

**Senate Committee on Governance & Finance  
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TO: People Interested in Public Finance and Governance Legislation  
FROM: Senator Lois Wolk, Committee Chair  
DATE: July 10, 2014  
SUBJECT: **Summary of significant legislation heard in 2014**

Now that the Legislature has started its summer recess, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee reviewed during the first half of 2014. The following summary identifies and briefly describes the significant bills that the Committee has worked on this year. At the end of each description, the bill's status is indicated in *italics*. The Committee will issue an updated version of this summary a few days after the Legislature adjourns on August 31, 2014. A final summary, reflecting the Governor's signature and veto decisions, will be available in early October.

If you want to read the Committee's bill analyses or get a copy of a bill listed below, please go to the Legislature's official website [leginfo.legislature.ca.gov](http://leginfo.legislature.ca.gov). You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

## **Corporate Taxes**

[\*\*SB 1372 \(DeSaulnier\)\*\*](#) replaces a publicly traded corporation's current tax rate with a rate based on a ratio between its top paid employee and the median compensation it pays. *Senate Floor.*

[\*\*AB 2389 \(Fox\)\*\*](#) enacts two tax benefits for subcontractors performing contracts for new advanced strategic aircraft programs. *Governor's Desk.*

## **Enterprise Zones**

[\*\*AB 1399 \(Medina\)\*\*](#) enacts the California New Markets Tax Credit. *Senate Appropriations Committee.*

## Excise Taxes

**SB 1017 (Evans)** imposes an oil and natural gas severance tax to fund higher education, state parks, and health and human services; creates the California Higher Education Endowment Corporation. *Senate Appropriations Committee.*

**AB 1717 (Perea)** enacts the Prepaid Mobile Telephony Services Surcharge Collections Act. *Senate Appropriations Committee.*

**AB 1907 (Ridley-Thomas)** changes the excise tax rate for compressed natural gas and liquefied natural gas to remain revenue-neutral. *Senate Appropriations Committee.*

**AB 2009 (Weber)** Authorizes a managed audit program for various tax and fee programs administered by the Board of Equalization. *Governor's Desk.*

## Fees

**SB 1211 (Padilla)** requires the Office of Emergency Services (OES) to develop a plan to implement Next Generation 911 in California. *Assembly Appropriations Committee.*

**SB 1413 (Wyland)** extends from 30 to 60 days the period of time owners of structures have to pay or request redetermination of the state responsibility area fire prevention fee. *Assembly Appropriations Committee.*

**AB 2048 (Dahle)** enacts several changes to the state responsibility area fire prevention fee. *Senate Appropriations Committee.*

## Income Tax Form

**SB 761 (DeSaulnier)** changes the method for allocating funds in the School Supplies for Homeless Children voluntary contribution fund. *Assembly Appropriations Committee.*

**SB 782 (DeSaulnier)** creates the California Sexual Violence Victim Services Fund tax check-off on the income tax form. *Assembly Appropriations Committee.*

**SB 997 (Morrell)** repeals the California Fund for Senior Citizens and creates the California Senior Legislature Fund tax check-off on the income tax form. *Assembly Floor.*

**SB 1207 (Wolk)** creates an administrative process for charitable organizations and state and local agencies to receive taxpayers' voluntary contributions through the state income tax form. *Assembly Appropriations Committee.*

[AB 1561 \(Rodriguez\)](#) extends from 2016 to 2021 the statutory repeal dates for the California Firefighters' Memorial and the California Peace Officer Memorial voluntary contribution funds. *Governor's Desk.*

[AB 1765 \(Jones-Sawyer\)](#) creates the Habitat for Humanity Fund voluntary contribution check-off on the Income Tax Form. *Senate Floor.*

## **LAFCOs & Boundary Changes**

[AB 2156 \(Achadjian\)](#) adds joint powers agencies and joint powers authorities to the list of entities LAFCOs may request information from for purposes of conducting studies. *Signed – Chapter 21, Statutes of 2014.*

[AB 2762 \(Assembly Local Government Committee\)](#) proposes several changes to laws affecting local government organization and reorganization. *Governor's Desk.*

## **Land Use Planning & Development**

[SB 1155 \(Lieu\)](#) revises standards for local agencies issuing building permits on projects near earthquake faults. *Senate Floor.*

[SB 1353 \(Nielsen\)](#) repeals the sunset dates in statutes that allow counties to increase the assessed values of Williamson Act land and divert the resulting property tax revenues. *Assembly Floor.*

[AB 1922 \(Gomez\)](#) defines Greenways as non-motorized transportation corridors along urban waterways and promotes their inclusion on local open space planning. *Senate Appropriations Committee.*

[AB 2188 \(Muratsuchi\)](#) requires cities and counties to adopt an ordinance streamlining the permit process for small rooftop solar energy systems. *Senate Appropriations Committee.*

[AB 2241 \(Eggman\)](#) modifies fees charged when contracting parties rescind a Williamson Act or Farmland Security Zone contract to enter a solar-use easement contract, and allows the county to keep 50% of the rescission fee. *Senate Appropriations Committee.*

## **Local Finance & Infrastructure**

[SB 936 \(Monning\)](#) allows the Monterey Peninsula Water Management District and other financing entities to issue water rate relief bonds to finance water supply infrastructure. *Assembly Appropriations Committee.*

[AB 1521 \(Fox\)](#) changes the formulas for calculating annual vehicle license fee adjustment amounts to account for territory annexed to cities since 2004. *Senate Appropriations Committee.*

[AB 1883 \(Skinner\)](#) allows a public agency to transfer its interest in voluntary contractual assessments and makes several other changes to the statutes governing those assessments. *Senate Floor.*

[AB 2046 \(Gomez\)](#) authorizes California joint powers authorities (JPAs) to issue bonds and enter into loan agreements to finance or refinance private projects that are located outside of California. *Senate Appropriations Committee.*

[AB 2119 \(Stone\)](#) allows a county board of supervisors to impose a transactions and use tax within the county's unincorporated area with the approval of voters within that area. *Governor's Desk.*

[AB 2170 \(Mullin\)](#) specifies that the common powers that public agencies may jointly exercise pursuant to a joint powers agreement include the authority to levy a fee or a tax. *Senate Floor.*

[AB 2194 \(Mullin\)](#) expands the services that may be financed with Mello-Roos special taxes to include storm water management and authorize the acquisition and improvement of property for compliance with storm water management permits. *Senate Floor.*

[AB 2211 \(Ting\)](#) requires each county to make available to taxpayers on its internet website a graph visualization of how ad valorem property tax revenues are allocated countywide. *Senate Appropriations Committee.*

[AB 2274 \(Gordon\)](#) makes several changes to the California Debt and Investment Advisory Commission's authorizing statute. *Governor's Desk.*

[AB 2292 \(Bonta\)](#) adds public capital facilities or projects that include broadband to the types of facilities that an infrastructure financing district can finance. *Senate Floor.*

[AB 2618 \(Peréz\)](#) amends the Property and Business Improvement District Law of 1994 to conform its provisions to constitutional requirements established by Prop 218. *Senate Floor.*

## Local Powers & Governance

[SB 268 \(Gaines\)](#) allows the Last Frontier Health Care District to use design-build contracting. *Signed – Chapter 18, Statutes of 2014.*

[SB 827 \(Liu\)](#) extends, until January 1, 2020, the date on which statutes allowing Los Angeles County to charge fees and mail notices related to recorded real estate documents will be repealed. *Signed – Chapter 65, Statutes of 2014.*

[AB 155 \(Alejo\)](#) allows the Monterey County Water Resources Agency to use counties' design-build contracting procedures to construct a pipeline or tunnel connecting two lakes owned and operated by the agency. *Senate Floor.*

[AB 194 \(Campos\)](#) amends the Ralph M. Brown Act's provisions governing the right to give public comment during local agencies' open meetings. *Senate Floor.*

[AB 745 \(Levine\)](#) allows a Regional Park and Open Space District's general manager to enter into non-construction contracts worth less than \$25,000 without a formal bid process. *Signed – Chapter 42, Statutes of 2014.*

[AB 1795 \(Alejo\)](#) allows a resigning city council member to cast a vote on the appointment of his or her successor. *Senate Floor.*

[AB 1862 \(Melendez\)](#) authorizes a county board of supervisors to fill a vacancy on the board within 90 days after the date of the vacancy. *Senate Governance & Finance Committee.*

[AB 1933 \(Levine\)](#) allows local agencies to invest surplus funds in specified obligations issued by the World Bank, the International Finance Corporation, or the Inter-American Development Bank. *Signed – Chapter 59, Statute of 2014.*

[AB 1948 \(Mullin\)](#) establishes mandatory qualifications for the office of county treasurer, tax collector, treasurer-tax collector, consolidated director of finance, and director of finance. *Senate Floor.*

[AB 1963 \(Atkins\)](#) extends, until January 1, 2016, the date by which the Department of Finance must approve a redevelopment successor agency's long-range property management plan. *Governor's Desk.*

[AB 2040 \(Garcia\)](#) requires local agencies to report the annual compensation of public officials to the State Controller and to post that information on the local agency's website. *Senate Appropriations Committee.*

[AB 2151 \(Wagner\)](#) allows counties to seek reimbursement from residents age 16 or older for search and rescue costs. *Senate Floor.*

[AB 2551 \(Wilk\)](#) requires statement on total cost of debt service to be included with sample ballot information on local agencies' bond elections. *Senate Floor.*

## **Parcel Taxes**

[AB 2109 \(Daly\)](#) requires the State Controller to report annually on locally assessed parcel taxes and requires local government to provide information required by the Controller to complete the report. *Senate Appropriations Committee.*

[SB 1021 \(Wolk\)](#) allows school districts to tax parcels differently based on classification. *Assembly Revenue and Taxation Committee.*

## Property Taxes

[SB 1113 \(Knight\)](#) extends the deadline for County Tax Collectors to refund taxes for the disabled veterans' exemption from four to eight years. *Assembly Appropriations Committee.*

[SB 1152 \(Anderson\)](#) expands the application of the veterans' organization exemption to lodge, fraternal, and social club uses. *Assembly Revenue & Taxation Committee.*

[SB 1203 \(Jackson\)](#) cancels assessments on low-income housing excluded from the welfare exemption; adopts new rules for cities imposing fees on low-income housing. *Assembly Floor.*

[SB 1214 \(Anderson\)](#) reenacts the Property Tax Postponement Program with some modification. *Senate Appropriations Committee.*

[AB 777 \(Muratsuchi\)](#) enacts a property tax exemption for property used in space flight. *Signed – Chapter 13, Statutes of 2014.*

[AB 1760 \(Chau\)](#) prohibits local agencies from imposing payment-in-lieu-of-taxes (PILOT) agreements; presumes PILOTs don't affect a low-income housing project's welfare exemption. *Senate Floor.*

[AB 2231 \(Gordon\)](#) revises and reenacts the senior citizens' and disabled citizens' property tax postponement program. *Senate Appropriations Committee.*

[AB 2257 \(Cooley\)](#) diverts excess proceeds from tax sales from taxing entities to the county. *Senate Appropriations Committee.*

[AB 2262 \(Frazier\)](#) changes the method for assessing the private railroad car tax. *Senate Appropriations Committee.*

[AB 2415 \(Ting\)](#) requires property tax agents to register with the Secretary of State's Office. *Senate Appropriations Committee.*

## Redevelopment

[SB 1129 \(Steinberg\)](#) amends several statutes governing redevelopment agencies' dissolution. *Assembly Appropriations Committee.*

**AB 471 (Atkins)** allows infrastructure financing districts to include portions of former redevelopment project areas and amends several statutes governing redevelopment agencies' dissolution. *Signed – Chapter 1, Statute of 2014.*

**AB 1582 (Mullin)** allows redevelopment successor agencies' recognized obligation payment schedules (ROPS) to cover a 12-month period and allows oversight boards to amend ROPS. *Senate Floor.*

**AB 2280 (Alejo)** allows local governments to form Community Revitalization and Investment Authorities to administer economic development and affordable housing programs. *Senate Appropriations Committee.*

**AB 2493 (Bloom)** allows redevelopment successor agencies to spend proceeds from bonds issued by former redevelopment agencies in 2011. *Senate Appropriations Committee.*

## Sales & Use Taxes

**SB 983 (Hernandez)** Designates the point of sale for fuel dispensed from card lock systems as the point of delivery of the fuel. *Assembly Appropriations Committee.*

**SB 1367 (Anderson)** provides a sales and use tax exemption for the sale of public safety first responder vehicles, and any required equipment on the vehicles, purchased by a local public agency. *Senate Governance & Finance Committee.*

**AB 43 (Bocanegra)** authorizes a person to irrevocably assign to a customer the right to receive a refund under the Sales and Use Tax. *Senate Appropriations Committee.*

**AB 1324 (Skinner)** allows the City of El Cerrito and Contra Costa County to adopt an ordinance proposing the imposition of a transactions and use tax that exceeds the 2% statutory limitation. *Senate Floor.*

**AB 2681 (Dababneh)** applies a sales and use tax to sales for resale of property made by persons convicted of violating laws against counterfeiting. *Senate Appropriations Committee.*

## State Bonds & Indebtedness

**SB 848 (Wolk)** replaces the \$11.14 billion water bond that is currently on the November 2014 ballot with a new \$10.5 billion general obligation bond titled "The Safe Drinking Water, Water Quality, and Water Supply Act of 2014." *Senate Floor.*

**SB 1086 (deLeón)** enacts the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2014. *Senate Floor.*

**SB 1121 (deLeón)** establishes the California Climate Technology and Infrastructure Financing Bank. *Assembly Appropriations Committee.*

**AB 1668 (Wieckowski)** allows the California Educational Facilities Authority to facilitate private placement loans. *Governor's Desk.*

**AB 1979 (Nazarian)** enacts four changes to California School Finance Authority's authorizing statute. *Senate Appropriations Committee.*

**AB 2235 (Buchanan)** proposes the \$9 billion Kindergarten-University Education Facilities Bond Act of 2014 for the November 2104 ballot. *Senate Appropriations Committee.*

## State Personal & Corporate Income Taxes

**SB 560 (Anderson)** enacts exemptions and exclusions for firms that currently lack taxable nexus in California, but gain it when providing disaster relief in the state. *Died in Senate Appropriations Committee.*

**SB 797 (Anderson)** conforms state law to federal treatment for Bernie Madoff Ponzi scheme losses. *Died in Senate Governance & Finance Committee.*

**SB 693 (Correa)** enacts a tax credit for teachers incurring costs for instructional materials. *Died in Senate Appropriations Committee.*

**SB 798 (deLeón)** establishes a tax credit for contributions to a special education fund for the purposes of providing Cal Grants. *Assembly Appropriations Committee.*

**SB 998 (Knight)** enacts two tax benefits for aerospace companies manufacturing new aerospace projects. *Senate Appropriations Committee.*

**SB 1035 (Huff)** conforms state law to federal law regarding Health Savings Accounts (HSAs). *Senate Governance & Finance Committee.*

**SB 1131 (Walters)** excludes members of a limited liability company, treated as a partnership for federal income tax purposes, from the definition of employee. *Governor's Desk.*

**SB 1189 (Liu)** allows a nonrefundable Earned Income Tax Credit (EITC), equal to 15% of the federal EITC. *Senate Appropriations Committee.*

**SB 1335 (Leno)** applies performance measurement standards to tax expenditures. *Assembly Appropriations Committee.*

**SB 1376 (Gaines)** allows a credit equal to 50% of the annual premium amount paid for an individual health care service plan contract or individual policy of health insurance. *Senate Governance & Finance Committee.*



**SB 1378 (Morrell)** enacts a tax credit for contributions to qualified charitable organizations. *Senate Governance & Finance Committee.*

**AB 877 (Bocanegra)** prohibits professional sports franchise owners from deducting fines and penalties imposed by the professional sports league that includes that franchise. *Senate Floor.*

**AB 1172 (Bocanegra)** conforms state law to federal treatment for charitable remainder trusts generating unrelated business taxable income. *Senate Appropriations Committee.*

**AB 1393 (Perea)** conforms state law to federal law for mortgage debt forgiveness. *Governor's Desk.*

**AB 1796 (Linder)** requires FTB to revise the personal income tax return form instructions to include information about directly depositing a refund into the Golden State Scholarshare College Savings Trust. *Governor's Desk.*

**AB 1839 (Gatto)** enacts a tax credit for qualified motion picture and television production. *Senate Appropriations Committee.*

**AB 1999 (Atkins)** allows a 20% or 25% tax credit for rehabilitation of a certified historic structure. *Senate Appropriations Committee.*

**AB 2323 (Gorell)** excludes from income the value of any prize or award won in the Olympic Games or Paralympic Games. *Senate Appropriations Committee.*

**AB 2434 (Gomez)** excludes from gross income amounts received as a rebate, voucher, or other financial incentive issued by a local water agency for participation in a turf removal water conservation program. *Senate Appropriations Committee.*

## State Tax Administration

**SB 1327 (Knight)** deletes current statutes of limitation when courts determine taxes were illegally imposed or collected. *Senate Governance & Finance Committee.*

**AB 1529 (Peréz)** enacts an administrative dissolution and surrender process for defunct non-profits. *Senate Appropriations Committee.*

To read and retrieve copies of the Senate Governance & Finance Committee's detailed reference materials and other publications, please go to the Committee's website:  
<http://sgf.senate.ca.gov>