

## SENATE THIRD READING

SB 125 (Committee on Budget and Fiscal Review)

As Amended June 26, 2022

Majority vote. Budget Bill Appropriations Take Effect Immediately

**SUMMARY**

This bill creates a tax on lithium extraction on a per metric ton basis and makes other related statutory changes to implement the Lithium Valley proposals adopted in the budget.

**Major Provisions**

- 1) Beginning January 1, 2023, creates a lithium extraction excise tax on a per ton basis, specifically:
  - a) \$400 per metric ton extracted under 20,000 metric tons or less
  - b) \$600 per metric ton extracted between 20,000 and 30,000 metric tons
  - c) \$800 per metric ton extracted over 30,000 metric tons
- 2) Specifies that the tax is in lieu of all county, municipal, or district taxes on lithium extraction or lithium storage, except as provided.
- 3) Appropriates 80% of the tax collections to the county where the lithium was extracted and 20% to the Salton Sea Restoration Fund for restoration and community projects at or around the Salton Sea.
- 4) Requires the California Department of Tax and Fee Administration, on or before December 31, 2023, to prepare a study of replacing a volume-based tax on the extraction of lithium with an equivalent tax based on gross receipts.
- 5) Clarifies that "mining operation" includes the extraction of minerals from geothermal brine, or any other brine, including, but not limited to, a mining operation colocated or co-operated with geothermal resource facilities.

**COMMENTS****According to the Author**

This bill creates a tax on lithium extraction on a per metric ton basis and makes other related statutory changes to implement the Lithium Valley proposals adopted in the budget.

**Arguments in Support**

None on file.

**Arguments in Opposition**

None on file.

**FISCAL COMMENTS**

Appropriates \$5 million from the General Fund for allocation to the County of Imperial for specified purposes related to geothermal energy development and lithium extraction.

**VOTES****SENATE FLOOR: 29-8-2**

**YES:** Allen, Archuleta, Atkins, Becker, Bradford, Caballero, Cortese, Dodd, Durazo, Eggman, Glazer, Gonzalez, Hertzberg, Hueso, Hurtado, Laird, Leyva, McGuire, Min, Newman, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wieckowski, Wiener

**NO:** Bates, Dahle, Grove, Jones, Melendez, Nielsen, Ochoa Bogh, Wilk

**ABS, ABST OR NV:** Borgeas, Limón

**UPDATED**

VERSION: June 26, 2022

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