWYERS

\$10.2 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/21/2019

AB 1060 (Gray) makes a \$40 fee to support nonprofit organizations that provide free legal services to low-income people mandatory, and removes the requirement that the fee invoice provide an option of deducting that fee. According to the State Bar of California as of March 6, 2019, there are 255,572 attorneys eligible to practice law in California. The California Tax Foundation estimates this bill would cost taxpayers \$10.2 million annually.



Revenue Estimate: California Tax Foundation
Revenue Estimate.

AB 1468 – TAX ON PRESCRIPTION PAINKILLERS

\$100 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/22/2019

AB 1468 (McCarty and Gallagher) establishes an aggregate \$100 million tax on manufacturers and wholesalers who sell or distribute opioid drugs in California, with companies' ratable share based on mandated reports of sales and distribution in the preceding fiscal year. The tax would fund opioid prevention and rehabilitation programs. The legislation includes a civil penalty up to \$1 million per incident for companies that pass the cost of the tax to the purchaser.



Revenue Estimate: AB 1468 Language.

SB 200 – TAX-LIKE “FEE” ON WATER

\$100 MILLION || **Vote Required:** Majority
Versions Reviewed: 1/31/2019

SB 200 (Monning) establishes the Safe and Affordable Drinking Water Fund in the State Treasury, and is expected to be amended to include a tax-like “fee” on drinking water to raise funds for State Water Resources Control Board to administer programs intended to provide safe drinking water for all Californians. In 2018, the author ran a similar bill that was estimated to cost taxpayers \$100 million annually, according to the Assembly Appropriations Committee.



Revenue Estimate: Assembly Appropriations
Analysis of SB 623 (2018).

SB 246 – TAX ON CALIFORNIA ENERGY PRODUCTION

\$1.6 BILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/11/2019

SB 246 (Wieckowski) imposes a tax on businesses that extract oil and gas from the ground. This “severance tax” would be imposed at a rate of 10 percent of the average price per barrel of California oil or 10 percent of the average price per unit of gas, with revenue going to the general fund. A Senate Appropriations Committee analysis of SB 1017 (2013) estimated a similar tax would cost taxpayers \$1.6 billion annually.



Revenue Estimate: Senate Appropriations
Analysis of SB 1017 (2013).

SB 522 – SALES TAX ON SERVICES

\$49 BILLION || **Vote Required:** Two-thirds
Versions Reviewed: Introduced 2/21/2019

SB 522 (Hertzberg) is a spot bill relating to implementing a sales tax on services in California. The author proposed a similar bill in SB 993 of 2018 that the California Tax Foundation estimated would have cost taxpayers \$49 billion annually. The estimated cost of this bill has been excluded from the cumulative total of this report because once amended, the estimated impact could be much higher or lower, depending on the final language.



Revenue Estimate: California Tax Foundation
Revenue Estimate.

SCA 5 – LOWER VOTE FOR SCHOOL PARCEL TAXES

\$16.2 MILLION || **Vote Required:** Two-thirds
Versions Reviewed: 2/27/19

SCA 5 (Hill) would make it easier for school districts to increase property-related parcel taxes by lowering the vote threshold from two-thirds to 55 percent for approval of parcel taxes placed on the ballot by school districts. A California Tax Foundation analysis of 2018 election data found this bill would cost taxpayers \$16.2 million annually.



Revenue Estimate: California Tax Foundation
Analysis of 2018 Election Data.

LEGISLATION WITH UNKNOWN COSTS

AB 173 Mobile Home Tax Payments

AB 173 (Chau) requires individuals who apply for tax relief for a mobile home prior to receiving the transfer of title to pay any charges assessed between the time the individual took ownership interest and applied for relief.

Version Reviewed: Introduced 1/8/2019 | **Vote Required:** Two-thirds | **Status:** Active

AB 419 Agriculture Inspection Fees

AB 419 (Assembly Agriculture Committee) extends various agricultural inspection fees on food producers for five years until January 1, 2025.

Version Reviewed: Introduced 2/7/19 | **Vote Required:** Majority | **Status:** Active

AB 613 Regulatory Fee Increases

AB 613 (Low) requires every board within the Department of Consumer Affairs to increase any authorized fee every four years by an amount not to exceed the rate of inflation for the preceding four years.

Version Reviewed: Introduced 2/14/2019 | **Vote Required:** Majority | **Status:** Active

AB 618 Higher Sales Tax in Scotts Valley

AB 618 (Stone) authorizes the city of Scotts Valley to exceed the state's 2 percent limit on local sales and use taxes by 0.25 percent.

Version Reviewed: Introduced 2/15/2019 | **Vote Required:** Majority | **Status:** Active

AB 651 Air Ambulance Services Medi-Cal Fee

AB 651 (Grayson) requires the State Department of Healthcare Services to set and maintain a Medi-Cal fee rate for air ambulance services, equal to a percentage of the rural Medicare rates for those services. The bill also deletes an authorization that money collected for specified vehicle violations be used to fund the program.

Version Reviewed: Introduced 2/15/2019 | **Vote Required:** Majority | **Status:** Active

AB 717 Fee for State Armored Courier Services

AB 717 (Nazarian) authorizes a state agency to enter into an agreement with a participating business to provide armored car services and charge a fee to cover those costs.

Version Reviewed: Introduced 2/19/2019 | **Vote Required:** Majority | **Status:** Active

AB 755 Tire Tax Increase

AB 755 (Holden) increases the current California tire tax of 75 cents per tire by \$1.50 per tire and deposits the increased revenue into the Stormwater Permit Compliance Fund for remediation of zinc pollutants allegedly caused by tires in the state.

Version Reviewed: Introduced 2/19/2019 | **Vote Required:** Two-thirds | **Status:** Active

AB 879 Firearm Fees

AB 879 (Gipson) among other things establishes a firearms vendor license application fee and a per-transaction fee not to exceed \$1.

Version Reviewed: Introduced 2/20/2019 | **Vote Required:** Majority | **Status:** Active

LEGISLATION WITH UNKNOWN COSTS

AB 1024 Home Inspector License Fee

AB 1024 (Frazier) authorizes a license and license renewal fee for home inspectors beginning January 1, 2022.

Version Reviewed: Introduced 2/21/2019 | **Vote Required:** Majority | **Status:** Active

AB 1125 Animal Control Officer Fee

AB 1125 (Cooley) requires the California Animal Welfare Association to develop a program for certification of animal control officers, and authorizes the association's board of directors to impose a fee on those services.

Version Reviewed: Introduced 2/21/2019 | **Vote Required:** Majority | **Status:** Active

AB 1267 Fee on Driving Instructions

AB 1267 (Robert Rivas) authorizes the Department of Motor Vehicles to impose a \$1 fee on driving schools or independent driving instructors for "each driver education or driver certificate of completion" furnished by the department.

Version Reviewed: Introduced 2/21/2019 | **Vote Required:** Majority | **Status:** Active

AB 1297 Removes Cap on Concealed Carry License Fee

AB 1297 (McCarty) removes the \$100 cap on fee for a license to carry a concealed firearm, and requires that the fee be equal to the cost of processing the application.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1403 Transaction Fee on EBT Withdrawals

AB 1403 (Carrillo) modifies an existing transaction fee for making more than four withdrawals per month of state assistance benefits. The current fee is not to exceed "the amount allowed by applicable state and federal law and customarily charged to other customers." The new fee would be "in the amount established in the state's contract with the electronic benefit transfer vendor."

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1448 Dialysis Clinic Fee

AB 1448 (Gray) requires the State Department of Public Health to impose a supplemental license fee on licensed chronic dialysis clinics that receive a one- or two-star quality rating as determined by certain federal standards.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1606 Disallows Tax Deduction Until Medical School Gets \$500 Million

AB 1606 (Gray) disallows a personal income tax deduction relating to wagering losses until a balance of \$500 million is achieved and maintained in the San Joaquin Valley Regional Campus Medical Education Endowment Fund. The bill requires the state controller to determine the revenue gained from the disallowed deduction and transfer that amount from the general fund to the medical education fund.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Two-thirds | **Status:** Active

LEGISLATION WITH UNKNOWN COSTS

AB 1607 Gender Discrimination Notice Fee

AB 1607 (Boerner Horvath) authorizes a city or county that issues business licenses to increase the fee for a business license not to exceed the cost of providing a gender discrimination notice.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1627 Tobacco Directory Fee

AB 1627 (Robert Rivas) specifies that the state's directory of companies that certify they have made payments under a federal settlement agreement expires April 29 each year, and requires tobacco companies to renew their listings on the directory each year and pay a \$1,000 fee to the attorney general.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1775 Increased Development Fees

AB 1775 (Reyes) increases development fees by allowing local governments to impose fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements, and fees collected pursuant to agreements with redevelopment agencies, among others.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

AB 1783 Eliminates Tax Credits for Farmworker Housing

AB 1783 (Robert Rivas) prohibits the use of state funding to plan, develop or operate housing that complies with the federal farmworker visa program criteria. The bill additionally prohibits any state housing tax credits to be allowed for farmworker housing used to comply with the federal criteria.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Two-thirds | **Status:** Active

AB 1801 Increase Various Cattle Fees

AB 1801 (Assembly Agriculture Committee) increases various inspection-related fees on cattle.

Version Reviewed: Introduced 2/27/2019 | **Vote Required:** Majority | **Status:** Active

SB 140 License Plate Fee for "Endless Summer"

SB 140 (Stern) requires the State Coastal Conservancy to apply to the Department of Motor Vehicles to sponsor a license plate program for the issuance of license plates associated with the Endless Summer movie, and imposes fees for the issuance and renewal of those plates.

Version Reviewed: Introduced 1/17/2019 | **Vote Required:** Majority | **Status:** Active

SB 210 Emission Fee

SB 210 (Leyva) imposes a \$50 fee for a temporary permit to operate a vehicle that does not meet specified criteria. Revenue would be deposited into the Truck Emission Check Fund.

Version Reviewed: Introduced 2/4/2019 | **Vote Required:** Majority | **Status:** Active

LEGISLATION WITH UNKNOWN COSTS

SB 292 Independent Insurance Adjusters Fee

SB 292 (Rubio) adds insurance adjuster fees to certain licensee fees that are considered filing fees and thus are nonrefundable.

Version Reviewed: Introduced 2/14/2019 | **Vote Required:** Majority | **Status:** Active

SB 415 Registration of Tactical Vehicles

SB 415 (Grove) requires the Department of Motor Vehicles to establish a registration process for military and tactical vehicles for on-highway use by local fire departments, and to set minimum registration criteria for such vehicles and the payment of applicable fees.

Version Reviewed: Introduced 2/20/2019 | **Vote Required:** Majority | **Status:** Active

SB 454 Fee for Participating in Administrative Hearings

SB 454 (Caballero) imposes fees on parties that participate in hearings conducted by the State Water Resources Control Board to adjudicate water rights disputes, in an amount no more than necessary “to cover the reasonable costs of the burden imposed on the Administrative Hearings Office by the individual fee payor.”

Version Reviewed: Introduced 2/21/2019 | **Vote Required:** Majority | **Status:** Active

SB 480 License Fee for Radiologist Assistants

SB 480 (Archuleta) authorizes a license fee and renewal fee to be imposed on radiologist assistants.

Version Reviewed: Introduced 2/21/2019 | **Vote Required:** Majority | **Status:** Active

SB 593 License Plate for Sports Logos

SB 593 (Umberg) requires the Department of Parks and Recreation to apply to the Department of Motor Vehicles to sponsor a license plate program for the issuance of license plates with logos of California professional sports franchises, and imposes fees for the issuance and renewal of those plates.

Version Reviewed: Introduced 2/22/2019 | **Vote Required:** Majority | **Status:** Active

ABOUT THE CALIFORNIA TAX FOUNDATION

The California Tax Foundation is dedicated to serving the public through education and research. Founded in 1980 by the California Taxpayers Association (CalTax), the Foundation seeks to improve public policy through thoughtful and independent nonpartisan research. The Foundation has been recognized for its research excellence with several national awards. The Foundation is a 501(c)3 not-for-profit organization funded through grants and donations from taxpayers. While established by CalTax, it is a separate entity. It does not take or support positions on any ballot measures or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

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