

**Senate Committee on Governance & Finance
Senator Lois Wolk, Committee Chair
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TO: People Interested in Public Finance and Governance Legislation
FROM: Senator Lois Wolk, Committee Chair
SUBJECT: Important Bills During 2012

Now that the Governor has finished acting on the bills that the Legislature passed in 2012, I want you to know about some of the more interesting bills that the Senate Governance & Finance Committee worked on this year. The urgency bills take effect on the day they were chaptered; regular bills will take effect on January 1, 2013.

These brief summaries cover a selection of the bills that the Committee has reviewed. 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.

**California Alternative Energy and Alternative Transportation Financing Authority
(CAEATFA)**

SB 1128 (Padilla) expands the sales and use tax exemption under the CAEATFA program to include "advanced manufacturing." Status: Signed; Chapter 677, Statutes of 2012.

AB 796 (Blumenfeld) creates a new financing program under CAEATFA to assist eligible California-based entities with the development and expansion of "clean energy" technology manufacturing and commercialization. Status: Vetoed.

Corporate Taxes

AB 1500 (Perez) makes the elective single sales factor apportionment mandatory to fund the Middle Class Scholarship Program. Status: Died on the Senate Floor.

AB 2439 (Eng) requires the largest corporations tax liability and single sales factor election to be listed on the Franchise Tax Board's website. Status: Died on the Senate Floor.

SB 1505 (DeSaulnier) makes the single sales factor mandatory and requires the money be used for veterans. Status: Died in the Senate Veterans Affairs Committee.

Enterprise Zones

AB 484 (Alejo) extends expired enterprise zones in Watsonville and Antelope Valley for two years. Status: Died in the Senate Governance and Finance Committee.

Income Tax Form

SB 1571 (DeSaulnier) creates a tax check off for school supplies. Status: Signed; Chapter 459, Statutes of 2012.

AB 233 (Hall) creates a tax check off for the YMCA on the income tax form. Status: Signed; Chapter 228, Statutes of 2012.

AB 1589 (Huffman) creates a tax check off for the state parks and allows taxpayers to buy an annual pass on the income tax form. Status: Signed; Chapter 533, Statutes of 2012.

LAFCOs & Boundary Changes

AB 2698 (Assembly Local Government Committee) is the annual Assembly Local Government Omnibus Act, making several minor and noncontroversial changes to state laws affecting local government organization and reorganization. Status: Signed; Chapter 62, Statutes of 2012.

Land Use Planning & Development

SB 1094 (Kehoe) makes several changes to state laws governing conservation easements. Status: Signed; Chapter 705, Statutes of 2012.

SB 1241 (Kehoe) requires a city or county to address fire risk for state responsibility areas and very high fire severity zones in general plan updates and subdivision approvals. Status: Signed; Chapter 311, Statutes of 2012.

SB 1278 (Wolk) makes several changes to Sacramento-San Joaquin Valley cities and counties' flood hazard planning and development practices. Status: Signed; Chapter 553, Statutes of 2012.

AB 904 (Skinner) creates the Sustainable Minimum Parking Requirements Act of 2012. Status: Died in the Senate Governance and Finance Committee.

AB 1616 (Gatto)* establishes zoning and permit requirements pertaining to cottage food industries. Status: Signed; Chapter 415, Statutes of 2012.

AB 2351 (Gordon) requires a landowner seeking to cancel a Williamson Act contract to pay a 5% cancellation fee. Status: Died on the Senate Floor.

AB 2680 (Assembly Agriculture Committee) repeals the automatic termination date to authorize a city or county and landowner to rescind a Williamson Act contract and simultaneously enter into a new contract to facilitate a lot line adjustment with no sunset. Status: Signed; Chapter 128, Statutes of 2012.

Local Finance & Infrastructure

SB 214 (Wolk)* makes it easier for local governments to use Infrastructure Financing Districts (IFDs). Status: Vetoed.

SB 829 (Rubio) bans state funding for city construction projects in a charter city which prohibits or restricts its city council's ability to adopt, require, or utilize a project labor agreement. Status: Signed, Chapter 11, Statutes of 2012.

SB 1120 (Berryhill) states that a local agency does not need to provide subsidies to cure property-related service deficiencies if the agency's voters reject or reduce a property-related fee. Status: Died on the Senate Floor.

SB 1125 (Hancock) requires local government entities to contract from a vendor or contractor that has a valid California seller's permit or certificate of registration. Status: Died in the Senate Appropriations Committee.

SB 1257 (Hernandez) prohibits a local government from levying a utility user tax on electricity consumed as a motor vehicle fuel for electric public transit buses. Status: Signed, Chapter 213, Statutes of 2012.

SB 1566 (Negrete Mcleod) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Died in the Senate Appropriations Committee.

SB 1342 (Emmerson) increases, from \$3 to \$10, the maximum fee that a county can place on specified recorded documents to fund real estate fraud deterrence, investigations, and prosecutions. Status: Signed, Chapter 104, Statutes of 2012.

AB 1098 (Carter) reallocates vehicle license fees to recently incorporated cities and cities that have annexed inhabited territory. Status: Vetoed.

AB 1191 (Huber) allows a county in which all school districts are “basic aid” districts to receive reimbursement for lost sales tax and vehicle license fee revenues diverted under state law. Status: Died in the Senate Appropriations Committee.

AB 1852 (Campos) authorizes counties and some cities to impose fees on copies of vital records to fund the coordination of domestic violence and child abuse prevention efforts. Status: Vetoed.

AB 2144 (Pérez) makes it easier for cities and counties to use Infrastructure and Revitalization Financing Districts. Status: Vetoed.

AB 2259 (Ammiano) makes conforming changes to San Francisco’s special waterfront Infrastructure Financing Districts for the Port America’s Cup. Status: Signed; Chapter 785, Statutes of 2012.

AB 2388 (Beall) changes the Santa Clara Open Space District’s bidding procedures. Status: Signed; Chapter 259, Statutes of 2012.

AB 2551 (Hueso) makes it easier for a city or county to create an infrastructure financing district in a renewable energy infrastructure district. Status: Vetoed.

AB 2567 (Carter) allows a local wastewater service provider to adopt a schedule of fees authorizing automatic adjustments for increases in wholesale wastewater treatment charges. Status: Signed, Chapter 103, Statutes of 2012.

Local Powers & Governance

SB 475 (Wright) allows a local health authority to fulfill the Brown Act’s teleconference meeting quorum requirement by counting board members located outside of its jurisdiction. Status: Signed, Chapter 209, Statutes of 2012.

SB 1003 (Yee) clarifies that legal action can be pursued, under the Brown Act, for the prior actions of local agencies and establishes procedures for filing an action. Status: Signed; Chapter 732, Statutes of 2012.

SB 1090 (Senate Governance & Finance Committee) is the annual Local Government Omnibus Act, making several relatively minor and noncontroversial changes to the state laws affecting local agencies’ powers and duties. Status: Signed; Chapter 330, Statutes of 2012.

SB 1222 (Leno) caps permit fees for commercial and residential solar rooftop installations but allows local governments to charge above the cap if they issue a finding that justifies the need for a higher fee. Status: Signed; Chapter 614, Statutes of 2012.

SB 1149 (DeSaulnier) creates the Bay Area Regional Commission to coordinate Bay Area regional agencies' activities. Status: Died in the Senate Appropriations Committee.

SB 1468 (Calderon) allows new retail licenses for selling fireworks during the week before New Year's Day. Status: Died in the Assembly Appropriations Committee.

AB 1345 (Lara) imposes additional requirements on audits of local governments. Status: Signed; Chapter 231, Statutes of 2012.

AB 1831 (Dickinson) prohibits a county or city from inquiring about or considering a job applicant's criminal background history until after determining an applicant's qualifications. Status: Died in the Senate Governance and Finance Committee.

AB 2115 (Alejo) requires local health care districts to enter into written employment agreements to employ or contract for a hospital administrator or chief executive officer. Status: Vetoed.

AB 2180 (Alejo) requires local health care districts' written employment agreements with hospital administrators or chief executive officers to include specified information about compensation. Status: Signed; Chapter 322, Statutes of 2012.

AB 2231 (Fuentes) requires majority-voter approval to repeal any city or county ordinance requiring the city or county to repair sidewalks. Status: Died in the Senate Appropriations Committee.

AB 2299 (Feuer) authorizes a county board of supervisors to establish a program that requires county recorders and assessors to redact public safety officials' names from property records, at the official's request. Status: Died in the Senate Governance and Finance Committee.

Property Taxes

AB 1700 (Butler) clarifies that owners of lands committed to open space and natural preservation don't lose welfare exemptions from property tax because of revenues from cattle grazing, camping, and hiking. Status: Died in the Senate Appropriations Committee.

AB 2046 (Allen) provides that tenants in floating home marinas who want to purchase the marina can do so without reassessment of the marina, similar to mobile home parks. Status: Signed; Chapter 817, Statutes of 2012.

Redevelopment

SB 986 (Dutton) allows successor agencies to keep former redevelopment agencies' bond proceeds and enter into new enforceable obligations funded by bond proceeds. Status: Died on the Senate Floor.

SB 1056 (Hancock) expands the definition of "enforceable obligation" to include financial obligations related to a project funded with both tax increment and federal school construction bonds. Status: Died in the Senate Governance and Finance Committee.

SB 1151 (Steinberg) creates an alternative process that allows communities to use their former redevelopment agencies' assets for economic development and housing purposes. Status: Died in the Assembly Housing and Community Development Committee.

SB 1156 (Steinberg) allows cities and counties to form Sustainable Communities Investment Authorities to administer economic development and affordable housing programs. Status: Vetoed.

SB 1335 (Pavley) allows successor agencies to retain former redevelopment agencies' brownfield properties for the purpose of remediating or removing hazardous materials. Status: Died in the Senate Appropriations Committee.

AB 1484 (Assembly Budget Committee)* clarifies statutes governing the dissolution of redevelopment agencies and addresses substantive issues related to administrative processes, affordable housing activities, repayment of loans from communities, use of existing bond proceeds, and the disposition or retention of former redevelopment agency assets. Status: Signed; Chapter 26, Statutes of 2012.

Sales & Use Taxes

SB 1243 (Lowenthal) extends the bunker fuel sales and use tax exemption for 10 years. Status: Signed; Chapter 293, Statutes of 2012.

AB 1050 (Ma) creates a collection mechanism for state and local taxes, charges, and fees on prepaid wireless telecommunication. Status: Died in the Senate Governance and Finance Committee.

AB 1446 (Feuer) makes permanent the transactions and use tax in Los Angeles and does not subject it to the 2% cap. Status: Signed; Chapter 806, Statutes of 2012.

AB 2618 (Ma) limits who can acquire salvage certificate vehicles to those persons who are licensed dealers, dismantlers, auto repair dealers, or scrap metal processors. Status: Signed; Chapter 756, Statutes of 2012.

State Bonds

SB 633 (Huff) allows the Department of Finance to order an agency to cease and desist spending bond funds if it finds the agency misspent bond funds. Status: Died in the Assembly Business and Professions Committee.

State Budget, Reform & Realignment

SB 1554 (Correa) consolidates all tax agencies into the Board of Equalization. Status: Died in the Senate Governance and Finance Committee.

SCA 2 (Wyland) requires the state to adopt a budget for two fiscal years and include with the budget information on the goals and performance of public programs. Status: Died in the Senate Elections and Constitutional Amendments Committee.

SCA 10 (Strickland) requires 2/3-vote on bills for any new or higher state or local tax, and revises Gann Limits. Status: Died in the Senate Governance and Finance Committee.

AB 2323 (Perea) requires the Board of Equalization to publish its decisions on tax appeal decisions with an impact of more than \$500,000. Status: Signed; Chapter 788, Statutes of 2012.

AB 2638 (Eng) amends current tax expenditure reports and State Budget information published by the Department of Finance to include tax expenditure information, and requires disclosure of further tax expenditure data. Status: Vetoed.

GRP 2* reorganizes state government to reduce the number of state agencies, consolidates state programs with shared focus, and streamlines decision-making. Status: Plan takes effect.

State Personal & Corporate Income Taxes

SB 1167 (Calderon) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Died at the Assembly Desk.

SB 1179 (Walters) enacts a tax credit of \$3,000 for medical device manufactures to hire a disabled veteran. Status: Died in the Senate Appropriations Committee.

SB 1197 (Calderon) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Signed; Chapter 840, Statutes of 2012.

SB 1252 (Rubio) diverts revenue increases from capital gains due the Facebook IPO to infrastructure projects. Status: Died in the Senate Governance and Finance Committee.

SB 1341 (Wolk) allows the Franchise Tax Board to give charities a 120-day grace period to file paperwork with the Attorney General before their tax exempt status is revoked. Status: Signed; Chapter 710, Statutes of 2012.

AB 2026 (Fuentes) extends the California Motion Picture Tax Credit to July 1, 2017 and requires the Legislative Analyst's Office to evaluate the economic effects and administration of the tax credits. Status: Signed; Chapter 841, Statutes of 2012.

AB 2408 (Skinner) repeals net operating loss carry backs. Status: Died on the Senate Floor.

Tax Agents

AB 404 (Gatto) requires tax agents representing taxpayers in property tax appeals to register as lobbyists in counties that regulate lobbying by ordinance. Status: Died on the Senate Floor.

AB 2183 (Smyth) requires tax agents to register in counties where they represent taxpayers in property tax appeals, and enacts a code of conduct and list of prohibited acts for tax agents. Status: Died in the Senate Appropriations Committee.

Tax Relief for Disasters

SB 1158 (Price) allows the Franchise Tax Board to postpone deadlines and abatement of penalties and interest for taxpayers affected by disasters declared by the Governor. Status: Signed; Chapter 382, Statutes of 2012.

SB 1544 (Hernandez) allows taxpayers in the Counties of Los Angeles and San Bernardino that suffered disaster losses due to severe winds in 2011 to file an amended tax return to deduct the loss and reduce prior year tax liability. Status: Signed; Chapter 284, Statutes of 2012.

AB 2332 (Monning) allows taxpayers in the County of Santa Cruz that suffered disaster losses due to severe storms in 2011 to file an amended return to deduct the loss and reduce prior year tax liability. Status: Signed, Chapter 203, Statutes of 2012.

** This bill did not come to the Senate Governance & Finance Committee in 2012.*

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://sgf.senate.ca.gov>