



*California State Board of Equalization,  
Legislative and Research Division*

# LEGISLATIVE BULLETIN

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State Capitol Building (from the East) c.1945  
Photo courtesy of California State Archives

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## SPECIAL TAXES AND FEES LEGISLATION 2007

**SPECIAL TAXES LEGISLATION**  
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**Assembly Bill 1748 (Committee on Revenue and Taxation) Chapter 342**  
***Board-Sponsored Measure***

*Amends Sections 7659.7, 9304, 30182, 30187, 41030, 41031, 41032, and 60653 of, and adds Sections 7657.5, 8880, 30285, 32258, 38454.5, 40105, 41099, 43159.1, 43159.2, 45158, 46159, 50112.6, 55045.1, and 60210.5 to, the Revenue and Taxation Code.*

**BILL SUMMARY**

This bill contains **Board of Equalization-sponsored provisions** that accomplish, specifically with respect to Special Taxes, the following:

- Amends Section 7659.7 of the Motor Vehicle Fuel Tax Law to provide appeals rights to taxpayers who have been assessed a 10 percent penalty for failure to make a prepayment in accordance with the law and that failure is due to negligence or intentional disregard for the law.
- Adds Sections 7657.5 (Motor Vehicle Fuel Tax Law), 8880 (Use Fuel Tax Law), 30285 (Cigarette and Tobacco Products Tax Law), 32258 (Alcoholic Beverage Tax Law), 40105 (Energy Resources Surcharge Law), 41099 (Emergency Telephone Users Surcharge Law), 43159.1 and 43159.2 (Hazardous Substances Tax Law), 45158 (Integrated Waste Management Fee Law), 46159 (Oil Spill Response, Prevention, and Administration Fees Law), 50112.6 (Underground Storage Tank Maintenance Fee Law), 55045.1 (Fee Collection Procedures Law), and 60210.5 (Diesel Fuel Tax Law) to authorize the Board to provide relief of liability for an innocent spouse, if, in light of all the facts and circumstances, it is inequitable to hold that spouse liable for any unpaid tax, fee, or any deficiency (or any portion of either).
- Amends Section 9304 of the Use Fuel Tax Law and Section 60653 of the Diesel Fuel Tax Law to delete the word "License" to conform to the correct title of the "Motor Vehicle Fuel Tax Law."
- Amends Section 30182 of the Cigarette and Tobacco Products Tax Law to change the due date of the monthly report filed by cigarette distributors who pay on a twice-monthly basis to the same report due date as cigarette distributors paying on a monthly or weekly basis.
- Amends Section 30187 of the Cigarette and Tobacco Products Tax Law to change the return due date for consumers owing excise taxes on purchases from out-of-state cigarette sellers to be consistent with the due date of their use tax return.
- Amends Sections 41030, 41031, and 41032 of the Emergency Telephone Users Surcharge Law to change the effective date of the surcharge rate period from November 1 through October 31 to January 1 through December 31 (calendar year basis) in order to prevent quarterly and yearly filers from having to report split tax returns each time there is a rate change effective November 1.

**Appeals Rights for Prepayment Penalty**  
*Amends Section 7659.7 of the Revenue and Taxation Code*

**LAW PRIOR TO AMENDMENT**

Under the Motor Vehicle Fuel Tax Law, certain taxpayers whose monthly tax liabilities meet or exceed certain thresholds are required to make monthly prepayments of the tax liability. Under these laws, if a taxpayer fails to timely make the prepayment, or fails to make the full prepayment required, a six percent penalty applies to the amount not timely remitted. However, under Section 7659.7 of the Motor Vehicle Fuel Tax Law that penalty may be increased to 10 percent if a person's failure to make a prepayment in accordance with the law is due to negligence or intentional disregard of the law. This 10 percent penalty is assessed in cases where a taxpayer has repeatedly been late in making his or her prepayments or repeatedly failed to make the full prepayment, and has received a warning from the Board that a 10 percent negligence penalty would apply if the taxpayer continues to fail to make prepayments in accordance with the law. Unlike other penalties imposed in the law for late payments, the law does not provide a mechanism to provide relief of this negligence penalty when the Board finds that the person's failure to make a prepayment in accordance with the law is due to reasonable cause. Instead, the taxpayer must pay the penalty and file a claim for refund. If the claim for refund is denied, the taxpayer may then pursue his or her appeals rights.

**AMENDMENT**

This measure amends the law so that the negligence penalty imposed under Section 7659.7 is assessed as a deficiency determination and permits the taxpayer to petition for redetermination.

**COMMENT**

**Purpose.** These amendments would provide taxpayers with an opportunity to dispute the application of the discretionary negligence penalty through the filing of a petition for redetermination without having to pay the penalty and request a refund.

**Relief for Innocent Spouses**

*Amends Sections 7657.5, 8880, 30285, 32258, 40105, 41099, 43159.1, 43159.2, 45158, 46159, 50112.6, 55045.1, and 60210.5 of the Revenue and Taxation Code*

**LAW PRIOR TO AMENDMENT**

Under California's Sales and Use Tax Law, Section 6456 provides that under specified conditions, if a spouse establishes that he or she did not know of, and had no reason to know of, an understatement of a sales or use tax liability attributable to his or her spouse, and taking into account all facts and circumstances, it would be inequitable to hold that spouse liable for that tax liability, that spouse may be relieved of the liability attributable to the other spouse, without regard to community property laws.

Currently, there are no similar provisions for innocent spouse relief in any of the special tax and fee programs administered by the Board.

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**AMENDMENT**

This measure adds similar innocent spouse relief provisions under the following Board-administered special tax and fee programs:

Motor Vehicle Fuel Tax Law	Energy Resources Surcharge Law
Use Fuel Tax Law	Emergency Telephone Users Surcharge Law
Cigarette and Tobacco Products Tax Law	Hazardous Substances Tax Law
Alcoholic Beverage Tax Law	Integrated Waste Management Fee Law
Diesel Fuel Tax Law	Oil Spill Response, Prev. & Adm. Fees Law
Fee Collections Procedures Law	Underground Storage Tank Maint. Fee Law

**COMMENT**

**Purpose.** This measure would address those situations in which a spouse (including a registered domestic partner) is seeking relief from tax or fee liabilities associated with a jointly owned business. Frequently, a business that is required to be registered with the Board for sales and use tax purposes is also required to register with the Board for other tax and fee programs. While the Board may provide relief to a qualifying innocent spouse under the Sales and Use Tax Law, no such relief could be provided for the same innocent spouse held liable for amounts owed under the Board's other tax and fee programs. For example, a husband and wife jointly-owned wine growing business that operates a tasting room that sells wine and other taxable products must register with the Board for collection of the sales and use taxes and for payment of alcoholic beverage taxes. A qualifying innocent spouse in that business could be relieved of sales and use tax liability, but not for alcoholic beverage tax liability. Similar situations could arise with owners of a gas station responsible for remitting both sales and use taxes and underground storage tank fees to the Board.

The incidence of persons registered under the sales and use program and another Board-administered tax or fee program has increased due to the increase in the types of fees and taxes that are collected by the Board and to changes that have occurred in certain industries. Innocent spouses who own such businesses should be permitted to obtain equitable relief from special tax and fee liabilities, given the same circumstances as those under which they are permitted to obtain equitable relief from sales and use tax liabilities.

<b>Correction of Reference to Motor Vehicle Fuel Tax Law</b> <i>Amends Sections 9304 and 60653 of the Revenue and Taxation Code</i>
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**LAW PRIOR TO AMENDMENT**

Under the existing Use Fuel Tax Law and the Diesel Fuel Tax Law, the State Controller is required to transfer moneys from the Motor Vehicle Fuel Account to the Highway Users Tax Account at the same time the Controller transfers money to the Highway Users Tax Account of moneys received under the Motor Vehicle Fuel License Tax Law. Operative January 1, 2002, the Motor Vehicle Fuel License Tax Law was repealed and replaced by the Motor Vehicle Fuel Tax Law pursuant to AB 2114 (Ch. 1053, Stats. 2000). However, the reference to the name of the law was not changed in Sections 9304 and 60653.

**AMENDMENT**

This measure deletes the word “license” from the reference to the Motor Vehicle Fuel License Tax Law used in Sections 9304 and 60653 to correct the wording to refer to the Motor Vehicle Fuel Tax Law.

**COMMENT**

**Purpose.** These amendments would simply change the references to the “Motor Vehicle Fuel License Tax Law” that are contained in other provisions of law to the correct name – the Motor Vehicle Fuel Tax Law.

<b>Due Date Change for Cigarette Distributors</b> <i>Amends Section 30182 of the Revenue and Taxation Code</i>
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**LAW PRIOR TO AMENDMENT**

Under existing Cigarette and Tobacco Products Tax Law, a distributor may elect to pay on a monthly, twice-monthly or weekly basis for amounts owing for stamps and meter register settings purchased on a deferred basis. If a distributor elects a monthly basis, payment is required to be remitted on or before the 25th day of the month following the month in which the stamps and meter register settings were purchased. A distributor electing a weekly payment basis is required to remit payment on or before Wednesday following the week in which the stamps and meter register settings were approved and released. And a distributor electing a twice-monthly payment basis is required to remit payment based on the following schedule:

- The first monthly remittance is due on or before the 5th day of the month. The amount due is equal to either one-half of the total amount of those purchases of stamps and meter register settings made during the preceding month or the total amount of those purchases of stamps and meter register settings made between the first day and the 15th day of the preceding month, whichever is greater.
- The second monthly remittance is due on or before the 25th day of the month for the remainder of those purchases of stamps and meter register settings that were made in the preceding month.

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In regards to the accompanying report, a distributor that elects to make deferred payments on a monthly or weekly basis is required to file a report on or before the 25th day of each month respecting his or her distributions of cigarettes and purchases of stamps and meter register settings; however, a distributor that elects to make deferred payments on a twice-monthly basis is required to file a report on or before the 5th day of the month.

### AMENDMENT

This measure changes the due date of the monthly report filed by distributors on twice-monthly basis to the 25th day of the month to conform to the reporting due date of distributors on a monthly and weekly payment basis.

### BACKGROUND

In 2003, the Legislature approved and the Governor signed AB 1666 (Ch. 867, Cogdill) which authorizes a cigarette distributor to elect a twice-monthly deferred payment option for amounts owing for stamps and meter register settings purchased on a deferred basis. This election, which was to remain in effect until January 1, 2007, was extended indefinitely in 2006 pursuant to AB 2001 (Ch. 70, Cogdill). As originally incorporated into law, the first monthly remittance for a twice-monthly payment basis election is due on or before the 5th day of the month. To correspond to this due date, the due date for a distributor's report respecting his or her distributions of cigarettes and purchases of stamps and meter register settings is the same date as the due date for the first monthly remittance.

### COMMENT

**Purpose.** Delaying the report due date for a distributor electing a twice-monthly payment basis to be consistent with the report due date for a distributor electing a monthly or weekly payment basis is intended to provide a distributor more time to prepare the report, which could possibly eliminate reporting errors. Currently, distributors on a twice-monthly payment basis only have 5 days to prepare and submit their report. In addition, having the different due date for cigarette reports and tobacco returns may be confusing and burdensome for a distributor of both cigarettes and tobacco products.

Furthermore, reports received on the 5th day of the month by distributors electing a twice-monthly payment basis are manually processed by Board staff. Because of the limited number of distributors electing a twice-monthly payment basis, Board computers were not programmed to accept reports on or before the 5th day of the month. However, if more distributors elect the twice-monthly payment basis in the future, the Board would be forced to program computers to accept those reports. As such, the measure could result in a cost savings related to this computer programming (Board computers are already programmed to accept reports on or before the 25th day of the month for distributors electing a monthly or weekly payment basis).

And lastly, delaying the report due date for distributors electing a twice-monthly payment basis would not affect the Board's administration of the cigarette tax program.

**Consistent Due Dates**

*Amend Section 30187 of the Revenue and Taxation Code*

**LAW PRIOR TO AMENDMENT**

Under current law, Section 30101 of the Cigarette and Tobacco Products Tax Law imposes an excise tax of 6 mills (or 12 cents per package of 20) on each cigarette distributed. In addition, Sections 30123 and 30131.2 impose a surtax of 12 ½ mills (25 cents per package of 20) and 25 mills (50 cents per package of 20), respectively, on each cigarette distributed. The current total tax on cigarettes is 43 ½ mills per cigarette (87 cents per package of 20).

Sections 30123 and 30131.2 also impose a surcharge on tobacco products at a rate to be annually determined by the Board. The tobacco products tax rate is equivalent to the combined rate of tax on cigarettes. The surcharge rate for fiscal year 2006-07 is 46.76 percent.

Section 30187 requires every consumer or user subject to the excise tax resulting from the use or consumption of untaxed cigarettes or tobacco products in this state from whom the cigarette and/or tobacco products tax has not been collected to file with the Board, on or before the 25th day of the month following receipt of cigarettes or tobacco products, a report of the amount of cigarettes received by him or her in the preceding calendar month, submitting with the report the amount of tax due.

Under current Sales and Use Tax Law, sales and use tax is required to be remitted and reported to the Board quarterly on or before the last day of the month next succeeding each quarterly period. In order to facilitate the collection of taxes, the Board may require reporting periods other than a quarterly basis, such as monthly or yearly.

**AMENDMENT**

This measure makes the due date for the excise tax return consistent with the use tax return for consumers reporting under the Cigarette and Tobacco Product Internet Program.

**COMMENT**

**Purpose.** The Board recently implemented the Cigarette and Tobacco Product Internet Program to collect the California state excise taxes and use taxes from California consumers purchasing untaxed cigarettes and/or tobacco products from out-of-state Internet retailers, and/or by way of mail or telephone, for self-consumption in California.

Under the federal Jenkins Act, the Board receives information from out-of-state sellers who ship cigarettes to California customers. The seller is required to provide the buyer's name and address, and the brand and quantity of cigarettes sold or transferred. These records from out-of-state retailers show that purchasers received a shipment of cigarettes and/or tobacco products purchased through the Internet, phone, or mail, and, have not paid the state excise and use tax due.

As such, the Board registers these purchasers as cigarette and/or tobacco consumers and sends them returns to pay the state and local taxes owed. Every registered consumer receives two returns (a quarterly excise tax return and a use tax return) to report out-of-state purchases and pay the excise tax and the use tax due on the purchase. (The use tax is the equivalent rate of the sales tax but it is

owed by the purchaser instead of the retailer.) However, the due dates for the payment of tax and the two returns differ, which is confusing to the taxpayer and could result in late tax returns and payments upon which a 10 percent penalty and interest may be imposed.

This provision is intended to make the due dates of the taxes consistent, thereby eliminating confusion and increasing compliance in remitting the taxes timely.

**Emergency Telephone Rate Period Change**

*Amends Sections 41030, 41031, and 41032 of the Revenue and Taxation Code*

**LAW PRIOR TO AMENDMENT**

Currently, telephone service customers in California pay a surcharge that supports the state's 911 emergency telephone number system (911). Under current law, the surcharge rate is a set percent of a customer's monthly bill for telephone services for calls made within the state. The surcharge rate in any year may not exceed three-quarters of 1 percent or be less than one-half of 1 percent.

Under the existing Emergency Telephone Users Surcharge Law, the Department of General Services (DGS) is required to annually determine, on or before September 1, a surcharge rate that it estimates will produce sufficient revenue to fund the current fiscal year's 911 costs. The surcharge rate determined by the DGS applies for the period beginning November 1 of the current calendar year and ending October 31 of the next succeeding calendar year once the Board has fixed (approved) the determined rate. The Board is required to publish the new surcharge rate in its minutes by no later than September 15 each year.

Current law provides that every service supplier shall collect the surcharge from each service user at the time it collects its billings from the service user. A service supplier is defined as any person supplying intrastate telephone communication service to any service user in this state.

The surcharge rate is presently 0.50 percent of the amounts paid for intrastate telephone services in this state. It is paid to the Board and deposited in the State Treasury to the credit of the State Emergency Telephone Number Account in the General Fund. The revenues are used to reimburse government agencies and telephone companies for equipment and related costs associated with California's 911 emergency telephone number system.

**AMENDMENT**

This measure amends Sections 41030, 41031, and 41032 of the Emergency Telephone Surcharge Law to change the effective date and time period for the imposition of a newly determined surcharge rate to be January 1 to December 31 of the next succeeding calendar year.

This measure also allows the DGS an additional 30 days to determine the annual surcharge rate and provide the Board an additional two months to publish and notify taxpayers of the new surcharge rate.

**COMMENTS**

**Purpose.** This measure would prevent the additional burden imposed upon service suppliers of preparing and filing an extra return when a new rate is determined which could reduce the number of errors resulting from taxpayers filing split returns.

The surcharges imposed and the amounts required to be collected by service suppliers are due monthly unless the Board requires returns and payment of the amount of surcharges for a calendar quarter or calendar year period to ensure payment or to facilitate the collection by the state of the amount of taxes. As such, service suppliers that are required to file quarterly or annual returns have to file an extra (split) return whenever the rate changes effective November 1. For example, a service supplier required to file quarterly returns would file a return for the period of October 1 to October 31 reflecting the old surcharge rate and a second return for the period of November 1 to December 31 reflecting the new surcharge rate. This results in extra work for service suppliers and the possibility of increased errors when filing split returns.

Existing law also provides the Board a very short time to update and publish the new surcharge rate in its minutes (approximately 15 days). This could be problematic since the Board may not meet during the period from when the DGS determines the rate (on or before September 1) and the statutory mandated date the Board is required to publish the rate in its minutes (September 15). In 2006, the DGS had to determine and notify the Board of the new surcharge rate prior to the September 1 deadline so that the Board could fix and publish the new rate at its August 31 Board meeting. The Board wasn't scheduled to meet again until September 12 and 13, which could have been problematic for the Board to meet its September 15 deadline to publish the rate in its minutes if questions arose about the determined rate that required further research or any other any other surcharge-related issues needed resolution.

**Senate Bill 295 (Cogdill) Chapter 295**  
***“Untaxed Tobacco Products” – Cigarette and Tobacco Products Tax Law***

*Tax levy; effective October 5, 2007. Amends Section 30005.5 of the Revenue and Taxation Code.*

**BILL SUMMARY**

This bill revises the definition of “untaxed tobacco product” to include any tobacco product that was distributed in a manner that resulted in a tax liability, but that was returned to the distributor after the tax was paid and for which the distributor has claimed a deduction pursuant to the California Families and Children Act of 1998 (Proposition 10).

**Sponsor: California Distributors Association**

**LAW PRIOR TO AMENDMENT**

Under Cigarette and Tobacco Products Tax Law, Section 30005.5 defines "untaxed tobacco product" to mean either of the following:

- Any tobacco product that has not yet been distributed in a manner that results in a tobacco products tax liability.
- Any tobacco product that was distributed in a manner that resulted in a tobacco products tax liability, but that was returned to the distributor after the tax was paid and for which the distributor has claimed, among other things, a deduction pursuant to subdivision (c) of Section 30123.

Subdivision (c) of both Section 30123 (Proposition 99) and Section 30131.2 (Proposition 10) provide that the wholesale cost used to calculate the amount of tobacco products tax due does not include the wholesale cost of tobacco products if the tobacco products were returned by a customer during the same reporting period the tobacco products were distributed, and the distributor refunds the entire amount the customer paid for the tobacco products in either cash or credit.

**AMENDMENT**

This bill amends 30005.5 to revise the definition of “untaxed tobacco product” to include any tobacco product that was distributed in a manner that resulted in a tax liability, but that was returned to the distributor after the tax was paid and for which the distributor has claimed a deduction pursuant to subdivision (c) of Section 30131.2 (Proposition 10).

**IN GENERAL**

Proposition 99, passed on the November 1988 ballot, effective January 1, 1989, imposed a surtax of 25 cents per package of 20 cigarettes, and also created an equivalent tax on tobacco products. Proceeds from the taxes fund health education, disease research, hospital care, fire prevention, and environmental conservation.

Assembly Bill 478 (Ch. 660, Stats. 1993) and Assembly Bill 2055 (Ch. 661, Stats. 1993), effective January 1, 1994, added an excise tax of 2 cents per package of 20 cigarettes for breast cancer research and early detection services.

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Proposition 10, passed on the November 1998 ballot, effective January 1, 1999, imposed an additional surtax of 50 cents per package of 20 cigarettes. Further, the measure imposed an additional excise tax on the distribution of tobacco products equivalent to the additional cigarette tax, and imposed an equivalent compensating floor stock tax. The revenues from the additional tax are deposited into the California Children and Families Trust Fund and are used to: (1) fund early childhood development programs, and (2) offset any revenue losses to certain Proposition 99 Programs as a result of the additional tax imposed by Proposition 10.

### BACKGROUND

In 2001, SB 312 (Ch. 426, Alpert) clarified that a distributor may exclude the wholesale cost of tobacco products returned by a customer from the wholesale cost used to calculate the tax, or may claim a refund of the excise tax paid on the distribution of the tobacco products or take a credit on its return in lieu of a refund.

Among other things, that bill added the current provisions to subdivision (c) of Sections 30123 and 30131.2. The bill also amended Section 30005.5 to revise the definition of "untaxed tobacco product" to include any tobacco product that was distributed in a manner that resulted in a tax liability, but that was returned to the distributor after the tax was paid and for which the distributor has claimed a deduction pursuant to subdivision (c) of Section 30123 (which references Prop. 99), or refund or credit pursuant to Section 30176.2 or Section 30178.2. Unfortunately the reference to those identical provisions in subdivision (c) of Section 30131.2 (Prop. 10) was inadvertently overlooked. This bill corrects that omission.

### COMMENTS

1. **Purpose.** This bill is intended to make a non-substantive, technical correction to the Cigarette and Tobacco Products Tax Law.
2. **This measure simply corrects a reference error.** As such, the provisions of this bill are not problematic for the Board.

**Senate Bill 625 (Cogdill) Chapter 654**  
***Retailer Cigarette and Tobacco Products License Renewal***

*Effective January 1, 2008. Amends Section 22973 of the Business and Professions Code.*

**BILL SUMMARY**

This bill establishes a reinstatement fee upon retailers that engage in the sale of cigarettes or tobacco products in this state but fail to respond to repeated notices to renew their license at no cost.

**Sponsor: Board of Equalization**

**LAW PRIOR TO AMENDMENT**

Under existing law, the Cigarette and Tobacco Products Licensing Act of 2003 (Licensing Act) requires a retailer to have in place and maintain a license to engage in the sale of cigarettes or tobacco products. A retailer license is valid for a 12-month period and must be renewed annually.

In order to obtain a license, a retailer must file a license application accompanied by a one-time license fee of \$100 for each retail location. Although a retailer license must be renewed annually, the \$100 license fee per retail location is only paid once with the initial application.

**AMENDMENT**

This bill amends Section 22973 of the Business and Professions Code to impose a \$100 reinstatement fee upon a retailer if their license is reinstated after its expiration.

**BACKGROUND**

Currently, the Board has licensed approximately 38,000 retailers to engage in the sale of cigarettes and tobacco products in California. Since the inception of the Licensing Act, about 2,000 retailers have failed to renew their annual license, but they continue to engage in the sale of cigarettes and tobacco products.

**COMMENTS**

1. **Purpose.** This bill is intended to provide an incentive for licensees to timely renew their retailer license, thereby avoiding citations and costly fines. The reinstatement fee is also intended to partially offset the cost of staff resources necessary to renew, close-out, and reinstate retailer licensees, which would allow staff to pursue other compliance-related issues.
2. **Key amendments.** The March 27, 2007 amendments deleted the provisions that would have required retailers that engage in the sale of cigarettes or tobacco products in this state to pay an annual license fee of one hundred dollars (\$100) per retail location.

3. **What is the Board's process to notify retailers about license renewal?** The Board issues multiple license renewal notices to retailers.
- Approximately 90 days prior to the expiration date of a retailer license, the Board sends a renewal application to the retailer licensee.
  - If the retailer does not respond to the initial notice, a reminder notice and a renewal application are sent approximately 30 days prior to the license expiration date.
  - Once the retailer license expires, the retailer is sent a license close-out notice along with another renewal application.

Board staff will reinstate a closed out retailer license, subject to the provisions of the Licensing Act, upon receipt of the renewal application. Reinstatement, rather than requiring the retailer to obtain a new license, provides the continuity necessary for the Board to track the history of the licensee (i.e. violations and suspensions).

4. **Retailers operating with an expired license.** Cigarette or tobacco products retailers that have allowed their licenses to expire generally do not submit a renewal application until a distributor or wholesaler refuses to sell to them because they are unlicensed or until they have been cited for a violation of the Licensing Act by a Board inspector.
5. **Are retailers subject to penalties for continuing to sell cigarette or tobacco products with an expired license?** The Board follows up on closed-out retailer licenses by inspecting the expired retailer license locations to ensure that cigarettes or tobacco products are no longer being sold. If retailers with an expired license continue to sell cigarettes or tobacco products, they will be cited for unlicensed sales of such products, which for the first offense results in the issuance of a "Warning Notice" to the licensee. In addition, the retailer will be cited for failure to display a license which carries a five hundred dollar (\$500) fine.

**TABLE OF SECTIONS AFFECTED**

SECTION		BILL AND CHAPTER NUMBER		SUBJECT
<b>Revenue and Taxation Code</b>				
<b><i>Motor Vehicle Fuel Tax Law</i></b>				
§7657.5	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
§7659.7	Amend	AB 1748	Ch. 342	Prepayment Penalty: Appeals Rights
<b><i>Use Fuel Tax Law</i></b>				
§8880	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
§9304	Amend	AB 1748	Ch. 342	Correction of Reference to "Motor Vehicle Fuel Tax Law"
<b><i>Cigarette and Tobacco Products Tax Law</i></b>				
§30005.5	Amend	SB 295	Ch. 295	"Untaxed Tobacco Products" Definition: Add Reference to Proposition 10 Provision
§30182	Amend	AB 1748	Ch. 342	Monthly Report Due Date: Cigarette Distributors
§30187	Amend	AB 1748	Ch. 342	Consumer Due Date: Conform to Use Tax Due Date
§30285	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<b><i>Alcoholic Beverage Tax Law</i></b>				
§32258	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<b><i>Energy Resources Surcharge Law</i></b>				
§40105	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<b><i>Emergency Telephone Users Surcharge Law</i></b>				
§41030	Amend	AB 1748	Ch. 342	Surcharge Rate Period
§41031	Amend	AB 1748	Ch. 342	Surcharge Rate Period
§41032	Amend	AB 1748	Ch. 342	Surcharge Rate Period
§41099	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability

**TABLE OF SECTIONS AFFECTED (CONTINUED)**

SECTION		BILL AND CHAPTER NUMBER		SUBJECT
<b>Revenue and Taxation Code</b>				
<i><b>Hazardous Substances Tax Law</b></i>				
§43159.1	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
§43159.2	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<i><b>Integrated Waste Management Fee Law</b></i>				
§45158	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<i><b>Oil Spill Response, Prevention, and Administration Fees Law</b></i>				
§46159	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<i><b>Underground Storage Tank Maintenance Fee Law</b></i>				
§50112.6	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<i><b>Fee Collection Procedures Law</b></i>				
§55045.1	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
<i><b>Diesel Fuel Tax Law</b></i>				
§60210.5	Add	AB 1748	Ch. 342	Innocent Spouse: Relief of Liability
§60653	Amend	AB 1748	Ch. 342	Correction of Reference to "Motor Vehicle Fuel Tax Law"
<b>Business and Professions Code</b>				
<i><b>Cigarette and Tobacco Products Licensing Act of 2003</b></i>				
§22973	Amend	SB 625	Ch. 654	Retailer Licensing: Reinstatement Fee