

BILL: SB 752 (Richardson, D-Inglewood)
Introduced February 21, 2025

SUBJECT: SB 752 would extend the sunset date on the sales tax exemption for the purchase of zero-emission transit buses.

STATUS: Introduced.

SUMMARY AS OF FEBRUARY 28, 2025:

SB 752 (Richardson, D-Inglewood) would extend the sunset date on the sales tax exemption for the purchase of zero-emission buses from January 1, 2026, to January 1, 2028. By doing so, it would reduce the associated upfront costs on public transit agencies' transition to zero-emission technologies. The exemption only applies to the state sales tax, and not those applied under local taxes.

EFFECTS ON ORANGE COUNTY:

Sponsored by the California Transit Association, SB 752 is similar to previous legislation supported by the Orange County Transportation Authority (OCTA), including AB 2622 (Chapter 353, Statutes of 2022) and AB 784 (Chapter 684, Statutes of 2019), which originally established and later extended the sales tax exemption for zero-emission transit buses. The sales tax exemption has been a crucial financial tool for transit agencies statewide, with approximately 25 percent of the zero-emission buses currently in use benefiting from the exemption.

For OCTA, extending the sales tax exemption will provide continued cost savings on zero-emission bus purchases, helping to meet the California Air Resources Board's Innovative Clean Transit (ICT) regulation, which mandates a 100 percent zero-emission fleet by 2040. It also provides transit agencies with greater financial flexibility to allocate resources toward improving service frequency, expanding routes, and enhancing overall transit accessibility for riders. This year, OCTA will save nearly \$2.8 million through this sales tax exemption for the purchase of 50 zero-emission buses. This comes at a pivotal moment, as the cost of zero-emission transit buses continues to climb, placing additional financial strain on transit agencies. With the ICT mandating that all new bus procurements be 100 percent zero-emission by 2029, extending the sales tax exemption is essential to supporting transit agencies in their transition to zero-emission fleets.

A SUPPORT position is consistent with OCTA's 2025-26 State Legislative Platform principles to "support efforts to mitigate costs associated with the development, testing, purchase, and operation of zero-emission transit buses, including an alternative electricity rate structure, tax incentives, and other forms of financial assistance."

OCTA POSITION:

Staff recommends: SUPPORT

Introduced by Senator Richardson

February 21, 2025

An act to amend Section 6377 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 752, as introduced, Richardson. Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.

Existing state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including, until January 1, 2026, an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, specified zero-emission technology transit buses sold to specified public agencies that are eligible for specified incentives from the State Air Resources Board.

This bill would extend the exemption for specified zero-emission technology transit buses until January 1, 2028.

This bill would take effect immediately as a tax levy.

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

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

SECTION 1. Section 6377 of the Revenue and Taxation Code is amended to read:

6377. (a) There are exempted from the taxes imposed by this part the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, any zero-emission technology transit bus sold to a city, county, city and county, transportation or transit district, or other public agency that provides transit services to the public that is eligible for the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project funded by the Air Quality Improvement Program, the General Fund, and the Greenhouse Gas Reduction Fund under the State Air Resources Board.

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

(1) “Articulated bus” means a 54-foot to 60-foot bus with two connected passenger compartments.

(2) “Bus” means a rubber-tire vehicle designed to transport passengers by road with a gross vehicle weight rating greater than 14,000 pounds.

(3) “Cutaway bus” means a vehicle in which a bus body designed to transport passengers is mounted on the chassis of a van or light- or medium-duty truck chassis, and that has a gross vehicle weight rating greater than 14,000 pounds, but not more than 26,000 pounds. A cutaway bus includes an original van or light- or medium-duty truck chassis that has been reinforced or extended. Accommodating some standing passengers does not disqualify a cutaway bus from being considered a transit bus for the purposes of this section.

(4) “Double-decker bus” means a high-capacity bus that has two levels of seating, one over the other, connected by one or more stairways, of a height that is at least 13 feet, and carries between 40 to 80 people.

(5) “Over-the-road bus” means a bus characterized by an elevated passenger deck located over a baggage compartment used for long-distance bus services or connecting outlying areas with central cities with limited stops.

(6) “Shuttle bus” means a commercial vehicle with a gross vehicle weight rating of 8,501 pounds or greater, sized Class 2b

1 through Class 8, that transports passengers in a fixed destination
2 route.

3 (7) “Transit bus” means an articulated bus, bus, cutaway bus,
4 double-decker bus, over-the-road bus, shuttle bus, or trolley bus.

5 (8) “Trolley bus” means a rubber-tired, electrically powered
6 passenger vehicle operated on city streets drawing power from
7 overhead wires using trolley poles.

8 (c) (1) Notwithstanding any provision of the Bradley-Burns
9 Uniform Local Sales and Use Tax Law (Part 1.5 (commencing
10 with Section 7200)) or the Transactions and Use Tax Law (Part
11 1.6 (commencing with Section 7251)), the exemption established
12 by subdivision (a) does not apply with respect to any tax levied
13 by a county, city, or district pursuant to, or in accordance with,
14 either of those laws.

15 (2) Notwithstanding subdivision (a), the exemption established
16 by this section shall not apply with respect to any tax levied
17 pursuant to Section 6051.2 or 6201.2, pursuant to Section 35 of
18 Article XIII of the California Constitution, or any tax levied
19 pursuant to Section 6051 or 6201 that is deposited in the State
20 Treasury to the credit of the Local Revenue Fund 2011 pursuant
21 to Section 6051.15 or 6201.15.

22 (d) This section shall become inoperative on January 1, ~~2026~~,
23 2028, and as of that date is repealed.

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

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