

An act to add and repeal Section 60513 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 60513 is added to the Revenue and Taxation Code, to read:

60513. (a) (1) For monthly returns filed by a producer on or after November 1, 2027, there shall be allowed a credit against the taxes imposed by Section 60050 for a producer in an amount as determined pursuant to paragraph (2).

(2) (A) The credit allowed by this section shall be one dollar (\$1) for each gallon of alternative jet fuel produced and sold by the producer subject to both of the following requirements:

(i) The alternative jet fuel produces 50 percent or less carbon dioxide equivalent emissions than conventional jet fuel carbon intensity value identified in subdivision (e) of Section 95488.5 of Title 17 of the California Code of Regulations, as determined in accordance with subdivision (c).

(ii) The alternative jet fuel is produced by the taxpayer claiming the credit and is sold for use in the state.

(B) The credit amount calculated pursuant to subparagraph (A) shall be increased by two cents (\$0.02) per gallon for each additional 1-percent reduction in carbon dioxide equivalent above 50 percent, as determined in accordance with subdivision (c), not to exceed a total credit of two dollars (\$2) per gallon.

(b) For purposes of this section, the following definitions shall apply:

(1) (A) "Alternative jet fuel" means a fuel that can be blended and used with conventional petroleum jet fuels without the need to modify aircraft engines and existing fuel distribution infrastructure.

(B) Notwithstanding subparagraph (A), "alternative jet fuel" shall not include conventional jet fuel when that fuel is blended or otherwise used in a mixture with alternative jet fuel.

(2) "Calendar year" means the 12-month period from January 1 to December 31, inclusive.

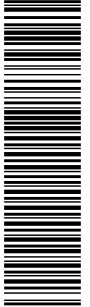
(3) "Producer" means, with respect to alternative jet fuel, the entity that made the fuel.

(c) (1) For purposes of determining the credit amount pursuant to paragraph (2) of subdivision (a), reduction in carbon dioxide equivalent emissions for alternative jet fuel shall be determined using the operational verified carbon intensity score from the State Air Resources Board based on the Tier 1 or Tier 2 pathway that includes full pathway data reported and verified according to the requirements specified in Sections 95480 to 95503, inclusive, of Title 17 of the California Code of Regulations.

(2) (A) (i) On or before November 15, 2027, and every year thereafter, the State Air Resources Board shall calculate the credit amount pursuant to paragraph (2) of subdivision (a) for alternative jet fuel sold by the producer for use in the state during the preceding calendar year, and certify the credit amount to the department.

(ii) For the first certification of the credit amount made pursuant to this subparagraph, the State Air Resources Board shall consider sales of alternative jet fuel occurring on or after January 1, 2026.

(iii) For certifications of the credit amount made pursuant to this subparagraph, the State Air Resources Board shall not consider sales of alternative jet fuel occurring on or after January 1, 2036.



(B) In cases where certification of a credit amount within a calendar year is delayed, the State Air Resources Board may certify the delayed credit amount in a subsequent annual certification occurring on November 15.

(3) The State Air Resources Board shall provide any other available information that the department deems necessary to effectively administer the credit allowed by this section.

(d) (1) Any credit certified by the State Air Resources Board and claimed by a producer must be reported on an original monthly return timely filed pursuant to Article 1 (commencing with Section 60201) of Chapter 6. The credit shall not be applied to offset an amount reported on an amended return or a determination issued pursuant to Chapter 6 (commencing with Section 60201).

(2) (A) If the credit amount allowed by this section exceeds the tax owed on the monthly return, the excess may be carried over to reduce the tax in succeeding monthly periods subject to the requirements of subparagraph (C).

(B) Credits shall be applied in the order in which they are generated.

(C) Any credit claimed shall be reported on a monthly return filed on or before the last day of the month prior to the expiration of 60 months after the end of the calendar year in which the alternative jet fuel giving rise to the credit was sold.

(3) The department's audit duties under this section shall be limited to verification that the credit claimed did not exceed the tax liability owed by the producer in any monthly period as specified in paragraph (2) and that the credit amount was claimed within the period allowed as specified in subparagraph (C) of paragraph (2).

(4) (A) The department shall not accept or consider any petition, claim for refund, or appeal if the petition, claim for refund, or appeal is founded upon the grounds that the credit authorized by this section has been incorrectly determined or the credit amount certified by the State Air Resources Board to the department is incorrect.

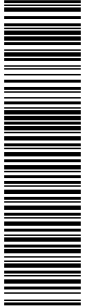
(B) Any petition, claim for refund, or appeal based on the grounds that the credit authorized by this section has been incorrectly determined or certified to the department shall be filed with the State Air Resources Board or forwarded to the State Air Resources Board by the department.

(e) (1) The department may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this section.

(2) The department may prescribe, adopt, and enforce emergency regulations relating to the administration and enforcement of this section. Any emergency regulations prescribed, adopted, or enforced pursuant to this paragraph shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(f) This section shall remain operative only until January 1, 2041, and as of that date is repealed.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.



LEGISLATIVE COUNSEL'S DIGEST

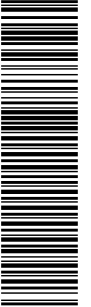
Bill No.
as introduced, _____.
General Subject: Diesel Fuel Tax Law: alternative jet fuel: credit.

The Diesel Fuel Tax Law imposes taxes at a specified rate with respect to the distribution or delivery of each gallon of diesel fuel.

This bill would, for monthly returns filed on or after November 1, 2027, and before January 1, 2036, allow a credit against the taxes imposed by that law for a producer, as defined, calculated based on the amount of alternative jet fuel sold by the producer and the amount by which that alternative jet fuel reduces carbon dioxide equivalent emissions, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.



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