

1-2013

Revenue and Taxation Legislative Summary - 2012

Assembly Committee on Revenue and Taxation

Follow this and additional works at: http://digitalcommons.law.ggu.edu/caldocs_assembly



Part of the [Legislation Commons](#)

Recommended Citation

Assembly Committee on Revenue and Taxation, "Revenue and Taxation Legislative Summary - 2012" (2013). *California Assembly*. Paper 30.
http://digitalcommons.law.ggu.edu/caldocs_assembly/30

This Committee Report is brought to you for free and open access by the California Documents at GGU Law Digital Commons. It has been accepted for inclusion in California Assembly by an authorized administrator of GGU Law Digital Commons. For more information, please contact jfischer@ggu.edu.

California State Legislature

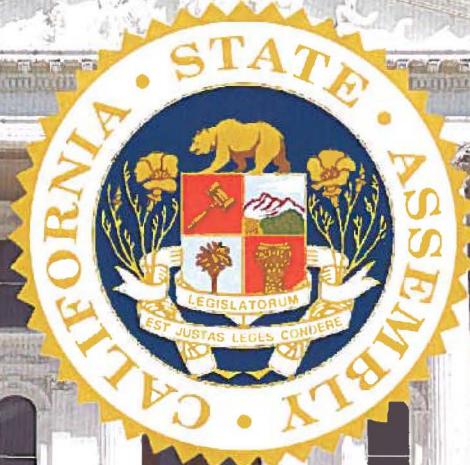
**Assembly Committee on
Revenue and Taxation**

STATE DEPOSITORY

APR 03 2013

GOLDEN GATE UNIVERSITY
LAW LIBRARY

**Revenue and Taxation
Legislative Summary
2012**



KFC
10.8
.R38
2012

Honorable Felipe Fuentes, Chair

Honorable Diane Harkey, Vice-Chair

January 2013

STATE DEPOSITORY

APR 03 2013

GOLDEN GATE UNIVERSITY
LAW LIBRARY

**ASSEMBLY COMMITTEE
ON
REVENUE & TAXATION**

**2012
LEGISLATIVE SUMMARY**

MEMBERS

Honorable Felipe Fuentes, *Chair*
Honorable Diane Harkey, *Vice Chair*
Honorable Jim Beall
Honorable Charles Calderon
Honorable Gilbert Cedillo
Honorable Nathan Fletcher
Honorable Richard Gordon
Honorable Brian Nestande
Honorable Henry T. Perea

STAFF

Oksana Jaffe, *Chief Consultant*
M. David Ruff, *Principal Consultant*
Christine Hiersche, *Committee Secretary*

2012

LEGISLATIVE SUMMARY

The following is a list of tax-related bills that the Legislature adopted during the first year of the 2011-12 Legislative Session. The measures are listed in bill number order, with 2012 chapter numbers provided, and the provisions of each bill are briefly summarized. The list also includes bills that were introduced, but which did not reach the Assembly Floor, as well as bills that were adopted by the Legislature but vetoed by the Governor.

The Assembly Committee on Revenue and Taxation heard the majority of bills listed in this report.

This publication is intended to be a useful summary of the Legislature's work in the area of revenue and taxation during 2012. An electronic copy of this document is also available under "Publications" on the committee's web page at www.assembly.ca.gov.

Copies of analyses prepared by the Assembly Committee on Revenue and Taxation can be obtained by accessing the Official California Legislative Information internet web page maintained by the Legislative Counsel at www.leginfo.ca.gov, or by writing to the Assembly Committee on Revenue and Taxation, Legislative Office Building, 1020 N Street - Room 162, Sacramento, CA 95814.

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

2012 LEGISLATIVE SUMMARY

TABLE OF CONTENTS

	<u>Page No.</u>
Regular/Extra-Ordinary Sessions	
Bills Introduced and Referred to Committee	
Assembly Bills	1 - 14
Senate Bills	15 - 21
Bills Vetoed by Governor	22
Appendix I	
Index by Subject Matter	i - vii
Appendix II	
Index by Author	viii - ix

**Assembly Committee
on
Revenue & Taxation**

California State Legislature

**Revenue and Taxation
Legislative Summary**

2012

Honorable Felipe Fuentes, Chair

Honorable Diane Harkey, Vice-Chair

January 2013

2012

LEGISLATIVE SUMMARY

The following is a list of tax-related bills that the Legislature adopted during the first year of the 2011-12 Legislative Session. The measures are listed in bill number order, with 2012 chapter numbers provided, and the provisions of each bill are briefly summarized. The list also includes bills that were introduced, but which did not reach the Assembly Floor, as well as bills that were adopted by the Legislature but vetoed by the Governor.

The Assembly Committee on Revenue and Taxation heard the majority of bills listed in this report.

This publication is intended to be a useful summary of the Legislature's work in the area of revenue and taxation during 2012. An electronic copy of this document is also available under "Publications" on the committee's web page at www.assembly.ca.gov.

Copies of analyses prepared by the Assembly Committee on Revenue and Taxation can be obtained by accessing the Official California Legislative Information internet web page maintained by the Legislative Counsel at www.leginfo.ca.gov, or by writing to the Assembly Committee on Revenue and Taxation, Legislative Office Building, 1020 N Street - Room 162, Sacramento, CA 95814.

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

2012 LEGISLATIVE SUMMARY

TABLE OF CONTENTS

Page No.

Regular/Extra-Ordinary Sessions

Bills Introduced and Referred to Committee

Assembly Bills	1 - 14
Senate Bills	15 - 21

Bills Vetoed by Governor	22
--------------------------	----

Appendix I	Index by Subject Matter	i - vii
------------	-------------------------	---------

Appendix II	Index by Author	viii - ix
-------------	-----------------	-----------

2012 LEGISLATIVE SUMMARY

ASSEMBLY BILLS

AB 233 (Hall). PERSONAL INCOME TAXES: VOLUNTARY CONTRIBUTIONS: CALIFORNIA YMCA YOUTH AND GOVERNMENT FUND.

Authorizes the addition of the California YMCA Youth and Government Fund checkoff to the personal income tax form upon the removal of another voluntary contribution fund from the form or as soon as space is available.

***Status:* Chapter 228, Statutes of 2012**

AB 318 (Skinner). FRANCHISE TAX BOARD: ADMINISTRATION: PENALTIES: LEGAL HOLIDAY.

Conforms California's income tax laws to federal law defining a "legal holiday" and the due dates for filing income tax returns and making payments. Imposes a \$2,000 penalty on certain foreign and domestic limited liability corporations for failure to file a tax return on or after January 1, 2013, as specified.

***Status:* Chapter 313, Statutes of 2012**

AB 843 (Charles Calderon). STATE BOARD OF EQUALIZATION: NONMONETIZED BULLION AND NUMISMATIC COINS: ADJUSTMENT DATE.

Makes a technical change to the Sales and Use Tax (SUT) Law sponsored by the State Board of Equalization (BOE). Specifically, changes, from September 1 to October 1, the date by which the BOE must annually adjust the monetary value threshold for sales of monetized bullion, non-monetized gold or silver bullion, and numismatic coins to be considered "bulk" sales qualifying for a statutory SUT exemption.

***Status:* Chapter 184, Statutes of 2012**

AB 1126 (Charles Calderon). TRANSACTION AND USE TAX: RATE.

Amends two sections of the Transactions and Use Tax (TUT) Law as a housekeeping matter. Specifically, amends Revenue and Taxation Code Sections 7261 and 7262 to conform to changes implemented by AB 686 (Huffman), Chapter 176, Statutes of 2011, which decreased the rate at which a city or county may levy, increase, or extend a TUT from 0.25% (or a multiple thereof) to a rate of 0.125% (or a multiple thereof).

***Status:* Chapter 739, Statutes of 2012**

AB 1500 (John A. Perez). CORPORATION TAXES: APPORTIONMENT: SINGLE SALES FACTOR. MIDDLE CLASS SCHOLARSHIP FUND.

Requires multistate businesses, starting in 2013, to use a "single sales factor" apportionment method for calculating their California taxable income, revises the rules for assignment of sales, and requires that revenue derived from those Corporation Tax Law changes be deposited in a newly established Middle Class Scholarship Fund, as provided.

***Status:* Failed passage on the Senate Floor.**

AB 1510 (Garrick). INCOME TAX: HEALTH SAVINGS ACCOUNTS.

Conforms California law to federal tax law with respect to health savings accounts for taxable years beginning on or after January 1, 2013.

***Status:* Held in committee. Returned to Desk.**

AB 1530 (Huffman). ECONOMIC DEVELOPMENT: CLEAN MANUFACTURING AND JOB CREATION INCENTIVE ACT OF 2012.

Establishes the Clean Manufacturing and Job Creation Incentive Act of 2012. Authorizes any city, county, or city and county to establish a "clean manufacturing zone" within its boundaries for the purpose of providing incentives to manufacturing businesses to locate within that city, county, or city and county.

***Status:* Held in Committee. Returned to Desk.**

AB 1589 (Huffman). STATE PARKS: SUSTAINABILITY AND PROTECTION.

Enacts the California State Park Stewardship Act of 2012 which, among other things, allows an individual to apply all, or a portion, of their state income tax refund toward the purchase of a state park access pass. Clarifies that a qualified nonprofit organization that has entered into an operating agreement with the state for operation of a state park unit is an agent of the state and that the property remains the property of the state and therefore is exempt from property tax.

***Status:* Chapter 533, Statutes of 2012**

AB 1596 (Cook). INCOME TAXES: CREDITS: HIRING FULL-TIME EMPLOYEES.

Expands the existing New Jobs Credit's definition of a "qualified employer" to include taxpayers that, as of the last day of the preceding taxable year, employed 50 or fewer employees (instead of 20 or fewer employees per current law).

***Status:* Held in committee. Returned to Desk.**

AB 1605 (Garrick). MINIMUM ANNUAL TAX: EXEMPTION.

Exempts a small business, as defined, that first commences business operations on or after January 1, 2013, from the minimum franchise tax or an annual tax, whichever is applicable, and reduces that tax from \$800 to \$99 for each taxable year thereafter.

***Status:* Held in committee. Returned to Desk.**

AB 1677 (Nestande). CORPORATION TAXES: FILING REQUIREMENTS: TAX EXEMPT ORGANIZATIONS.

Relieves specified tax-exempt organizations from the requirement to file an annual informational return with the Franchise Tax Board for taxable years on or after January 1, 2012, by increasing the gross receipts threshold for filing from \$25,000 to \$50,000.

***Status:* Chapter 858, Statutes of 2012**

AB 1700 (Butler). PROPERTY TAX: CHANGE IN OWNERSHIP: EXCLUSION: CO-TENANCY INTERESTS.

Excludes from property tax reassessment the transfer of a co-tenancy interest in a principal residence, provided that the principal residence was owned by two individuals and was transferred to one of those individuals upon the death of the other, with the survivor obtaining sole ownership of that property.

***Status:* Chapter 781, Statutes of 2012**

AB 1788 (Morrell). PROPERTY TAX: WELFARE EXEMPTION: COURSE OF CONSTRUCTION.

Allows the welfare property tax exemption to be granted on a retroactive basis, as provided, and revises various related definitions. Specifically, amends the definition of "property used exclusively for religion, hospital, or charitable purposes" to include equipment in the facilities in the course of construction. Expands the definition of the phrase "facilities in the course of construction" to include prospective construction and rehabilitation of a new or existing building or improvement, provided that the building or improvement will be used exclusively for religious, hospital, or charitable purposes.

***Status:* Held in committee. Returned to Desk.**

AB 1818 (Perea). INCOME TAXES: CREDIT: PATENT LICENSING.

Authorizes a tax credit, under both the Personal Income Tax and the Corporation Tax Laws, for taxable years beginning on or after January 1, 2012, in an amount equal to 15% of the amount of qualified royalties paid by a qualified taxpayer during a taxable year. Defines "qualified royalties" as any royalties paid by a qualified taxpayer for the use of a patent owned by the University of California for an invention where the research and development (R&D) for that invention was funded, in whole or in part, by amounts eligible for the R&D tax credit. Defines "qualified taxpayer" as a taxpayer that paid qualified royalties during the taxable year and commercializes the licensed patent, for which royalties were paid, in California.

***Status:* Held in Committee. Returned to Desk.**

AB 1911 (Donnelly). SALES AND USE TAX: EXEMPTION: MANUFACTURING.

Establishes a partial sales and use tax exemption, beginning January 1, 2013, for specified manufacturing equipment.

***Status:* Held in committee. Returned to Desk.**

AB 1941 (Ma). TAXATION: QUALIFIED HEAVY EQUIPMENT.

Imposes, on or after January 1, 2013, a tax on every qualified lessee of qualified heavy equipment (QHE) at the rate of 1.25% of the qualified lessee's [sic] gross receipts from the lease or rental of QHE. Specifically, provides that, for the 2013-14 fiscal year (FY) and each FY thereafter, this tax shall be imposed in lieu of any property tax on QHE.

***Status:* Held in committee. Returned to Desk.**

AB 1972 (Huber). SALES AND USE TAXES: EXEMPTION: MANUFACTURING EQUIPMENT: RESEARCH AND DEVELOPMENT.

Establishes a temporary sales and use tax exemption, beginning January 1, 2013, for specified manufacturing and research and development equipment.

***Status:* Held in committee. Returned to Desk.**

AB 1974 (Dickinson). INCOME TAX: CREDIT: EARNED INCOME.

Allows a personal income tax credit, for taxable years beginning on or after January 1, 2012, equal to 15% of the federal earned income tax credit and provides that, in those years in which an appropriation is made by the Legislature, the credit would be refundable. Requires the Franchise Tax Board to establish a waiting list for refunds.

***Status:* Held in committee. Returned to Desk.**

AB 2004 (Knight). PERSONAL INCOME TAX LAW: EXCLUSION: MILITARY VETERANS: COMBAT ZONE COMPENSATION AND DISABILITY RETIREMENT PAYMENT.

Excludes from a taxpayer's gross income combat-related special compensation and concurrent retirement and disability pay, as defined, beginning on or after January 1, 2013.

***Status:* Held in committee. Returned to Desk.**

AB 2026 (Fuentes). INCOME TAXES: CREDITS: FILM: EXTENSION.

Extends the operation of the California Motion Picture Tax Credit (Film Tax Credit) for two years and authorizes the California Film Commission to allocate an additional \$100 million annually in tax credits to qualified productions from July 1, 2015, until July 1, 2017. Requires the Legislative Analyst's Office to prepare a report evaluating the economic effects and administration of the Film Tax Credit and to provide the report to the Assembly Revenue and Taxation Committee, the Senate Governance and Finance Committee, and the public.

***Status:* Chapter 841, Statutes of 2012**

AB 2037 (Davis). INCOME TAX: HIRING CREDIT: INVESTMENT CREDITS.

Establishes the California New Markets Tax Credit Program, with the stated purpose of stimulating economic development and hastening California's economic recovery by granting tax credits for investment in California. Specifically allows, for taxable years beginning on or after January 1, 2013, and before January 1, 2020, a specified credit to taxpayers holding a "qualified equity investment" on a "credit allowance date" of the investment which occurs during the taxable year. Provides that the credit amount shall equal 39% of the "qualified equity investment."

***Status:* Held in committee. Returned to Desk.**

AB 2045 (Perea). EMERGING TECHNOLOGY AND BIOTECHNOLOGY COMPANIES: TRANSFER OF NET OPERATING LOSSES.

Authorizes the California State Treasurer, in cooperation with the Franchise Tax Board, to establish a "corporation business tax benefit certificate transfer" program to allow a qualified California company, specifically a new or expanding emerging technology and biotechnology company, to transfer its unused net operating losses (NOLs) to other taxpayers that are subject to California's Corporation Tax. Limits the total amount of transferable NOLs in any given fiscal year to \$60 million.

***Status:* Held in Committee. Returned to Desk.**

AB 2046 (Allen). PROPERTY TAX: CHANGE IN OWNERSHIP: EXCLUSION: FLOATING HOMES.

Revises the definition of a "change in ownership" to create an exclusion from property reassessment for specified transfers of a floating home marina. Specifically, provides that a purchase of a floating home marina, as defined, by an eligible entity formed by the marina's tenants does not trigger a reassessment of the marina's real property to current fair market value for property tax purposes.

***Status:* Chapter 817, Statutes of 2012**

AB 2048 (Donnelly). BOARD OF EQUALIZATION: ADMINISTRATION: INTEREST.

Applies the same interest rate, for all tax and fee programs that the State Board of Equalization administers, to both late tax payments and overpayment refunds. Specifically, amends Revenue and Taxation Code Section 6591.5 to provide a uniform definition of "modified adjusted rate per annum." Provides that the rate shall be determined by adding three percentage points to the rate specified in Internal Revenue Code (IRC) Section 6621(a)(2), which establishes the IRC underpayment rate. Results in interest on overpayments being determined in the same manner as interest on underpayments.

***Status:* Held in committee. Returned to Desk.**

AB 2059 (Gorell/Achadjian). SALES AND USE TAX: QUALIFIED PURCHASER.

Modifies the existing "qualified purchaser program" (Program), which requires specified taxpayers with at least \$100,000 in annual business gross receipts to register with the State Board of Equalization (BOE) for use tax reporting. Specifically, modifies the definition of a "qualified purchaser" to increase, from \$100,000 to \$500,000, the threshold amount of annual gross receipts from business operations. Provides that, for purposes of administering the Program, the BOE may grant a reasonable extension of time for filing a return in the manner and form it determines.

***Status:* Held in committee. Returned to Desk.**

AB 2175 (Harkey/Ma). TAX: STATE TAX LIENS.

Grants the State Board of Equalization (BOE) discretion to withdraw notice of a state tax lien if the underlying liability (including interest, penalties, and fees) is fully paid. Specifically, provides that any such withdrawal shall be applied as if notice of the state tax lien had never been filed. Further provides that, upon written request of a taxpayer granted this relief, the BOE must make reasonable efforts to notify credit reporting agencies of the withdrawal.

***Status:* Held in committee. Returned to Desk.**

AB 2207 (Gordon). PROPERTY TAX: WELFARE EXEMPTION: NATURE RESOURCES AND OPEN-SPACE LANDS.

Clarifies the scope and application of the welfare property tax exemption. Specifically, provides that county assessors shall not consider specified revenues and uses of property for purposes of determining whether a property dedicated to open-space and natural resource preservation qualifies for the welfare property tax exemption.

***Status:* Chapter 863, Statutes of 2012**

AB 2225 (Perea). BOARD OF EQUALIZATION: ERRONEOUS CHARGES.

Authorizes a taxpayer to file a reimbursement claim with the State Board of Equalization (BOE) for bank charges and other reasonable third-party check charge fees incurred as a direct result of an erroneous processing action or erroneous collection action by the BOE.

***Status:* Gut/amend to new subject matter.**

AB 2270 (Harkey). SALES AND USE TAX: USE TAX: ADMINISTRATION.

Provides that, for reporting periods beginning on or after January 1, 2012, the "qualified use tax" of an "eligible purchaser" shall be due and payable to the State Board of Equalization (BOE) on or before April 15 following the close of the calendar year in which the use tax liability was incurred. Defines an "eligible purchaser" as a person that incurred a use tax liability and that is either (1) eligible to report the use tax on his/her FTB return, but did not elect to do so, or (2) a person that is not required to file a return with the FTB, and is not otherwise registered or

required to be registered with the BOE to report sales or use tax.

***Status:* Chapter 200, Statutes of 2012**

AB 2271 (Perea). SALES AND USE TAX: WORTHLESS ACCOUNTS.

Provides that a "bad debt" deduction or refund shall not be disallowed solely because a proper election was not established before claiming the deduction or refund. Specifically, provides that a "bad debt" deduction or refund shall not be disallowed solely on the ground that a proper election was not established prior to claiming the deduction or refund if a proper election was established after claiming the deduction or refund.

***Status:* Gut/amend to new subject matter.**

AB 2323 (Perea). STATE BOARD OF EQUALIZATION: ADMINISTRATION: OPINIONS.

Requires the State Board of Equalization (BOE) to publish on its Web site a written formal opinion, a written memorandum opinion, or a written summary decision for each BOE decision in which the amount in controversy is \$500,000 or more, within 120 days of rendering the decision. Requires each published opinion to include findings of fact, the legal issue(s) presented, applicable law, analysis, disposition, and the names of adopting BOE members. Authorizes any BOE member to submit a concurring or dissenting opinion. Vests the BOE with discretion to determine the precedential value of each decision. Provides that the publication requirement does not apply to any consent calendar actions taken by the BOE.

***Status:* Chapter 788, Statutes of 2012**

AB 2332 (Monning). INCOME TAXES: DEDUCTIONS: DISASTER LOSSES: COUNTY OF SANTA CRUZ.

Provides that any losses sustained in the County of Santa Cruz as a result of the severe storms that occurred in March 2011 may, at the taxpayer's election, be taken into account for the taxable year immediately preceding the taxable year in which the disaster occurred.

***Status:* Chapter 203, Statutes of 2012**

AB 2439 (Eng). CORPORATION TAXES: DISCLOSURE.

Requires the Franchise Tax Board, until January 1, 2018, to publish a list of the 500 largest corporate taxpayers and their tax liability. Specifies that all charitable contributions made by the taxpayer shall also be included in the disclosure forms.

***Status:* Failed passage in the Senate. Returned to Desk.**

AB 2441 (Williams). SEXUAL ASSAULT TREATMENT AND PREVENTION: SEXUALLY ORIENTED BUSINESS TAX.

Imposes a tax, for the privilege of operating a "sexually oriented business," at the rate of \$10 per customer entry. Specifically, provides that the taxes imposed by this measure are intended to ameliorate the negative secondary effects associated with the combination of "sexually oriented businesses" and alcohol so as to promote the health, safety, and welfare of California's citizens.

***Status:* Held in committee. Returned to Desk.**

AB 2453 (Block). BOARD OF EQUALIZATION: ADMINISTRATION: PETITION FOR REDETERMINATION.

Extends, from 30 days to 60 days, the time period for filing a petition for redetermination. Specifically, allows any person against whom a determination is made to petition for a redetermination within 60 days of being served with notice of the determination, instead of the 30-day period prescribed by existing law.

***Status:* Never heard in Senate Committee. Returned to Desk.**

AB 2578 (Solorio). FRANCHISE TAX BOARD: INFORMATION: TAX REFUND DEPOSITS: TAX-ADVANTAGED SAVINGS PLANS.

Requires the Franchise Tax Board to include on its website and in taxpayer publications certain information relating to a taxpayer's ability to deposit a tax refund directly into specified tax-advantaged savings plans.

***Status:* Held in committee. Returned to Desk.**

AB 2618 (Ma). SALES AND USE TAXES: AUCTION: VEHICLES.

Provides that a "qualified person" making specified vehicle sales shall be presumed to be making sales at retail (and not for resale) under the Sales and Use Tax Law. Defines a "qualified person" as a person making a sale at auction or a dismantler licensed under the Vehicle Code.

***Status:* Chapter 756, Statutes of 2012**

AB 2625 (Solorio). GOLDEN STATE SCHOLARSHARE TRUST: FRANCHISE TAX BOARD: RETURNS

Authorizes an individual to designate on the tax return that a contribution in excess of tax liability, as specified, be deposited by the Franchise Tax Board to the credit of the individual's qualified tuition program, as defined.

***Status:* Held in committee. Returned to Desk.**

AB 2643 (Ma). PROPERTY TAXATION.

Makes several changes to provisions relating to replicated property tax payments, penalty relief, and interest calculations on property tax refunds.

***Status:* Chapter 161, Statutes of 2012**

AB 2656 (Charles Calderon). CALIFORNIA TRANSPORTATION FINANCING AUTHORITY: TAX CREDIT CERTIFICATES FOR EXPORTERS AND IMPORTERS: INCOME TAX CREDIT.

Authorizes the California Transportation Financing Authority to award \$500 million in tax credit certificates to exporters and importers that meet specified criteria, in a taxable year beginning on or after January 1, 2013, and before January 1, 2018. Provides a formula for determining the allowable tax credit, based on either exports or imports through a port or an airport, or the number of new employees.

Limits the total amount of tax credit certificates to be awarded in each of the five calendar years to \$100 million, for a total of \$500 million. Specifies that any portion of the authorized amount not awarded in a calendar year may be awarded in a future calendar year ending before January 1, 2018.

***Status:* Held in Committee. Returned to Desk.**

AB 2679 (Committee on Transportation). TRANSPORTATION: OMNIBUS BILL.

Requires the annual adjustments to sales tax prepayment rates to be made at the same time as the annual adjustments of the fuel tax rates, and provides for the prepayment rates to account for any changes in the fuel tax rates. Deletes the reference to the specified report for determining the retail price of fuels and instead authorizes the State Board of Equalization to rely on industry publications reporting that information. Makes other related changes.

***Status:* Chapter 769, Statutes of 2012**

AB 2686 (Committee on Revenue & Taxation). FRANCHISE TAX BOARD: TAXPAYERS' RIGHTS ADVOCATE.

Reinstates, until January 1, 2016, the authority of the Taxpayers' Rights Advocate to relieve taxpayers from penalties, interest, fees, and additions to tax that are attributable to a Franchise Tax Board error, as provided.

***Status:* Chapter 349, Statutes of 2012**

AB 2687 (Committee on Revenue & Taxation). INCOME TAXES: CHARITABLE REMAINDER TRUSTS.

Modifies California tax law, for taxable years beginning on or after January 1, 2011, to generally conform to the federal tax treatment of charitable remainder trusts (CRTs) that have unrelated business taxable income (UBTI). Specifically, allows a CRT, in modified conformity with the federal income tax law, to retain its tax-exempt status when it has UBTI by paying tax on that income.

***Status:* Never heard in Senate Committee. Returned to Desk.**

AB 2688 (Committee on Revenue & Taxation). PROPERTY TAXES: SALES AND USE TAXES.

Revises the definition of an "air taxi" to mean an aircraft used by an air carrier that does not utilize aircraft with a maximum passenger capacity of more than 60 seats (instead of 30) or a maximum payload capacity of more than 18,000 pounds (instead of 7,500) in air transportation. The carrier must also hold a certificate of public

convenience and necessity or other economic authority issued by the United States Department of Transportation or its successor. Provides that, for purposes of the Sales and Use Tax Law's "bad debt" deduction and refund provisions, a proper election shall be established when the retailer that reported the tax and the lender prepare and retain an election form, signed by both parties, designating which party is entitled to claim the deduction or refund.

***Status:* Chapter 362, Statutes of 2012**

ACA 18 (Swanson). TAXATION: PARCEL TAX.

Allows a city, a county, and a special district to impose, extend, or increase a parcel tax for the purpose of funding the maintenance or improvement of fire protection or police protection services with approval of a majority of voters in that city, county, or special district.

***Status:* Failed passage.**

ACA 21 (Feuer). TAXATION: EDUCATIONAL ENTITIES: PARCEL TAX.

Amends the California Constitution to allow for the imposition, extension, or increase of a parcel tax on real property by a school district, community college district, or county office of education, as may otherwise be authorized by law, by approval of 55%, instead of two-thirds, of the voters in that district or county voting on the proposition, provided that specified conditions are met.

Limits the total amount of parcel tax impositions, increases, or extensions submitted to the voters for approval by a school district, community college district, or county office of education to \$250, but allows this amount to be annually adjusted for inflation.

***Status:* Died on third reading file in Assembly.**

AJR 19 (Hall). FEDERAL TAXATION.

Urges the United States Congress to permanently extend and expand the federal charitable tax deduction for contributions of food inventory by non-corporate taxpayers.

***Status:* Chapter 137, Statutes of 2012**

* * * * *

SENATE BILLS

SB 12 (Corbett). BULK SALES.

Revises and recasts selected provisions of the California Bulk Sales law (Division 6 of the Commercial Code) and limits the application of escrow requirements primarily to transactions by wholesalers licensed under existing alcohol and tobacco control laws.

***Status:* Gut/amend to new subject matter.**

SB 314 (Vargas). PROPERTY TAX: WELFARE EXEMPTION: LEASED PROPERTY: CITY OF SAN DIEGO: REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO.

Revises the scope of the property tax "welfare exemption" to include property located within the former Naval Training Center in San Diego and used exclusively for charitable purposes, as specified.

***Status:* Failed passage in Committee.**

SB 803 (DeSaulnier). CALIFORNIA YOUTH LEADERSHIP PROJECT.

Establishes the California Youth Leadership Project under the State Department of Education to promote youth civic engagement by awarding scholarships to youth between 14 and 18 years of age. Authorizes the addition of the California Youth Leadership Fund checkoff to the personal income tax form upon the removal of another voluntary contribution fund from the form.

***Status:* Chapter 379, Statutes of 2012**

SB 874 (Hancock). SCHOOL DISTRICTS: COMMUNITY COLLEGE DISTRICTS: PARCEL TAXES: EXEMPTIONS.

Authorizes school districts to exempt from "qualified special taxes" persons receiving Social Security Disability Insurance, provided that their annual income

does not exceed 250% of the 2012 federal poverty guidelines issued by the United States Department of Health and Human Services, as provided.

***Status:* Chapter 791, Statutes of 2012**

SB 901 (Steinberg). TAXATION: UNDOCUMENTED IMMIGRANTS.

Establishes a voluntary program to be administered by the Department of Justice to encourage certain immigrants to pay state income tax in order to gain relief from federal enforcement and decriminalizes members' employment. Directs the Governor to petition the President and other federal agencies to provide relief or exemptions from federal immigration enforcement actions against participants and their families, as well as to decriminalize employment of program participants.

***Status:* Died on the Senate Floor.**

SB 1128 (Padilla). ENERGY: ALTERNATIVE ENERGY FINANCING.

Expands, until July 1, 2016, the sales and use tax exemption under the California Alternative Energy and Advanced Transportation Financing Authority program. Revises the definition of "project" to include "advanced manufacturing processes," as specified, and makes technical clarifying changes to other provisions related to the program.

***Status:* Chapter 677, Statutes of 2012**

SB 1158 (Price). INCOME TAXES: ADMINISTRATION.

Allows the Franchise Tax Board (FTB), upon a taxpayer's written request, to abate specified interest to the extent the interest is attributable to the FTB's delay in mailing a notice or other correspondence requiring a response, "in connection with a presidentially declared disaster area," or any county or city proclaimed by the Governor to be in a state of emergency. provides that Internal Revenue Code Section 7508A, relating to the postponement of certain tax-related deadlines, shall apply to any taxpayer determined by the FTB to be affected by a state of emergency declared by the Governor.

***Status:* Chapter 382, Statutes of 2012**

SB 1179 (Walters). INCOME TAXES: CREDIT: MANUFACTURING.

Allows a credit against the taxes imposed by the Personal Income Tax Law and the Corporation Tax Law in an amount equal to \$3,000 for each disabled veteran, as defined, hired as a qualified full-time employee during the taxable year by a qualified employer, as defined. Funds the credit by reducing the allocation available for the existing New Jobs Credit.

***Status:* Held in committee. Returned to Desk.**

SB 1185 (Price). CENTRALIZED INTELLIGENCE PARTNERSHIP ACT: PILOT PROGRAM.

Establishes a multiagency partnership consisting of the Employment Development Department, the Franchise Tax Board, and the State Board of Equalization, to collaborate in combating illegal underground operations, as specified.

***Status:* Held in committee. Returned to Desk.**

SB 1197 (Ron Calderon). INCOME TAXES: CREDITS: FILM: EXTENSION.

Extends the operation of the California Motion Picture Tax Credit for two years, thereby authorizing the allocation of an additional \$100 million annually in tax credits to qualified productions from July 1, 2015 until July 1, 2017. Requires the Legislative Analyst's Office to prepare a report evaluating the economic effects and administration of the Film Tax Credit and to provide the report to the Assembly Revenue and Taxation Committee, the Senate Governance and Finance Committee, and the public.

***Status:* Chapter 840, Statutes of 2012**

SB 1243 (Lowenthal). SALES AND USE TAXES: EXEMPTIONS: MARINE OR MARITIME FUEL.

Extends, from January 1, 2014, to January 1, 2024, the sunset date for the current sales tax exemption for fuel and petroleum products sold to a water common carrier for immediate shipment outside California for consumption after the carrier's first out-of-state destination, as specified.

***Status:* Chapter 293, Statutes of 2012**

SB 1257 (Hernández). UTILITY USER TAX: EXEMPTION: PUBLIC TRANSIT VEHICLES.

Exempts from utility user taxes the consumption of compressed natural gas and electricity as a motor vehicle fuel for public transit vehicles by local agencies or public transit operators. Specifically clarifies that, pursuant to the Mills-Hayes Act, the consumption of electricity as a motor vehicle fuel by an electric public transit bus shall be exempt from any taxes imposed upon the consumption of electricity.

***Status:* Chapter 213, Statutes of 2012**

SB 1341 (Wolk). CORPORATION TAX LAW: CHARITABLE CORPORATIONS: EXEMPTIONS: REVOCATION.

Provides specified charities with a 120-day grace period to come into compliance with registration and reporting requirements before revocation of their tax-exempt status. Deletes the requirement for charities to pay the minimum franchise tax for any period in which their tax-exempt status was invalid.

***Status:* Chapter 710, Statutes of 2012**

SB 1356 (DeLeon). INCOME TAXES: CREDITS: CONTRIBUTIONS TO EDUCATION FUNDS.

Allows a credit, for taxable years beginning on or after January 1, 2013, and before January 1, 2016, based on the taxpayer's contribution to a newly established Higher Education Investment Tax Credit Program Special Fund, as specified.

***Status:* Held in committee. Returned to Desk.**

SB 1359 (Simitian). PERSONAL INCOME TAXES: CONTRIBUTIONS: CALIFORNIA BREAST CANCER RESEARCH FUND: CALIFORNIA CANCER RESEARCH FUND.

Extends, from January 1, 2013, to January 1, 2018, the sunset date for the following two voluntary contribution funds: the California Breast Cancer Research Fund and the California Cancer Research Fund.

***Status:* Chapter 456, Statutes of 2012**

SB 1485 (Kehoe). FUEL TAXES: BLENDED FUELS.

Authorizes a person who uses tax-paid motor vehicle fuel (MVF) as a blending component of a fuel taxed under the Use Fuel Tax Law (e.g., E-85) to receive a refund of the excise tax paid on that MVF. Provides that, to be eligible for a refund, a person must show that the applicable California fuel tax has been paid and must submit or have submitted the refund application request on or after January 1, 2011.

***Status:* Chapter 493, Statutes of 2012**

SB 1492 (Leno). VOTER-APPROVED LOCAL ASSESSMENT: VEHICLES.

Authorizes the City and County of San Francisco (City and County) to place on the ballot a measure to impose an additional assessment, for general revenue purposes, on vehicles owned by residents of that City and County, if certain conditions are met.

***Status:* Chapter 838, Statutes of 2012**

SB 1526 (La Malfa). CORPORATE INCOME TAXES: FILING REQUIREMENTS: TAX EXEMPT ORGANIZATIONS.

Expands the current exemption from the annual informational return filing requirement for small tax-exempt organizations, by increasing the gross-receipt threshold for filing from \$25,000 of average gross receipts to \$50,000. Becomes effective on January 1, 2013, but applies to taxable years beginning on or after January 1, 2012.

***Status:* Failed passage in committee.**

SB 1544 (Hernández). INCOME TAXES: DISASTER LOSSES: COUNTIES OF LOS ANGELES AND SAN BERNARDINO.

Provides that any losses sustained in the Counties of Los Angeles and San Bernardino as a result of the severe winds that occurred in November 2011 may, at the taxpayer's election, be taken into account for the taxable year immediately preceding the taxable year in which the disaster occurred.

***Status:* Chapter 284, Statutes of 2012**

SB 1548 (Wyland). STATE BOARD OF EQUALIZATION: OFFER IN COMPROMISE.

Extends, to January 1, 2018, the sunset date for the State Board of Equalization's (BOE's) existing offer in compromise (OIC) program (Program). Specifically extends those Program provisions that allow the BOE to accept an OIC even if the underlying liability was generated from a business that has not been discontinued or transferred.

***Status:* Chapter 285, Statutes of 2012**

SB 1571 (DeSaulnier). PERSONAL INCOME TAXES: VOLUNTARY CONTRIBUTION: SCHOOL SUPPLIES FOR HOMELESS CHILDREN FUND.

Authorizes the addition of the School Supplies for Homeless Children Fund (Fund) checkoff to the personal income tax form upon the removal of another voluntary contribution fund from the form. Provides that Fund moneys shall be allocated to the State Department of Education, for the sole purpose of assisting pupils in California under the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Section 11301 *et seq.*) by providing school supplies and health-related products to homeless children, through a competitive grant program developed and awarded by the Superintendent of Public Instruction.

***Status:* Chapter 459, Statutes of 2012**

SJR 18 (Pavley). INDIVIDUALS WITH DISABILITIES: TAX EXEMPT ACCOUNTS.

Urges the President and the Congress of the United States to enact the Achieving a Better Life Experience Act of 2011 (ABLE Act), which would allow for the creation of tax-exempt ABLE accounts, modeled after Qualified Tuition Programs, to meet the "qualified disability expenses" of a designated beneficiary.

***Status:* Chapter 62, Statutes of 2012**

GOVERNOR VETOES

AB 1963 (Huber). INCOME TAXES: SALES AND USE TAXES: LEGISLATIVE ANALYST'S OFFICE: REPORT.

Requires the Legislative Analyst's Office to submit a report to the Legislature assessing potential changes to the state income and sales and use tax laws to reduce revenue volatility, diversify revenue sources, and improve California's economic climate.

GOVERNOR'S VETO MESSAGE:

This bill would require another report on tax revenue volatility, this one from the Legislative Analyst.

The Legislature can have its own analyst prepare the report by simply asking. A law isn't needed.

AB 2638 (Eng). STATE GOVERNMENT: FISCAL AFFAIRS.

Requires the Department of Finance (DOF) to include additional information in its annual tax expenditure report and to provide the Legislature with certain specified information. Requires the State Board of Equalization and the Franchise Tax Board to submit a new report to the Legislature and DOF, on or before December 1 of each calendar year, on tax expenditures with an annual revenue loss of more than \$5 million.

GOVERNOR'S VETO MESSAGE:

This bill expands the information required to be included in three reports on tax expenditures.

Expanding reports is counter to the intent of Executive Order B-14-11, which is to reduce costs of preparing reports to the Legislature. The additional information this bill requires exists in the Legislature's own records or can be prepared by the Legislative Analyst.

APPENDIX I

INDEX BY SUBJECT MATTER

PAGE NO.

BOARD OF EQUALIZATION – ADMINISTRATION

AB 2048 (Donnelly)	State Board of Equalization: administration: interest.	7
AB 2175 (Harkey/Ma)	Tax: state tax liens.	8
AB 2225 (Perea)	State Board of Equalization: erroneous charges.	9
AB 2270 (Harkey)	Sales and use tax: use tax: administration.	9
AB 2323 (Perea)	State Board of Equalization: administration: opinions.	9
AB 2453 (Block)	State Board of Equalization: administration: petition for redetermination.	11
SB 1548 (Wyland)	State Board of Equalization: offer in compromise.	20

CONFORMITY

AB 1510 (Garrick)	Income tax: health savings accounts.	2
AB 2687 (Committee on Revenue & Taxation)	Income taxes: charitable remainder trusts.	13

CORPORATION TAX

AB 1500 (John A. Pérez)	Corporation taxes: apportionment: single sales factor: Middle Class Scholarship Fund.	2
AB 1605 (Garrick)	Minimum annual tax: exemption.	3

CORPORATION TAX (continued)**PAGE NO.**

AB 1677 (Nestande)	Corporation taxes: filing requirements: tax exempt organizations.	3
AB 1818 (Perea)	Income taxes: credit: patent licensing.	4
AB 2026 (Fuentes)	Income taxes: credits: film: extension.	6
AB 2037 (Davis)	Income tax: hiring credit: investment credits.	6
AB 2045 (Perea)	Emerging technology and biotechnology companies: transfer of net operating losses.	7
AB 2439 (Eng)	Corporation taxes: disclosure.	10
AB 2656 (Charles Calderon)	California Transportation Financing Authority: tax credit certificates for exporters and importers: income tax credit.	12
SB 1179 (Walters)	Income taxes: credit: manufacturing.	17
SB 1197 (Ron Calderon)	Income taxes: credits: film: extension.	17
SB 1341 (Wolk)	Corporation Tax Law: charitable corporations: exemptions: revocation.	18
SB 1526 (La Malfa)	Corporate income taxes: filing requirements: tax exempt organizations.	19

DISASTER RELIEF

AB 2332 (Monning)	Income taxes: deductions: disaster losses: County of Santa Cruz	10
SB 1544 (Hernández)	Income taxes: disaster losses: Counties of Los Angeles and San Bernardino.	20

FRANCHISE TAX BOARD – ADMINISTRATION

AB 318 (Skinner)	Franchise Tax Board: administration: penalties: legal holiday.	1
------------------	---	---

FRANCHISE TAX BOARD – ADMINISTRATION (continued)	<u>PAGE NO.</u>
---	------------------------

AB 2439 (Eng)	Corporation taxes: disclosure.	10
AB 2578 (Solorio)	Franchise Tax Board: information: tax refund deposits: tax-advantaged savings plans.	11
AB 2625 (Solorio)	Golden State Scholarshare Trust: Franchise Tax Board: returns	11
AB 2686 (Committee on Revenue & Taxation)	Franchise Tax Board: Taxpayers' Rights Advocate.	13
SB 1158 (Price)	Income taxes: administration.	16

LOCAL GOVERNMENT

SB 1492 (Leno)	Voter-approved local assessment: vehicles.	19
----------------	--	----

PARCEL TAX

ACA 18 (Swanson)	Taxation: parcel tax.	14
ACA 21 (Feuer)	Taxation: educational entities: parcel tax.	14
SB 874 (Hancock)	School districts: community college districts: parcel taxes: exemptions.	15

PERSONAL INCOME TAX

AB 1589 (Huffman)	State parks: sustainability and protection.	3
AB 1596 (Cook)	Income taxes: credits: hiring full-time employees.	3
AB 1818 (Perea)	Income taxes: credit: patent licensing.	4
AB 1974 (Dickinson)	Income tax: credit: earned income.	5
AB 2004 (Knight)	Personal Income Tax Law: exclusion: military	6

PERSONAL INCOME TAX (continued)**PAGE NO.**

veterans: combat zone compensation and
disability retirement payment.

AB 2332 (Monning)	Income taxes: deductions: disaster losses: County of Santa Cruz.	10
AB 2656 (Charles Calderon)	California Transportation Financing Authority: tax credit certificates for exporters and importers: income tax credit.	12
SB 1179 (Walters)	Income taxes: credit: manufacturing.	17
SB 1544 (Hernández)	Income taxes: disaster losses: Counties of Los Angeles and San Bernardino.	20

Taxpayer Contributions

AB 233 (Hall)	Personal income taxes: voluntary contributions: California YMCA Youth and Government Fund.	1
AB 2625 (Solorio)	Golden State Scholarshare Trust: Franchise Tax Board: returns.	11
SB 803 (DeSaulnier)	California Youth Leadership Project.	15
SB 1356 (DeLeon)	Income taxes: credits: contributions to educational funds.	18
SB 1359 (Simitian)	Personal income taxes: contributions: California Breast Cancer Research Fund: California Cancer Research Fund.	19
SB 1571 (DeSaulnier)	Personal income taxes: voluntary contribution: School Supplies for Homeless Children Fund.	20

PROPERTY TAXATION

AB 1700 (Butler)	Property tax: change in ownership: exclusion: co-tenancy interests.	4
------------------	--	---

PROPERTY TAXATION (continued)**PAGE NO.**

AB 1788 (Morrell)	Property tax: welfare exemption: course of construction.	4
AB 1941 (Ma)	Taxation: qualified heavy equipment.	5
AB 2046 (Allen)	Property tax: change in ownership: exclusion: floating homes.	7
AB 2207 (Gordon)	Property tax: welfare exemption: nature resources and open-space lands.	8
AB 2643 (Ma)	Property taxation.	12
AB 2688 (Committee on Revenue & Taxation)	Property taxes: sales and use taxes.	13
SB 314 (Vargas)	Property tax: welfare exemption: leased property: City of San Diego: redevelopment agency of the City of San Diego.	15

SALES AND USE TAX

AB 843 (Charles Calderon)	State Board of Equalization: nonmonetized bullion and numismatic coins: adjustment date.	1
AB 1911 (Donnelly)	Sales and use tax: exemption: manufacturing.	5
AB 1972 (Huber)	Sales and use taxes: exemption: manufacturing equipment: research and development.	5
AB 2059 (Gorell/Achadjian)	Sales and use tax: qualified purchaser.	8
AB 2270 (Harkey)	Sales and use tax: use tax: administration.	9
AB 2271 (Perea)	Sales and use tax: worthless accounts.	9
AB 2618 (Ma)	Sales and use taxes: auction: vehicles.	11
AB 2688 (Committee on Revenue & Taxation)	Property taxes: sales and use taxes.	13
SB 1128 (Padilla)	Energy: alternative energy financing.	16

SALES AND USE TAX (continued)**PAGE NO.**

SB 1243 (Lowenthal)	Sales and use taxes: exemptions: marine or maritime fuel.	17
---------------------	---	----

TRANSACTION AND USE TAX

AB 1126 (Charles Calderon)	Transaction and use tax: rate.	2
----------------------------	--------------------------------	---

MISCELLANEOUS

AB 1530 (Huffman)	Economic development: Clean Manufacturing and Job Creation Act of 2012.	2
AB 1589 (Huffman)	State parks: sustainability and protection.	3
AB 1941 (Ma)	Taxation: qualified heavy equipment.	5
AB 2175 (Harkey/Ma)	Tax: state tax liens.	8
AB 2441 (Williams)	Sexual assault treatment and prevent: sexually oriented business tax.	10
AB 2679 (Committee on Transportation)	Transportation: omnibus bill.	12
AJR 19 (Hall)	Federal taxation.	14
SB 12 (Corbett)	Bulk sales.	15
SB 901 (Steinberg)	Taxation: undocumented immigrants.	16
SB 1185 (Price)	Centralized Intelligence Partnership Act: pilot program.	17
SB 1257 (Hernández)	Utility user tax: exemption: public transit vehicles.	18
SB 1485 (Kehoe)	Fuel taxes: blended fuels.	19
SJR 18 (Pavley)	Individuals with disabilities: tax exempt accounts.	21

VETOED**PAGE NO.**

AB 1963 (Huber)	Income taxes: sales and use taxes: Legislative Analyst's Office: report.	22
AB 2638 (Eng)	State government: fiscal affairs.	22

APPENDIX II

INDEX BY AUTHOR

AUTHOR	BILL NO.	CHAPTER NO.	PAGE NO.
Allen	AB 2046	817	7
Charles Calderon	AB 843	184	1
	AB 1126	739	2
Fuentes	AB 2026	841	6
Gordon	AB 2207	863	8
Hall	AB 233	228	1
	AJR 19	137	14
Harkey	AB 2270	200	9
Huffman	AB 1589	533	3
Ma	AB 2618	756	11
	AB 2643	161	12
Monning	AB 2332	203	10
Nestande	AB 1677	858	3
Perea	AB 2323	788	9
Skinner	AB 318	313	1
Committee on	AB 2686	349	13
Revenue & Taxation	AB 2688	362	13
Committee on	AB 2679	769	12
Transportation			

AUTHOR	BILL NO.	CHAPTER NO.	PAGE NO.
--------	----------	-------------	----------

Ron Calderon	SB 1197	840	17
DeSaulnier	SB 803	379	15
	SB 1571	459	20
Hancock	SB 874	791	15
Hernández	SB 1257	213	18
	SB 1544	284	20
Kehoe	SB 1485	493	19
Leno	SB 1492	838	19
Lowenthal	SB 1243	293	17
Padilla	SB 1128	677	16
Pavley	SJR 18	62	21
Price	SB 1158	382	16
Simitian	SB 1359	456	19
Wolk	SB 1341	710	18
Wyland	SB 1548	285	20

VETOED

Eng	AB 2638		22
Huber	AB 1963		22