

SENATE THIRD READING

SB 922 (Laird)

As Amended July 2, 2026

Majority vote

SUMMARY

Allows local agencies to impose taxes, fees, or other charges for the privilege of using their streets or highways to recover costs for street repair associated with providing public services.

Major Provisions

- 1) States that a fee, charge, surcharge, or a component thereof, imposed upon the provider of, or ratepayers for, public services by, or for, a local agency to recover the cost of street maintenance and repair and other costs associated with the use of its streets, roads or highways to provide public services is not a tax, permit fee, or other charge for the privilege of using streets or highways, as specified.
- 2) Allows local agencies to impose a fee, charge, or surcharge described in 1), above.

COMMENTS

- 1) *Local Taxes, Fees, and Charges.* The California Constitution and various statutes grant local agencies the authority to impose various fees, charges, and taxes to pay for public services. Prior to 1978, local agencies could enact taxes by ordinance. Proposition 13 (1978) amended the Constitution to require a 2/3 vote of the electorate to enact a local special tax. Proposition 62 (1986) prohibited local agencies from imposing general taxes without majority approval of local voters and clarified the 2/3 vote necessary to impose special taxes. Proposition 218 (1996) extended those vote thresholds to charter cities and required local agencies to obtain voter approval to levy new assessments, fees, and taxes, which was subsequently limited by Proposition 26 (2010). Under Proposition 26, any levy, charge, or exaction of any kind imposed by a local government is a tax, requiring voter approval, except for:
 - a) A charge for a benefit or privilege conveyed directly to the payor and not conveyed to those not charged.
 - b) A charge for a service or product provided directly to the payor and not provided to those not charged.
 - c) A fee to cover certain costs of regulation.
 - d) Entrance fees for state or local property.
 - e) Fines imposed by a court or a local government.
 - f) A charge imposed as a condition of property development.
 - g) Assessments and property related fees governed by Proposition 218.

Local agencies impose taxes, fees, and charges to finance a variety of public services. For example, state law requires local agencies to provide solid waste handling services, or contract with another local agency or solid waste enterprise. If the local agency provides the service, they charge customers directly. Many jurisdictions in the state operate with some form of "franchise" or contract, that limits solid waste hauling within the jurisdiction to one or more specified companies. Under these agreements, the local agency charges the franchisee for the benefit of operating within the public right-of-way. The franchisee then charges customers for providing waste hauling services. Some local agencies include the costs to cover the wear and tear on the roads from the heavy waste hauling trucks in their fees. A typical car weighs roughly 4,400 pounds, while a loaded garbage truck can weigh as much as 60,000 pounds.

- 2) *Weight Fees*. California collects fees based on weight from commercial vehicles to finance transportation projects, which generates over \$1 billion annually. In 1989, the Legislature passed Senate Constitutional Amendment 1, which became Proposition 111 on the June 1990 ballot. Proposition 111, along with its implementing legislation [AB 471 (Katz), Chapter 106, Statutes of 1989] increased weight fees. Along with these measures, the Legislature passed SB 286 (Campbell), Chapter 1337, Statutes of 1989, which, when Proposition 111 passed, prohibited local agencies from imposing taxes, permit fees, or other charges for the privilege of using its streets or highways, other than a permit fee for extra legal loads, after December 31, 1990, unless the local agency had imposed the fee prior to June 1, 1989.
- 3) *Rogers v. Redlands*. In 2025, a resident of Redlands, a city of over 70,000 residents in San Bernardino County, sued the city alleging that the portion of their waste hauling fees used to repair road damage from garbage trucks constituted a charge for the privilege of using the city's roads, violating SB 286's prohibition on these charges. In *Rogers v. Redlands* 112 Cal. App. 5th 667, the California Court of Appeals affirmed the Superior Court of San Bernardino's decision that agreed with the resident and required Redlands to stop factoring road repair into their waste hauling fees. The California Supreme Court denied the opportunity to review the case.

According to the Author

"Senate Bill 922 clarifies that the charge a local agency collects for public services, such as trash collection, may include the costs of repairing and maintaining public streets without violating Vehicle Code 9400.8"

"While local agencies have historically integrated these infrastructure costs into utility rates or franchise agreements, a 2025 court interpretation of existing law challenged this practice. SB 922 clarifies the statute to restore regulatory certainty, ensuring local agencies will continue to have funding for the repair of pavement deterioration caused by heavy-duty service vehicles."

Arguments in Support

According to the League of California Cities, the Rural County Representatives of California, and a coalition of supporters, "Local streets and roads are critical infrastructure that support daily community needs across California. Essential public services, including garbage, recycling, and green waste collection, rely on the regular and frequent use of local streets by heavy service vehicles. These vehicles are vital to protecting public health and environmental quality, and their routine operation necessarily contributes to pavement wear and roadway deterioration over time."

"For decades, local governments and service providers, including waste haulers, have worked collaboratively under established rates, fees, and franchise agreements to account for these impacts as part of delivering essential services. These arrangements are familiar, transparent, and predictable, and they allow service providers to operate efficiently while ensuring that local streets remain safe and functional for the communities they serve"

"Recently, a court decision created uncertainty around these long-standing practices. As a result, existing service-related cost recovery mechanisms are being challenged, placing street maintenance funding at risk and creating uncertainty for both local governments and the service providers that rely on well-maintained roads to deliver essential services"

"SB 922 would address this uncertainty by clarifying that restrictions on local road charges apply only to weight-based charges imposed for the privilege of using streets or highways. The bill further makes clear that fees associated with providing public services may continue to include recovery of street maintenance and repair costs related to those services. By reaffirming existing practices, SB 922 would restore clarity, reduce unnecessary litigation, and provide greater certainty for local agencies and service providers alike."

Arguments in Opposition

According to the California Taxpayers Association. "...SB 922 expands the authority of local governments to charge for public road use. Local agencies would be authorized to shift road-repair costs into specialized charges embedded within other service fees, setting a precedent for cost-shifting to ratepayers under the guise of "service-related fees." Such practices reduce visibility in public-facing programs, such as the source of funding for roadway maintenance or the cost of building infrastructure. Reduced transparency leads to weakened accountability in the administration of these programs, diminishing the public's trust in local government."

"...Proposition 26 (2010) broadened the definition of 'tax' to prevent governments from imposing revenue-generating charges disguised as fees. Under Proposition 26, any levy or charge imposed by a local government is presumed to be a tax unless it meets a narrow set of exemptions, such as providing a direct and proportionate benefit to the payer. By reclassifying certain roadway-related fees as categorically 'not taxes,' SB 922 attempts to sidestep the voter-approval requirements that Proposition 26 guarantees. Proposition 26 was enacted precisely to prevent government entities from avoiding the ballot box by renaming taxes as fees. SB 922 undermines this constitutional safeguard by carving out a broad category of charges that would be insulated from voter oversight."

"...SB 922 is positioned as a legislative fix to litigation outcomes, including *Rogers v. City of Redlands*, which found certain road-repair cost recovery practices impermissible under existing law. Rather than addressing the underlying statutory and fiscal issues within the framework that voters created, SB 922 attempts to redefine these fees in a way that diminishes taxpayer protections and invites future overreach. SB 922 could generate new legal ambiguities as taxpayers face a patchwork of new assessments that vary across jurisdictions."

FISCAL COMMENTS

None.

VOTES**SENATE FLOOR: 33-2-5**

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

NO: Ochoa Bogh, Strickland

ABS, ABST OR NV: Alvarado-Gil, Jones, Niello, Padilla, Valladares

ASM LOCAL GOVERNMENT: 8-2-0

YES: Carrillo, Pacheco, Ramos, Ransom, Blanca Rubio, Stefani, Ward, Wilson

NO: Ta, Johnson

UPDATED

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