

SENATE THIRD READING  
SB 457 (Portantino)  
As Amended June 21, 2022  
Majority vote. Tax levy

## SUMMARY

Allows a credit under the Personal Income Tax (PIT) Law of \$2,500 for each household member that exceeds the number of registered vehicles, and caps the total credit amount at \$7,500.

### Major Provisions

- 1) Allows, for taxable years beginning on or after January 1, 2023, and before January 1, 2028, a credit under the PIT Law in the amount of \$2,500 for each household member that exceeds the number of registered vehicles.
- 2) Provides that the credit amount allowed by this bill shall not exceed \$7,500.

## COMMENTS

- 1) *What is the problem this bill is trying to solve:* This bill is addressing the need to reduce greenhouse gas emissions from motor vehicles by incentivizing the reduction of registered vehicles.
- 2) *May benefit certain groups more than others:* This bill could potentially benefit high-income earners who have the ability to telework, live in walkable neighborhoods, and live in desirable communities with public transportation options and bicycle lanes. On the other hand, this bill may not benefit taxpayers who must rely on motor vehicles for reasons, which could include: a) living far away from work because of housing affordability issues; b) having disability or medical issues that require a motor vehicle; c) living in a rural area without public transportation; and, d) living in communities where people feel unsafe to walk. Furthermore, a survey conducted by the Public Policy Institute of California indicates that the likelihood of working outside the home increases with age, and people of Latino and African American racial or ethnic backgrounds are more likely to work outside the home.
- 3) *Agency's implementation, technical, and policy concerns:* The Franchise Tax Board has raised implementation, technical, and policy considerations regarding: a) undefined, broad, or unclear terms; b) credit validation; c) the due date of the report; d) technical changes; e) year-over-year changes in vehicle count; f) small businesses that own vehicles; and, g) carryover language.

### According to the Author

The author has provided the following statement in support of this bill:

As the impacts of climate change are felt across our state, it is time we more aggressively commit to implementing modes of sustainable transportation. SB 457 is an important step toward that goal. We can invest in the future by providing financial incentives for Californians to transition from vehicles to more sustainable options.

### Arguments in Support

This bill, as amended on May 26, 2022, is supported by Getaround, which notes the following:

SB 457 is aligned with Getaround's mission to transition to fewer vehicles on the road. Getaround is a connected and contactless car sharing marketplace. We use technology – a device called the Getaround Connect installed in the car and a smartphone app – to connect safe, convenient, and affordable cars with people who need them to live and work, without ever having to coordinate schedules to meet in person and hand over keys.

### **Arguments in Opposition**

This bill, as amended on May 26, 2022, is opposed by the California Teachers Association (CTA), which notes the following:

While we understand [SB 457 is] well intended, CTA does not support this approach, as it would reduce overall funding for education. Despite having the 5th largest economy in the nation, California continues to rank near the bottom of the states in the nation in per-pupil funding. According to the Education Law Center's Making the Grade report, California was ranked 30th in per-pupil expenditures, adjusted for regional cost differences for the 2019 fiscal year (the most recent data available). CTA believes that Prop 98 should be protected from reductions through the creation of new or expanding existing tax expenditures.

### **FISCAL COMMENTS**

According to the Assembly Appropriations Committee, General Fund revenue loss of approximately \$700 million in fiscal year (FY) 2022-23, \$1.2 billion in FY 2023-24 and \$1.2 billion in FY 2024-25.

### **VOTES**

#### **SENATE FLOOR: 36-0-4**

**YES:** Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Caballero, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Limón, McGuire, Melendez, Min, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Stern, Umberg, Wiener, Wilk

**ABS, ABST OR NV:** Cortese, Leyva, Newman, Wieckowski

#### **ASM REVENUE AND TAXATION: 10-1-0**

**YES:** Irwin, Nguyen, Gray, Grayson, Levine, Mayes, Mullin, Petrie-Norris, Luz Rivas, Seyarto

**NO:** Quirk

#### **ASM APPROPRIATIONS: 14-0-2**

**YES:** Holden, Bryan, Calderon, Arambula, Davies, Mike Fong, Fong, Gabriel, Eduardo Garcia, Levine, Quirk, Robert Rivas, Akilah Weber, McCarty

**ABS, ABST OR NV:** Bigelow, Megan Dahle

### **UPDATED**

VERSION: June 21, 2022

CONSULTANT: Gi Jung Nam / REV. & TAX. / (916) 319-2098

FN: 0003436