

AMENDMENTS TO ASSEMBLY BILL NO. 1628  
AS AMENDED IN SENATE SEPTEMBER 6, 2023

## Amendment 1

In the title, in line 1, after “add” insert:

Sections 38567 and 38572 to, and to add

## Amendment 2

In the title, in line 2, strike out the second “of” and insert:

of,

## Amendment 3

In the title, in line 2, after “Code,” insert:

to amend Sections 102331, 102332, 102333, 102350, and 102351 of, and to add Section 102336 to, the Public Utilities Code, and to amend Sections 7360, 7362, 7363, and 7364 of, and to add Section 7374 to, the Revenue and Taxation Code,

## Amendment 4

In the title, strike out line 3 and insert:

public welfare, and making an appropriation therefor.

## Amendment 5

On page 5, between lines 9 and 10, insert:

SEC. 2. Section 38567 is added to the Health and Safety Code, to read:

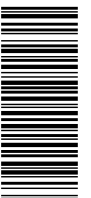
38567. (a) For purposes of this section, the following definitions apply:

(1) “End consumer” means a purchaser of motor vehicle fuel for the purpose of consumption, and not for resale.

(2) “Low Carbon Fuel Standard” means the Low Carbon Fuel Standard regulations (Subarticle 7 (commencing with Section 95480) of Title 17 of the California Code of Regulations).

(b) The Low Carbon Fuel Standard is suspended for the period beginning on the effective date of this section and ending on the date one year after the effective date of this section.

(c) (1) All savings realized on the purchase of transportation fuel by any party other than an end consumer, due to the suspension of the Low Carbon Fuel Standard pursuant to this section, shall be passed on to the end consumer.



(2) Any violation of this subdivision shall constitute an unfair business practice punishable pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code.

(3) Notwithstanding any other law, a prospective plaintiff shall provide written notice of an alleged violation of this subdivision at least 60 days prior to bringing any enforcement action in order to give the defendant opportunity to remedy any deficiency.

(4) If a party receiving a notice pursuant to paragraph (3) responds in writing within 60 days, and the response offers an explanation for the deficiency and expresses an intent to remedy the deficiency, the opportunity to remedy a deficiency prior to initiating an enforcement action shall be extended an additional 30 days.

(5) Any remediation of a deficiency during the waiting period described in this subdivision shall be an affirmative defense against an enforcement action.

SEC. 3. Section 38572 is added to the Health and Safety Code, to read:

38572. (a) Beginning on the effective date of this section and ending on the date one year after the effective date of this section, the regulations adopted pursuant to Section 38562 for the use of market-based compliance mechanisms do not apply to suppliers of transportation fuels.

(b) (1) The Controller, no later than 60 days after the effective date of this section, shall transfer an amount equal to the amount collected by the state board from the auction or sale of allowances to the suppliers of transportation fuels pursuant to a market-based compliance mechanism in the 2021–22 fiscal year, adjusted for inflation, from the General Fund to the Greenhouse Gas Reduction Fund in accordance with Section 16428.8 of the Government Code.

(2) The transfer amount described in paragraph (1) is continuously appropriated in accordance with Section 39719.

(3) Notwithstanding paragraph (2), no portion of the amount transferred pursuant to this subdivision to the Greenhouse Gas Reduction Fund shall be appropriated to the High-Speed Rail Authority pursuant to paragraph (2) of subdivision (b) of Section 39719.

(c) (1) All savings realized on the purchase of transportation fuel by any party other than an end consumer, due to the exemption of suppliers of transportation fuels from regulations adopted pursuant to Section 38562 for the use of market-based compliance mechanisms pursuant to this section, shall be passed on to the end consumer.

(2) Any violation of this subdivision shall constitute an unfair business practice punishable pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code.

(3) Notwithstanding any other law, a prospective plaintiff shall provide written notice of an alleged violation of this subdivision at least 60 days prior to bringing any enforcement action in order to give the defendant opportunity to remedy any deficiency.

(4) If a party receiving a notice pursuant to paragraph (3) responds in writing within 60 days, and the response offers an explanation for the deficiency and expresses an intent to remedy the deficiency, the opportunity to remedy a deficiency prior to initiating an enforcement action shall be extended an additional 30 days.

(5) Any remediation of a deficiency during the waiting period described in this subdivision shall be an affirmative defense against an enforcement action.

(d) For purposes of this section, “end consumer” means a purchaser of motor vehicle fuel for the purpose of consumption, and not for resale.

## Amendment 6

On page 5, in line 10, strike out "SEC. 2." and insert:

SEC. 4.

## Amendment 7

On page 6, below line 37, insert:

SEC. 5. Section 102331 of the Public Utilities Code is amended to read:

102331. (a) In addition to revenues and receipts from other sources, the board may levy and collect a property ~~tax~~. tax in the entirety of, or a portion of, the incorporated and unincorporated territory. The board may impose different rates of taxation in areas within the district. Authority exercised pursuant to this subdivision shall be subject to any applicable constitutional requirements.

(b) If the tax only applies to a portion of an area of the district, both of the following shall apply to the imposition of the tax:

(1) The incorporated area of each city and of contiguous cities within the district shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this paragraph, "contiguous cities" means two or more cities with shared borders.

(2) The entire unincorporated area of the district shall either be wholly included within that portion or wholly excluded from that portion.

(c) The proceeds of the property tax shall be used to provide, within the areas taxed, for the improvement or acquisition of any real property needed for transportation purposes.

(d) An election to impose a property tax as described in this section shall only include the voters of those portions of the area of the district in which the property tax will be imposed.

SEC. 6. Section 102332 of the Public Utilities Code is amended to read:

102332. The district shall not levy or collect a property tax within any city or ~~within all or any part of the unincorporated area of any county~~ the district until:

(a) The legislative body of the city or county adopts a resolution declaring there is need for the district to operate and levy a tax within the city or the unincorporated ~~area, or part thereof, of the county.~~ area of the district.

(b) Two-thirds of the voters of the city or the unincorporated area, ~~or part thereof,~~ following the adoption of the resolution under subdivision (a), voting on the question at an election called for that purpose, approves the operation of the district, and the levy of a property tax by the district, within the city or within the unincorporated ~~area, or part thereof, of the county.~~ area of the district.

SEC. 7. Section 102333 of the Public Utilities Code is amended to read:

102333. The district may conduct a single election in an area comprising the area of a city and the unincorporated area ~~of a county or more than one unincorporated area of a county or counties,~~ the district, or any combination of those areas, with the approval of the cities and ~~counties~~ the unincorporated area of the district concerned, in which event two-thirds of the voters voting at the election shall be sufficient to

approve the proposition submitted for the entire area included in the election. Where more than one election will be held, the approval of the voters in one election pertaining to an area may be conditioned upon the approval of voters in one or more other elections pertaining to other areas.

SEC. 8. Section 102336 is added to the Public Utilities Code, to read:

102336. (a) The district board may impose a special tax pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code, subject to any applicable constitutional requirements. The special taxes shall be applied uniformly to all taxpayers or all real property within the district, or any portion of the district, except that unimproved property may be taxed at a lower rate than improved property.

(b) If the tax only applies to a portion of an area of the district, both of the following shall apply to the imposition of the tax:

(1) The incorporated area of each city and of contiguous cities within the district shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this paragraph, "contiguous cities" means two or more cities with shared borders.

(2) The entire unincorporated area of the district shall either be wholly included within that portion or wholly excluded from that portion.

(c) The proceeds of the special tax shall be used to provide, within the area taxed, for the operation, maintenance, or acquisition of any public improvement or utility for transportation purposes.

(d) An election to impose a special tax as described in this section shall only include the voters of those portions of the area of the district in which the special tax will be imposed.

SEC. 9. Section 102350 of the Public Utilities Code is amended to read:

102350. (a) A retail transactions and use tax ordinance may be adopted by the board in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, provided two-thirds of the electors voting on the measure vote to authorize its enactment at a special election called for that purpose by the board, subject to any applicable constitutional requirements.

(b) The board, in the ordinance, shall state the nature of the tax to be imposed, the tax rate or the maximum tax rate, the purposes for which the revenue derived from the tax will be used, the portion of the area of the board to which the tax would apply, and may set a term during which the tax will be imposed. The purposes for which the tax revenues may be used shall be limited to public transit purposes serving the area of jurisdiction of the district, as determined by the board, including the administration of this part and legal actions related thereto. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right-of-way acquisition.

(c) As used in this section, "public transit purposes" includes the public transit responsibilities under the jurisdiction of the district as well as any repair, redesign, or ongoing maintenance of a right-of-way upon which transit is intended to travel, or any bikeway, bicycle path, sidewalk, trail, pedestrian access, or pedestrian accessway.

SEC. 10. Section 102351 of the Public Utilities Code is amended to read:

102351. (a) The retail transactions and use tax ordinance shall provide for a rate of one-eighth of 1 percent or a multiple thereof. The ordinance shall provide for

the tax to be imposed on the entirety of, or a portion of, the incorporated and unincorporated territory within the boundaries of the district, as defined in Section 102052.5. The ordinance shall be subject to voter approval by the electors in those designated boundaries portions of the district to which the tax applies and shall be consistent with Section 102350.

(b) The portion of the area of the board to which the tax would apply shall be determined by the board before the electors vote on the measure.

(c) If the tax only applies to a portion of an area of the district, all of the following shall apply to the imposition of the tax:

(1) The incorporated area of each city and of contiguous cities within the district shall be either wholly included within that portion or wholly excluded from that portion. For purposes of this paragraph, "contiguous cities" means two or more cities with shared borders.

(2) The entire unincorporated area of the district shall either be wholly included within that portion or wholly excluded from that portion.

(3) The revenues derived from the tax shall be spent within, or for the benefit of, the portion of the area of the district to which the tax applies, and shall be spent only on allowable transportation and transit infrastructure and services.

(d) Any revenues derived from the tax shall supplement, and not supplant, other transportation revenues available to the portion of the area of the board to which the tax applies.

SEC. 11. Section 7360 of the Revenue and Taxation Code is amended to read:

7360. (a) (1) ~~A-Except as provided in Section 7374,~~ a tax of eighteen cents (\$0.18) is hereby imposed upon each gallon of fuel subject to the tax in Sections 7362, 7363, and 7364.

(2) If the federal fuel tax is reduced below the rate of nine cents (\$0.09) per gallon and federal financial allocations to this state for highway and exclusive public mass transit guideway purposes are reduced or eliminated correspondingly, the tax rate imposed by paragraph (1), on and after the date of the reduction, shall be recalculated by an amount so that the combined state rate under paragraph (1) and the federal tax rate per gallon equal twenty-seven cents (\$0.27).

(3) If any person or entity is exempt or partially exempt from the federal fuel tax at the time of a reduction, the person or entity shall continue to be so exempt under this section.

(b) (1) ~~On-Except as provided in Section 7374,~~ on and after July 1, 2010, in addition to the tax imposed by subdivision (a), a tax is hereby imposed upon each gallon of motor vehicle fuel, other than aviation gasoline, subject to the tax in Sections 7362, 7363, and 7364 in an amount equal to seventeen and three-tenths cents (\$0.173) per gallon.

(2) For the 2011–12 fiscal year and each fiscal year thereafter, the board shall, on or before March 1 of the fiscal year immediately preceding the applicable fiscal year, adjust the rate in paragraph (1) in that manner as to generate an amount of revenue that will equal the amount of revenue loss attributable to the exemption provided by Section 6357.7, based on estimates made by the board, and that rate shall be effective during the state's next fiscal year.

(3) In order to maintain revenue neutrality for each year, beginning with the rate adjustment on or before March 1, 2012, the adjustment under paragraph (2) shall also

take into account the extent to which the actual amount of revenues derived pursuant to this subdivision and, as applicable, Section 7361.1, the revenue loss attributable to the exemption provided by Section 6357.7 resulted in a net revenue gain or loss for the fiscal year ending prior to the rate adjustment date on or before March 1.

(4) The intent of paragraphs (2) and (3) is to ensure that the act adding this subdivision and Section 6357.7 does not produce a net revenue gain in state taxes.

(5) Commencing July 1, 2019, the adjustments in paragraphs (2) and (3) shall cease, and the rate imposed by this subdivision shall be the rate in paragraph (1).

(c) ~~On~~ Except as provided in Section 7374, on and after November 1, 2017, in addition to the taxes imposed by subdivisions (a) and (b), a tax is hereby imposed upon each gallon of motor vehicle fuel, other than aviation gasoline, subject to the tax in Sections 7362, 7363, and 7364, in an amount equal to twelve cents (\$0.12) per gallon.

(d) On July 1, 2020, and every July 1 thereafter, the board shall adjust the taxes imposed by subdivisions (a), (b), and (c), with the adjustment to apply to both to the base tax rates specified in those provisions and to any previous adjustment in rates made pursuant to this subdivision, by increasing the taxes by a percentage amount equal to the increase in the California Consumer Price Index, as calculated by the Department of Finance with the resulting taxes rounded to the nearest one-tenth of one cent (\$0.01). The first adjustment pursuant to this subdivision shall be a percentage amount equal to the increase in the California Consumer Price Index from November 1, 2017, to November 1, 2019. Subsequent annual adjustments shall cover subsequent 12 month periods. The incremental change shall be added to the associated rate for that year.

(e) Any increases to the taxes imposed under subdivisions (a), (b), and (c) that are enacted by legislation subsequent to July 1, 2017, shall be deemed to be changes to the base tax rates for purposes of the California Consumer Price Index calculation and adjustment performed pursuant to subdivision (d).

SEC. 12. Section 7362 of the Revenue and Taxation Code is amended to read:

7362. ~~The~~ Except as provided in Section 7374, the tax specified in Section 7360 is imposed on the removal of motor vehicle fuel in this state from a terminal if the motor vehicle fuel is removed at the rack.

SEC. 13. Section 7363 of the Revenue and Taxation Code is amended to read:

7363. ~~The~~ Except as provided in Section 7374, the tax specified in Section 7360 is also imposed on all of the following:

(a) The removal of motor vehicle fuel in this state from any refinery if either of the following applies:

(1) The removal is by bulk transfer and the refiner or the owner of the motor vehicle fuel immediately before the removal is not a licensed supplier.

(2) The removal is at the refinery rack.

(b) The entry of motor vehicle fuel into this state for sale, consumption, use, or warehousing if either of the following applies:

(1) The entry is by bulk transfer and the enterer is not a licensed supplier.

(2) The entry is not by bulk transfer.

(c) The removal or sale of motor vehicle fuel in this state to an unlicensed person unless there was a prior taxable removal, entry, or sale of the motor vehicle fuel.

(d) The removal or sale of blended motor vehicle fuel in this state by the blender thereof. The number of gallons of blended motor vehicle fuel subject to tax is the

difference between the total number of gallons of blended motor vehicle fuel removed or sold and the number of gallons of previously taxed motor vehicle fuel used to produce the blended motor vehicle fuel.

SEC. 14. Section 7364 of the Revenue and Taxation Code is amended to read:

7364. ~~The Except as provided in Section 7374, the tax~~ specified in Section 7360 is imposed as a backup tax as follows:

(a) On the delivery into the fuel tank of a motor vehicle fuel-powered highway vehicle of:

(1) Any motor vehicle fuel on which a claim for refund has been allowed; or

(2) Any liquid on which tax has not been imposed by this part, Part 3 (commencing with Section 8601), or Part 31 (commencing with Section 60001).

(b) On the sale of any motor vehicle fuel on which a claim for refund has been allowed.

(c) On the sale and delivery into the fuel tank of a motor vehicle fuel-powered highway vehicle of any liquid on which tax has not been imposed by this part, Part 3 (commencing with Section 8601), or Part 31 (commencing with Section 60001).

SEC. 15. Section 7374 is added to the Revenue and Taxation Code, to read:

7374. (a) The imposition of taxes under Sections 7360, 7362, 7363, and 7364 is suspended for the period beginning on the effective date of this section and ending on the date one year after the effective date of this section.

(b) (1) All savings realized on the purchase of motor vehicle fuel by any party other than an end consumer due to the suspension of taxes pursuant to this section shall be passed on to the end consumer.

(2) Any violation of this subdivision shall constitute an unfair business practice punishable pursuant to Chapter 5 (commencing with Section 17200) of Part 2 of Division 7 of the Business and Professions Code.

(3) Notwithstanding any other law, a prospective plaintiff shall provide written notice of an alleged violation of this subdivision at least 60 days prior to bringing any enforcement action in order to give the defendant opportunity to remedy any deficiency.

(4) If a party receiving a notice pursuant to paragraph (3) responds in writing within 60 days, and the response offers an explanation for the deficiency and expresses an intent to remedy the deficiency, the opportunity to remedy a deficiency prior to initiating an enforcement action shall be extended an additional 30 days.

(5) Any remediation of a deficiency during the waiting period described in this subdivision shall be an affirmative defense against an enforcement action.

(c) Upon any sale of motor vehicle fuel to which this section applies, the seller shall provide a receipt to the purchaser that clearly indicates the amount of motor vehicle fuel tax that would have applied to the sale if not for this section.

(d) For purposes of this section, "end consumer" means a purchaser of motor vehicle fuel for the purpose of consumption, and not for resale.

(e) The Controller, no later than 60 days after the effective date of this section, shall transfer an amount equal to the amount collected pursuant to Sections 7360, 7362, 7363, and 7364 in the 2021–22 fiscal year, adjusted for inflation, from the General Fund to the Motor Vehicle Fuel Account in the Transportation Tax Fund. This transfer amount is continuously appropriated in accordance with Section 8352.

PROPOSED AMENDMENTS TO ASSEMBLY BILL NO. 1628

AMENDED IN SENATE SEPTEMBER 6, 2023

AMENDED IN SENATE JULY 13, 2023

AMENDED IN SENATE JUNE 28, 2023

AMENDED IN ASSEMBLY MAY 25, 2023

AMENDED IN ASSEMBLY MARCH 22, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1628**

**Introduced by Assembly Member McKinnor  
(Coauthor: Assembly Member Bauer-Kahan)**

February 17, 2023

An act to add *Sections 38567 and 38572 to, and to add Chapter 11* (commencing with Section 119425) to Part 15 of Division 104 ~~of of~~, the Health and Safety Code, *to amend Sections 102331, 102332, 102333, 102350, and 102351 of, and to add Section 102336 to, the Public Utilities Code, and to amend Sections 7360, 7362, 7363, and 7364 of, and to add Section 7374 to, the Revenue and Taxation Code, relating to environmental health, public welfare, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1628, as amended, McKinnor. Microfiber ~~filtration~~. *filtration: Sacramento Regional Transit District: low-carbon fuel regulation: motor vehicle fuel tax.*

~~Existing~~



RN2321510

**Amendment 1  
Amendments 2 & 3**

**Amendment 4**



(1) *Existing law*, to protect public health and water quality, regulates a broad range of consumer products and processes, including water softeners, water treatment devices, and backflow prevention devices, among others.

This bill would require, on and after January 1, 2029, that all new washing machines sold or offered for sale in California for residential or state use contain a microfiber filtration system, as defined, with a mesh size not greater than 100 micrometers, and bear a label with a specified consumer notice, as provided. The bill would provide that a violation of these provisions is punishable by a specified civil penalty, upon an action brought by the Attorney General, a city attorney, a county counsel, or a district attorney. The bill would require the State Water Resources Control Board, by January 1, 2026, to prepare and submit a report to the Legislature that describes the best available control technologies to remove microfibers generated during commercial laundry operations, as provided. The bill would also include legislative findings and declarations.

(2) *The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act requires the state board to adopt rules and regulations to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions to ensure that the statewide greenhouse gas emissions are reduced to at least 40% below the statewide greenhouse gas emissions limit, as defined, no later than December 31, 2030. Pursuant to the act, the state board has adopted the Low Carbon Fuel Standard regulations.*

*The act authorizes the state board to include in its regulation of those emissions the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund.*

*This bill would suspend the Low Carbon Fuel Standard regulations for one year. The bill would also exempt suppliers of transportation fuels from regulations for the use of market-based compliance mechanisms for one year.*

*This bill would direct the Controller to transfer a specified amount from the General Fund to the Greenhouse Gas Reduction Fund. By*

*transferring General Fund moneys to a partially continuously appropriated fund, this bill would make an appropriation.*

*(3) Existing law, the Motor Vehicle Fuel Tax Law, imposes a tax upon each gallon of motor vehicle fuel removed from a refinery or terminal rack in this state, entered into this state, or sold in this state, at a specified rate per gallon.*

*This bill would suspend the imposition of the tax on motor vehicle fuel for one year. The bill would require a seller of motor vehicle fuel to provide a receipt to a purchaser that indicates the amount of tax that would have otherwise applied to the transaction.*

*This bill would also direct the Controller to transfer a specified amount from the General Fund to the Motor Vehicle Fuel Account in the Transportation Tax Fund. By transferring General Fund moneys to a continuously appropriated account, this bill would make an appropriation.*

*(4) Existing unfair competition laws establish a statutory cause of action for unfair competition, including any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising and acts prohibited by false advertisement laws.*

*This bill would require that all savings realized based on the suspension of the motor vehicle fuel tax, the suspension of the Low Carbon Fuel Standard regulations, and the exemption of suppliers of transportation fuels from regulations for use of market-based compliance mechanisms by a person other than an end consumer, as defined, be passed on to the end consumer, and would make the violation of this requirement an unfair business practice, in violation of unfair competition laws, as provided.*

*(5) Existing law, the Sacramento Regional Transit District Act, creates the Sacramento Regional Transit District, with specified powers and duties relative to providing transit services in the Sacramento region. Existing law authorizes the district to levy or collect a property tax within any city or the unincorporated area, or any part thereof, in the district, upon the approval by a  $\frac{2}{3}$  vote of the electorate, as provided. Existing law authorizes the board of directors of the district to adopt a retail transactions and use tax ordinance, subject to the approval of  $\frac{2}{3}$  of the electors at a special election.*

*This bill would revise and recast those provisions related to the imposition of property taxes and retail transactions and use taxes by the district, by, among other things, explicitly authorizing the district to impose a property tax or retail transactions and use tax in the entirety*

*of, or a portion of, the incorporated and unincorporated territory. If the tax only applies to a portion of an area of the district, the bill would require the incorporated area of each city and of contiguous cities within the district to be either wholly included within or wholly excluded from that portion that is taxed and would require the entire unincorporated area of the district to be either wholly included within or wholly excluded from that portion that is taxed.*

*(6) Existing law specifies a procedure for the legislative body of a city, county, or district to propose to the voters an ordinance or resolution to adopt a special tax and, upon the approval of  $\frac{2}{3}$  of the votes cast by voters voting upon the proposition, the city, county, or district may impose the tax.*

*This bill would authorize the district to impose a special tax pursuant to those procedures. The bill would authorize the district to impose the special tax in the entirety of, or a portion of, the incorporated and unincorporated territory. The bill would require the incorporated area of each city and of contiguous cities within the district to be either wholly included within or wholly excluded from that portion that is taxed and would require the entire unincorporated area of the district to be either wholly included within or wholly excluded from that portion that is taxed.*

*This bill would require the district, in exercising the property tax, special tax, and retail transactions and use tax authority described above, to use the tax proceeds for public transportation purposes, as provided, in those areas taxed. The bill would explicitly state that the elections to impose the property tax, special tax, and retail transactions and use tax shall only include the voters of those areas of the district in which the taxes will be imposed.*

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

*The people of the State of California do enact as follows:*

Page 2      1      SECTION 1. The Legislature finds and declares all of the  
2      following:  
3      (a) California is in the midst of a plastic pollution crisis with  
4      plastics of all sizes, from milk jugs to nylon fibers, increasingly  
5      accumulating in our natural environment. New scientific research  
6      estimates that under the current trajectory, plastic production will  
7      double by 2030. While all shapes and sizes of plastic pollution and

Page 2     8 waste are problematic, microplastics, which are small plastic pieces  
              9 that are less than five millimeters in size, are a largely invisible  
              10 and particularly challenging form of plastic pollution to address.  
              11 Microplastics are highly mobile, distribute easily and widely, and  
              12 are nearly impossible to capture once released into the environment.  
              13 (b) Californians are exposed to microplastics through the air  
              14 we breathe, the water we drink, and the food we eat. Researchers  
              15 have estimated that Americans ingest tens of thousands of  
              16 microplastic particles per person each year through foods, including  
              17 fruits, vegetables, meats, table salt, honey, and beverages like beer  
              18 and water. Microplastics have been detected in human pulmonary  
              19 tissues, intestines, and even placentas. While the long-term health  
              20 impacts of human ingestion of microplastics are still an area of  
              21 active research, the ubiquity of microplastics in the environment  
              22 raises concerns about plastic ingestion.

Page 3     1 (c) Synthetic microfibers, shed or fragmented from polyester,  
              2 nylon, or rayon clothing and textiles, are one of the most abundant  
              3 and ubiquitous types of microplastic. With global production of  
              4 synthetic textiles expected to triple by 2050, microfiber pollution  
              5 in California is expected to continue to grow. Additionally, there  
              6 are approximately 11,000,000 residential and 600,000 commercial  
              7 washing machines operating in California. Without intervention,  
              8 it is estimated that annual microfiber emissions to California's  
              9 natural environments from machine washing of synthetic textiles  
              10 will continue to increase.

             11 (d) Microfibers may be the most prevalent type of microplastic  
              12 found in oceans. In a study conducted in San Francisco Bay,  
              13 microfiber concentrations in surface waters reached 580,000  
              14 particles per square kilometer compared to 520,000 particles per  
              15 square kilometer for all nonfiber particles combined, including  
              16 tire wear fragments, films, spheres, and foam pieces.

             17 (e) Microfibers, given their shape, may be the most readily  
              18 absorbable of the types of microplastics. In marine and freshwater  
              19 systems, synthetic fibers, relative to other forms of microplastics,  
              20 appear to have higher potential for entering the food chain because  
              21 their size and form allow them to be readily consumed by aquatic  
              22 animals and to be more prone to entanglement and gut retention.  
              23 Microfibers and other microplastics can also have negative impacts  
              24 on terrestrial ecosystems and soil health.

Page 3 25 (f) In addition, like all microplastics, microfibers can serve as  
26 a vector for the dyes, flame retardants, and waterproof chemicals  
27 associated with them, and also for additional harmful chemicals.  
28 With a high surface-to-volume ratio, microfibers in particular can  
29 absorb a wide range of toxins, and therefore serve as a vehicle for  
30 introducing additional waterborne toxins into the food chain.

31 (g) Wastewater treatment facilities are passive receivers of  
32 microfibers and do not create them. In California, a significant  
33 portion of synthetic microfibers are effectively removed by  
34 wastewater treatment plants and retained in sewage sludge, known  
35 as biosolids. Many of these microfibers, however, can then be  
36 released into the natural environment through the spreading of  
37 biosolids on agricultural lands, and to a lesser degree through the  
38 use of recycled wastewater on agricultural fields.

Page 4 39 (h) When impacted biosolids are applied to agricultural fields,  
40 microfibers can be incorporated and accumulate in the soil where  
1 they are nearly impossible to eliminate. Wastewater agencies seek  
2 to maximize use of biosolids for land application or for composting  
3 rather than disposing of them in landfills. Biosolids are a  
4 nutrient-rich material that sequesters carbon, saves water, and  
5 improves soil health. Microfibers have the potential to be released  
6 into the natural environment when biosolids are used on  
7 agricultural lands. The best way to protect biosolids quality is to  
8 keep microfibers from entering wastewater in the first place.

9 (i) Preventing microfibers from entering wastewater and  
10 biosolids will help avoid harm to rural communities from  
11 microfibers.

12 (j) California has proven to be a national leader on controlling  
13 plastic pollution. Among other important actions, the state has  
14 passed a ban on microbeads in wash-off products like face scrubs  
15 and toothpaste, and on the distribution of single-use plastic bags,  
16 as well as comprehensive extended producer responsibility and  
17 source reduction legislation. In addition, as part of ensuring safe  
18 drinking water for all Californians, the State Water Resources  
19 Control Board is creating the first standardized methods for testing  
20 microplastics in drinking water, and leveraging the latest research  
21 to better monitor and identify the sources of microplastics in  
22 drinking water. The Ocean Protection Council has also prioritized  
23 the need to address microfiber pollution through requiring use of

Page 4 24 filters in washing machines in their Statewide Microplastics  
 25 Strategy.  
 26 (k) Research suggests microfiber capture filters added to clothes  
 27 washers can dramatically reduce the number of microfibers that  
 28 enter wastewater treatment plants and surface waters. A study  
 29 suggested that full adoption of filters across washing machines in  
 30 California decreased annual synthetic microfiber emissions to  
 31 natural environments by almost 80 percent.  
 32 (l) Policies are being considered and adopted around the globe  
 33 to address the use of microfiber capture. France recently passed a  
 34 law requiring all new clothes washers sold in France to be equipped  
 35 with built-in filters by 2025.  
 36 (m) Washing machine filtration systems are an effective strategy  
 37 for capturing microfibers, with research showing microfiber  
 38 filtration rates ranging from 70 percent to nearly 90 percent.  
 39 Washing machines with built-in filters are already widely available  
 40 in Japan among manufacturers like Hitachi, Panasonic, and  
 Page 5 1 Toshiba. Energy-efficient clothes washers with built-in microfiber  
 2 filters are also commercially available in Europe, and some washers  
 3 with built-in microfiber filters are also available at a smaller scale  
 4 in the United States.  
 5 (n) While interventions to address microfiber pollution are  
 6 needed across the full life cycle of synthetic textiles, filtration  
 7 technologies provide a critical and near-term solution to reduce  
 8 the amount of microfibers released into California's lands and  
 9 waters.  
 + SEC. 2. Section 38567 is added to the Health and Safety Code,  
 + to read:  
 + 38567. (a) For purposes of this section, the following  
 + definitions apply:  
 + (1) "End consumer" means a purchaser of motor vehicle fuel  
 + for the purpose of consumption, and not for resale.  
 + (2) "Low Carbon Fuel Standard" means the Low Carbon Fuel  
 + Standard regulations (Subarticle 7 (commencing with Section  
 + 95480) of Title 17 of the California Code of Regulations).  
 + (b) The Low Carbon Fuel Standard is suspended for the period  
 + beginning on the effective date of this section and ending on the  
 + date one year after the effective date of this section.  
 + (c) (1) All savings realized on the purchase of transportation  
 + fuel by any party other than an end consumer, due to the

**Amendment 5**

- + *suspension of the Low Carbon Fuel Standard pursuant to this*
- + *section, shall be passed on to the end consumer.*
- + *(2) Any violation of this subdivision shall constitute an unfair*
- + *business practice punishable pursuant to Chapter 5 (commencing*
- + *with Section 17200) of Part 2 of Division 7 of the Business and*
- + *Professions Code.*
- + *(3) Notwithstanding any other law, a prospective plaintiff shall*
- + *provide written notice of an alleged violation of this subdivision*
- + *at least 60 days prior to bringing any enforcement action in order*
- + *to give the defendant opportunity to remedy any deficiency.*
- + *(4) If a party receiving a notice pursuant to paragraph (3)*
- + *responds in writing within 60 days, and the response offers an*
- + *explanation for the deficiency and expresses an intent to remedy*
- + *the deficiency, the opportunity to remedy a deficiency prior to*
- + *initiating an enforcement action shall be extended an additional*
- + *30 days.*
- + *(5) Any remediation of a deficiency during the waiting period*
- + *described in this subdivision shall be an affirmative defense against*
- + *an enforcement action.*
- + *SEC. 3. Section 38572 is added to the Health and Safety Code,*
- + *to read:*
- + *38572. (a) Beginning on the effective date of this section and*
- + *ending on the date one year after the effective date of this section,*
- + *the regulations adopted pursuant to Section 38562 for the use of*
- + *market-based compliance mechanisms do not apply to suppliers*
- + *of transportation fuels.*
- + *(b) (1) The Controller, no later than 60 days after the effective*
- + *date of this section, shall transfer an amount equal to the amount*
- + *collected by the state board from the auction or sale of allowances*
- + *to the suppliers of transportation fuels pursuant to a market-based*
- + *compliance mechanism in the 2021–22 fiscal year, adjusted for*
- + *inflation, from the General Fund to the Greenhouse Gas Reduction*
- + *Fund in accordance with Section 16428.8 of the Government Code.*
- + *(2) The transfer amount described in paragraph (1) is*
- + *continuously appropriated in accordance with Section 39719.*
- + *(3) Notwithstanding paragraph (2), no portion of the amount*
- + *transferred pursuant to this subdivision to the Greenhouse Gas*
- + *Reduction Fund shall be appropriated to the High-Speed Rail*
- + *Authority pursuant to paragraph (2) of subdivision (b) of Section*
- + *39719.*

+ (c) (1) All savings realized on the purchase of transportation  
+ fuel by any party other than an end consumer, due to the exemption  
+ of suppliers of transportation fuels from regulations adopted  
+ pursuant to Section 38562 for the use of market-based compliance  
+ mechanisms pursuant to this section, shall be passed on to the end  
+ consumer.  
+ (2) Any violation of this subdivision shall constitute an unfair  
+ business practice punishable pursuant to Chapter 5 (commencing  
+ with Section 17200) of Part 2 of Division 7 of the Business and  
+ Professions Code.  
+ (3) Notwithstanding any other law, a prospective plaintiff shall  
+ provide written notice of an alleged violation of this subdivision  
+ at least 60 days prior to bringing any enforcement action in order  
+ to give the defendant opportunity to remedy any deficiency.  
+ (4) If a party receiving a notice pursuant to paragraph (3)  
+ responds in writing within 60 days, and the response offers an  
+ explanation for the deficiency and expresses an intent to remedy  
+ the deficiency, the opportunity to remedy a deficiency prior to  
+ initiating an enforcement action shall be extended an additional  
+ 30 days.  
+ (5) Any remediation of a deficiency during the waiting period  
+ described in this subdivision shall be an affirmative defense against  
+ an enforcement action.  
+ (d) For purposes of this section, "end consumer" means a  
+ purchaser of motor vehicle fuel for the purpose of consumption,  
+ and not for resale.

Page 5

10 ~~SEC. 2.~~

+ SEC. 4. Chapter 11 (commencing with Section 119425) is  
11 added to Part 15 of Division 104 of the Health and Safety Code,  
12 to read:

13

14 CHAPTER 11. MICROFIBER FILTRATION

+ 15

16 119425. (a) On and after January 1, 2029, a new washing  
17 machine shall not be sold or offered for sale in the state for  
18 residential or state use unless the washing machine meets both of  
19 the following:

20 (1) Contains a microfiber filtration system with a mesh size of  
21 not greater than 100 micrometers.

Amendment 6



Page 5 22 (2) Bears a conspicuous label that is visible to the consumer, in  
23 the form of a sticker or any other label type, that includes the  
24 following statement: “Notice: This washing machine contains a  
25 filter to capture microfibers. Check filter regularly and dispose of  
26 captured lint in a waste bin.”

Page 6 3 (b) (1) On or before January 1, 2026, the State Water Resources  
4 Control Board shall prepare and submit a report to the Legislature  
5 that describes the best available control technologies to remove  
6 microfibers generated during commercial laundry operations. The  
7 report shall consider different commercial applications, including,  
8 but not limited to, in-house hotel laundry services, third-party  
9 commercial laundry operations that serve restaurants and other  
10 commercial establishments, and vended laundromats open to the  
11 public.  
12 (2) The requirement for submitting a report imposed under this  
13 subdivision is inoperative on January 1, 2028, pursuant to Section  
14 10231.5 of the Government Code.  
15 (3) A report to be submitted pursuant to this subdivision shall  
16 be submitted in compliance with Section 9795 of the Government  
17 Code.  
18 (c) Upon an action brought by the Attorney General, a city  
19 attorney, a county counsel, or a district attorney, a person or entity  
20 that violates subdivision (a) shall be liable for a civil penalty not  
21 to exceed ten thousand dollars (\$10,000) for a first violation, and  
22 not to exceed thirty thousand dollars (\$30,000) for each subsequent  
23 violation.  
24 (d) This section does not impair or impede any other rights,  
25 causes of action, claims, or defenses available under any other  
26 law. The remedies provided in this section are cumulative with  
27 any other remedies available under any other law.  
28 (e) For purposes of this chapter, the following definitions apply:  
29 (1) “Microfiber filtration system” means a filtration unit that is  
30 active across all washing cycles and meets either of the following:  
31 (A) The unit is integrated into the washing machine design as  
32 a built-in filter.  
33 (B) The unit is included as an in-line filter and is packaged,  
34 sold, and installed with the washing machine.  
35 (2) “Washing machine” means a machine designed and used  
36 for washing clothes and linen.  
37

+ SEC. 5. Section 102331 of the Public Utilities Code is amended  
+ to read:

+ 102331. (a) In addition to revenues and receipts from other  
+ sources, the board may levy and collect a property ~~tax~~; tax in the  
+ entirety of, or a portion of, the incorporated and unincorporated  
+ territory. The board may impose different rates of taxation in areas  
+ within the district. Authority exercised pursuant to this subdivision  
+ shall be subject to any applicable constitutional requirements.

+ (b) If the tax only applies to a portion of an area of the district,  
+ both of the following shall apply to the imposition of the tax:

+ (1) The incorporated area of each city and of contiguous cities  
+ within the district shall be either wholly included within that  
+ portion or wholly excluded from that portion. For purposes of this  
+ paragraph, "contiguous cities" means two or more cities with  
+ shared borders.

+ (2) The entire unincorporated area of the district shall either  
+ be wholly included within that portion or wholly excluded from  
+ that portion.

+ (c) The proceeds of the property tax shall be used to provide,  
+ within the areas taxed, for the improvement or acquisition of any  
+ real property needed for transportation purposes.

+ (d) An election to impose a property tax as described in this  
+ section shall only include the voters of those portions of the area  
+ of the district in which the property tax will be imposed.

+ SEC. 6. Section 102332 of the Public Utilities Code is amended  
+ to read:

+ 102332. The district shall not levy or collect a property tax  
+ within any city or within ~~all or any part of~~ the unincorporated area  
+ of ~~any county~~ the district until:

+ (a) The legislative body of the city or county adopts a resolution  
+ declaring there is need for the district to operate and levy a tax  
+ within the city or the unincorporated ~~area, or part thereof, of the~~  
+ ~~county~~ area of the district.

+ (b) Two-thirds of the voters of the city or the unincorporated  
+ area, ~~or part thereof~~, following the adoption of the resolution under  
+ subdivision (a), voting on the question at an election called for  
+ that purpose, approves the operation of the district, and the levy  
+ of a property tax by the district, within the city or within the  
+ unincorporated ~~area, or part thereof, of the county~~ area of the  
+ district.

+ SEC. 7. *Section 102333 of the Public Utilities Code is amended*  
+ *to read:*

+ 102333. The district may conduct a single election in an area  
+ comprising the area of a city and the unincorporated area of a  
+ ~~county or more than one unincorporated area of a county or~~  
+ ~~counties; the district~~, or any combination of those areas, with the  
+ approval of the cities and ~~counties~~ *the unincorporated area of the*  
+ *district* concerned, in which event two-thirds of the voters voting  
+ at the election shall be sufficient to approve the proposition  
+ submitted for the entire area included in the election. Where more  
+ than one election will be held, the approval of the voters in one  
+ election pertaining to an area may be conditioned upon the approval  
+ of voters in one or more other elections pertaining to other areas.

+ SEC. 8. *Section 102336 is added to the Public Utilities Code,*  
+ *to read:*

+ 102336. (a) *The district board may impose a special tax*  
+ *pursuant to Article 3.5 (commencing with Section 50075) of*  
+ *Chapter 1 of Part 1 of Division 1 of Title 5 of the Government*  
+ *Code, subject to any applicable constitutional requirements. The*  
+ *special taxes shall be applied uniformly to all taxpayers or all real*  
+ *property within the district, or any portion of the district, except*  
+ *that unimproved property may be taxed at a lower rate than*  
+ *improved property.*

+ (b) *If the tax only applies to a portion of an area of the district,*  
+ *both of the following shall apply to the imposition of the tax:*

+ (1) *The incorporated area of each city and of contiguous cities*  
+ *within the district shall be either wholly included within that*  
+ *portion or wholly excluded from that portion. For purposes of this*  
+ *paragraph, "contiguous cities" means two or more cities with*  
+ *shared borders.*

+ (2) *The entire unincorporated area of the district shall either*  
+ *be wholly included within that portion or wholly excluded from*  
+ *that portion.*

+ (c) *The proceeds of the special tax shall be used to provide,*  
+ *within the area taxed, for the operation, maintenance, or*  
+ *acquisition of any public improvement or utility for transportation*  
+ *purposes.*

+ (d) *An election to impose a special tax as described in this*  
+ *section shall only include the voters of those portions of the area*  
+ *of the district in which the special tax will be imposed.*

+ SEC. 9. Section 102350 of the Public Utilities Code is amended  
+ to read:

+ 102350. (a) A retail transactions and use tax ordinance may  
+ be adopted by the board in accordance with the provisions of Part  
+ 1.6 (commencing with Section 7251) of Division 2 of the Revenue  
+ and Taxation Code, provided two-thirds of the electors voting on  
+ the measure vote to authorize its enactment at a special election  
+ called for that purpose by the ~~board~~ board, subject to any  
+ applicable constitutional requirements.

+ (b) The board, in the ordinance, shall state the nature of the tax  
+ to be imposed, the tax rate or the maximum tax rate, the purposes  
+ for which the revenue derived from the tax will be used, the portion  
+ of the area of the board to which the tax would apply, and may set  
+ a term during which the tax will be imposed. The purposes for  
+ which the tax revenues may be used shall be limited to public  
+ transit purposes serving the area of jurisdiction of the district, as  
+ determined by the board, including the administration of this part  
+ and legal actions related thereto. These purposes include  
+ expenditures for planning, environmental reviews, engineering  
+ and design costs, and related right-of-way acquisition.

+ (c) As used in this section, "public transit purposes" includes  
+ the public transit responsibilities under the jurisdiction of the  
+ district as well as any repair, redesign, or ongoing maintenance  
+ of a right-of-way upon which transit is intended to travel, or any  
+ bikeway, bicycle path, sidewalk, trail, pedestrian access, or  
+ pedestrian accessway.

+ SEC. 10. Section 102351 of the Public Utilities Code is  
+ amended to read:

+ 102351. (a) The retail transactions and use tax ordinance shall  
+ provide for a rate of one-eighth of 1 percent or a multiple thereof.  
+ The ordinance shall provide for the tax to be imposed on the  
+ entirety of, or a portion of, the incorporated and unincorporated  
+ territory within the boundaries of the district, as defined in Section  
+ 102052.5. The ordinance shall be subject to voter approval by the  
+ electors in those ~~designated boundaries~~ portions of the district to  
+ which the tax applies and shall be consistent with Section 102350.

+ (b) The portion of the area of the board to which the tax would  
+ apply shall be determined by the board before the electors vote  
+ on the measure.

- + (c) If the tax only applies to a portion of an area of the district,
- + all of the following shall apply to the imposition of the tax:
- + (1) The incorporated area of each city and of contiguous cities
- + within the district shall be either wholly included within that
- + portion or wholly excluded from that portion. For purposes of this
- + paragraph, "contiguous cities" means two or more cities with
- + shared borders.
- + (2) The entire unincorporated area of the district shall either
- + be wholly included within that portion or wholly excluded from
- + that portion.
- + (3) The revenues derived from the tax shall be spent within, or
- + for the benefit of, the portion of the area of the district to which
- + the tax applies, and shall be spent only on allowable transportation
- + and transit infrastructure and services.
- + (d) Any revenues derived from the tax shall supplement, and
- + not supplant, other transportation revenues available to the portion
- + of the area of the board to which the tax applies.
- + SEC. 11. Section 7360 of the Revenue and Taxation Code is
- + amended to read:
- + 7360. (a) (1) ~~A~~ Except as provided in Section 7374, a tax of
- + eighteen cents (\$0.18) is hereby imposed upon each gallon of fuel
- + subject to the tax in Sections 7362, 7363, and 7364.
- + (2) If the federal fuel tax is reduced below the rate of nine cents
- + (\$0.09) per gallon and federal financial allocations to this state for
- + highway and exclusive public mass transit guideway purposes are
- + reduced or eliminated correspondingly, the tax rate imposed by
- + paragraph (1), on and after the date of the reduction, shall be
- + recalculated by an amount so that the combined state rate under
- + paragraph (1) and the federal tax rate per gallon equal twenty-seven
- + cents (\$0.27).
- + (3) If any person or entity is exempt or partially exempt from
- + the federal fuel tax at the time of a reduction, the person or entity
- + shall continue to be so exempt under this section.
- + (b) (1) ~~On~~ Except as provided in Section 7374, on and after
- + July 1, 2010, in addition to the tax imposed by subdivision (a), a
- + tax is hereby imposed upon each gallon of motor vehicle fuel,
- + other than aviation gasoline, subject to the tax in Sections 7362,
- + 7363, and 7364 in an amount equal to seventeen and three-tenths
- + cents (\$0.173) per gallon.

- + (2) For the 2011–12 fiscal year and each fiscal year thereafter,
- + the board shall, on or before March 1 of the fiscal year immediately
- + preceding the applicable fiscal year, adjust the rate in paragraph
- + (1) in that manner as to generate an amount of revenue that will
- + equal the amount of revenue loss attributable to the exemption
- + provided by Section 6357.7, based on estimates made by the board,
- + and that rate shall be effective during the state’s next fiscal year.
- + (3) In order to maintain revenue neutrality for each year,
- + beginning with the rate adjustment on or before March 1, 2012,
- + the adjustment under paragraph (2) shall also take into account the
- + extent to which the actual amount of revenues derived pursuant to
- + this subdivision and, as applicable, Section 7361.1, the revenue
- + loss attributable to the exemption provided by Section 6357.7
- + resulted in a net revenue gain or loss for the fiscal year ending
- + prior to the rate adjustment date on or before March 1.
- + (4) The intent of paragraphs (2) and (3) is to ensure that the act
- + adding this subdivision and Section 6357.7 does not produce a net
- + revenue gain in state taxes.
- + (5) Commencing July 1, 2019, the adjustments in paragraphs
- + (2) and (3) shall cease, and the rate imposed by this subdivision
- + shall be the rate in paragraph (1).
- + (c) ~~On~~ *Except as provided in Section 7374, on* and after
- + November 1, 2017, in addition to the taxes imposed by subdivisions
- + (a) and (b), a tax is hereby imposed upon each gallon of motor
- + vehicle fuel, other than aviation gasoline, subject to the tax in
- + Sections 7362, 7363, and 7364, in an amount equal to twelve cents
- + (\$0.12) per gallon.
- + (d) On July 1, 2020, and every July 1 thereafter, the board shall
- + adjust the taxes imposed by subdivisions (a), (b), and (c), with the
- + adjustment to apply to both to the base tax rates specified in those
- + provisions and to any previous adjustment in rates made pursuant
- + to this subdivision, by increasing the taxes by a percentage amount
- + equal to the increase in the California Consumer Price Index, as
- + calculated by the Department of Finance with the resulting taxes
- + rounded to the nearest one-tenth of one cent (\$0.01). The first
- + adjustment pursuant to this subdivision shall be a percentage
- + amount equal to the increase in the California Consumer Price
- + Index from November 1, 2017, to November 1, 2019. Subsequent
- + annual adjustments shall cover subsequent 12 month periods. The

- + incremental change shall be added to the associated rate for that
- + year.
- + (e) Any increases to the taxes imposed under subdivisions (a),
- + (b), and (c) that are enacted by legislation subsequent to July 1,
- + 2017, shall be deemed to be changes to the base tax rates for
- + purposes of the California Consumer Price Index calculation and
- + adjustment performed pursuant to subdivision (d).
- + *SEC. 12. Section 7362 of the Revenue and Taxation Code is*
- + *amended to read:*
- + 7362. ~~The~~ *Except as provided in Section 7374, the tax specified*
- + *in Section 7360 is imposed on the removal of motor vehicle fuel*
- + *in this state from a terminal if the motor vehicle fuel is removed*
- + *at the rack.*
- + *SEC. 13. Section 7363 of the Revenue and Taxation Code is*
- + *amended to read:*
- + 7363. ~~The~~ *Except as provided in Section 7374, the tax specified*
- + *in Section 7360 is also imposed on all of the following:*
- + (a) The removal of motor vehicle fuel in this state from any
- + refinery if either of the following applies:
- + (1) The removal is by bulk transfer and the refiner or the owner
- + of the motor vehicle fuel immediately before the removal is not a
- + licensed supplier.
- + (2) The removal is at the refinery rack.
- + (b) The entry of motor vehicle fuel into this state for sale,
- + consumption, use, or warehousing if either of the following applies:
- + (1) The entry is by bulk transfer and the enterer is not a licensed
- + supplier.
- + (2) The entry is not by bulk transfer.
- + (c) The removal or sale of motor vehicle fuel in this state to an
- + unlicensed person unless there was a prior taxable removal, entry,
- + or sale of the motor vehicle fuel.
- + (d) The removal or sale of blended motor vehicle fuel in this
- + state by the blender thereof. The number of gallons of blended
- + motor vehicle fuel subject to tax is the difference between the total
- + number of gallons of blended motor vehicle fuel removed or sold
- + and the number of gallons of previously taxed motor vehicle fuel
- + used to produce the blended motor vehicle fuel.
- + *SEC. 14. Section 7364 of the Revenue and Taxation Code is*
- + *amended to read:*

- + 7364. ~~The~~ Except as provided in Section 7374, the tax specified
- + in Section 7360 is imposed as a backup tax as follows:
- + (a) On the delivery into the fuel tank of a motor vehicle
- + fuel-powered highway vehicle of:
- + (1) Any motor vehicle fuel on which a claim for refund has been
- + allowed; or
- + (2) Any liquid on which tax has not been imposed by this part,
- + Part 3 (commencing with Section 8601), or Part 31 (commencing
- + with Section 60001).
- + (b) On the sale of any motor vehicle fuel on which a claim for
- + refund has been allowed.
- + (c) On the sale and delivery into the fuel tank of a motor vehicle
- + fuel-powered highway vehicle of any liquid on which tax has not
- + been imposed by this part, Part 3 (commencing with Section 8601),
- + or Part 31 (commencing with Section 60001).
- + SEC. 15. Section 7374 is added to the Revenue and Taxation
- + Code, to read:
- + 7374. (a) The imposition of taxes under Sections 7360, 7362,
- + 7363, and 7364 is suspended for the period beginning on the
- + effective date of this section and ending on the date one year after
- + the effective date of this section.
- + (b) (1) All savings realized on the purchase of motor vehicle
- + fuel by any party other than an end consumer due to the suspension
- + of taxes pursuant to this section shall be passed on to the end
- + consumer.
- + (2) Any violation of this subdivision shall constitute an unfair
- + business practice punishable pursuant to Chapter 5 (commencing
- + with Section 17200) of Part 2 of Division 7 of the Business and
- + Professions Code.
- + (3) Notwithstanding any other law, a prospective plaintiff shall
- + provide written notice of an alleged violation of this subdivision
- + at least 60 days prior to bringing any enforcement action in order
- + to give the defendant opportunity to remedy any deficiency.
- + (4) If a party receiving a notice pursuant to paragraph (3)
- + responds in writing within 60 days, and the response offers an
- + explanation for the deficiency and expresses an intent to remedy
- + the deficiency, the opportunity to remedy a deficiency prior to
- + initiating an enforcement action shall be extended an additional
- + 30 days.



- + (5) Any remediation of a deficiency during the waiting period
- + described in this subdivision shall be an affirmative defense against
- + an enforcement action.
- + (c) Upon any sale of motor vehicle fuel to which this section
- + applies, the seller shall provide a receipt to the purchaser that
- + clearly indicates the amount of motor vehicle fuel tax that would
- + have applied to the sale if not for this section.
- + (d) For purposes of this section, “end consumer” means a
- + purchaser of motor vehicle fuel for the purpose of consumption,
- + and not for resale.
- + (e) The Controller, no later than 60 days after the effective date
- + of this section, shall transfer an amount equal to the amount
- + collected pursuant to Sections 7360, 7362, 7363, and 7364 in the
- + 2021–22 fiscal year, adjusted for inflation, from the General Fund
- + to the Motor Vehicle Fuel Account in the Transportation Tax Fund.
- + This transfer amount is continuously appropriated in accordance
- + with Section 8352.

O