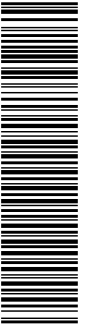


An act to add and repeal Section 12419.3.2 of the Government Code, to add and repeal Section 17131.12 of the Revenue and Taxation Code, and to add and repeal Chapter 7 (commencing with Section 9815) of Division 3 of the Vehicle Code, relating to vehicles, and making an appropriation therefor.

SECURED  
COPY



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

SECTION 1. The Legislature finds and declares both of the following:

(a) The cost of rising gas prices in the state is creating a hardship for many Californians, and it is the intent of the Legislature to provide tax relief to offset that cost by providing a tax refund to owners of vehicles registered in the state.

(b) Proceeds of taxes included in the calculation of the state appropriations limit under Article XIII B of the California Constitution include, but are not limited to, certain motor vehicle fuel and diesel fuel taxes, personal income taxes, sales and use taxes, bank and corporation taxes, insurance taxes, alcohol taxes, and certain cigarette taxes. It is the intent of the Legislature that the tax refund for registered vehicle owners, as provided for in this act, constitutes a refund of these taxes, excluded from the appropriations subject to limitation, as defined in subdivision (a) of Section 8 of Article XIII B of the California Constitution.

SEC. 2. Section 12419.3.2 is added to the Government Code, to read:

12419.3.2. (a) Notwithstanding any other provision of this article, the tax refund payment authorized pursuant to Section 9815 of the Vehicle Code shall not be used to offset any delinquent accounts.

(b) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 3. Section 17131.12 is added to the Revenue and Taxation Code, to read:

17131.12. (a) Gross income does not include any tax refund payments received by a person pursuant to Section 9815 of the Vehicle Code.

(b) This section shall remain in effect only until January 1, 2025, and as of that date is repealed.

SEC. 4. Chapter 7 (commencing with Section 9815) is added to Division 3 of the Vehicle Code, to read:

## CHAPTER 7. TAX REFUND FOR REGISTERED VEHICLE OWNERS

9815. (a) The state shall provide payments from the Tax Relief Fund, as established pursuant to Section 9816, for the purpose of providing a one-time tax refund payment in the amount of \_\_\_\_ dollars (\$\_\_\_\_) to a person who is the registered owner of an eligible vehicle.

(b) The Department of Motor Vehicles shall provide the necessary information on eligible vehicles to make the payments pursuant to this section.

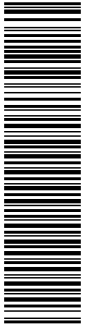
(c) Only one refund payment may be issued per eligible vehicle and a registered owner shall not be entitled to receive a refund for more than two eligible vehicles pursuant to this section.

(d) For purposes of this section, the following definitions apply:

(1) (A) "Eligible vehicle" means a motor vehicle that is validly registered pursuant to this division, but shall not include any of the following vehicles:

(i) A vehicle of the types listed in Sections 4000.5, 4009, 4010, 4012, 4013, 4014, 4015, 4018, 4019, 4020, 4021, 4023, 4154, and 4155.

(ii) A vehicle for which an affidavit of nonuse or a certificate of nonoperation has been filed with the department.



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(iii) A vehicle, piece of equipment, or trailer of the types listed in Sections 5011, 5014, and 5014.1.

(iv) A motorized bicycle.

(v) A vehicle registered as a fleet vehicle in accordance with Article 9.5 (commencing with Section 5301) of Chapter 1.

(vi) A trailer coach registered in accordance with Article 10 (commencing with Section 5350) of Chapter 1.

(vii) A vehicle registered in accordance with, and subject to, the terms of the International Registration Plan.

(viii) A vessel registered pursuant to Division 3.5 (commencing with Section 9840).

(ix) A vehicle of any type listed in Section 34500.

(x) A vehicle operating pursuant to a motor carrier of property permit issued in accordance with Division 14.85 (commencing with Section 34600).

(xi) A vehicle operating as a private carrier of passengers in accordance with Division 14.86 (commencing with Section 34680).

(xii) A vehicle of any type listed in Division 16 (commencing with Section 36000).

(xiii) A vehicle designated or registered as an off-highway vehicle in accordance with Division 16.5 (commencing with Section 38000).

(xiv) An autonomous vehicle operating pursuant to a permit issued in accordance with Division 16.6 (commencing with Section 38750).

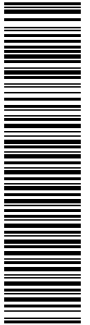
(xv) A vehicle valued at more than \_\_\_ dollars (\$\_\_\_) based upon the current valuation of the vehicle, as determined by the department in accordance with Article 1 (commencing with Section 10751) of Chapter 2 of Part 5 of Division 2 of the Revenue and Taxation Code.

(B) (i) A vehicle shall not be considered validly registered if, as of April 6, 2022, an application for original registration of the vehicle is still pending, any registration fees or penalties owed to the department are delinquent, or the vehicle registration has been suspended, canceled, or revoked for failure to maintain insurance or meet any other requirements necessary to maintain valid registration under this code.

(ii) A vehicle that is not considered validly registered in accordance with clause (i) shall be considered validly registered for purposes of this section and eligible for the refund payment in accordance with this section if, no later than June 30, 2022, and to the satisfaction of the department, the owner completes a pending application for original registration, pays all registration fees and penalties due and owing to the department, and completes any requirements needed to restore the valid registration of a vehicle whose registration status was suspended, canceled, or revoked as of April 6, 2022.

(2) "Person" means a natural person, and shall not include any other form of an entity that may be designated as a registered owner of an eligible vehicle in the department's records, including, but not limited to, a firm, copartnership, association, limited liability company, corporation, agency, trust, or government entity.

(3) "Registered owner" means a person designated in the department's records as the current registered owner of an eligible vehicle as of April 6, 2022, shall not include a legal owner, unless the legal owner is also designated as the registered owner in the department's records, or a person designated in the department's records as a



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lessor of an eligible vehicle. "Registered owner" shall also include the owner of a vehicle who has a pending application for original registration as of April 6, 2022, so long as the application is completed in accordance with subparagraph (B) of paragraph (1).

(e) (1) The department may adopt any rules it deems necessary to carry out the purposes of this section, including, but not limited to, procedures allowing for a person to request an eligibility determination if they did not receive a refund payment. The department's adoption of any additional rules in order to carry out the purposes of this section is exempt from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(2) The department's determination of eligibility shall be final, and shall not be subject to judicial review. In no event shall the department accept a request for a determination of eligibility after June 30, 2023.

(f) (1) Notwithstanding any other law, the payment authorized pursuant to this section 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, excluding benefits under Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code, or amounts of those benefits.

(2) Notwithstanding any other law, the payment authorized pursuant to this section shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of the individual, or any other individual, for benefits or assistance or the amount or extent of benefits or assistance under any state or local program not covered in paragraph (1). With respect to a state or local program, this subdivision shall only be implemented to the extent that it does not conflict with federal law relating to that program, and that any required federal approval or waiver is first obtained for that program.

9816. (a) There is hereby created the Tax Relief Fund as a special fund in the State Treasury.

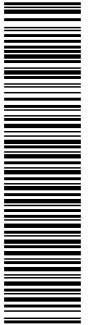
(b) The sum of \_\_\_\_ billion dollars (\$\_\_\_\_) is hereby appropriated from the General Fund to the Tax Relief Fund for the purposes of Section 9815.

(c) (1) All moneys in the Tax Relief Fund are hereby continuously appropriated, without regard to fiscal year, for the purposes of making tax refund payments pursuant to Section 9815.

(2) If a third-party vendor is selected pursuant to Section 9817, the contracted third-party vendor shall return any unclaimed or unexpended balances of refund payments issued by the state to be redeposited in the Tax Relief Fund prior to May 31, 2025, and transferred to the General Fund thereafter.

(3) Any unused balance remaining in the Tax Relief Fund shall be transferred to the General Fund by June 30, 2025.

9817. (a) Notwithstanding any other law, the state may contract with a third-party vendor for services relating to the distribution of tax refund payments in the form and manner best determined to expedite payment and mitigate fraud. A contract for services entered into pursuant to this section may include terms and conditions that are in the state's best interest, but shall include an expiration date on each form of



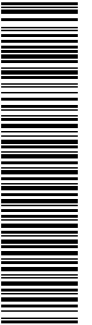
payment issued that does not exceed April 31, 2025, and a requirement that any unexpended or unclaimed balance of the payments issued shall, upon expiration, be returned to the state, and all unused balances returned, no later than May 31, 2025.

(b) (1) Notwithstanding any other law, contracts or grants awarded pursuant to this section are exempt from the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) Notwithstanding any other law, contracts or grants awarded pursuant to this section are exempt from the Public Contract Code and the State Contracting Manual, and are not be subject to the approval of the Department of General Services or the Department of Technology.

(c) The department shall provide information on the recipients of the refund payments pursuant to Section 9815 to allow the state to make the payments authorized pursuant to that section.

9818. This article shall remain in effect only until January 1, 2025, and as of that date is repealed.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No.  
as introduced, \_\_\_\_\_.  
General Subject: Registered vehicle owners: tax refund.

Existing law imposes various taxes, including, among others, sales and use taxes, the vehicle license fee, and motor vehicle fuel and diesel fuel taxes.

The California Constitution generally prohibits the total annual appropriations subject to limitation of the state from exceeding the appropriations limit for the prior fiscal year, adjusted for the change in the cost of living and the change in population, and defines "appropriations subject to limitation" to mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, except refunds of taxes, among other things.

Existing law generally prohibits a person from driving, moving, or leaving a vehicle upon a highway or in an offstreet public parking facility, unless it is registered with the Department of Motor Vehicles (DMV) and the appropriate fees have been paid.

This bill would require the state to provide a one-time tax refund payment in an unspecified amount to a person who is the registered owner of an eligible vehicle, as those terms are defined, and would authorize the state to contract with a third-party vendor for services relating to the distribution of the refund payments. The bill would require the DMV to provide the necessary information on eligible vehicles to make the payments, and would authorize the DMV to adopt any rules it deems necessary to carry out the purposes of the bill. The bill would establish the Tax Relief Fund in the State Treasury, and would continuously appropriate an unspecified sum of moneys from the General Fund to the Tax Relief Fund for these purposes. The bill would state the intent of the Legislature that the tax refund payment constitutes a refund of various taxes, excluded from the appropriations subject to limitation.

Existing law requires the Controller to state an account with persons that receive funds or property belonging to the state and fail to properly render account thereof to the state, and persons that fail to pay to the State Treasury any money belonging to the state. Existing law requires the Controller to offset delinquent accounts against personal income tax refunds.

This bill would, until January 1, 2025, prohibit the tax refund payment authorized by this bill from being used to offset any delinquent accounts.

The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but, in modified conformity with federal income tax laws, allows various exclusions from gross income.

This bill would exclude the refund payment authorized by this bill from the gross income of the people receiving the payment for personal income tax purposes.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

