

Senate Committee on Governance & Finance
Senator Lois Wolk, Committee Chair
State Capitol, Room 408
Sacramento, California 95814
(916) 651-4119

<http://senweb03.senate.ca.gov/committee/standing/GOVERNANCE/>

July 18, 2011

TO: People Interested in Public Finance and Governance Legislation

FROM: Senator Lois Wolk, Committee Chair

SUBJECT: Important Bills During 2011

Earlier this year, the Senate created the Committee on Governance & Finance to replace the former Senate Revenue & Taxation Committee and the former Senate Local Government Committee. More information about this new Committee and its policy jurisdiction appears on our website; just follow the link listed above.

Now that the Legislature has started its summer recess, we have a chance to reflect on the bills that the Senate Governance & Finance Committee reviewed during the first half of 2011. These brief summaries offer you a selection of the more interesting and important bills. If you want to read the Committee's bill analyses or get a copy of a bill, please go to the Legislature's official website www.leginfo.ca.gov. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

LAFCOs & Boundary Changes

AB 46 & AB 781 (John A. Pérez) disincorporate the City of Vernon and create a community services district to replace local services. Status: AB 46 is on the Senate Floor; AB 781 is in the Senate Appropriations Committee.

AB 54 (Solorio) establishes new requirements for organizing and operating mutual water companies. Status: Senate Appropriations Committee.

AB 912 (Gordon) expedites the dissolution of special districts. Status: Governor's Desk.

AB 1430 (Assembly Local Government Committee) clarifies the state laws affecting LAFCOs, including specific statutory definitions. Status: Senate Floor inactive file.

Land Use Planning & Development

SB 244 (Wolk) requires counties, cities, and LAFCOs to plan for disadvantaged communities. Status: Assembly Appropriations Committee.

SB 331 (Padilla) prohibits new tobacco retailers from locating within 600 feet of schools, and changes the State Board of Equalization's tobacco retail license penalty structure. Status: Senate Governance & Finance Committee; two-year bill.

SB 469 (Vargas) requires counties and cities to have economic impact reports on permits for superstores. Status: Assembly Appropriations Committee.

SB 618 (Wolk) allows landowners and local officials to simultaneously rescind Williamson Act contracts and enter into easements allowing photovoltaic solar facilities on the same land. Status: Assembly Appropriations Committee.

SB 847 (Correa) prohibits medical marijuana establishments from locating within a 600-foot radius of a residential zone or a residential use. Status: Assembly Appropriations Committee.

AB 208 (Fuentes) automatically extends outstanding local subdivision approvals for two more years. Status: Signed; Chapter 88, Statutes of 2011 (urgency).

AB 710 (Skinner) limits local parking requirements for development in transit intensive areas. Status: Senate Floor.

AB 1265 (Nielsen) allows counties to increase the assessed values of Williamson Act land and divert the resulting property tax revenues. Status: Signed; Chapter 90, Statutes of 2011 (urgency).

Local Finance & Infrastructure

SB 214 (Wolk) makes it easier for cities and counties to use Infrastructure Financing Districts. Status: Assembly Floor.

SB 223 (Leno) allows counties to levy vehicle license fees with voter approval. Status: Assembly Appropriations Committee.

SB 310 (Hancock) allows cities and counties to adapt Infrastructure Financing Districts and other incentives for transit priority projects. Status: Assembly Floor.

SB 555 (Hancock) allows Mello-Roos community facilities districts to finance renewable energy, energy efficiency, and water efficiency improvements on private property. Status: Assembly Floor.

SB 653 (Steinberg) allows counties and school districts to impose income taxes, vehicle license fees, excise taxes, and oil severance taxes with voter approval. Status: Senate Floor; two-year bill.

SB 907 (Evans) creates a temporary Master Plan for Infrastructure Financing and Development Commission to study infrastructure needs. Status: Assembly Jobs, Economic Development, & the Economy Committee; two-year bill.

SB 911 (de León) expands reporting requirements for local governments that issue voter-approved bonds. Status: Assembly Local Government Committee; two-year bill.

SCA 5 (Simitian) lowers the vote threshold for parcel taxes from 2/3-voter approval to 55% for school districts, community college districts, and county offices of education. Status: Senate Elections & Constitutional Amendments Committee; two-year bill.

***AB1X 23 (Blumenfield)** allows counties and school districts to impose income taxes, vehicle license fees, excise taxes, and oil severance taxes with voter approval. Status: Transmittal to the Governor pending.

AB 184 (Swanson) adds seismic strengthening improvements to the types of improvements to private property that can be financed with voluntary contractual assessments. Status: Signed; Chapter 28, Statutes of 2011.

AB 485 (Ma) makes it easier for cities and counties to use Infrastructure Financing Districts for transit oriented development projects. Status: Senate Floor.

AB 664 (Ammiano) allows San Francisco to form special waterfront Infrastructure Financing Districts for the Port America's Cup and Treasure Island areas. Status: Senate Appropriations Committee.

AB 696 (Hueso) requires the Infrastructure Bank to improve its analysis of benefits when selecting projects. Status: Senate Appropriations Committee.

AB 700 (Blumenfield) makes the Infrastructure Bank independent under the Governor. Status: Senate Appropriations Committee.

AB 741 (Huffman) allows local service providers, at a property owner's request, to construct sewer improvements on private property and charge the property owner for the costs. Status: Governor's Desk.

AB 893 (V. Manuel Pérez) requires the Infrastructure Bank to offer technical support to small and rural communities. Status: Senate Appropriations Committee.

AB 910 (Torres) adds affordable housing, economic development, and transit villages to the list of projects that Infrastructure Financing Districts can finance. Status: Senate Governance & Finance Committee; two-year bill.

AB 1045 (Norby) prohibits firms that provided bond campaign services from providing bond services. Status: Senate Governance & Finance Committee; two-year bill.

AB 1094 (V. Manuel Pérez) adds two non-voting legislative members to the Infrastructure Bank's board of directors. Status: Senate Appropriations Committee.

AB 1292 (Roger Hernández) allows the Infrastructure Bank to sell bonds for the State Department of Public Health. Status: Senate Appropriations Committee.

AB 1350 (Lara) requires county auditors to verify local governments' extraordinary property tax rates for pension programs. Status: Senate Floor.

Local Powers & Governance

SB 46 (Correa) requires state and local officials to annually disclose their compensation. Status: Senate Floor.

SB 186 (Kehoe) expands the State Controller's authority to audit or investigate counties, cities, special districts, joint powers agencies, and redevelopment agencies. Status: Assembly Local Government Committee; two-year bill.

SB 191, SB 192, and SB 193 (Senate Local Government Committee) are the annual Validating Act. Status: SB 191 is on the Senate Floor inactive file, pending concurrence; SB 192 and 193 are on the Assembly Floor inactive file, pending passage.

SB 194 (Senate Governance & Finance Committee) is the annual Local Government Omnibus Act, making 22 relatively minor and noncontroversial changes to the state laws affecting local agencies' powers and duties. Status: Assembly Appropriations Committee.

SB 288 (Negrete McLeod) expands independent special districts' authority to establish revolving funds. Status: Signed; Chapter 66, Statutes of 2011.

SB 449 (Pavley) allows the State Controller to review and audit local governments' finances and assist with financial problems. Status: Assembly Local Government Committee; two-year bill.

AB 23 (Smyth) requires local officials to announce their compensation before meetings. Status: Governor's Desk.

AB 253 (Smyth) requires the State Controller to prescribe uniform accounting procedures for cities. Status: Senate Governance & Finance Committee; two-year bill.

AB 307 (Nestande) allows federally recognized tribes to enter joint powers agreements. Status: Assembly Floor, concurrence pending

AB 438 (Williams) imposes requirements on a city or library district that intends to withdraw from a county free library system and operate libraries with a private contractor. Status: Senate Floor.

AB 506 (Wieckowski) states the Legislature's intent to require alternative dispute resolution before a local agency can use the federal bankruptcy protection law. Status: Senate Rules Committee.

AB 720 (Hall) revises the county road commissioner exemption in the Uniform Construction Cost Accounting Act. Status: Senate Floor.

AB 798 (Chesbro) allows the Smith River Rancheria Tribal Council to enter a joint powers agreement. Status: Signed; Chapter 85, Statutes of 2011.

AB 1344 (Feuer) restricts local compensation practices and specifies procedures for adopting city charters. Status: Senate Appropriations Committee.

Property Taxes

SB 507 (DeSaulnier) increases the penalties for failing to file, and extends deadlines for new owners to submit change in ownership statements. Status: Assembly Appropriations Committee.

SB 947 & SB 948 (Senate Governance & Finance Committee) are the Committee's annual bills that make minor changes to the property tax collection laws. Status: Both bills are in the Assembly Appropriations Committee.

AB1X 15 (Hill) states legislative intent that the solar energy property tax exclusion applies to specified financial transactions. Status: Signed; Chapter 3, Statutes of the 2011-12 First Extraordinary Session (urgency).

AB 703 (Gordon) extends the property tax exemption for natural resource and open space lands. Status: Senate Appropriations Committee.

AB 711 (Lara) limits the burden of proof exception on the county assessor only for principal place of residences. Status: Senate Floor.

AB 1090 (Blumenfield) enacts the county deferred property tax program for senior and disabled citizens. Status: Senate Floor.

Redevelopment

SB 286 (Wright) limits redevelopment officials' powers over property tax increment revenues, creation and expansion of project areas, subsidizing specific types of development, and the "blight" designation, and expands redevelopment officials' reporting and auditing duties. Status: Senate Governance & Finance Committee; two-year bill.

AB 936 (Hueso) requires redevelopment agencies and other public bodies to report debt forgiveness. Status: Senate Floor.

***AB1X 26 (Blumenfield)** disestablishes redevelopment agencies on October 1, 2011, and requires successor agencies to wrap up their operations under the direction of oversight boards. Status: Signed; Chapter 5, Statutes of the 2011-12 First Extraordinary Session (urgency).

***AB1X 27 (Blumenfield)** gives cities and counties until October 1, 2011, to decide if they want to continue their redevelopment agencies if they make payments to two special funds. Status: Signed; Chapter 6, Statutes of the 2011-12 First Extraordinary Session (urgency).

AB 1275 (Torres) allows new challenges to redevelopment agencies' contracts. Status: Senate Floor.

AB 1338 (Roger Hernández) requires redevelopment agencies to get appraisals before acquiring real property. Status: Assembly Floor; concurrence pending.

Sales & Use Taxes

SB 234 (Hancock) extends the “long-arm” nexus to determine if retailers must collect the use tax. Status: Assembly Revenue & Taxation Committee; two-year bill.

SB 395 (Dutton) provides a sales and use tax exemption for manufacturing and research and development. Status: Senate Appropriations Committee; two-year bill.

SB 686 (Padilla) provides a sales and use tax exemption for purchasing property for biotechnology manufacturing and research and development activities. Status: Senate Appropriations Committee; two-year bill.

***ABX1 28 (Blumenfield)** expands the definition of a “retailer engaged in business” in this state that must collect the use tax. Status: Signed; Chapter 7, Statutes of the 2011-12 First Extraordinary Session.

AB 153 (Skinner) expands the definition of a “retailer engaged in business” in this state that must collect the use tax. Status: Senate Governance & Finance Committee; two-year bill.

AB 155 (Charles Calderon) partially reenacts the current law as it relates to a “retailer engaged in business” in this state that must collect the use tax. Status: Senate Appropriations Committee.

AB 686 (Huffman) allows jurisdictions to propose transactions and use taxes as 0.125% instead of 0.25% increments. Status: Governor’s Desk.

AB 780 (Charles Calderon) alters contractor payments when the sales and use tax rate changes. Status: Senate Appropriations Committee.

AB 1307 (Skinner) gives the State Board of Equalization greater enforcement tools. Status: Senate Appropriations Committee.

State Bonds

AB 894 (V. Manuel Pérez) enacts the California Manufacturing Competitiveness Act, and allows the California Industrial Development Financing Advisory Commission to make loans and grants. Status: Senate Appropriations Committee.

AJR 3 (Dickinson) urges Congress to extend the alternative minimum tax holiday for private activity bonds. Status: Assembly Floor, concurrence pending.

State Budget Reform & Realignment

SB 14 (Wolk) requires the State Department of Finance to use performance-based budgeting practices when preparing the Governor's budget, and establishes a process for legislative review of program performance. Status: Assembly Budget Committee.

SB 15 (DeSaulnier) requires the State Department of Finance to prepare annual budgets for two fiscal years and prepare revenue and expenditure projections for three subsequent years. Status: Assembly Budget Committee.

SB 17 (Blakeslee) requires 72-hour posting of the budget bill or implementing legislation before a vote to pass the budget. Status: Senate Rules Committee; two-year bill.

SB 662 (DeSaulnier) allows the State Department of Finance to contract with counties to permit the integration of services, consistent with the Governor's realignment proposal. Status: Assembly Human Services Committee; two-year bill.

SB 893 (Wolk) creates a review and outcome reporting system for health and human service programs. Status: Senate Governance & Finance Committee; two-year bill.

State Excise Taxes

SB 331 (Padilla) changes the State Board of Equalization's tobacco retail license penalty structure, and prohibits new tobacco retailers from locating within 600 feet of schools. Status: Senate Governance & Finance Committee; two-year bill.

SB 530 (Wright) imposes a state excise tax on direct broadcast satellite television service providers at the rate of 6% of gross revenues. Status: Senate Appropriations Committee; two-year bill.

AB 723 (Bradford) extends the state's public benefit charge on utility bills until 2020, and revises energy efficiency programs. Status: Senate Energy, Utilities, and Communications Committee.

AB 1301 (Hill) deletes the youth purchase survey requirement, and changes the State Board of Equalization's tobacco retail license penalty structure. Status: Senate Governance & Finance Committee; two-year bill.

State Personal & Corporate Income Taxes

SB1X 3 (LaMalfa) adds the Help Our State check-off to the personal income tax form. Status: Senate Appropriations Committee; two-year bill.

SB 116 (de León) makes the single sales factor mandatory for corporate income taxes, and creates and expands personal income tax and corporate income tax credits for jobs, manufacturing equipment, and education. Status: Senate Appropriations Committee.

SB 156 (Emmerson) extends the Jobs Tax Credit to corporate income tax and personal income taxpayers who employ 50 or fewer employees. Status: Senate Appropriations Committee.

SB 157 (Anderson) conforms state personal income tax law to the federal income tax treatment for the Bernie Madoff Ponzi scheme losses. Status: Senate Governance & Finance Committee; two-year bill.

SB 342 (Wolk) prohibits contingency fees in tax matters and limits the computation of attorney's fees to the Revenue & Taxation Code. Status: Senate Judiciary Committee; two-year bill.

SB 364 (Yee) imposes penalties on corporate income tax payers who claim tax credits, but fail specified performance measures. Status: Assembly Appropriations Committee.

SB 508 (Wolk) requires bills that create personal income tax and corporate income tax preferences to include specified information and ten-year sunsets. Status: Assembly Floor.

SB 640 (Runner) enacts a corporate income tax credit equal to \$500 for each formerly unemployed person that a taxpayer hires. Status: Senate Appropriations Committee.

SB 830 (Wright) creates a trade infrastructure investment tax credit for personal income taxes and corporate income taxes. Status: Senate Governance & Finance Committee; two-year bill.

AB 36 (Perea) conforms state law to the federal law to allow an income exclusion from gross income for health insurance benefits to children under 27 years old. Status: Signed; Chapter 17, Statutes of 2011 (urgency).

AB 50 (Hill) provides two personal income tax benefits to taxpayers affected by the San Bruno natural gas pipeline explosion. Status: Signed; Chapter 18, Statutes of 2011 (urgency).

AB 152 (Fuentes) creates personal income tax and corporate income tax credits for donations to food banks. Status: Senate Appropriations Committee.

AB 624 (John A. Pérez) extends the community development financial institutions tax credit to January 1, 2017. Status: Senate Appropriations Committee.

AB 1069 (Fuentes) extends the California Motion Picture Tax Credit to July 1, 2019. Status: Senate Appropriations Committee.

AB 1195 (Allen) expands the 2009 jobs credit. Status: Senate Appropriations Committee.

AB 1423 (Perea) conforms state law to the federal Regulated Investment Company Modernization Act of 2010. Status: Senate Appropriations Committee.

AB 1424 (Perea) changes the State Franchise Tax Boards' administrative and enforcement functions. Status: Senate Appropriations Committee.

AB 1428 (Chesbro) applies excess disaster losses for taxpayers who were tsunami victims in Mendocino County. Status: Senate Appropriations Committee.

** This bill did not come to the Senate Governance & Finance Committee.*

To read and retrieve copies of the Senate Governance & Finance Committee's detailed reference materials and other publications --- including citizen's guides to joint powers agreements, special districts, and LAFCOs --- please go to the Committee's website:
<http://senweb03.senate.ca.gov/committee/standing/GOVERNANCE>