

Senate Committee on Governance & Finance
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TO: People Interested in Public Finance and Governance Legislation
FROM: Senator Robert M. Hertzberg, Committee Chair
DATE: July 27, 2015
SUBJECT: **Summary of significant legislation heard in 2015**

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 2015. 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 September 11, 2015. A final summary, reflecting the Governor's signature and veto decisions, will be available in mid-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. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

Excise Taxes

[SB 16 \(Beall\)](#) imposes a \$0.10 per gallon excise tax on gasoline, a \$0.12 per gallon excise tax on diesel fuel, and increases the vehicle license and registration fees for five years. *Senate Floor.*

[SB 591 \(Pan\)](#) establishes the California Tobacco Tax Act of 2015, which imposes an additional cigarette tax at a rate of \$2.00 per package of 20 cigarettes. *Senate Floor.*

[AB 243 \(Wood\)](#) enacts a new regulatory framework for the cultivation of medical marijuana and authorizes the Board of Equalization to tax medical marijuana cultivation to provide funding for law enforcement and environmental restoration activities. *Senate Appropriations Committee.*

[AB 266 \(Bonta\)](#) enacts the Medical Cannabis Regulation and Control Act, creating statewide medical cannabis regulation led by the Office of Medical Cannabis Regulation in the Governor's Office. *Senate Appropriations Committee.*

[SB 643 \(McGuire\)](#) enacts the Medical Marijuana Public Safety and Environmental Protection Act. This bill establishes a licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution and sale of medical marijuana to be administered by an Office of Medical Marijuana Regulation in the Business, Consumer Services Housing Agency and enforced primarily at the local level. *Assembly Appropriations Committee.*

[AB 1032](#) (Salas) provides for a refund of the excise tax paid on biodiesel that is blended with tax-exempt diesel fuel. *Senate Appropriations Committee.*

Fees

[SB 250 \(Gaines\)](#) extends deadlines from 30 to 60 days for the state responsibility area fire fee. *Senate Appropriations Committee.*

Income Tax Form

[SB 17 \(Monning\)](#) extends the sunset date of the “California Sea Otter Fund” to January 1, 2021. *Pending transmittal to the Governor.*

[AB 485 \(Williams\)](#) authorizes the addition of the Prevention of Animal Homelessness and Cruelty Fund check-off to the personal income tax return. *Senate Appropriations Committee.*

[AB 924 \(Cooley\)](#) reauthorizes the addition of the State Children's Trust Fund check-off to the personal income tax return. *Senate Floor.*

LAFCOs & Boundary Changes

[SB 239 \(Hertzberg\)](#) requires a LAFCO to review a contract or agreement for new or extended fire service outside of an existing service area. *Assembly Appropriations Committee.*

[AB 851 \(Mayes\)](#) amends the procedure that local agency formation commissions may use to authorize the disincorporation of a city. *Senate Floor.*

Land Use Planning & Development

[SB 379 \(Jackson\)](#) requires cities and counties to review and update their general plans' safety elements to address risks posed by climate change. *Assembly Appropriations Committee.*

[SB 313 \(Galgiani\)](#) requires a school district governing board to comply with specified requirements before declaring a zoning ordinance inapplicable to a proposed school site. *Senate Floor – Inactive.*

[AB 57 \(Quirk\)](#) deems approved applications for wireless facilities if local governments do not approve or deny the applications within a specified time period. *Senate Floor.*

[AB 644 \(Wood\)](#) exempts counties from making certain fire-related findings on subdivision approvals if the subdivided land is identified in the open space element of the county's general plan. *Senate Floor.*

[AB 707 \(Wood\)](#) repeals the authority of landowners and the Department of Conservation to agree on cancellation valuations for land restricted by a Williamson Act contract in some cities and counties. *Senate Floor.*

[AB 806 \(Dodd\)](#) exempts a strand-mounted antenna used for video, voice, or data service that is attached to communications infrastructure that meets specified requirements from additional permitting requirements. *Senate Governance & Finance Committee.*

[AB 1236 \(Chiu\)](#) requires cities and counties to adopt an ordinance to streamline and expedite the permitting process for electric vehicle charging stations. *Senate Appropriations Committee.*

Local Finance & Infrastructure

[SB 25 \(Roth\)](#) changes the formulas for calculating annual vehicle license fee adjustment amounts for four cities that incorporated after 2004. *Assembly Appropriations Committee.*

[SB 63 \(Hall\)](#) authorizes cities and counties to establish seaport infrastructure financing districts. *Assembly Appropriations Committee.*

[SB 222 \(Block\)](#) specifies that general obligation bonds issued and sold by a local government, including a school district or community college district, are secured by a statutory lien. *Signed – Chapter 78, Statutes of 2015.*

[SB 602 \(Monning\)](#) authorizes the California Earthquake Authority to establish a statewide contractual assessment program to fund residential seismic retrofits. *Assembly Appropriations Committee.*

[SB 710 \(Galgiani\)](#) 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. *Assembly Local Government Committee.*

[AB 2 \(Alejo\)](#) allows local governments to form community revitalization and investment authorities to administer economic development and affordable housing programs. *Senate Appropriations Committee.*

[AB 313 \(Atkins\)](#) makes several changes to the statutes governing enhanced infrastructure financing districts. *Senate Floor.*

Local Powers & Governance

[SB 267 \(Leyva\)](#) allows cities and counties to enact and enforce ordinances restricting registered sex offenders from residing or being present near locations where children regularly gather. *Senate Public Safety Committee.*

[SB 272 \(Hertzberg\)](#) requires local governments to catalog, and make publicly available, information about their data systems. *Assembly Appropriations Committee.*

[SB 330 \(Mendoza\)](#) provides that a public official has a prohibited financial interest in a public contract if certain family members of the public official, as defined, have a financial interest in the contract. *Assembly Appropriations Committee.*

[SB 331 \(Mendoza\)](#) requires counties and cities that have adopted a Civic Openness in Negotiation (COIN) ordinance, as defined, to comply with specified disclosure requirements relating to contract negotiations with private entities. *Assembly Appropriations Committee.*

[SB 493 \(Cannella\)](#) permits a city that elects its city council at-large to enact an ordinance switching its election method to by-district without submitting the change to voters for approval. *Assembly Floor.*

[SB 533 \(Pan\)](#) prohibits a local agency from entering into an agreement that would result in the payment of Bradley-Burns tax proceeds to a retailer if the agreement results in a reduction in revenue that is received by another local agency. *Assembly Appropriations Committee.*

[SB 593 \(McGuire\)](#) requires “hosting platforms” that facilitate short-term rentals of residential housing to report specified data about rentals and comply with local ordinances relating to short-term rentals. *Senate Floor – Inactive.*

[SB 677 \(Mendoza\)](#) makes numerous amendments to the state laws governing fireworks sales and disposals. *Died in Senate Governmental Organization Committee.*

[SB 741 \(Hill\)](#) prohibits a local agency from acquiring or using cellular communications interception technology without first adopting a resolution or ordinance that meets specified criteria. *Assembly Floor.*

[SB 762 \(Wolk\)](#) lets counties award construction contracts through a “best value” procurement process. *Assembly Appropriations Committee.*

[SCA 8 \(Mendoza\)](#) requires any charter county with a population greater than 2 million residents after the 2020 U.S. census to have a governing body comprised of at least seven members. *Senate Appropriations Committee.*

[AB 1 \(Brown\)](#) prohibits a city or county from imposing a fine for a brown lawn or failure to water a lawn during a state of emergency proclaimed by the Governor due to drought. *Signed – Chapter 62, Statutes of 2015.*

[AB 36 \(Campos\)](#) prohibits a local agency from applying for certain types of federal surplus property technology without prior approval by its legislative body. *Senate Floor.*

[AB 283 \(Dababneh\)](#) repeals a cap on the share of local agency funds that may be invested through a private sector deposit placement service and extends the sunset date on the statutes authorizing those deposits. *Pending transmittal to the Governor.*

[AB 448 \(Brown\)](#) changes the formulas for calculating annual vehicle license fee adjustment amounts to account for territory annexed to cities since 2004. *Senate Appropriations Committee.*

[AB 495 \(Gordon\)](#) increases, from \$25,000 to \$50,000, the maximum value of contracts which two regional park and open space districts may enter into without using a formal bid process. *Pending transmittal to the Governor.*

[AB 514 \(Williams\)](#) raises the maximum amounts of administrative fines and penalties that counties can impose for some violations of specified types of ordinances. *Senate Appropriations Committee.*

[AB 656 \(Garcia\)](#) allows a mutual water company and a public agency to form a joint powers authority to provide risk-pooling and insurance for the JPA’s members. *Senate Floor.*

[AB 718 \(Chu\)](#) prohibits local governments from penalizing, by impoundment or other method, the act of sleeping in a lawfully parked motor vehicle. *Senate Floor.*

[AB 823 \(Bigelow\)](#) allows counties to post proposed and adopted ordinances on their websites as an alternative to posting a copy of the full text of the ordinance in the office of the clerk of the board. *Signed – Chapter 39, Statutes of 2015.*

[AB 896 \(Wagner\)](#) allows counties to seek reimbursement from residents age 16 or older for search and rescue costs under specified conditions. *Senate Floor.*

[AB 952 \(Garcia\)](#) provides an alternative procedure for filling a vacancy on a city council that occurs in the first half of the term of office. *Pending transmittal to the Governor.*

[AB 1077 \(Holden\)](#) amends the Mutual Water Company Open Meetings Act to allow mutual water companies to use teleconferencing as a means to allow eligible persons to access board meetings. *Senate Floor.*

[AB 1119 \(Rendon\)](#) repeals cities' ability to locate utilities in public rights of way in unincorporated territory without the affected county's agreement. *Senate Floor.*

[AB 1164 \(Gatto\)](#) prohibits cities and counties from enacting and enforcing any ban on the installation of synthetic grass or artificial turf on residential property and appropriates funding for drought-tolerant landscapes. *Senate Appropriations Committee.*

[AB 1403 \(Maienschein\)](#) allows a private, non-profit corporation that provides services to homeless persons to enter into a joint powers agreement with a public agency to provide housing and supportive services to homeless persons who most frequently utilize public services. *Pending transmittal to the Governor.*

Parcel Taxes

[SB 371 \(Hancock\)](#) clarifies that a school district may exempt from special taxes any of the specified categories of individuals and is not required, but may, provide this exemption to all of these persons. *Signed – Chapter 81, Statutes of 2015.*

Property Taxes

[SB 2 \(Anderson\)](#) extends the application of the "veterans' organization" property tax exemption to real property owned by certain veterans' organizations and used for fraternal, lodge, or social club purposes, as specified, excluding the bar area. *Assembly Revenue and Taxation Committee.*

[SB 357 \(Hall\)](#) changes the apportionment method for calculating the private railroad car tax. *Senate Appropriations Committee.*

[SB 434 \(Allen\)](#) requires the assessor to notify the Department of Housing and Community Development (HCD), the legal owner, and each assessee whose manufactured home is to be placed on the local assessment role. This bill also requires HCD to transfer a manufactured home that is subject to the vehicle license fee to local property taxation when it is found that the home has been rebuilt and is no longer mobile. *Assembly Housing & Community Development Committee.*

[SB 477 \(Leyva\)](#) authorizes qualified mobilehome owners to apply to the State Controller to defer payment of property taxes through the Senior Citizens and Disabled Citizens Property Tax Postponement Program. *Assembly Revenue & Taxation Committee.*

[SB 480 \(Pan\)](#) imposes a 0.75 percent tax on a renter of qualified heavy equipment in lieu of business personal property tax, and requires the Board of Equalization to administer the proposed tax. *Senate Appropriations Committee.*

[SB 661 \(Hill\)](#) transfers assessment of airline personal property from local assessors to the Board of Equalization. *Senate Appropriations Committee.*

[SCA 5 \(Hancock\)](#) changes how commercial property is assessed. *Senate Governance & Finance Committee.*

[AB 567 \(Gipson\)](#) allows the Board of Equalization (BOE) or assessors to disclose whether they have received a change in ownership statement (COS) for a legal entity, or that BOE has issued a determination regarding the change. *Senate Floor.*

[AB 571 \(Brown\)](#) changes the standard used by assessment appeals boards when determining whether to abate two property tax penalties. *Pending transmittal to the Governor.*

[AB 1157 \(Nazarian\)](#) extends the current lead assessor model for assessing certificated aircraft by one year to apply through the 2016-17 fiscal year, eventually expiring on the January 1, 2017 lien date. *Senate Appropriations Committee.*

[AB 1378 \(Holden\)](#) provides that a claimant's spouse shall not be deemed as a claimant for purposes of base year value transfers, thereby allowing a spouse to subsequently claim another base year value transfer. *Senate Appropriations Committee.*

Redevelopment

[AB 974 \(Bloom\)](#) allows redevelopment successor agencies, under specified circumstances, to spend proceeds from bonds issued by former redevelopment agencies in 2011. *Senate Appropriations Committee.*

Sales & Use Taxes

[SB 120 \(Anderson\)](#) provides a sales and use tax exemption for the sale of public safety first responder vehicles, and any required equipment on those vehicles, in excess of \$300,000 purchased by a local public agency. *Senate Appropriations Committee.*

[SB 598 \(Hill\)](#) designates, until January 1, 2021, all-volunteer fire departments as consumers, and not retailers, of tangible personal property they sell if the profits are used solely and exclusively in furtherance of the fire departments' purposes. *Senate Floor, pending concurrence.*

[SB 680 \(Wieckowski\)](#) exempts from sales tax any qualified new motor vehicle and qualified accessories sold to a person for permanent use outside the state. *Senate Appropriations Committee.*

[SB 747 \(McGuire\)](#) appropriates aviation fuel tax revenues from the General Fund to the Aeronautics Account. *Senate Appropriations Committee.*

[SB 767 \(DeLeón\)](#) allows the Los Angeles County Metropolitan Transportation Authority to adopt an ordinance proposing the imposition of a transactions and use tax that exceeds the 2% statutory limitation. *Assembly Appropriations Committee.*

[AB 88 \(Gomez\)](#) provides a sales and use tax exemption for the sale of energy or water efficient home appliances, purchased by a public utility that is provided at no cost to a low income participant in an energy efficiency program. *Senate Appropriations Committee.*

[AB 160 \(Dababneh\)](#) applies the sales and use tax to goods with counterfeit or illicit labels held for resale; extends authority for asset forfeiture to specified crimes. *Senate Appropriations Committee.*

[AB 464 \(Mullin\)](#) increases the maximum combined rate of all transactions and use taxes (district taxes) that may be levied by authorized entities within a county from 2% to 3%. *Pending transmittal to the Governor.*

[AB 1161 \(Olsen\)](#) establishes an income tax credit equal to 40% of the amount contributed by a taxpayer to the newly established California Preschool Investment Fund, and requires the California Department of Education to select five counties to participate in the investor-funded preschool pilot program. *Senate Appropriations Committee.*

State Bonds & Indebtedness

[SB 114 \(Liu\)](#) makes changes to the existing School Facility Program and authorizes the Kindergarten-Grade 12 Public Education Facilities Bond Act of 2016 to provide for the issuance of an unspecified amount of general obligation bonds for construction and modernization of education facilities to become effective if approved by voters at the November 8, 2016, statewide general election. *Senate Floor.*

[SB 317 \(DeLeón\)](#) enacts the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016 which, if approved by the voters at the November 8, 2016 general election, authorizes the sale of general obligation bonds to benefit state and local parks in the amount of \$2.45 billion. *Senate Floor.*

[AB 882 \(Wilk\)](#) amends both the Education and Government Codes, to require all school bond issuance, that include furnishing and equipping schools, to have a weighted average maturity that does not exceed 120% of the average reasonably expected economic life of the financed project. *Senate Appropriations Committee.*

[AB 1195 \(Ridley-Thomas\)](#) allows the California Debt Limit Allocation Committee to administer the federal private activity bond authority and issue federal tax-exempt bond funds to finance public school facilities. *Senate Floor.*

[AB 1393 \(Burke\)](#) amends the California Pollution Control Financing Authority's (CPCFA) statutes to state that CPCFA can provide financial assistance in the form of loans, grants, credit enhancement, and any other incentive to leverage private capital. *Senate Appropriations Committee.*

State Personal & Corporate Income Taxes

[SB 31 \(Gaines\)](#) increases the personal income tax dependent credit from \$227 to \$652. *Senate Governance and Finance Committee.*

[SB 35 \(Wolk\)](#) allows a deduction for certain losses sustained from a disaster occurring in Napa, California that was proclaimed by the Governor to have resulted in a state of emergency. *Senate Floor, pending concurrence.*

[SB 38 \(Liu\)](#) allows a refundable earned income tax credit (EITC) for households with income limits of \$6,580 with zero dependents, and \$13,870 with three or more dependents. The state credit is computed by multiplying the state credit amount by the state adjustment factor, which is specified yearly in the Budget Act. *Assembly Revenue & Taxation Committee.*

[SB 150 \(Nguyen\)](#) excludes from gross income loan amounts discharged from a for-profit college when the borrower is unable to complete a program of study. *Senate Appropriations Committee.*

[SB 152 \(Vidak\)](#) allows a refundable earned income tax credit (EITC), equal to 15% of the Federal EITC. *Senate Appropriations Committee.*

[SB 251 \(Roth\)](#) provides a credit to a small business for eligible access expenditures to comply with the Americans With Disabilities Act in excess of \$250 but less than \$10,250. *Assembly Revenue & Taxation Committee.*

[SB 268 \(Nguyen\)](#) increases the maximum adjusted gross income and the maximum amount of employment-related expenses to which the child care credit may be applied. *Senate Appropriations Committee.*

[SB 324 \(Pavley\)](#) establishes a California Achieving a Better Life Experience (ABLE) program to allow savings accounts for disabled individuals, and generally conforms to the federal income tax treatment of ABLE accounts. *Assembly Appropriations Committee.*

[SB 377 \(Beall\)](#) allows a taxpayer who receives an allocation of state low-income housing tax credits from the California Tax Credit Allocation Committee, to sell all or any portion of the

credit to one or more unrelated parties for each taxable year in which the credit is allowed for not less than 80% of the amount of the credit. *Assembly Revenue & Taxation Committee.*

[SB 495 \(Stone\)](#) ends the withholding requirement on sales of real estate by California residents and entities if the taxpayer elects to pay the tax when filing a return. *Senate Appropriations Committee.*

[SB 500 \(Hertzberg\)](#) excludes “de minimis income” of a nonresident taxpayer. *Assembly Revenue & Taxation Committee.*

[SB 526 \(Fuller\)](#) modifies the "innocent spouse" equitable relief provisions by expanding the Franchise Tax Board's authority to relieve an individual of tax liability on his/her own income. *Assembly Revenue & Taxation Committee.*

[SB 537 \(Cannella\)](#) allows taxpayers to deduct the amount due on the taxpayer's real property tax bill. *Senate Governance & Finance Committee.*

[SB 578 \(Block\)](#) enacts a tax credit for firms to purchase electric vehicle charging stations. *Senate Appropriations Committee.*

[SB 670 \(Jackson\)](#) reestablishes two employer tax credits for providing childcare to employees. *Assembly Appropriations Committee.*

[SB 681 \(Hill\)](#) denies business expense deduction for a specific fine imposed on PG&E by the California Public Utilities Commission. *Senate Appropriations Committee.*

[SJR 10 \(Stone\)](#) requests Congress to extend two renewable energy tax credits. *Senate Floor.*

[AB 449 \(Irwin\)](#) establishes Achieving a Better Life Experience (ABLE) accounts for disabled individuals in California based on the federal 2014 ABLE Act's definitions, and directs the State Treasurer to administer the program in compliance with federal law. *Senate Appropriations Committee.*

[AB 35 \(Chiu\)](#) increases the amount of tax credits the California Tax Credit Allocation Committee can allocate for low-income housing; revises percentages and establishes new categories. *Senate Appropriations Committee.*

[AB 43 \(Stone\)](#) allows a refundable earned income tax credit, upon appropriation of the Legislature. *Senate Appropriations Committee.*

[AB 99 \(Perea\)](#) extends California's modified conformity to federal law relating to mortgage debt forgiveness. *Senate Appropriations Committee.*

[AB 154 \(Ting\)](#) conforms state law to federal law as of January 1, 2015; makes changes to the large corporate understatement penalty. *Senate Appropriations Committee.*

[AB 428 \(Nazarian\)](#) allows a credit equal to 30% of a qualified taxpayer's qualified costs incurred for seismic retrofit construction. *Senate Appropriations Committee.*

[AB 437 \(Atkins\)](#) allows a qualified small business to convert into cash grants 10% of the value of research and development credits carried over from the 2014 and 2015 taxable years to the 2016 year, or 15% for credits generated in the 2016 to 2021 taxable years, remaining after reducing tax for the year to zero. *Senate Appropriations Committee.*

[AB 515 \(Eggman\)](#) expands the existing tax credit program under the Personal Income Tax Law and Corporation Tax Law for contributions of qualified donation items to a food bank and extends the program until January 1, 2021. *Senate Appropriations Committee.*

[AB 557 \(Irwin\)](#) enacts a Franchise Tax Board administered dissolution and surrender process for nonprofit entities that FTB has suspended for at least 48 continuous months. *Senate Appropriations Committee.*

[AB 931 \(Irwin\)](#) allows veterans separated from military service within the last 36 months to qualify their employers for the AB 93 hiring credit, commencing in the 2016 taxable year. *Senate Appropriations Committee.*

[AB 976 \(Steinorth\)](#) allows a deduction, not to exceed \$100, for qualified costs paid or incurred adopting a pet from a qualified animal rescue organization. *Senate Appropriations Committee.*

State Tax Administration

[SB 321 \(Beall\)](#) changes the methodology used to determine the fuel tax rates. *Assembly Appropriations Committee.*

[SB 433 \(Berryhill\)](#) requires the Department of Finance (DOF), instead of the Board of Equalization (BOE), to determine the annual the fuel tax swap rates. *Assembly Revenue & Taxation Committee.*

[SB 540 \(Hertzberg\)](#) repeals the sunset provision and increases the maximum relief amount limit to \$10,000 for the Taxpayer Advocate Equity Relief Program. *Assembly Appropriations Committee.*

[SB 640 \(Beall\)](#) authorizes a person to irrevocably assign to a customer the right to file for and receive a refund under the Sales and Use Tax when the amount due is \$1,000 or more. *Assembly Appropriations Committee.*

[AB 279 \(Dodd\)](#) extends the state-local tax information sharing program to counties, and to a city and county. *Pending transmittal to the Governor.*

[AB 681 \(Ting\)](#) changes the Board of Equalization's process for surveying counties' assessment practices. *Senate Appropriations Committee.*

[AB 1040 \(Ting\)](#) modifies the due date by which the Franchise Tax Board is required to submit the annual conformity report from January 10 to February 1. *Senate Governance & Finance Committee.*

[AB 1277 \(Brough\)](#) increases the amount the Board of Equalization's Taxpayer Rights' Advocate can return to taxpayers, and allows maximum return amounts to grow in the future according to inflation. *Senate Floor.*

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:

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