

**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: October 1, 2014  
SUBJECT: **Summary of significant legislation heard in 2014**

Now that the Legislature has adjourned its regular session, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee reviewed during 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*. 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 also can use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

The Senate Committee on Governance and Finance is responsible for hearing legislation pertaining to state and local government revenue mechanisms, taxes, local governance, and land use and development. The summary below groups bills by subject.

## Corporate Taxes

**[SB 718 \(Roth\)](#)** expands aerospace tax credit enacted by AB 2389 (Fox, 2014) to include prime contractors. *Signed – Chapter 189, Statutes of 2014.*

**[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. *Died on the Senate Floor.*

**[AB 1560 \(Quirk-Silva\)](#)** allows the Director of Finance to increase the authorized amount for the California Competes Tax Credit by \$25 million. *Signed – Chapter 378, Statutes of 2014.*

**[AB 2389 \(Fox\)](#)** enacts two tax benefits for subcontractors performing contracts for new advanced strategic aircraft programs. *Signed – Chapter 116, Statutes of 2014.*

## 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. *Died in Senate Appropriations Committee.*

**AB 1717 (Perea)** enacts the Prepaid Mobile Telephony Services Surcharge Collections Act. *Signed – Chapter 885, Statutes of 2014.*

**AB 1907 (Ridley-Thomas)** changes the excise tax rate for compressed natural gas and liquefied natural gas to remain revenue-neutral. *Signed – Chapter 805, Statutes of 2014.*

**AB 2009 (Weber)** authorizes a managed audit program for various tax and fee programs administered by the Board of Equalization. *Signed – Chapter 105, Statutes of 2014.*

## Fees

**SB 1211 (Padilla)** requires the Office of Emergency Services (OES) to develop a plan to implement Next Generation 911 in California. *Signed – Chapter 926, Statutes of 2014.*

**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. *Died in Assembly Appropriations Committee.*

**AB 2048 (Dahle)** enacts several changes to the state responsibility area fire prevention fee. *Signed – Chapter 895, Statutes of 2014.*

## Income Tax Form

**SB 761 (DeSaulnier)** changes the method for allocating funds in the School Supplies for Homeless Children voluntary contribution fund. *Signed – Chapter 365, Statutes of 2014.*

**SB 782 (DeSaulnier)** creates the California Sexual Violence Victim Services Fund tax check-off on the income tax form. *Signed – Chapter 366, Statutes of 2014.*

**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. *Signed – Chapter 248, Statutes of 2014.*

**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. *Died in 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. *Signed – Chapter 127, Statutes of 2014.*

[AB 1765 \(Jones-Sawyer\)](#) creates the Habitat for Humanity Fund voluntary contribution check-off on the Income Tax Form. *Signed – Chapter 354, Statutes of 2014.*

[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. *Signed – Chapter 135, Statutes of 2014.*

## **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. *Signed – Chapter 112, Statutes of 2014.*

## **Land Use Planning & Development**

[SB 920 \(Galgiani\)](#) permits local agencies in the Sacramento-San Joaquin Valley to authorize development in a flood zone while levee improvements are in the planning and design stage. *Died in Senate Governance & Finance Committee.*

[SB 1155 \(Lieu\)](#) revises standards for local agencies issuing building permits on projects near earthquake faults. *Died on 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. *Signed – Chapter 322, Statutes of 2014.*

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

[AB 2188 \(Muratsuchi\)](#) requires cities and counties to adopt an ordinance streamlining the permit process for small rooftop solar energy systems. *Signed – Chapter 521, Statutes of 2014.*

**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. *Signed – Chapter 582, Statutes of 2014.*

## Local Finance & Infrastructure

**SB 69 (Roth)\*** establishes vehicle license fee adjustment amounts for newly incorporated cities. *Vetoed.*

**SB 614 (Wolk)** allows local officials to use tax increment financing to fund infrastructure improvements in disadvantaged unincorporated communities. *Signed – Chapter 784, Statutes of 2014.*

**SB 628 (Beall)** allows local officials to create Enhanced Infrastructure Financing Districts. *Signed – Chapter 785, Statutes of 2014.*

**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. *Signed – Chapter 482, Statutes of 2014.*

**AB 229 (Perez)\*** allows local officials to form an infrastructure and revitalization financing district to finance specified projects on a former military base. *Signed – Chapter 775, Statutes of 2014.*

**AB 1521 (Fox)** changes the formulas for calculating annual vehicle license fee adjustment amounts to account for territory annexed to cities since 2004. *Vetoed.*

**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. *Signed – Chapter 599, Statutes of 2014.*

**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. *Died in 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. *Signed – Chapter 148, Statutes of 2014.*

**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. *Signed – Chapter 386, Statutes of 2014.*

[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. *Vetoed.*

[AB 2274 \(Gordon\)](#) makes several changes to the California Debt and Investment Advisory Commission's authorizing statute. *Signed – Chapter 181, Statutes of 2014.*

[AB 2292 \(Bonta\)](#) adds public capital facilities or projects that include broadband to the types of facilities that an infrastructure financing district can fund. *Signed – Chapter 783, Statutes of 2014.*

[AB 2280 \(Alejo\)](#) allows local governments to form Community Revitalization and Investment Authorities to administer economic development and affordable housing programs. *Vetoed.*

[AB 2618 \(Peréz\)](#) amends the Property and Business Improvement District Law of 1994 to conform its provisions to constitutional requirements established by Prop 218. *Signed – Chapter 240, Statutes of 2014.*

## 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 sunset date on statutes allowing Los Angeles County to charge fees and mail notices related to recorded real estate documents. *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. *Signed – Chapter 865, Statutes of 2014.*

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

[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. *Signed – Chapter 725, Statutes of 2014.*

[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. *Died in 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. *Vetoed.*

[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. *Signed – Chapter 146, Statutes of 2014.*

[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. *Signed – Chapter 894, Statutes of 2014.*

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

[AB 2551 \(Wilk\)](#) requires statement on total cost of debt service to be included with sample ballot information on local agencies' bond elections. *Signed – Chapter 908, Statutes of 2014.*

## 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. *Signed – Chapter 781, Statutes of 2014.*

[SB 1021 \(Wolk\)](#) allows school districts to tax parcels differently based on classification. *Died in 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. *Signed – Chapter 656, Statutes of 2014.*

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

[SB 1203 \(Jackson\)](#) cancels assessments on low-income housing excluded from the welfare exemption. *Signed – Chapter 693, Statutes of 2014.*

**SB 1214 (Anderson)** reenacts the Property Tax Postponement Program with some modification. *Died in 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. *Signed – Chapter 671, Statutes of 2014.*

**AB 2231 (Gordon)** revises and reenacts the senior citizens' and disabled citizens' property tax postponement program. *Signed – Chapter 703, Statutes of 2014.*

**AB 2257 (Cooley)** diverts excess proceeds from tax sales from taxing entities to the county. *Signed – Chapter 501, Statutes of 2014.*

**AB 2262 (Frazier)** changes the method for assessing the private railroad car tax. *Died in Senate Appropriations Committee.*

**AB 2415 (Ting)** requires property tax agents to register with the Secretary of State's Office. *Vetoed.*

## Redevelopment

**SB 663 (Lara)\*** directs how a county auditor must allocate specified revenues derived from an extraordinary property tax rate approved by voters to pay for pension programs. *Died in Assembly Appropriations Committee.*

**SB 1129 (Steinberg)** amends several statutes governing redevelopment agencies' dissolution. *Vetoed.*

**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 1450 (Garcia)** directs how a county auditor must allocate specified revenues derived from an extraordinary property tax rate approved by voters to pay for pension programs. *Vetoed.*

**AB 1582 (Mullin)\*** specifies the interest rate that applies to successor agencies' repayment of some former RDA loans. *Died in Senate Rules Committee.*

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



## Sales & Use Taxes

**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 when purchased by a local public agency. *Died in 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. *Died in 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. *Signed – Chapter 795, Statutes of 2014.*

**AB 2681 (Dababneh)** applies a sales and use tax to sales for resale of property made by persons convicted of violating laws against counterfeiting. *Signed – Chapter 477, Statutes of 2014.*

## 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.” *Died on Senate Floor.*

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

**SB 1121 (deLeón)** establishes the California Climate Technology and Infrastructure Financing Bank. *Died on Assembly Floor.*

**AB 1471 (Rendon)** replaces the \$11.4 billion water bond on the November 2014 ballot with a new \$7.2 billion general obligation bond and enacts the “Water Quality, Supply, and Infrastructure Improvement Act of 2014.” *Signed – Chapter 188, Statutes of 2014.*

**AB 1668 (Wieckowski)** allows the California Educational Facilities Authority to facilitate private placement loans. *Signed – Chapter 154, Statutes of 2014.*

**AB 1979 (Nazarian)** enacts four changes to California School Finance Authority’s authorizing statute. *Signed – Chapter 416, Statutes of 2014.*

**AB 2235 (Buchanan)** proposes the \$9 billion Kindergarten-University Education Facilities Bond Act of 2014 for the November 2104 ballot. *Died in Senate Rules 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. *Signed – Chapter 367, Statutes of 2014.*

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

**SB 1035 (Huff)** conforms state law to federal law regarding Health Savings Accounts (HSAs). *Died in 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. *Signed – Chapter 122, Statutes of 2014.*

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

**SB 1271 (Evans)** excludes student loan amounts repaid by the United States Secretary of Education (SSE) or canceled from gross income. *Signed – Chapter 841, Statutes of 2014.*

**SB 1335 (Leno)** applies performance measurement standards to tax expenditures. *Signed – Chapter 845, Statutes of 2014.*

**SB 1378 (Morrell)** enacts a tax credit for contributions to qualified charitable organizations. *Died in 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. *Signed – Chapter 792, Statutes of 2014.*

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

**AB 1393 (Perea)** conforms state law to federal law for mortgage debt forgiveness. *Signed – Chapter 152, Statutes of 2014.*

**AB 1399 (Medina)** enacts the California New Markets Tax Credit. *Vetoed.*

**AB 1839 (Gatto)** enacts \$1.6 billion in tax credits for qualified motion picture and television production. *Signed – Chapter 413, Statutes of 2014.*

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

**AB 2323 (Gorell)** excludes from income the value of any prize or award won in the Olympic Games or Paralympic Games. *Died in 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. *Signed – Chapter 738, Statutes of 2014.*

## State Tax Administration

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

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

*\* – This bill did not come to the Senate Governance & Finance Committee in 2014.*

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>