



*California State Board of Equalization,  
Legislative Division*

# LEGISLATIVE BULLETIN

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**SPECIAL TAXES LEGISLATION  
1999**

# SPECIAL TAXES LEGISLATION 1999

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**Assembly Bill 145 (Vincent) Chapter 821**  
*Insurance tax credit*

*Effective January 1, 2000. Adds and repeals Section 12209 of the Revenue and Taxation Code.*

**Creates an insurance tax credit for insurance companies that invest in a community development financial institution (CDFI) that lends to urban, rural, or reservation-based communities in this state. The credit against the amount of insurance tax is an amount equal to 20% of the amount of each qualified deposit made by a taxpayer during the year into a CDFI. "Qualified deposit" means a deposit that does not earn interest, or an equity investment, that is equal to or greater than \$50,000 and is made for a minimum duration of 60 months. "CDFI" means a private financial institution located in this state that is certified by the California Organized Investment Network (COIN), or its successor, that has community development as its primary mission, and that lends in urban, rural, or reservation-based communities in this state.**

**The aggregate credit available to insurance companies by this bill is limited to \$2 million for each calendar year beginning January 1, 1999 but before January 1, 2002. This is not a new \$2 million aggregate tax credit but simply an authorization for the inclusion of insurance companies into the current tax credit only available under the state income tax laws.**

**In the event a qualified deposit is withdrawn before the end of the 60th month and not redeposited or reinvested in another CDFI within 60 days, a taxpayer is liable for the entire amount of any credit previously allowed. Also, if a qualified deposit is reduced before the end of the 60th month, but not below \$50,000, the taxpayer would be liable for an amount equal to 20% of the total reduction for the year.**

**While this section will remain in effect only until December 31, 2002, any unused credit could be carried forward until the credit was exhausted, or over the next four years, whichever occurs first.**

*Sponsor: California Organized Investment Network*

***Law Prior to Amendment:***

Under Section 12201 of the Revenue and Taxation Code, an annual tax of 2.35% is imposed on the gross premiums, minus the return premiums, of insurers doing business in this state.

In the case of insurers transacting title insurance, a tax of 2.35% is imposed on all income except interest and dividends, rents from real property, profits from the sale of investments, and income from investments.

These taxes are imposed on insurers and their property in lieu of all other state, county, and municipal taxes and licenses, including income taxes.

Under current law, Section 12206 of the Revenue and Taxation Code authorizes insurance companies that invest in low-income housing to compete for a gross premiums tax credit granted by the California Tax Credit Allocation Committee. The tax credit is also available under the Personal Income Tax Law and the Bank and Corporation Tax Law, but the tax credit is limited to an aggregate of \$50 million under all three tax laws combined.

Under Sections 17053.57 and 23657 of the Personal Income Tax and Bank and Corporations Tax Laws, respectively, an aggregate tax credit of \$2 million annually may be granted under the state income tax laws for up to 20% of qualifying deposits with a CDFI.

***Background:***

The current income tax credit for qualified deposits in a CDFI was added in 1997 by Assembly Bill 1520 (Ch. 947, Vincent, et al).

In 1998 Assembly Bills 2414 (Hertzberg) and 2552 (Baugh) contained provisions almost identical to this bill. Both bills progressed as far as the Senate Appropriations Committee. The Board supported both of those measures.

***Comments:***

1. **Purpose.** This bill is intended to provide insurance companies the same investment tax credit opportunity as available to other businesses by simply correcting an oversight in the original, enabling legislation which omitted insurance companies from the opportunity to compete for the current \$2 million annual aggregate tax credit.
2. **The Board does not foresee any administrative problems with this measure.** The Board of Equalization, the State Controller, and the Department of Insurance share administrative responsibility for the insurance tax program. Section 28 of Article XIII of the California Constitution states that the Board shall assess taxes under the insurance tax law. Upon recommendation from the Department of Insurance, the Board also issues deficiency assessments in cases of underpayment of the tax by an insurer. The Office of the Controller has the responsibility to collect the tax and issue refunds. Audit verification work is the responsibility of the Department of Insurance.

As the law is currently administered, the Department of Insurance would be responsible for the verification of the tax credit. The tax credit proposed by this measure would not impact the Board's current functions under the insurance tax law.

3. **The annual listings should also be sent to the Department of Insurance.** This bill would require a CDFI to send to the Board an annual listing of taxpayers who make withdrawals of qualified deposits. This bill would also require COIN to provide the Board with, among other information, the amount of the qualified deposits made by each taxpayer and the total amount of qualified deposits. Since the Department of Insurance has a major role in the verification of the tax credit, that agency should also receive a copy of these reports.

**Assembly Bill 703 (Lempert, et al) Chapter 849**  
***Ballast Water Fee***

*Effective January 1, 2000. Adds and repeals Division 36 (commencing with Section 71200) of the Public Resources Code.*

**Requires the Board to collect a fee from the owner or operator of each vessel that enters a California port with ballast water loaded from outside the exclusive economic zone (EEZ).**

**The fee shall be established by the State Lands Commission in an amount not to exceed one thousand dollars (\$1,000) per vessel voyage. The cap may be adjusted for inflation every two years. In establishing the fee, the State Lands Commission may establish lower levels of fees and the maximum amount of fees for individual shipping companies or vessels. Any fee schedule established must take into account the impact of the fees on vessels operating from California in the Hawaii or Alaska trades, the frequency of calls by particular vessels to California ports within a year, the ballast water practices of the vessels, and other relevant considerations.**

**The fees shall be deposited into the Exotic Species Control Fund, as created by this bill, to carry out the ballast water management program. The ballast water management program includes:**

- **Prohibition on the discharging of ballast water that was initially loaded from waters outside the Pacific Coast Region into the waters of the state.**
- **Reporting of certain information by the owner or operator of a vessel carrying ballast water before the vessel departs from the first port in California.**
- **Monitoring and sampling activities by the State Lands Commission.**
- **Civil liability for the violation of program requirements.**
- **Evaluation of alternatives for treating ballast water in order to eliminate the discharge of exotic organisms.**
- **Conducting a study to establish baseline conditions in the coastal and estuarine waters of the state.**

**The provisions of this bill shall remain in effect only until January 1, 2004, and as of that date is repealed.**

*Sponsors: Center for Marine Conservation  
San Francisco BayKeeper*

*Law Prior to this Bill:***Porter-Cologne Water Quality Control Act**

Current law requires the State Water Resources Control Board (SWRCB) to formulate and adopt state policy for water quality control. The SWRCB and regional water quality control boards have regulatory authority relating to water quality. Each regional board must formulate and adopt water quality control plans for all areas within the region. In terms of coastal marine environments, wastewater discharges must be treated to protect present and future beneficial uses.

Current law also prohibits an aquatic plant or animal from being imported into this state without the prior written approval of the Department of Fish and Game. The law prohibits the placing of any live fish or any aquatic plant without first submitting it for inspection to, and securing the written permission of, the Department of Fish and Game.

*Comments:*

1. **Purpose.** This bill is an effort to respond to concerns from discharges of non-indigenous species in ballast water. The sponsors, the Center for Marine Conservation and the San Francisco BayKeeper, contend that the discharge of non-indigenous species into state and federal waters is "exacting increasing costs on the nation's economy, environment, and human health" and ballast water "is a major source of aquatic non-indigenous species, and its contribution to the problem is increasing."
2. **The bill does not contain the necessary reporting, payment, and collection provisions.** In order for the Board to properly administer the provisions of this bill, collection, refund, registration and payment due dates must be added to the law.

**Assembly Bill 1638 (Committee on Revenue and Taxation) Chapter 929**  
*Taxpayers' bill of rights*

*Effective January 1, 2000. Adds Section 15620.5 to the Government Code; amends Sections 8262, 8269, 9262, 9269, 9275, 30458.2, 30458.9, 30459.5, 32462, 32469, 32475, 38621, 40202, 40209, 40215, 41162, 41169, 41175, 43513, 43520, 43526, 45858, 45865, 45871, 46613, 46620, 46626, 50112.2, 50156.2, 50156.9, 50156.15, 55323, 55330, 55336, 60623, and 60630 of, adds Sections 6832.5, 6902.4, 7658.1, 8174, 8878.5, 9033, 9184, 9272.1, 11253, 11254, 11409, 30283.5, 30354, 30384, 30459.2A, 32256.5, 32389, 32432, 32472.1, 38455, 38504, 38505, 38624, 40103.5, 40167, 40212.5, 41097.5, 41127.6, 41172.5, 43158.5, 43448, 43484, 43523.5, 45156.5, 45609, 45752, 45868.5, 46157.5, 46464, 46544, 46623.5, 50112.4, 50138.6, 50150.5, 50156.17, 55046, 55209, 55262, 55333.5, 60212, 60493, 60564, 60632.1, 60633.1, and 60633.2 to, the Revenue and Taxation Code.*

**This Board-sponsored measure strengthens and updates the California Taxpayers' Bill of Rights for the taxes and fees administered by the Board. Specifically, with respect to the Special Taxes program, this bill:**

- **Allows the Board to establish a uniform policy regarding a postal delay date in its processing of tax and fee return filings.**
- **authorizes the Board to relieve interest where the failure to pay tax is due to an unreasonable error or delay by the Board,**
- **authorizes the Board to enter into a written installment payment agreement and provide for advance notice of termination of the agreement in specified circumstances,**
- **specifies when interest shall begin to accrue on a notice of determination for repayment of an erroneous refund,**
- **revises requirements for the Board's education and information program for taxpayers and employees,**
- **specifies that a taxpayer entitled to be reimbursed for reasonable fees and expenses related to a hearing before the Board must file a claim for the fees and expenses within one year of the date the Board's decision becomes final and place on the Board staff the burden of establishing that its position was substantially justified,**
- **authorizes the Board to return levied property in specified circumstances, and**
- **amends the Underground Storage Tank Maintenance Fee Law to authorize the Board to grant relief of the finality penalty in conformity with all other tax and fee laws.**

***Law Prior to Amendment (Government Code Section 15620.5):***

Existing law, Section 11003 of the Government Code, provides that if an application, tax return or claim for credit or refund required by law to be filed with the State or state agency on or before a specified date is filed with a state agency through the United States mail, properly addressed with postage prepaid, it shall be deemed filed on the date shown by the post office cancellation mark stamped on the envelope containing it, or on the date it was mailed *if satisfactory proof that the mailing occurred on an earlier date is provided.*

Under the provisions of the Revenue and Taxation Code relative to the various taxes and fees administered by the Board, the law prescribes specified dates in which payments, returns, and other information are required to be submitted to the Board. In cases where taxpayers or fee payers fail to timely submit payments or information required, the law may provide for the imposition of interest and penalties. Pursuant to Section 11003 of the Government Code, if the post office cancellation mark shows a date after the due date prescribed by law, and if the taxpayer submits satisfactory proof that the mailing occurred on an earlier date, the Board is authorized to recognize the mailing as being timely and can relieve a taxpayer of any interest and penalty that may have been imposed. The Board's policy permits satisfactory proof of timely mailing through a declaration under penalty of perjury, and has developed a form entitled, "Declaration of Timely Mailing" which is provided to taxpayers for purposes of submitting proof of a timely mailing.

***Background:***

During a 47-year period from 1950 through 1997, the Board's administrative policy was to in essence allow a 1-day grace period in cases where a mailing was postmarked one day after the due date. For example, if a remittance was due by law on April 30, but was postmarked May 1, the payment was nevertheless deemed to have been made timely. This policy recognized the complications in the U.S. Postal Service and gave the taxpayer the benefit of the doubt that the mailing was actually made timely, but that the postmark did not reflect the actual date in which the mailing was placed in the mail. However, the Board's legal staff reviewed this policy and opined that there was no legal basis in which the Board could legally provide this 1-day grace period. The Board therefore eliminated the 1-day grace period policy.

***Comments:***

As a consequence to the Board's change in policy, staff workload has increased significantly. This change has resulted in a large increase in late billings, followed by hundreds of taxpayers filing Declarations of Timely Mailing requesting that the penalty and interest be cancelled. And over half of the declarations filed are attributable a mailing that was postmarked only one day after the due date.

This change in policy has also had a negative impact with taxpayers who are usually otherwise in compliance with the law. Many taxpayers are required to file returns on a monthly basis, or a quarterly basis, or on a quarterly basis with two prepayments within each quarter. Due to the frequency of the return filings, it seems logical to authorize the Board to adopt a uniform policy of acceptance of returns based on considerations such as current U.S. Postal Service and technology available for filing. It is interesting to note that the U.S. Postal Service makes special provisions for accepting state and federal income tax filings by remaining open until midnight on the April 15 due date.

**Senate Bill 319 (Burton) Chapter 306**  
*Strike force extension*

*Effective January 1, 2000. Amends Section 106 of the Labor Code and amend Section 329 of the Unemployment Insurance Code.*

**Extends the Joint Enforcement Strike Force on the Underground Economy from the scheduled sunset date of January 1, 2000 to January 1, 2006.**

*Sponsor: California State Council of Laborers*

***Law Prior to Amendments:***

Under current law, Section 329 of the Unemployment Insurance Code designates the Director of the Employment Development Division (EDD) as Chairperson of the Joint Enforcement Strike Force on the Underground Economy (Strike Force). The section also requires the Strike Force to include representatives of the EDD, Department of Consumer Affairs, the Department of Industrial Relations, and the Office of Criminal Justice Planning. Other agencies such as the Franchise Tax Board, the State Board of Equalization, and the Department of Justice are encouraged to participate. However, the statute will remain in effect only until January 1, 2000.

Under current law, the Strike Force is given the following duties:

- Facilitate and encourage the development and sharing of information by the participating agencies necessary to combat the underground economy.
- Improve the coordination of activities among the participating agencies.
- Develop methods to pool, focus, and target the enforcement resources of the participating agencies in order to deter tax evasion and maximize recoveries from blatant tax evaders and violators of cash-pay reporting laws.
- Reduce enforcement costs wherever possible by eliminating duplicative audits and investigations.

***In General:***

The Board of Equalization is a core member of the multiagency Strike Force. The Strike Force was created by Executive Order W-66-93 on October 26, 1993 and subsequently codified through Senate Bill 1490 (Ch. 1117) in 1994. The Strike Force has achieved significant enforcement results in all phases of its efforts. Joint efforts among the different agencies have proven to be very effective. Collective enforcement capability allows participating agencies to address multiple rather than single violations of law, such as the Employment Enforcement Task Force efforts as explained in the Revenue Estimate comments. The multiple enforcement efforts with associated citations, penalties, and assessments has had a significant effect on

underground economy businesses. The effect has been to drive these businesses into the legitimate economy or to put them out of business. This reduces the pressure of unlawful competition on honest businesses.

*Comments:*

1. **Purpose.** According to the author's office, this bill is simply intended to extend the life of the successful Strike Force for another six years.
2. **The Board has benefited from its participation in the Task Force.** As detailed in the Revenue Estimate, the Board was able to enhance its presence among a certain segment of bars, restaurants, and clubs which were seriously underreporting their sales tax liabilities. Without the presence of the Department of Alcoholic Beverage Control and local law enforcement agencies, Board auditors would not have been as successful in obtaining the purchase invoices and cash register tapes necessary to establish the large underreporting of taxes discovered in those stings.

**Senate Bill 606 (Burton) Chapter 745**  
*Higher disposal fees on recyclable hazardous wastes*

*Effective January 1, 2000. Amends Sections 25160, 25165, 25175, and 25250.8 of, and adds Section 25250.26 to, the Health and Safety Code.*

**Among other things, this bill requires the Department of Toxic Substances Control (DTSC) to adopt regulations on or before January 1, 2002 that revise the list of specified hazardous wastes that they find are economically and technologically feasible to recycle either onsite or at an offsite commercial hazardous waste recycling facility in the state. This bill also imposes a disposal fee of five times the current disposal fee rates on a generator who does not recycle a hazardous waste after the generator receives a notice of the DTSC's findings that the hazardous waste is economically and technologically feasible to recycle. These higher fees will become effective on or before January 1, 2002 when the DTCS adopts its regulations.**

*Sponsor: Environmental Technology Council*

*Law Prior to Amendments:*

Under current law, Section 25174.1 of the Health and Safety Code requires each person who disposes of hazardous waste in this state to pay a disposal fee at a rate based on the type of waste disposed. Section 25174.6 contains the different disposal fee rates applicable to each category of waste, i.e., mining waste, extremely hazardous waste, RCRA hazardous waste.

Current Section 25175 requires the Department of Toxic Substances Control (DTSC) to prepare and adopt a list of specified hazardous wastes which the DTSC finds are economically and technologically feasible to recycle, taking into consideration the quantities of, concentrations of, and potential contaminants in, these hazardous wastes, the number and location of recycling facilities, and the proximity of these facilities to hazardous waste producers. The DTSC may only list a hazardous waste as recyclable if at least one commercial recycler in California is ready, willing, and able to accept the hazardous waste for recycling at the time the hazardous waste is listed.

Failure to comply with an order by the DTSC to recycle the hazardous wastes subject to Section 25175 results in the assessment of the disposal fees imposed pursuant to Section 25174.1. The current law also authorizes the director of DTSC to establish fees for the disposal of hazardous waste determined to be recyclable in

amounts which may be up to two times the base fee paid under the annual fee schedule established by the director.

*Comments:*

1. **Purpose.** The purpose of this bill is to encourage the recycling of hazardous waste in California by requiring DTSC to examine and revise the current list of recyclable materials.
2. **The Board does not foresee any administrative problems with this measure.** The identification and adoption of the list of recyclable hazardous waste is the responsibility of the DTSC. The bill contains provisions that require the DTSC to inform a generator that its waste is required to be recycled. This notification would be used to impose the higher disposal fees on waste that the DTSC determines should be recycled. The Board does not anticipate any difficulties administering the disposal fee on recyclable hazardous wastes that are disposed.

**Senate Bill 702 (Peace) Chapter 935**  
**Clarification of ban on "For Export Only" cigarettes**

*Urgency, effective October 12, 1999. Amends Sections 30163 and 30436 of Revenue and Taxation Code.*

**Requires the Board to revoke the license issued to a distributor if the packages in which the cigarettes are contained are:**

- 1. labeled "For Export Only", "U.S. Tax Exempt", "For Use Outside U.S.", or similar wording indicating that the manufacturer did not intend that the product be sold in the United States,**
- 2. altered by adding or deleting the wording, labels, or warnings, or**
- 3. imported into the United States after January 1, 2000, in violation of Section 5754 of Title 26 of the United States Code.**

**This bill also authorizes the Board to seize the cigarettes that are in violation of the stamping restrictions contained in Section 30163.**

*Sponsor: California Distributors Association*

***Law Prior to Amendment:***

Under current law, Section 30163 of the Cigarette and Tobacco Products Tax Law prohibits the affixing of any cigarette tax stamp to any package of cigarettes unless that package complies with all requirements of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. Sections 1331-1341) for the placement of labels, warnings, or any other information upon a package of cigarettes that is to be sold within the United States. This section requires the Board to revoke the license of any distributor who affixes a stamp to these cigarettes manufactured for export outside the United States.

Current Section 30436 authorizes the Board to seize cigarettes not contained in packages to which the California cigarette tax stamp is affixed or tobacco products upon which the surtax has not been paid, if the seller is not authorized to sell such unstamped cigarettes or ex-tax tobacco products. Upon seizure, those items become the property of the state.

Beginning January 1, 2000 federal law, as amended by the Balanced Budget Act of 1997 will prohibit the sale of "for export only" cigarettes in the domestic market. However, inventories of "for export only" cigarettes will be allowed to be sold provided the distributor has paid the federal excise tax.

*In General:*

Most American cigarette manufacturers market two different types of cigarettes: cigarettes for domestic sale and cigarettes for export to other countries. It is Board staff's understanding that the cigarettes are essentially identical products. Because these cigarettes can be purchased at a reduced price, some California distributors have been importing "for export only" cigarettes back into this state, paying federal and state taxes and duties, and selling those cigarettes. The price differential between domestic and export cigarettes averages \$6 per carton. These gray market cigarettes currently comprise approximately 10% of the market share of reported cigarette sales in California.

*Background:*

The current restriction on the distribution of cigarettes in California that do not meet all the requirements of the Federal Cigarette Labeling and Advertising Act was amended into Section 30163 last year by Senate Bill 2134 (Ch. 292) and sponsored by the California Distributors Association. The sponsor's asserted that these "for export only" cigarettes, which are marketed by American cigarette manufacturers for foreign markets, were smuggled back into California and have become associated with export fraud, smuggling, and organized crime. Their bill was intended to deter the increasing volume of contraband cigarettes sold in California. In spite of the restriction placed into the cigarette tax law by SB 2134, "for export only" cigarettes continue to be available in California because these cigarettes *do* comply with the Federal Cigarette Labeling and Advertising Act, which basically requires health warning labels.

*Comments:*

1. **Purpose.** This bill is intended to clarify the definition of export tobacco products subject to the stamping restrictions in current law and give the Board the authority to seize the cigarettes found to be in violation of those restrictions.
2. **Pending federal law would not be adequate.** Effective January 1, 2000, federal law will require export cigarettes to be either re-imported to an export warehouse for eventual shipment outside the United States or shipped back to the manufacturer. However, any inventories of these cigarettes on hand as of December 31, 1999 would continue to be available for sale, even after January 1, 2000. There are indications that these inventories could become substantial and available for sale for a year or more after the federal law takes effect.

This bill would provide the state with the necessary immediate authority to eliminate these cigarettes from California. While the federal regulations are necessary to prohibit these gray market cigarettes in the long run, any delay in the enactment of this legislation in deference to the federal law change has a direct and negative impact on the state's revenue.

3. **The Board did not discover any cigarettes in violation of the federal labeling requirement.** The intent of last year's SB 2134, as understood and supported by the Board, was to restrict, through the revocation of a distributor's license, the cigarettes now more specifically targeted by this bill. Upon enactment, Board staff discovered that the reference to the federal act dealt with health warning labels. Since these cigarettes had the proper health warnings or distributors were adding the health warning labels to the packages sold in California, in conformance with the federal act, no distributors were violating the new stamping restrictions. Consequently, this measure is necessary to achieve the intent of SB 2134.
4. **The seizure authority would be consistent with other provisions.** The provision to authorize the Board to seize cigarettes which are stamped, but are sold in defiance of the restriction on the selling of "for export only" cigarettes in California, would allow the Board to enforce the restriction in a manner consistent with the seizure provisions on all other illegally distributed cigarettes in California.
5. **Foreign manufactured cigarettes would continue to be available.** This bill would only restrict the sale of domestically manufactured cigarettes that are packaged for export outside the United States. Cigarettes manufactured in Great Britain, as one example, would continue to be legally imported, stamped, and made available for sale. Distributors of foreign produced cigarettes would continue to be allowed to stamp and sell their products in California.

**Senate Bill 822 (Escutia) Chapter 780**  
*Tobacco Manufacturers Master Settlement Agreement*

*Effective January 1, 2000. Adds Article 3 (commencing with Section 104555) to Chapter 1 of Part 3 of Division 103 of the Health and Safety Code.*

**Among its provisions, this bill requires any tobacco product manufacturer selling cigarettes to consumers within the state, whether directly or through a distributor, retailer or similar intermediary, to do one of the following:**

- (a) become a participating manufacturer in the MSA and generally perform its financial obligations under the MSA, or**
- (b) place into a qualified escrow fund by April 15 of the year following the year in question a per-unit fee at the following rates for each year, as the amounts are adjusted for inflation:**

|              |                      |
|--------------|----------------------|
| 1999:        | \$0.0094241 per unit |
| 2000:        | \$0.0104712 per unit |
| 2001 & 2002: | \$0.0136125 per unit |
| 2003 - 2006: | \$0.0167539 per unit |
| 2007 and on: | \$0.0188482 per unit |

The bill defines "unit sold" to mean the number of individual cigarettes sold in the state by the applicable tobacco products manufacturer, whether directly or through a distributor, retailer, or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the state on packs, or "roll-your-own" tobacco containers, bearing the excise tax stamp of the state.

With regards to determining the number of units sold by nonparticipating tobacco products manufacturers, this bill authorizes the Board to adopt any regulations as are necessary to ascertain the amount of the state excise tax paid on the cigarettes of the tobacco products manufacturer for each year.

*Sponsor: California Office of the Attorney General*

***Law Prior to Amendments:***

Under existing law, the Board of Equalization administers the Cigarette and Tobacco Products Tax Law. A tax of \$0.87 per pack of 20 cigarettes is imposed on the distribution of cigarettes in this state. Distributors pay the excise tax by purchasing cigarette stamps which they affix to each pack of cigarettes to indicate that the tax

has been paid to the state. The cigarette stamps can be purchased from the Board through convenient locations throughout the state. Distributors are also required to file monthly reports with the Board respecting their distribution of cigarettes and purchase of stamps during the preceding month.

***Background:***

Under the November 1998 Master Settlement Agreement (MSA) between the State of California and tobacco product manufacturers, each tobacco company must make annual payments to the participating states in perpetuity, totaling an estimated \$206 billion through 2025. California's share of the revenue is projected to be \$25 billion over the next 25 years, based on receiving approximately 12.8% of the total payments. The payments will be split 50/50 between state and local governments under a Memorandum of Understanding negotiated by the Attorney General and various local jurisdictions (cities and counties) which had also sued the tobacco companies.

The payment provisions of the MSA apply to "participating manufacturers" which include both original signatories to the MSA, as well as other companies which subsequently agree to be bound by the MSA. In return for these payments, the states have agreed to release the cigarette manufacturers from all claims for damages, penalties, and fines. In addition, the participating manufacturers have agreed to certain noneconomic terms that restrict their advertising and marketing practices and control their corporate behavior. The primary purpose of these restrictions is to prevent marketing of cigarettes to minors and thereby to reduce smoking by minors.

In order to safeguard themselves against unfair competition from tobacco products manufacturers who do not participate in the MSA, the MSA contains provisions which would reduce the payments made to states that do not enact a "Model Statute" to require nonparticipating manufacturers to put funds into escrow accounts. The money in the escrow accounts is intended to be available to pay judgements or settlements on any claims brought by the state against any nonparticipating tobacco manufacturers. While California is not required to enact a Model Statute, and the MSA and the Consent Decree will remain in full force and effect with respect to the participating manufacturers regardless of legislative action on this bill, failure to do so could put at risk a portion of the settlement payments.

***Comments:***

1. **Purpose.** This bill is intended to achieve the long-term public health and financial gains contained in the MSA by requiring all manufacturers of cigarettes marketed in California to be held accountable for the potential costs associated with their cigarette sales in California. This bill is intended to provide assurance that all companies which sell cigarettes in California, including those companies

not participating in the MSA, are financially capable of fulfilling their economic obligations, if any, to the state and its citizens.

2. **The Attorney General would be responsible for enforcing the escrow payments.** This bill would give the Attorney General the authority to bring a civil action on behalf of the state against any tobacco products manufacturer that fails to place into escrow the funds required by the proposed Section 104557. The Board would not have any collection or enforcement obligation.
3. **This bill would provide adequate authority for the Board to perform its duties.** By authorizing the Board to adopt regulations, this bill would allow the Board to request the required information from California licensed cigarette distributors, including original importers, allowing staff to calculate the number of tax paid units sold in California by each participating manufacturer.

**Senate Bill 989 (Sher) Chapter 812**  
*Extension of the Underground Storage Tank Fee*

*Effective January 1, 2000. Amends Section 15399.10, 15399.11, 15399.14, and 15399.17 of, amends and renumbers Section 15339.19 of, adds Sections 15399.15, 15399.15.1, and 15399.15.2 to, and adds and repeals Section 65964 of, the Government Code, amends Sections 25288, 25299, 25299.37.1, 25299.51, 25299.52, 25299.57, 25299.59, 25299.81, 25299.94, and 25299.99.2 of, and adds Sections 25284.1, 25292.4, 25299.18, 25299.38.1, 25299.99.3, 43013.1, and 43013.3 to, and repeals and adds Section 43830.8 to, the Health and Safety Code, adds Section 25310.5 to, and adds and repeals Section 21178 of, the Public Resources Code, and amends Section 13752 of the Water Code.*

**Changes the sunset date of the underground storage tank fee from January 1, 2005 to January 1, 2011.**

**This bill also extends the annual transfer of \$5 million from the Underground Storage Tank Cleanup Fund to the Drinking Water Treatment and Research Fund from January 1, 2002 to January 1, 2010.**

*Sponsor: Senator Byron Sher*

***Law Prior to Amendments:***

Under existing law, Section 25299.41 of the Health and Safety Code requires every owner of an underground storage tank to pay a storage fee of six mills (\$0.006) for each gallon of petroleum (including both gasoline and diesel) placed in an underground storage tank which he or she owns. Section 25299.43 imposes an additional fee of six mills (\$0.006) for a total underground storage fee of twelve mills (\$0.012) per gallon. The fees, which are reported and paid to the Board of Equalization, are deposited into the Underground Storage Tank Cleanup Fund and are earmarked for the cleanup of leaking tanks. This fee is due to sunset on January 1, 2005.

Operative June 30, 1999, Section 25299.99.1 of the Health and Safety Code requires the annual transfer of \$5 million from the Underground Storage Tank Cleanup Fund to the Drinking Water Treatment and Research Fund created by Section 116367 to be expended if a public drinking water well has been contaminated by an oxygenate and there is substantial evidence that the contamination was caused by a release from an underground storage tank. This article contains a sunset date of effective January 1, 2002.

***Background:***

On March 25, 1999, Governor Davis signed Executive Order D-5-99 relative to current issues surrounding the environmental effects of the oxygenate methyl tertiary-butyl ether (MTBE) in gasoline. Among other things, the Executive Order directs:

- the California Energy Commission, in consultation with the California Air Resources Board, to develop a timetable by July 1, 1999 for the removal of MTBE from gasoline at the earliest possible date, but not later than December 31, 2002.
- the State Water Resources Control Board, in consultation with the Department of Health Services, to develop a clear set of guidelines for the investigation and cleanup of MTBE in groundwater at prioritized groundwater recharge areas and aquifers that are most vulnerable to contamination by MTBE and prioritize resources towards protection and cleanup.
- the State Water Resources Control Board to seek legislation to extend the sunset date of the Underground Storage Tank Cleanup Fund to December 31, 2010 and increase the reimbursable limits for MTBE groundwater cleanup from \$1 million to \$1.5 million.

***Comments:***

1. **Purpose.** This bill is intended to enact into statute Executive Order D-5-99 issued by Governor Davis on March 25, 1999, and also enact several other provisions designed to protect groundwater and drinking water from MTBE contamination.
2. **The Governor's order was based on recent environmental risk studies.** Senate Bill 521 (Mountjoy, Ch. 816, 1997) required the University of California to prepare and submit to the Legislature and the Governor a study and assessment of human health and environmental risks and benefits associated with the use of methyl tertiary-butyl ether (MTBE), as compared to ethyl tertiary-butyl ether (ETBE), tertiary amyl methyl ether (TAME) and ethanol, in gasoline. One of the findings of the study was that there are significant risks and costs associated with water contamination due to the use of MTBE. They found that MTBE is highly soluble in water and will readily transfer to groundwater from gasoline leaking from underground storage tanks, pipelines and other components of the gasoline distribution system. The extension of the underground storage tank fee is intended to provide funds to address these environmental issues beyond the year 2005.
3. **Extension of the underground storage tank fee would not create administrative problems for the Board.** It should be noted, however, that the underground storage tank fee program has created problems for some uninformed tank owners. Though Board staff has gone to great lengths to notify tank owners of

their responsibility, there are a small number of owners who have not been in a position to know of the existence of this program. These owners are most often persons who lease their tanks to operators who use the tanks or operate a business using the property so leased. In a small number of cases where the operator has not paid the underground storage tank fee or refuses to transfer credit for the fee to the uninformed owner, the owner is liable to pay the fee and applicable interest and penalty to the Board. These charges can be substantial and are a hardship on these owners who have been unable to reimburse themselves for the liability which may have been accruing for several years.

**Senate Bill 1231(Committee on Revenue and Taxation) Chapter 941**  
*Board-sponsored housekeeping measure*

*Effective January 1, 2000. Amends Section 25205.9 of the Health and Safety Code, amends Section 42886 of, and adds Section 42886.1 to, the Public Resources Code, and amends Sections 63.1, 66, 75.51, 402.9, 531.2, 531.8, 602, 1622.6, 1624, 1624.05, 2512, 2610.5, 2613, 2910.1, 3437, 3692, 4222.5, 4837.5, 4985, 8877, 30103.5, 30188, 30436, 38631, 43010.1, 43011.1, and 50159 of, adds Sections 69.4, 168.5, 237, 1612.5, 1612.7, 1624.3, 1636.2, and 1636.5, and repeals Section 3440 of, the Revenue and Taxation Code.*

**Board of Equalization-sponsored technical and housekeeping measure that:**

- 1. Clarifies that CUPA payments made for the previous year are eligible for the generator fee refund. (§25205.9 of the Health and Safety Code)**
- 2. Allows the Board to require reporting periods other than a quarterly basis for tire recycling fees. (§§42886 and 42886.1 of the Public Resources Code)**
- 3. Deletes the references to two repealed penalties under the Use Fuel Tax Law. (§8877)**
- 4. Adds references to tobacco products which conform to cigarette tax provisions. (§§30103.5 and 30188)**
- 5. Corrects a reference to definitions in regards to the childhood lead poisoning prevention fee. (§§43010.1 and 43011.1)**
- 6. Authorizes the Board to release otherwise confidential information obtained from a tank operator's supplier to the tank owner responsible for payment of the underground storage tank fee. (§50159)**

*In addition to the Board-sponsored provisions, this bill clarifies the Board's authority to seize the cigarettes targeted last year by SB 2134. This provision authorizes the Board to seize cigarettes which are stamped, but are sold in defiance of the restriction on the selling of "for export only" cigarettes in California. This change allows the Board to enforce the current restriction on "for export only" cigarettes in a manner consistent with the seizure provisions on all other illegally distributed cigarettes in California. This provision was sponsored by the California Distributors Association.*

*Sponsor: California Distributors Association*

***Law Prior to Amendments (cigarette seizure provision):***

Under current law, Section 30436 authorizes the Board to seize cigarettes not contained in packages to which the California cigarette tax stamp is affixed or tobacco products upon which the surtax has not been paid, if the seller is not authorized to sell such unstamped cigarettes or ex-tax tobacco products. Upon seizure, those items become the property of the state.

Current Section 30163 of the Cigarette and Tobacco Products Tax Law prohibits the affixing of any stamp or meter impression to any package of cigarettes unless that package complies with all requirements of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. Sections 1331-1341) for the placement of labels, warnings, or any other information upon a package of cigarettes that is to be sold within the United States. This section requires the Board to revoke the license of any distributor who affixes a stamp or meter impression upon these "export only" cigarettes.

***Background:***

The current restriction on the distribution of "for export only" cigarettes was amended into Section 30163 last year by Senate Bill 2134 (Ch. 292) and sponsored by the California Distributors Association. The sponsor's asserted that these "for export only" cigarettes, which are marketed by American cigarette manufacturers for foreign markets, were smuggled back into California and have become associated with export fraud, smuggling, and organized crime. Their bill was intended to deter the increasing volume of contraband cigarettes sold in California.

**Senate Bill 1302 (Committee on Revenue and Taxation) Chapter 865**  
*Qualified distributors' conversion of tax paid fuel to ex-tax fuel*

*Effective January 1, 2000. Amends Sections 6203, 6452, 6454, 6479.3, 6480.1, 6480.6, 6480.16, 6592, 7273, 7354, and 8101 of, and adds Sections 6479.31, 8106.7, and 8127.6 to, the Revenue and Taxation Code.*

**Among its provisions, allows qualified distributors to convert taxpaid gasoline gallons purchased from nonqualified distributors to ex-tax gallons. This bill provides a qualified distributor either of two options: 1) obtain a refund of the excise and prepaid sales tax on purchases from a nonqualified distributor; or, 2) claim a tax credit on their tax returns for the tax paid to a nonqualified distributor.**

*Sponsor: Western States Petroleum Association*

***Law Prior to Amendment:***

Under existing law, an excise tax of \$0.18 per gallon is imposed on the distribution (sale) of motor vehicle fuel (gasoline) in this state. Certain "qualified" distributors are authorized by the Board to sell and trade gasoline among themselves without incurring an excise tax liability provided they meet the security deposit requirements contained in Section 7401. Upon distribution to an unqualified distributor, the excise tax is due and payable to the Board. Any distributor that redistributes taxpaid gasoline is allowed to claim an offsetting credit for taxes paid to the previous distributor.

Under existing law, Section 6480.1 of the Sales and Use Tax Law requires the prepayment of the sales tax on the first distribution of gasoline in this state. Qualified distributors are also allowed to sell gallons among themselves without incurring the prepaid sales tax liability. Otherwise, the prepaid sales tax is collected and paid by each distributor and wholesaler (with offsetting credits allowed for amounts paid to the previous distributor or wholesaler) until claimed as a final credit by the retailer of the gasoline as an offset to the sales tax due on the retail selling price at the pump. The prepaid sales tax rate for April 1, 1999 through March 31, 2000 is \$0.07 per gallon.

***Background:***

When all the distributors in the chain of distribution are qualified, the fuel is bought and sold tax-free and the tax collection system operates smoothly. Occasionally, however, a nonqualified distributor will sell gasoline to a qualified distributor and

pass on both the excise and prepaid sales taxes. The gasoline purchased from the nonqualified distributor becomes taxpaid gallons to the qualified distributor and the gasoline remains taxpaid on each subsequent sale to another distributor.

In recent years errors have occurred when qualified distributors have sold or traded gallons among themselves believing the transfer to be extax, when in fact they were taxpaid transactions due to the involvement of a nonqualified distributor in the chain. The distributors take incorrect deductions or credits on their returns because of the taxpaid gallons. In some cases, the qualified distributor has been unable to receive a credit or refund for taxes paid on fuel because the qualified distributor failed to claim a credit or file a claim for refund in a timely manner.

*Comments:*

This bill is intended to simplify the administration of the gasoline tax collection system by allowing qualified distributors to treat all gasoline they purchase as tax-free. The Board does not anticipate any reporting or compliance problems from this change.

## TABLE OF SECTIONS AFFECTED

| SECTION                                   | BILL AND CHAPTER<br>NUMBER |         |         | SUBJECT                                       |
|---|----------------------------|---------|---------|---|
| <b>Revenue and<br/>Taxation Code</b>      |                            |         |         |   |
| <i>Motor Vehicle Fuel License Tax Law</i> |                            |         |         |   |
| §7354                                     | Amend                      | SB 1302 | Ch. 865 | Tax on one distribution only                  |
| §7658.1                                   | Add                        | AB 1638 | Ch. 929 | Relief of interest                            |
| §8101                                     | Amend                      | SB 1302 | Ch. 865 | Refund on certain sales                       |
| §8106.7                                   | Add                        | SB 1302 | Ch. 865 | Credit in lieu of refund                      |
| §8127.6                                   | Add                        | SB 1302 | Ch. 865 | Tax between qualified distributors            |
| §8174                                     | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                 |
| §8262                                     | Amend                      | AB 1638 | Ch. 929 | Education and information program             |
| §8269                                     | Amend                      | AB 1638 | Ch. 929 | Reimbursement of taxpayer                     |
| <i>Use Fuel Tax Law</i>                   |                            |         |         |   |
| §8877                                     | Amend                      | SB 1231 | Ch. 941 | Reasonable cause for delay; relief            |
| §8878.5                                   | Add                        | AB 1638 | Ch. 929 | Relief of interest                            |
| §9033                                     | Add                        | AB 1638 | Ch. 929 | Installment payment agreements                |
| §9184                                     | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                 |
| §9262                                     | Amend                      | AB 1638 | Ch. 929 | Education and information program             |
| §9269                                     | Amend                      | AB 1638 | Ch. 929 | Reimbursement to taxpayer                     |
| §9272.1                                   | Add                        | AB 1638 | Ch. 929 | Return of property                            |
| §9275                                     | Amend                      | AB 1638 | Ch. 929 | Preliminary notice to taxpayers prior to lien |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTION                                       | BILL AND CHAPTER<br>NUMBER |         |         | SUBJECT   |
|---|----------------------------|---------|---------|---|
| <b>Revenue and<br/>Taxation Code</b>          |                            |         |         |   |
| <i>Insurance Tax Law</i>                      |                            |         |         |   |
| §12209  | Add &<br>Repeal            | AB 145  | Ch. 821 | Community development financial<br>institution tax credit |
| <i>Cigarette and Tobacco Products Tax Law</i> |                            |         |         |   |
| §30103.5                                      | Amend                      | SB 1231 | Ch. 941 | Sale or transfer to law enforcement                       |
| §30163  | Amend                      | SB 702  | Ch. 935 | Affixed to packages                                       |
| §30188  | Amend                      | SB 1231 | Ch. 941 | Report by wholesaler                                      |
| §30283.5                                      | Add                        | AB 1638 | Ch. 929 | Relief of interest  |
| §30354  | Add                        | AB 1638 | Ch. 929 | Installment payment agreements                            |
| §30384  | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                             |
| §30436  | Amend                      | SB 702  | Ch. 935 | Property forfeited  |
| §30458.2                                      | Amend                      | AB 1638 | Ch. 929 | Education and information program                         |
| §30458.9                                      | Amend                      | AB 1638 | Ch. 929 | Reimbursement of taxpayer                                 |
| §30459.2A                                     | Add                        | AB 1638 | Ch. 929 | Return of property  |
| §30459.5                                      | Amend                      | AB 1638 | Ch. 929 | Mailing of preliminary notice of lien                     |
| <i>Alcoholic Beverage Tax Law</i>             |                            |         |         |   |
| §32256.5                                      | Add                        | AB 1638 | Ch. 929 | Relief of interest  |
| §32389  | Add                        | AB 1638 | Ch. 929 | Installment payment agreements                            |
| §32432  | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                             |
| §32462  | Amend                      | AB 1638 | Ch. 929 | Education and information program                         |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTION  | BILL AND CHAPTER<br>NUMBER |         | SUBJECT                                      |
|--|----------------------------|---------|--|
| <b>Revenue and<br/>Taxation Code</b>           |                            |         |  |
| §32469 Amend                                   | AB 1638                    | Ch. 929 | Reimbursement to taxpayer                    |
| §32472.1 Add                                   | AB 1638                    | Ch. 929 | Return of property                           |
| §32475 Amend                                   | AB 1638                    | Ch. 929 | Preliminary notice to taxpayer prior to lien |
| <i>Energy Resources Surcharge Law</i>          |                            |         |  |
| §40103.5 Add                                   | AB 1638                    | Ch. 929 | Relief of interest                           |
| §40167 Add                                     | AB 1638                    | Ch. 929 | Installment payment agreements               |
| §40202 Amend                                   | AB 1638                    | Ch. 929 | Education and information program            |
| §40209 Amend                                   | AB 1638                    | Ch. 929 | Reimbursement to taxpayer                    |
| §40212.5 Add                                   | AB 1638                    | Ch. 929 | Return of property                           |
| §40215 Amend                                   | AB 1638                    | Ch. 929 | Preliminary notice to taxpayer prior to lien |
| <i>Emergency Telephone Users Surcharge Law</i> |                            |         |  |
| §41097.5 Add                                   | AB 1638                    | Ch. 929 | Relief of interest                           |
| §41127.6 Add                                   | AB 1638                    | Ch. 929 | Installment payment agreements               |
| §41162 Amend                                   | AB 1638                    | Ch. 929 | Education and information program            |
| §41169 Amend                                   | AB 1638                    | Ch. 929 | Reimbursement to taxpayer                    |
| §41172.5 Add                                   | AB 1638                    | Ch. 929 | Return of property                           |
| §41175 Amend                                   | AB 1638                    | Ch. 929 | Preliminary notice to taxpayer prior to lien |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTION                                    | BILL AND CHAPTER<br>NUMBER |         |         | SUBJECT                                      |
|--|----------------------------|---------|---------|--|
| <b>Revenue and<br/>Taxation Code</b>       |                            |         |         |  |
| <i>Hazardous Substances Tax Law</i>        |                            |         |         |  |
| §43010.1                                   | Amend                      | SB 1231 | Ch. 941 | "Department" for Section 43056               |
| §43011.1                                   | Amend                      | SB 1231 | Ch. 941 | "Director" for Section 43056                 |
| §43158.5                                   | Add                        | AB 1638 | Ch. 929 | Relief of interest                           |
| §43448                                     | Add                        | AB 1638 | Ch. 929 | Installment payment agreements               |
| §43484                                     | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                |
| §43513                                     | Amend                      | AB 1638 | Ch. 929 | Education and information program            |
| §43520                                     | Amend                      | AB 1638 | Ch. 929 | Reimbursement to taxpayer                    |
| §43523.5                                   | Add                        | AB 1638 | Ch. 929 | Return of property                           |
| §43526                                     | Amend                      | AB 1638 | Ch. 929 | Preliminary notice to taxpayer prior to lien |
| <i>Integrated Waste Management Fee Law</i> |                            |         |         |  |
| §45156.5                                   | Add                        | AB 1638 | Ch. 929 | Relief of interest                           |
| §45609                                     | Add                        | AB 1638 | Ch. 929 | Installment payment agreements               |
| §45752                                     | Add                        | AB 1638 | Ch. 929 | Interest on erroneous refunds                |
| §45858                                     | Amend                      | AB 1638 | Ch. 929 | Education and information program            |
| §45865                                     | Amend                      | AB 1638 | Ch. 929 | Reimbursement to taxpayer                    |
| §45868.5                                   | Add                        | AB 1638 | Ch. 929 | Return of property                           |
| §45871                                     | Amend                      | AB 1638 | Ch. 929 | Preliminary notice to taxpayer prior to lien |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTIONS   | BILL AND CHAPTER<br>NUMBER |                 | SUBJECT                                      |
|--|----------------------------|-----------------|--|
| <b>Revenue and<br/>Taxation Code</b>                               |                            |                 |  |
| <i>Oil Spill Response, Prevention, and Administration Fees Law</i> |                            |                 |  |
| §46157.5   | Add                        | AB 1638 Ch. 929 | Relief of interest                           |
| §46464   | Add                        | AB 1638 Ch. 929 | Installment payment agreements               |
| §46544   | Add                        | AB 1638 Ch. 929 | Interest on erroneous refunds                |
| §46613   | Amend                      | AB 1638 Ch. 929 | Education and information program            |
| §46620   | Amend                      | AB 1638 Ch. 929 | Reimbursement to taxpayer                    |
| §46623.5   | Add                        | AB 1638 Ch. 929 | Return of property                           |
| §46626   | Amend                      | AB 1638 Ch. 929 | Preliminary notice to taxpayer prior to lien |
| <i>Underground Storage Tank Maintenance Fee Law</i>                |                            |                 |  |
| §50112.2   | Amend                      | AB 1638 Ch. 929 | Reasonable cause for delay; penalty relief   |
| §50112.4   | Add                        | AB 1638 Ch. 929 | Relief of interest                           |
| §50138.6   | Add                        | AB 1638 Ch. 929 | Installment payment agreements               |
| §50150.5   | Add                        | AB 1638 Ch. 929 | Interest on erroneous refunds                |
| §50156.2   | Amend                      | AB 1638 Ch. 929 | Education and information program            |
| §50156.9   | Amend                      | AB 1638 Ch. 929 | Reimbursement to taxpayers                   |
| §50156.15  | Amend                      | AB 1638 Ch. 929 | Preliminary notice to taxpayer prior to lien |
| §50156.17  | Add                        | AB 1638 Ch. 929 | Return of property                           |
| §50159   | Amend                      | SB 1231 Ch. 941 | Disclosure of information                    |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTIONS                             | BILL AND CHAPTER<br>NUMBER |         | SUBJECT  |
|--------------------------------------|----------------------------|---------|--|
| <b>Revenue and<br/>Taxation Code</b> |                            |         |  |
| <i>Fee Collection Procedures Law</i> |                            |         |  |
| §55046    Add                        | AB 1638                    | Ch. 929 | Relief of interest                                     |
| §55209    Add                        | AB 1638                    | Ch. 929 | Installment payment agreements                         |
| §55262    Add                        | AB 1638                    | Ch. 929 | Interest on erroneous refunds                          |
| §55323    Amend                      | AB 1638                    | Ch. 929 | Education and information program                      |
| §55330    Amend                      | AB 1638                    | Ch. 929 | Reimbursement to taxpayer                              |
| §55333.5   Add                       | AB 1638                    | Ch. 929 | Return of property                                     |
| §55336    Amend                      | AB 1638                    | Ch. 929 | Preliminary notice to taxpayers prior to<br>lien       |
| <i>Diesel Fuel Tax Law</i>           |                            |         |  |
| §60212    Add                        | AB 1638                    | Ch. 929 | Relief of interest                                     |
| §60493    Add                        | AB 1638                    | Ch. 929 | Installment payment agreements                         |
| §60564    Add                        | AB 1638                    | Ch. 929 | Interest on erroneous refunds                          |
| §60623    Amend                      | AB 1638                    | Ch. 929 | Education and information program                      |
| §60630    Amend                      | AB 1638                    | Ch. 929 | Reimbursement of fees and expenses                     |
| §60632.1   Add                       | AB 1638                    | Ch. 929 | Return of property                                     |
| §60633.1   Add                       | AB 1638                    | Ch. 929 | Claim for reimbursement of bank<br>charges by taxpayer |
| §60633.2   Add                       | AB 1638                    | Ch. 929 | Preliminary notice to taxpayer prior to<br>lien        |

**TABLE OF SECTIONS AFFECTED (CONTINUED)**

| SECTIONS                            | BILL AND CHAPTER<br>NUMBER | SUBJECT  |
|-------------------------------------|----------------------------|--|
| <b>Government Code</b>              |                            |  |
| §15399.10 Amend                     | SB 989 Ch. 812             | Definitions  |
| §15399.11 Amend                     | SB 989 Ch. 812             | Loan program   |
| §15399.14 Amend                     | SB 989 Ch. 812             | Loan limitations   |
| §15399.15 Add                       | SB 989 Ch. 812             | Grant applicants   |
| §15399.15.1 Add                     | SB 989 Ch. 812             | Information required on application  |
| §15399.15.2 Add                     | SB 989 Ch. 812             | Amount of grants   |
| §15399.17 Amend                     | SB 989 Ch. 812             | Creation of the Petroleum<br>Underground Storage Tank Financing<br>Account |
| §15399.19 Amend                     | SB 989 Ch. 812             | Transfer of moneys   |
| §15620.5 Add                        | AB 1638 Ch. 929            | Postal delay date  |
| §65964 Add<br>Repeal                | SB 989 Ch. 812             | Phase 3 reformulated gasoline  |
| <b>Health &amp; Safety<br/>Code</b> |                            |  |
| §25160 Amend                        | SB 606 Ch. 745             | "Manifest"; reporting requirements   |
| §25165 Amend                        | SB 606 Ch. 745             | Transporter's application  |
| §25175 Amend                        | SB 606 Ch. 745             | List of hazardous wastes feasibility<br>study                              |
| §25205.9 Amend                      | SB 1231 Ch. 941            | Determining surplus for refunds  |
| §25250.8 Amend                      | SB 606 Ch. 745             | Manifesting of used oil  |
| §25250.26 Add                       | SB 606 Ch. 745             | Transporter of used oil for recycling                                      |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTIONS                   | BILL AND CHAPTER<br>NUMBER |         | SUBJECT  |
|----------------------------|----------------------------|---------|--|
| Health and Safety<br>Code  |                            |         |  |
| §25284.1 Add               | SB 989                     | Ch. 812 | Action on unauthorized releases                          |
| §25288 Amend               | SB 989                     | Ch. 812 | Inspection of tank systems                               |
| §25292.4 Add               | SB 989                     | Ch. 812 | Enhanced leak detection                                  |
| §25299 Amend               | SB 989                     | Ch. 812 | Violations; civil and criminal penalties                 |
| §25299.18 Add              | SB 989                     | Ch. 812 | "MTBE"   |
| §25299.37.1 Amend          | SB 989                     | Ch. 812 | MTBE testing required for closure<br>letter              |
| §25299.38.1 Add            | SB 989                     | Ch. 812 | MTBE cleanup guidelines                                  |
| §25299.51 Amend            | SB 989                     | Ch. 812 | Expenditure of revenue                                   |
| §25299.52 Amend            | SB 989                     | Ch. 812 | Corrective action; priority ranking list                 |
| §25299.57 Amend            | SB 989                     | Ch. 812 | Corrective action; reimbursement of<br>costs             |
| §25299.59 Amend            | SB 989                     | Ch. 812 | Corrective action; procedures; remedy                    |
| §25299.81 Amend            | SB 989                     | Ch. 812 | Sunset provision   |
| §25299.94 Amend            | SB 989                     | Ch. 812 | Board payment of joint claims                            |
| §25299.99.2 Amend          | SB 989                     | Ch. 812 | Effective date   |
| §25299.99.3 Add            | SB 989                     | Ch. 812 | Transfer to treatment fund                               |
| §43013.1 Add               | SB 989                     | Ch. 812 | Timetable for removal of MTBE                            |
| §43013.3 Add               | SB 989                     | Ch. 812 | Prohibition of MTBE in Bay Area                          |
| §43830.8 Add<br><br>Repeal | SB 989                     | Ch. 812 | Restriction on adoption of regulations<br>by state board |

## TABLE OF SECTIONS AFFECTED (CONTINUED)

| SECTIONS   | BILL AND CHAPTER<br>NUMBER |         | SUBJECT  |
|--|----------------------------|---------|--|
| <b>Health and Safety<br/>Code</b>  |                            |         |  |
| Article 3 Add<br>(commencing with<br>Section 10455) to<br>Chapter 1 of Part 3<br>of Division 103 | SB 822                     | Ch. 780 | Master Settlement Agreement                                  |
| <b>Labor Code</b>  |                            |         |  |
| §106 Amend   | SB 319                     | Ch. 306 | Joint Enforcement Strike Force on the<br>Underground Economy |
| <b>Public Resources<br/>Code</b>   |                            |         |  |
| §21178 Add<br><br>Repeal   | SB 989                     | Ch. 812 | Lead agency impact report                                    |
| §25310.5 Add   | SB 989                     | Ch. 812 | Report on phaseout of MTBE                                   |
| §40183 Amend   | SB 515                     | Ch. 600 | "Rural city"   |
| §40184 Amend   | SB 515                     | Ch. 600 | "Rural county"   |
| §40973 Amend   | SB 515                     | Ch. 600 | Regional agency responsibilities                             |
| §42886 Amend   | SB 1231                    | Ch. 941 | Payment due date; penalty                                    |
| §42886.1 Add   | SB 1231                    | Ch. 941 | Annual returns   |
| §41730 Amend   | SB 515                     | Ch. 600 | City nondisposal facility element                            |
| §41731 Amend   | SB 515                     | Ch. 600 | County nondisposal facility element                          |
| §48007 Amend<br><br>Repeal<br><br>Add  | SB 515                     | Ch. 600 | Recycled material and inert waste                            |

**TABLE OF SECTIONS AFFECTED (CONTINUED)**

| <b>SECTIONS</b>  | <b>BILL AND CHAPTER<br/>NUMBER</b> |                | <b>SUBJECT</b>   |
|--|------------------------------------|----------------|--|
| <b>Public Resources<br/>Code</b>                               |                                    |                |  |
| <b>Division 36 Add<br/>(commencing<br/>with Section 71200)</b> | <b>AB 703</b>                      | <b>Ch. 849</b> | <b>Ballast Water Management for Control<br/>of Nonindigenous Species</b> |
| <b>Unemployment<br/>Code</b>                                   |                                    |                |  |
| <b>§329 Amend</b>  | <b>SB 319</b>                      | <b>Ch. 306</b> | <b>Joint Enforcement Strike Force on the<br/>Underground Economy</b>     |
| <b>Water Code</b>  |                                    |                |  |
| <b>§13752</b>  | <b>SB 989</b>                      | <b>Ch. 812</b> | <b>Confidentiality of reports</b>  |