

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: October 14, 2015
SUBJECT: Summary of significant legislation heard in 2015

Now that the Legislature's regular session is in recess, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee reviewed during 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*.

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.

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 1032 \(Salas\)](#) provides for a refund of the excise tax paid on biodiesel that is blended with tax-exempt diesel fuel. *Signed – Chapter 481, Statutes of 2015*.

Fees

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

[AB 243 \(Wood\)](#) establishes a comprehensive licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical cannabis. *Signed – Chapter 688, Statutes of 2015.*

[AB 266 \(Bonta\)](#) establishes a comprehensive licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical cannabis. *Signed – Chapter 689, Statutes of 2015.*

[SB 643 \(McGuire\)](#) establishes a comprehensive licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical cannabis. *Signed – Chapter 719, Statutes of 2015.*

Income Tax Form

[SB 17 \(Monning\)](#) extends the sunset date of the “California Sea Otter Fund” to January 1, 2021. *Signed – Chapter 36, Statutes of 2015.*

[AB 485 \(Williams\)](#) authorizes the addition of the Prevention of Animal Homelessness and Cruelty Fund check-off to the personal income tax return. *Signed – Chapter 557, Statutes of 2015.*

[AB 924 \(Cooley\)](#) reauthorizes the addition of the State Children's Trust Fund check-off to the personal income tax return. *Signed – Chapter 275, Statutes of 2015.*

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. *Signed – Chapter 763, Statutes of 2015.*

[AB 851 \(Mayes\)](#) amends the procedure that local agency formation commissions may use to authorize the disincorporation of a city. *Signed – Chapter 304, Statutes of 2015.*

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. *Signed – Chapter 608, Statutes of 2015.*

[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*.

[AB 57 \(Quirk\)](#) deems approved applications for wireless facilities if local governments do not approve or deny the applications within a specified time period. *Signed – Chapter 685, Statutes of 2015*.

[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. *Signed – Chapter 402, Statutes of 2015*.

[AB 707 \(Wood\)](#) establishes a process for cities and counties to provide comments on some Williamson Act cancellation valuations negotiated by the Department of Conservation. *Signed – Chapter 631, Statutes of 2015*.

[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. *Signed – Chapter 598, Statutes of 2015*.

Local Finance & Infrastructure

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

[SB 63 \(Hall\)](#) authorizes cities and counties to establish seaport infrastructure financing districts. *Signed – Chapter 793, Statutes of 2015*.

[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. *Signed – Chapter 319, Statutes of 2015.*

[AB 313 \(Atkins\)](#) makes several changes to the statutes governing enhanced infrastructure financing districts. *Signed – Chapter 320, Statutes of 2015.*

[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.*

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. *Signed – Chapter 795, Statutes of 2015.*

[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. *Signed – Chapter 714, Statutes of 2015.*

[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. *Signed – Chapter 735, Statutes of 2015.*

[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. *Signed – Chapter 717, Statutes of 2015.*

[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.*

[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. *Signed – Chapter 659, Statutes of 2015.*

[SB 762 \(Wolk\)](#) allows seven specified counties to award construction contracts through a “best value” procurement process. *Signed – Chapter 627, Statutes of 2015.*

[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 Floor.*

[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 police departments from applying for certain types of federal surplus property without prior approval by its legislative body. *Vetoed.*

[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. *Signed – Chapter 181, Statutes 2015.*

[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. *Signed – Chapter 149, Statutes of 2015.*

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

[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. *Signed – Chapter 250, Statutes of 2015.*

[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. *Signed – Chapter 436, Statutes of 2015.*

[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. *Signed – Chapter 185, Statutes of 2015.*

[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. *Signed – Chapter 669, Statutes of 2015.*

[AB 1119 \(Rendon\)](#) repeals cities' ability to locate utilities in public rights of way in unincorporated territory without the affected county's agreement. *Signed – Chapter 670, Statutes of 2015.*

[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. *Signed – Chapter 671, Statutes of 2015.*

[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. *Signed – Chapter 188, Statutes of 2015.*

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 & Taxation Committee.*

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

[SB 434 \(Allen\)](#) Allows an assessor to determine that a manufactured home should no longer pay the vehicle license fee and instead be subject to local property taxation when 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 Appropriations 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 \(Gipson\)](#) establishes a tax amnesty program for medical cannabis businesses. *Senate Rules Committee.*

[AB 571 \(Brown\)](#) changes the standard used by assessment appeals boards when determining whether to abate three property tax penalties. *Signed – Chapter 501, Statutes of 2015.*

[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. *Signed – Chapter 440, Statutes of 2015.*

[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. *Vetoed.*

Redevelopment

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

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. *Signed – Chapter 248, Statutes of 2015.*

[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. *Signed – Chapter 580, Statutes of 2015.*

[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. *Vetoed.*

[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. *Signed – Chapter 427, Statutes of 2015.*

[AB 199 \(Eggman\)](#) expands CAEATFA's sales and use tax exemption program to include projects that use recycled feedstock. *Signed – Chapter 768, Statutes of 2015.*

[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%. *Vetoed.*

[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 Governance & Finance Committee.*

[AB 1195 \(Ridley-Thomas\)](#) allows the California Debt Limit Allocation Committee to approve applications to issue qualified public facility education bonds. *Signed – Chapter 277, Statutes of 2015.*

[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 & Finance Committee.*

[SB 35 \(Wolk\)](#) allows disaster loss treatment for taxpayers in a jurisdiction subject to the Governor's proclamation for a state of emergency. *Signed – Chapter 230, Statutes of 2015.*

[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. *Signed – Chapter 650, Statutes of 2015.*

[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. *Vetoed.*

[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 \(Pavley\)](#) together with AB 449 (Irwin), establishes a California Achieving a Better Life Experience (ABLE) program to allow tax-free savings accounts for disabled individuals to pay for services. *Signed – Chapter 796, Statutes of 2015.*

[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 the credit to other low-income housing investors for not less than 80% of the amount of the credit. *Vetoed.*

[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 Appropriations 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 deductions for a specific fine imposed on PG&E by the California Public Utilities Commission. *Senate Floor.*

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

[AB 449 \(Irwin\)](#) together with SB 324 (Pavley), establishes a California Achieving a Better Life Experience (ABLE) program to allow tax-free savings accounts for disabled individuals to pay for services. *Signed – Chapter 774, Statutes of 2015.*

[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. *Vetoed.*

[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. *Vetoed.*

[AB 154 \(Ting\)](#) conforms state law to federal law as of January 1, 2015; makes changes to the large corporate understatement penalty. *Signed – Chapter 359, Statutes of 2015.*

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

[AB 437 \(Atkins\)](#) allows a qualified small business to convert into cash grants specified percentages of the value of research and development credits. *Vetoed.*

[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. *Vetoed.*

[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. *Signed – Chapter 363, Statutes of 2015.*

[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. *Vetoed.*

[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. *Senate Floor.*

[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 Franchise Tax Board's Taxpayer Advocate Equity Relief Program. *Signed – Chapter 541, Statutes of 2015.*

[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. *Signed – Chapter 180, Statutes of 2018.*

[AB 681 \(Ting\)](#) changes the Board of Equalization's process for surveying counties' assessment practices. *Signed – Chapter 404, Statutes of 2015.*

[AB 1040 \(Ting\)](#) changes the standard for assessors to determine whether a legal entity has changed ownership for property tax purposes. *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. *Signed – Chapter 789, Statutes of 2015.*

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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