

**Senate Committee on Governance & Finance
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TO: People Interested in Public Finance and Governance Legislation
FROM: Senator Mike McGuire, Committee Chair
DATE: October 7, 2020
SUBJECT: Summary of significant legislation heard in 2020

Now that the legislative session has ended, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee reviewed during 2020. 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. You can also 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.

Please note: due to the COVID-19 pandemic, many legislators reduced the number of bills that they authored during the 2020 legislative year, and bills that ordinarily would have been referred to multiple committees were only referred to the committee with the primary jurisdiction. With limited exceptions (noted with an asterisk), the list below reflects only those bills that were heard by the Senate Governance and Finance Committee.

Income Tax Form

[SB 587 \(Monning\)](#) renames the California Sea Otter Fund the California Sea Otter Voluntary Contribution Fund (VCF), and extends its sunset date until January 1, 2028. *Signed—Chapter 229, Statutes of 2020.*

[AB 2068 \(Petrie-Norris\)](#) extends the sunset date of the “California Firefighters Memorial Fund” and the “California Peace Officers Memorial Foundation Fund” to January 1, 2028. *Signed—Chapter 173, Statutes of 2020.*

Local Agency Formation Commissions (LAFCOs) & Boundary Changes

[AB 3312 \(Gray\)](#) allows the City of Merced to annex the territory comprising the campus of the University of California, Merced (UC Merced) and a connecting road strip. *Signed—Chapter 56, Statutes of 2020.*

Land Use Planning & Development

[SB 182 \(Jackson\)](#) imposes certain fire hazard planning responsibilities on local governments and requires cities and counties to make specified findings on fire standards prior to permitting development in the very high fire hazard severity zone (VHFHSZ). *Vetoed.*

[SB 899 \(Wiener\)](#)* establishes affordable housing as a use by right on land owned by a religious institution or nonprofit college and grants density increases and other benefits to those housing projects. *Died in the Assembly Appropriations Committee.*

[SB 902 \(Wiener\)](#)* allows a city or county to adopt an ordinance to zone any parcel for up to 10 units of residential density per parcel in transit-rich or jobs-rich areas or urban infill sites, and exempts these ordinances from the California Environmental Quality Act (CEQA). *Died in the Assembly Appropriations Committee.*

[SB 940 \(Beall\)](#) grants the City of San Jose flexibility in meeting the no net loss in residential capacity requirements of SB 330 (Skinner Chapter 654, Statutes of 2019) until the city’s housing element for the 6th cycle of revisions is due to the Department of Housing and Community Development. *Signed – Chapter 201, Statutes of 2020.*

[SB 1120 \(Atkins\)](#) requires ministerial approval of duplexes in single-family zones and specified subdivision maps to subdivide a parcel into two equal-sized parcels. *Died on the Senate Floor.*

[SB 1385 \(Caballero\)](#) enacts the Neighborhood Homes Act, which establishes housing as an allowable use on parcels zoned for office or retail uses, and allows for ministerial approval of those developments under specified conditions. *Died in the Assembly Local Government Committee.*

[AB 725 \(Wicks\)](#)* requires at least 25% of a city or county’s share of the regional housing need for moderate- and above moderate-income housing to be allocated to sites with zoning

that allows at least four units of housing in the city or county's housing element. *Signed – Chapter 193, Statutes of 2020.*

[AB 1561 \(C. Garcia\)](#)* requires cities and counties to evaluate the impact of government actions on the cost of housing and associated impacts to minority communities; extends by 18 months, the time frame for the expiration, effectuation, or utilization of a housing entitlement that was issued prior to, and was in effect on, March 4, 2020, and will expire prior to December 31, 2021. *Signed – Chapter 195, Statutes of 2020.*

[AB 1851 \(Wicks\)](#) allows a housing development project on religious institution-owned land to eliminate religious-use parking spaces without replacement, and allows the remaining religious-use parking spaces to count towards local parking requirements for housing, subject to certain conditions. *Signed – Chapter 196, Statutes of 2020.*

[AB 2421 \(Quirk\)](#) requires a local agency to administratively review an application to install an emergency standby generator at an existing macro cell tower site until January 1, 2024. *Signed – Chapter 255, Statutes of 2020.*

[AB 3107 \(Bloom\)](#)* establishes housing developments with at least 20% affordable units as an authorized use on a site designated in any local agency's zoning code for commercial uses if the development is an infill project and meets other criteria. *Died in the Senate Housing Committee.*

Local Tax Authority

[SB 1349 \(Glazer\)](#) permits Contra Costa County, and cities within Contra Costa County, additional legal flexibility to impose local transactions and use taxes. *Signed – Chapter 369, Statutes of 2020.*

Local Powers & Governance

[SB 998 \(Moorlach\)](#) expands local agencies' investment options and makes other changes to their ability to invest surplus funds. *Signed—Chapter 235, Statutes of 2020.*

[SB 1049 \(Glazer\)](#) increases the administrative penalties that local agencies may impose for violations of short-term rental ordinances. *Died on the Senate Floor.*

[AB 992 \(Mullin\)](#) creates a new exception to a prohibition in the Ralph M. Brown Act (Brown Act) against serial communications by a majority of a local legislative body's members, if they are using social media in specified ways. *Signed—Chapter 89, Statutes of 2020.*

[AB 2040 \(Bigelow\)](#) requires the Madera County auditor-controller to allocate additional funds to the county and its cities to correct property tax allocation errors. *Vetoed.*

Property Tax

[SB 364 \(Mitchell\)](#)* changes the classification of nonresidential active solar energy systems from real property to personal property, and creates a new property tax exemption for systems constructed prior to January 1, 2025. The measure only becomes effective if voters approve Proposition 15 at the November, 2020 general election, an initiative constitutional amendment to require fair market value based property tax assessments for commercial and industrial real property. *Signed – Chapter 58, Statutes of 2020.*

[SB 1319 \(Bates\)](#) provides that a change in ownership triggering a reassessment for property tax purposes occurs when 90% or more of the direct or indirect ownership interests in a legal entity are sold or transferred in a single transaction. *Died in the Senate Governance and Finance Committee.*

[AB 2013 \(Irwin\)](#) ensures consistency for property tax purposes for owners affected by Governor-declared disasters who choose to rebuild onsite and for those who purchase or construct a replacement property offsite. *Signed – Chapter 124, Statutes of 2020.*

[SB 1431 \(Glazer\)](#) amends disaster reassessment law to require disaster reassessments for a state of emergency, and redefines damage to include the diminution in value resulting from any law, order, rule, or regulation of the state or any city, county, or other political subdivision providing tenant protections in response to the COVID-19 pandemic. *Died in the Senate Appropriations Committee.*

[ACA 11 \(Mullin\)](#)* allows base year value transfers for replacement properties without regard to the replacement property's location or value; limits or repeals the parent-child, grandparent-grandchild exclusion from change in ownership; directs the Director of the Department of Finance to determine any net revenue gain resulting from these changes; and allocates any revenue gain for fire suppression and to reimburse local agencies for revenue losses. *Chaptered. Pending as Proposition 19 at the November, 2020, general election.*

Public Banking

[AB 310 \(Santiago\)](#) creates a depository bank in the California Infrastructure and Economic Development Bank (I-Bank), requires the Treasurer to deposit specified percentages of state funds into the I-Bank over time and target an investment of 10% of the Pooled Money Investment Account's average daily balance in I-Bank. *Died in the Senate Governance and Finance Committee.*

Redevelopment & Infrastructure Financing

[SB 1300 \(Skinner\)](#) makes the redevelopment (RDA) successor agency in the City of Hercules eligible to receive a finding of completion with the approval of the Department of Finance

(DOF) if the successor agency has entered into and complies with a specified written installment payment plan. *Died in the Senate Appropriations Committee.*

[SB 1386 \(Moorlach\)](#) finds and declares that fire hydrants are a part of water service for the purposes of Proposition 218 (1996) and may be funded through property-related fees. *Signed – Chapter 240, Statutes of 2020.*

Sales & Use Taxes

[SB 952 \(Nielsen\)](#) exempts from the state and local sales and use tax specified backup electrical resources used by local jurisdictions during deenergization events. *Died in the Assembly Revenue and Taxation Committee.*

Special Taxes and Fees

[SB 1441 \(McGuire\)](#) extends until January 1, 2026, the sunset date on the Local Prepaid Mobile Telephony Services Collections Act, and imports into the Act several administrative provisions previously part of the now-repealed Prepaid Mobile Telephony Services Surcharge Collections Act, with some modifications. *Signed – Chapter 179, Statutes of 2020.*

State Bonds & Indebtedness

[AB 1659 \(Bloom\)](#)* extends a per kilowatt charge on customers of large electric utilities until 2051 to generate funds to repay up to \$3 billion in bonds issued for various natural resources and wildfire-related projects. *Died on the Senate Floor.*

State Personal & Corporate Income Taxes

[SB 37 \(Skinner\)](#) creates a new corporate tax rate schedule for firms with more than \$10 million in apportioned net income that increases the rate in accordance with the taxpayer’s “compensation ratio.” *Died in Senate Rules Committee.*

[SB 934 \(Bates\)](#) eliminates the \$25 filing fee for the application for tax-exempt status and the annual information return filing fee of \$10 for Exempt Organizations. *Signed—Chapter 59, Statutes of 2020.*

[SB 1410 \(Caballero\)](#) creates a tenant-owner COVID-19 eviction relief agreement, restricts rental property owners from evicting tenants for unpaid rent accrued during the state of emergency, and allows a tax credit to owners that defer rent for tenants in connection with the COVID-19 pandemic. *Died in the Assembly Appropriations Committee.*

[SB 1447 \(Bradford\)](#) creates a Sales and Use Tax or Income Tax credit for certain small businesses for only the 2020 taxable year capped at \$100 million. *Signed—Chapter 41, Statutes of 2020.*

[AB 276 \(Friedman\)](#) provides conformity to the CARES act for qualified loans from retirement accounts. *Signed—Chapter 62, Statutes of 2020.*

[AB 1577 \(Burke\)](#) conforms state law to federal law for Paycheck Protection Loans authorized by the CARES Act. *Signed—Chapter 39, Statutes of 2020.*

[AB 2660 \(Burke\)](#) allows certain nonresident taxpayers to file a group return if they receive taxable income for services that take place in this state. *Signed—Chapter 102, Statutes of 2020.*

[AB 3372 \(Committee on Revenue and Taxation\)](#) permits the Franchise Tax Board to issue withholding orders to be issued electronically, and allows certain unitary foreign corporations to be included in a water's edge filing. *Signed—Chapter 297, Statutes of 2020.*

State Tax Administration

[SB 592 \(Weiner\)](#) requires the Franchise Tax Board to annually share a list of state tax filers with the jury commissioner of each county. *Signed—Chapter 230, Statutes of 2020.*

[SB 956 \(Jackson\)](#) establishes the California Tax Expenditure Review Board (Board) to determine the schedule for comprehensive assessments of major tax expenditures programs to be conducted by a University of California (UC) research center. *Died in the Assembly Revenue and Taxation Committee.*

[SB 972 \(Skinner\)](#) requires the Franchise Tax Board (FTB) to compile information regarding corporate taxpayers' tax liabilities and amounts of tax credits claimed, and send the information to two legislative committees. *Vetoed.*

[AB 2247 \(Burke\)](#) allows certain nonresident alien dependents to be claimed on a California tax return by providing alternative information to the Franchise Tax Board. *Signed—Chapter 99, Statutes of 2020.*

* = Bill was never heard in the Senate Governance & Finance 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>