

2017

# Revenue and Taxation Legislative Summary 2016

Assembly Committee on Revenue and Taxation

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**Assembly Committee on  
Revenue and Taxation**

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**California State Legislature**

**Revenue and Taxation  
Legislative Summary  
2016**



**Honorable Sebastian Ridley-Thomas, Chair**

**Honorable William Brough, Vice-Chair**

**December 2016**

# **ASSEMBLY COMMITTEE ON REVENUE AND TAXATION**

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## **2016 LEGISLATIVE SUMMARY**

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## **2016**

# **LEGISLATIVE SUMMARY**

The following is a list of tax-related legislation that the Legislature considered during the second year of the 2015-16 Legislative Session. The measures are listed in numerical order, with 2016 chapter numbers provided, and the provisions of each bill are briefly summarized. The list also includes introduced bills that did not reach the Assembly Floor, as well as bills adopted by the Legislature but vetoed by the Governor.

This publication is intended to be a useful summary of the Legislature's work in the area of revenue and taxation during 2016. An electronic copy of this document is also available under "Publications" on the Revenue and Taxation Committee's Web page at [www.assembly.ca.gov](http://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.legislature.ca.gov](http://www.leginfo.legislature.ca.gov), or by writing to the Assembly Committee on Revenue and Taxation, Legislative Office Building, 1020 "N" Street - Room 167A, Sacramento, CA 95814.

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## **ASSEMBLY BILLS**

### **AB 89 (Allen). Sales and Use Taxes: Exemptions: Public Schools**

Provides a partial exemption from the Sales and Use Tax Law for any items purchased by a K-12 public school or a K-12 public school district for use by that school or district in California.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

### **AB 151 (Rodriguez). Income Taxes: Credits: Apprenticeships**

Provides a temporary tax credit to a taxpayer, under both the Personal Income Tax Law and the Corporation Tax Law for each registered apprentice trained by the taxpayer in the taxable year. Specifically, allows a tax credit for each taxable year beginning on or after January 1, 2016, and before January 1, 2020, in an amount equal to \$1 for each hour a registered apprentice worked during the taxable year, up to \$2,000 for each registered apprentice trained by the taxpayer in the taxable year, not to exceed 10 registered apprentices each taxable year. Specifies the aggregate tax credits allowed per calendar year shall not exceed \$10 million.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

### **AB 155 (Dababneh). Sales Tax: Exemption: Food Products: Vending Machines**

Repeals the existing partial exemption from the Sales and Use Tax Law for food products sold at retail through a vending machine and, instead, provides a full sales and use tax exemption, on and after January 1, 2016, for gross receipts of any retailer from the sale at retail of food products sold through a vending machine.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

### **AB 185 (Garcia, Eduardo). Income Taxation: Insurance Taxation: Credits: California New Markets Tax Credit**

Establishes the California New Markets Tax Credit Program, with the stated purpose of stimulating private sector investment in lower income communities. Specifically allows, for taxable years beginning on or after January 1, 2017, and before January 1, 2029, a credit in an amount determined in accordance with Internal Revenue Code Section 45D, as modified.

Status: Never heard by the Assembly Appropriations Committee; returned to the Chief Clerk.

**AB 209 (Patterson). Tax Deductions: 529 College Savings Plans**

Allows, for taxable years beginning on or after January 1, 2015, a deduction equal to the lesser of: (a) the amount contributed by a "qualified taxpayer" during the taxable year to a qualified tuition program under Internal Revenue Code Section 529, as modified by state law; or, (b) \$3,000 in the case of a taxpayer who is single or is a married individual filing a separate return or \$6,000 in the case of a taxpayer who is a married individual filing a joint return or an individual filing a head of household return. Defines a "qualified taxpayer" as an individual who, on behalf of a beneficiary, contributes money to a qualified tuition program and meets all of the other applicable requirements under Internal Revenue Code Section 529, as modified by state law.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 321 (Chávez). Personal Income Taxes: Exclusion: Service Members**

Excludes from gross income any basic pay received by a servicemember in the United States Armed Forces (Armed Forces), in the reserve components of the Armed Forces, or in the National Guard, derived from his or her position as a servicemember, while serving his or her "active duty in the state".

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 328 (Grove). Minimum Franchise Tax: Annual Tax: Exemption: Veteran-Owned Small Businesses**

Eliminates the Annual Tax for the first three taxable years for a limited liability company that is a new veteran-owned small business, and eliminates the minimum franchise tax for a corporation that is a new veteran-owned small business for its second and third taxable years.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 337 (Jones-Sawyer). Personal Income Tax: Credits: Qualified Teachers**

Allows, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, a personal income tax credit for amounts paid or incurred by a qualified teacher, as defined, during the school year beginning immediately prior to the taxable year for instructional materials and classroom supplies, as defined, not to exceed \$250, except as provided.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 358 (Grove). State Board of Equalization**

Expands existing State Board of Equalization authority to accept as timely late submissions of remittances, claims for credit or refund, documents, returns, or other information. Specifically, expands existing State Board of Equalization authority to establish a uniform policy for the acceptance of specified remittances and documents after the due date to include delivery through electronic transmission.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 405 (Brough). State Board of Equalization: Administration: Interest**

Applies the same interest rate to both late tax payments and overpayment refunds for purposes of the tax and fee programs administered by the State Board of Equalization.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 476 (Chang). Taxation: Homeowners' Exemption and Renters' Credit**

Increases both the homeowners' property tax exemption amount, beginning with the lien date for the 2016-17 fiscal year, and the nonrefundable renter's tax credit amount for taxable years beginning on and after January 1, 2016, as specified.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 505 (Melendez). Personal Income Tax Law: Exclusion: Veterans: Concurrent Retirement and Disability Pay**

Excludes from gross income, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, Concurrent Retirement and Disability Pay payments received by active, reserve, or retired members of the United States military who served in active duty.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 544 (Mullin). Income Taxes: Credits: Research Activities**

Conforms, under the Personal Income Tax Law and the Corporation Tax Law, to the federal alternative simplified credit, repeals the alternative incremental credit, and conforms to recent federal changes related to acquisitions, dispositions, and aggregations.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.



**AB 585 (Melendez). Outdoor Water Efficiency Act of 2015: Personal Income Tax Credits: Outdoor Water Efficiency**

Allows, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, a personal income tax credit equal to 25 percent of the amount paid or incurred by a qualified taxpayer for water efficiency improvements, as defined, not to exceed \$2,500 per taxable year, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 603 (Salas). Income Taxes: Every Drop Counts Tax Credit**

Allows, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, a credit to a taxpayer participating in a lawn replacement rebate program, as defined, in an amount equal to 25 percent of the costs paid or incurred to replace conventional lawn on the qualified taxpayer's property, not to exceed \$1,500, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 612 (Patterson). Minimum Franchise Tax: Annual Tax: Small Business**

Reduces the minimum franchise tax to \$400 in the second taxable year for a new corporation, and reduces the annual tax in the first taxable year for a new limited partnership, new limited liability partnership, and new limited liability company that is a small business.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 697 (Chu). Personal Income Tax: Credits: Senior Citizen Renters**

Allows an income tax credit to low-income seniors in an amount equal to the increase in rent of a qualified residence, as specified. Defines a "qualifying residence" as a property located in the County of Alameda, the City and County of San Francisco, the County of Ventura, and the County of Santa Clara.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 737 (Hernández). Sales and Use Taxes: Seller's Permit: Determinations**

Extends the time necessary for the State Board of Equalization to issue a determination regarding the issuance of a seller's permit from 30 days to 35 days, as specified.

Status: Never heard by the Assembly Appropriations Committee; returned to the Chief Clerk.

**AB 748 (Lackey). Taxation: Exemptions: Public Schools**

Extends the application of the "public school" property tax exemption to property acquired by a qualified organization, as defined, after the lien date, as specified.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 755 (Ridley-Thomas). Sales and Use Taxes: Exemption: Small Businesses: Los Angeles County Transit Projects**

Provides a partial sales and use tax exemption for sales made by a small business whose property line abuts or faces the rail corridor of specified Los Angeles County transit construction projects.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 756 (Chang). Small Businesses: Civil Fines and Penalties: Waiver**

Authorizes the State Board of Equalization, the Franchise Tax Board, and the Employment Development Department to waive any fine or penalty for violations of the laws that impose a tax or fee, assessed against a small business, as defined, within its first 120 days of operation if certain requirements are met.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 771 (Atkins). Personal Income and Corporation Taxes: Credits: Rehabilitation**

Allows an income tax credit in an amount equal to 20 percent of the qualified rehabilitation expenditures with respect to a certified historic structure, defined as a structure located in California that appears on either the National Register of Historic Places or the California Register of Historic Places. Increases the applicable percentage to 25 percent in the case of a certified historic structure that meets specified criteria, as provided.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 799 (Allen). Income Taxes: Limited Liability Company: Qualified Investment Partnership**

Provides that a limited liability company classified as a holding company is not an LLC doing business in California.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 814 (Daly). Tax Information: Administration**

Requires the Franchise Tax Board, the State Board of Equalization, and the Employment Development Department to conduct a feasibility study on the development of a single Internet Web-based portal that would essentially consolidate the three agencies.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 821 (Gipson). Sales and Use Taxes: Administration: Payments: Dispensaries**

Authorizes the State Board of Equalization, until January 1, 2022, to allow medical marijuana dispensaries to remit tax liability due in a method other than an electronic funds transfer.

Status: Chapter 811, Statutes of 2016.

**AB 867 (Wagner). Tax Administration Refunds: Property Tax: State Assessment Actions**

Allows a person who has paid a tax, fee, assessment, surcharge, or other amount to the State Board of Equalization or Franchise Tax Board to file a refund claim, even if the statute of limitations for filing has expired, when a court of competent jurisdiction, in its final and nonappealable decision, has decided that those amounts have been illegally levied or collected by the tax agency.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 894 (Patterson). Personal Income Taxes: Credit: Education Expenses**

Allows a credit, under the Personal Income Tax Law, in an amount equal to 15 percent of the tuition paid or incurred by a taxpayer during the taxable year for education and training obtained by the taxpayer or the taxpayer's dependent at a vocational institution. Limits the amount of the credit allowed to be claimed to \$2,500 per taxable year and defines a "vocational institution" as a private, postsecondary institution that grants only certificates or associate degrees.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 922 (Gallagher). Sales and Use Taxes: Exemption: Manufacturing**

Deletes the repeal date for the existing manufacturing sales and use tax exemption, thereby extending the application of the exemption indefinitely. On or after January 1, 2023, limits the exemption to a qualified person that is located in a county, city and county, or metropolitan statistical area that had an unemployment rate of 10 percent or more in the previous calendar quarter.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 945 (Ting). Sales and Use Taxes: Exemption: Low-Emission Vehicles**

Provides a partial sales and use tax exemption for the purchase or use of a qualified motor vehicle, and specifies the exemption amount shall be based on the greater of the trade-in value of a motor vehicle traded in for a qualified motor vehicle, or the sum of the tax credits and rebates for which the qualified motor vehicle is eligible.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 961 (Gallagher). Income Taxation: Credits: California Competes**

Temporarily increases the aggregate amount of the California Competes Tax Credit that may be allocated to taxpayers by \$50 million per fiscal year.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1021 (Steinorth). Sales and Use Taxes: Smartphones: Bundled Transactions**

Provides that, for purposes of the Sales and Use Tax Law, "gross receipts" and "sales price" from the retail sale or purchase of a smartphone shall be limited to the amount charged for the sale of the smartphone when it is sold in a bundled transaction.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1040 (Ting). Property Taxation: Change in Ownership**

Provides that if more than an unspecified percentage of the direct or indirect ownership interests in a legal entity are sold or transferred in a single transaction, as defined, the real property owned by that legal entity has changed ownership for property tax purposes whether or not any one legal entity or person that is a party to the transaction obtains control, as defined.

Status: Never heard by the Senate Governance and Finance Committee; returned to the Secretary of the Senate.

**AB 1041 (Baker). Personal Income Taxes: Education Savings Accounts**

Provides an "above-the-line" deduction for amounts contributed to a Coverdell Education Savings Account from gross income, up to \$750 per taxable year.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1055 (Baker). Personal Income Tax Law: Exclusion: Student Loan Debt Forgiveness: Disability and Blindness**

Provides that gross income does not include discharged student loan debt if the individual is disabled or blind.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1139 (Campos). Personal Income Taxes: Credit: Turf Removal**

Allows, for taxable years beginning on and after January 1, 2015, a credit to a taxpayer participating in a lawn replacement program, as defined, in an amount equal to \$2 per square foot of conventional lawn removed from the taxpayer's property, up to \$50,000 per taxable year, as provided.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1183 (Wilk). Sales and Use Taxes: Deficiencies: Judgment of Dissolution of Marriage**

Relieves, notwithstanding existing laws governing the liability of marital property, a spouse of an unpaid sales or use tax or deficiency of that tax, if the other spouse has the sole obligation arising from a judgment of dissolution of marriage to pay the unpaid tax or a deficiency, or any portion of either.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1229 (Campos). Senior Citizen Rent Increase Exemption Program**

Enacts the Senior Citizen Rent Increase Exemption Program to test whether the Program is a viable method to help California seniors remain in their homes. Specifically, the Program would permit an "eligible head of household" in a rent-controlled property to apply for an exemption from rent increases and provide his or her landlord with a tax credit in an amount equivalent to the rent increase that the landlord otherwise would have received if not for that exemption. Establishes the Program as a demonstration project to be implemented in the Counties of Alameda, San Francisco, Ventura, and Santa Clara.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1247 (Irwin). Sales and Use Taxes: Exemption: Organic Input Material**

Provides a sales and use tax exemption for "organic input material" to be applied to land, the products of which are to be used as food for human consumption or are to be sold in the regular course of business.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1255 (Thurmond). Income and Corporation Taxes: Credit: Donation of Apparently Wholesome Food**

Allows a credit for each taxable year, beginning on and after January 2015, a taxpayer donates apparently wholesome food, as defined, from any trade or business of the taxpayer to an organization located in California and exempt from federal income taxation, as specified.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1275 (Gray). Personal Income Taxes: Exclusion: Military Retirement Pay**

Excludes from gross income, for taxable years beginning on or after January 1, 2015, retirement pay received by a qualified taxpayer from the federal government for military service performed in the Armed Forces of the United States, the reserve component of the Armed Forces, or the National Guard. Defines a "qualified taxpayer" as a taxpayer who is a Purple Heart or Medal of Honor recipient.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1280 (Maienschein). Sales and Use Taxes: Exemption: Tax Holiday: Small Businesses**

Establishes a partial sales and use tax exemption for tangible personal property sold by, or purchased from, a retailer that is a "small business", for the one-day period beginning at 12:01 a.m. on the Saturday following Thanksgiving and ending at midnight on the same day.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1329 (Patterson). Personal Income Tax Law: Credit: Fuel Management Activities**

Allows, for taxable years beginning on or after January 1, 2016, a credit under the Personal Income Tax Law equal to the "qualified costs" paid by a "qualified taxpayer" for "fuel management activities" performed on "qualified real property", as specified.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1371 (Lackey). Personal Income Taxes: Deduction: Education Expenses**

Allows an "above-the-line" deduction, beginning on or after January 1, 2016, and before January 1, 2021, for an amount equal to the qualified amount that was paid or incurred for qualified education-related expenses for one or more dependent children by a qualified taxpayer during the taxable year.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1399 (Baker). Income Taxes: Voluntary Contributions: California Domestic Violence Victims Fund**

Authorizes the addition of the California Domestic Violence Victims Fund checkoff to the personal income tax return upon the removal of another voluntary contribution fund from the return, or as soon as space is available.

Status: Chapter 289, Statutes of 2016.

**AB 1404 (Grove). Income Taxes: Credit: Employees with Disabilities**

Allows a credit to an employer who employs in California an individual with a disability who may be paid a special minimum wage, and pays the qualified employee a wage equal to or exceeding the minimum wage during the taxable year. The credit would be allowed in an amount equal to the difference between the special minimum wage and the minimum wage.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1434 (McCarty). Health Insurance: Prohibition on Health Insurance Sales: Health Care Service Plans**

Deletes existing statutory language providing that any person or entity subject to regulation under the Knox-Keene Health Care Service Plan Act of 1975 is not subject to Insurance Code Section 742, which places specified coverage providers under the jurisdiction of the Department of Insurance.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1442 (O'Donnell). Motor Vehicle Fuel: Gasohol**

Increases the allowable percentage of gasoline that may be included in E85, from 15 percent to 21 percent, and makes corresponding changes to the definition of gasohol.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

**AB 1450 (Chang). Income Taxes: Administration: Returns: Penalties**

Lowers, from 25 percent to "up to 10" percent, the penalty for a taxpayer's failure to furnish information requested in writing by the Franchise Tax Board or failure to file a return upon notice and demand by the Franchise Tax Board, as specified.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1548 (Wood). Medical Marijuana: Taxation: Marijuana Production and Environment Mitigation**

Imposes a tax in specified amounts on the distribution in California by a cultivator, as defined, of marijuana flowers, marijuana leaves, and immature marijuana plants to a licensed distributor, as specified, and requires the licensed distributor to collect the tax from the cultivator and remit it to the State Board of Equalization.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1553 (Irwin). Savings Plans: Qualified ABLE Program**

Provides that a provision of the State Contract Act, prohibiting the recipient of a consulting services contract from bidding on a subsequent contract the recipient requires or suggests, does not apply to a contract between the California Achieving a Better Life Experience (ABLE) Act Board and a program consultant for the ABLE program.

Status: Chapter 317, Statutes of 2016.

**AB 1556 (Mathis). Property Taxation: Exemptions: Disabled Veterans**

Exempts from property taxes that portion of the full value of the principal place of residence of a veteran or veteran's spouse that does not exceed \$2.1 million, adjusted annually for inflation, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1559 (Dodd). State Board of Equalization: Returns and Payment: Extension: Disaster**

Authorizes the State Board of Equalization, in the case of a disaster, to extend the time for making any report or return or paying any tax for a period of up to three months.

Status: Chapter 257, Statutes of 2016.

**AB 1562 (Kim). Sales and Use Taxes: Exemptions: Disaster Preparedness Products**

Provides a sales and use tax exemption for qualified disaster preparedness products sold or purchased during the one-day period beginning at 12:01 a.m. on the second Saturday in October 2017, and ending at 12:00 midnight of that day, or for which a layaway agreement is entered into, a raincheck is issued, or other specified orders are placed during this period, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.



**AB 1577 (Eggman). CalFood Program: CalFood Account**

Renames the State Emergency Food Assistance Program (SEFAP) as the "CalFood Program" and the SEFAP Account as the "CalFood Account."

Status: Chapter 400, Statutes of 2016.

**AB 1665 (Bonilla). Transactions and Use Taxes: County of Alameda, County of Contra Costa, and Contra Costa Transportation Authority**

Removes the existing authority granted to Alameda County and Contra Costa County to impose an additional transactions and use tax, subject to voter approval, and instead grants Contra Costa County's existing authority to the Contra Costa Transportation Authority.

Status: Chapter 45, Statutes of 2016.

**AB 1683 (Eggman). Alternative Energy Financing**

Provides that if less than \$100 million in sales and use tax exclusions is granted in a calendar year under the California Alternative Energy and Advanced Transportation Financing Authority Act, the unallocated amount may roll over to the following calendar year.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1710 (Calderon). Vehicular Air Pollution: Zero-Emission and Near Zero-Emission Vehicles**

Provides, on or after January 1, 2017, an exemption under the Sales and Use Tax Law, for the portion of the cost of a new or used near-zero or zero-emission vehicle purchased by a "low-income purchaser" that does not exceed \$40,000. Additionally allows a Personal Income Tax (PIT) credit to a "qualified taxpayer" equal to \$2,500, with a "qualified taxpayer" defined as an individual or individuals who meet the income eligibility requirements specified by the Air Resources Board under Health and Safety Code Section 44258.4(c)(3)(B) and who purchased a near-zero or zero-emission vehicle during the taxable year. Further, allows a PIT deduction of \$2,500 to a "qualified taxpayer" who, during the taxable year, purchased a near-zero or zero-emission vehicle.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1736 (Steinorth). Personal Income Taxes: Deduction: Homeownership Savings Accounts**

Allows, upon appropriation of specified funds by the Legislature, on and after January 1, 2017, and before January 1, 2019, a deduction, not to exceed specified amounts, of the amount a qualified taxpayer, as defined, contributed in any taxable year to a homeownership savings account and excludes from gross income any income earned on the moneys contributed to a homeownership savings account.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1775 (Oberholte). Income Taxes: Returns: Due Dates**

Conforms with federal law, for taxable years beginning on or after January 1, 2016, the tax return due dates for partnerships, limited liability companies, "C" corporations, and "S" corporations under the Personal Income Tax Law and Corporation Tax Law.

Status: Chapter 348, Statutes of 2016.

**AB 1789 (Santiago). Personal Income Taxes: Voluntary Contributions: School Supplies for Homeless Children Fund**

Extends the sunset date for the School Supplies for Homeless Children Fund. Allows the Fund to remain as a voluntary contribution fund on the personal income tax return through the 2021 taxable year provided the Fund continues to meet its annual minimum contribution amount.

Status: Chapter 447, Statutes of 2016.

**AB 1791 (Lopez). Personal Income Taxes: Exclusion: Military Retirement Pay**

Excludes, for taxable years beginning on and after January 1, 2016, and before January 1, 2019, military retirement pay and survivor benefits from gross income under the Personal Income Tax Law.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the chief Clerk.

**AB 1801 (Ting). Katz-Harris Taxpayers' Bill of Rights: Report**

Changes, from December 1 to December 31, the date by which the Franchise Tax Board must annually perform a systematic identification of areas of recurrent taxpayer noncompliance and report such findings to the Legislature.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1847 (Stone). Earned Income Tax Credit Information Act: California Earned Income Tax Credit**

Expands the employee notification requirement relating to the federal Earned Income Tax Credit to include a reference to the California Earned Income Tax Credit.

Status: Chapter 294, Statutes of 2016

**AB 1851 (Gray). Vehicular Air Pollution: Reduction Incentives**

Creates and expands a broad array of incentive programs to increase the sales and use of certain clean air vehicles, funded by the Greenhouse Gas Reduction Fund, including increasing rebates offered by the Clean Vehicle Rebate Project, issuing rebates for the purchase and installation of electric vehicle charging stations, removing the cap on green high-occupancy vehicle lane stickers, and providing a partial Sales and Use Tax exclusion for the purchase of a qualified motor vehicle.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 1856 (Dababneh). Excise Taxes: Claim for Refund: Timely Filed Claims**

Allows a single claim for refund to be deemed as timely for all prior overpayments made within the claim's statute of limitations, and for all subsequent installment payments related to the claim, in cases where the amount of tax, surcharge, or fee determined has not been paid in full.

Status: Chapter 98, Statutes of 2016

**AB 1891 (Dababneh). School Districts: Special Taxes: Exemptions**

Provides that any exemption from a qualified special tax granted to a taxpayer will remain in effect until the taxpayer becomes ineligible for the exemption.

Status: Chapter 450, Statutes of 2016.

**AB 1901 (Quirk). Taxation: Cigarettes: Unaffixed Stamps**

Makes it a misdemeanor to buy, sell, or possess unaffixed cigarette stamps. Provides that any person who possesses, sells, or offers to sell, or who buys or offers to buy, "unaffixed stamps" is guilty of a misdemeanor, punishable by a fine or imprisonment in county jail for up to a year, or both.

Status: Chapter 662, Statutes of 2016.

**AB 1920 (Chau). California Tax Credit Allocation Committee: Low-Income Housing Credit: Fines**

Allows the California Tax Credit Allocation Committee to establish a schedule of fines for violations of the terms and conditions, the regulatory agreement, covenants, or program regulations for affordable housing developments that received low-income housing tax credits.

Status: Chapter 611, Statutes of 2016.

**AB 1929 (Brough). Personal Income Taxes: Earned Income Credit: Report**

Requires the Franchise Tax Board to include in its annual California Earned Income Tax Credit report to the Legislature the number of tax returns claiming the credit where the credit is either denied or reduced in part before any refund is issued.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 1944 (Jones). Personal Income Tax Law: Gross Income Exclusion: Olympic and Paralympic Games**

Excludes from gross income the value of any medal given by the International Olympic Committee or the International Paralympic Committee, and any prize money or honoraria received from the United States Olympic Committee, on account of either the Olympic Games or the Paralympic Games.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2006 (Mullin). State Board of Equalization: Contracting Authority: Local Tax Collection**

Provides that the services the State Board of Equalization is authorized to provide pursuant to Government Code Section 15624 include the collection and remittance to a legislative body of any county, city, or city and county of a tax imposed by that legislative body.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 2040 (Melendez). Outdoor Water Efficiency Act of 2016: Personal Income Tax Credits: Outdoor Water Efficiency**

Allows a credit under the Personal Income Tax Law equal to 25 percent of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements, as defined, on qualified real property in California, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2055 (Gipson). Income Taxation: Credits: California Competes**

Requires that each fiscal year (FY), beginning with the 2018-19 FY, 25 percent of the aggregate amount of the California Competes Tax Credit that may be allocated under the Personal Income Tax and the Corporation Tax laws be reserved for taxpayers that make qualified sustainable freight investments.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2140 (Hernández). Income Taxes: Insurance Tax: Credits: Low-Income Housing: Farmworker Housing Assistance**

Modifies the definition of applicable percentage relating to qualified low-income buildings that are farmworker housing projects, as provided. Authorizes the California Tax Credit Allocation Committee to allocate the farmworker housing credit even if the taxpayer receives federal credits for buildings located in designated difficult development areas or qualified census tracts. Additionally redefines "farmworker housing" as housing in which at least 50 percent of the units are available to, and occupied by, farmworkers and their households.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2149 (Bonilla). State Board of Equalization: Counties: State Agencies: Collection of Cash Payments: Medical Cannabis-Related Businesses**

Authorizes the State Board of Equalization or a county to collect cash payments from medical cannabis-related businesses for state agencies, including the Department of Consumer Affairs and the Employment Development Department, if that state agency has entered into an agreement with the board or county.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2184 (Low). Cigarette Tax: Stamps and Meter Machines: Report**

Modifies the statutory provisions requiring the State Board of Equalization to submit a report to the Legislature evaluating the average actual costs associated with applying stamps or meter impressions to cigarette packages.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2201 (Brough). State Board of Equalization: Administration: Interest**

Reinstates provisions of law that expired on January 1, 2016, allowing the State Board of Equalization to impose one-day's (rather than one-month's) interest on a late electronic payment or prepayment where the Board of Equalization members, meeting as a public body, find that it would be inequitable to impose interest for the entire month given that the payment or prepayment is only one day late.

Status: Chapter 264, Statutes of 2016.

**AB 2234 (Steinorth). Personal Income Taxes: Gross Income Exclusion: Qualified Principal Residence Indebtedness**

Extends the tax relief for income generated from the discharge of qualified principal residence indebtedness (QPRI). Applies to discharges of QPRI occurring on or after January 1, 2014, and before January 1, 2017, and discharges of QPRI on or after January 1, 2017, if the discharge is pursuant to an arrangement entered into and evidenced in writing prior to January 1, 2017.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2243 (Wood). Medical Cannabis: Taxation: Cannabis Production and Environment Mitigation**

Imposes, for the privilege of doing business as a distributor in California, a tax in specified amounts on every distributor upon all medical cannabis and medical cannabis products distributed to a dispensary in California, as specified.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2291 (Achadjian). Property Taxes: Delinquent Taxes: Partial Payment Fee**

Allows a county tax collector to charge a fee to recover the reasonable costs of instituting and maintaining an arrangement to accept partial payments of delinquent taxes on tax-defaulted property.

Status: Chapter 266, Statutes of 2016.

**AB 2314 (Bigelow). Disaster Relief: County of Calaveras: Wildfires**

Provides a mechanism for reimbursing Calaveras County for property tax losses resulting from the reassessment of properties damaged by the wildfires of September 2015.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2321 (Rodriguez). Vehicles: Registration and Transfers of Title or Interest: Use Tax**

Requires the Department of Motor Vehicles, in collecting use taxes, to code transactions to specific addresses where vehicles or vessels are registered to ensure that remittance of tax revenue by the State Board of Equalization is made to the specific city or county in which the purchaser resides.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2334 (Mullin). Sales and Use Taxes: Exclusion: Alternative Energy Financing**

Authorizes the California Alternative Energy and Advanced Transportation Financing Authority to allocate previously unallocated sales and use tax exclusion amounts from the previous calendar year, and extends the exclusion to purchases of tangible personal property by other contractors, as specified.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2338 (Chávez). Income Taxes: Returns: Due Dates**

Revises tax return due dates for partnerships, limited liability companies, and "C" corporations, as specified, in conformity with federal law.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 2371 (Frazier). Voluntary Contributions: Special Olympics Fund**

Adds the Special Olympics Fund, a voluntary tax check-off to raise funds for Special Olympics Northern California and Special Olympics Southern California, to the personal income tax return.

Status: Chapter 465, Statutes of 2016.

**AB 2392 (Nazarian). California Seismic Safety Capital Access Loan Program**

Establishes the California Seismic Safety Capital Access Loan Program, within the Capital Access Loan Program, to assist residential property owners and small business owners in seismically retrofitting property by covering losses on qualified loans for those purposes, as specified.

Status: Never heard by the Senate Governance and Finance Committee; returned to the Secretary of the Senate.

**AB 2429 (Thurmond). School District and Community College District Bonds**

Increases the cap on bonded indebtedness that school districts and community college districts may incur.

Status: Never heard by the Senate Education Committee; returned to the Secretary of the Senate.

**AB 2430 (Gaines). Voluntary Contributions: Type 1 Diabetes Research Fund**

Adds the Type 1 Diabetes Research Fund, a voluntary tax check-off to raise grant funds for authorized diabetes research organizations, to the personal income tax return.

Status: Chapter 468, Statutes of 2016.

**AB 2472 (Linder). Personal Income Taxes: Credits: Disabled Veterans: Service Animals**

Creates a tax credit under the Personal Income Tax Law, for taxable years beginning on or after January 1, 2017, and before January 1, 2019, in an amount equal to 50 percent of the qualified costs incurred by a qualified disabled veteran owning a service animal, as specified, not to exceed \$1,500 for a taxable year.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2490 (Gatto). Corporation Tax Law: Exemption: Regulated Investment Company**

Exempts, until January 1, 2022, a mutual fund investment management company that is wholly owned by one or more regulated investment companies (RICs) from the Corporation Tax if it provides management services to one or more the RICs that owns it "at cost."

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2497 (Wagner). Voluntary Contributions: California Senior Legislature Fund: California Senior Citizen Advocacy Fund**

Authorizes the addition of the California Senior Citizen Advocacy Fund, in place of the existing California Senior Legislature Fund, as the voluntary tax check-off supporting the work of the California Senior Legislature on the personal income tax return.



Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2518 (Gomez). Sales and Use Taxes: Exemption: Nonprofit Corporation: Building and Construction Supplies**

Establishes a partial sales and use tax exemption, until January 1, 2020, for building and construction supplies purchased for use by nonprofit corporations that build and rehabilitate affordable homes, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2540 (Melendez). Sales and Use Taxes: Exemption: Gun Safes: Trigger Locks**

Establishes a partial sales and use tax exemption, on and after January 1, 2017, and before January 1, 2018, for trigger locks and certain gun safes.

Status: Failed passage in this Committee; returned to the Chief Clerk.

**AB 2544 (Allen). Income Taxes: Limited Liability Company: Qualified Investment Partnership**

Exempts a limited liability company (LLC) classified as a qualified investment partnership from the annual tax and annual fee, for each taxable year beginning before January 1, 2020, by excluding qualified investment partnerships from the definition of a LLC.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2582 (Maienschein). Income Taxes: Credit: Employees with Disabilities**

Allows an income tax credit under both the Personal Income Tax and the Corporation Tax laws, for taxable years beginning on and after January 1, 2017, and before January 1, 2022, to employers who employ qualified individuals with a disability, as provided.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2622 (Nazarian). Property Taxation: Certificated Aircraft Assessment**

Extends the lead county assessor methodology for valuing certificated aircraft through the 2019-2020 fiscal year, and enacts other changes to improve the administration of the lead county system.

Status: Died on the Senate Inactive File.

**AB 2625 (Lopez). Corporation Taxes: Minimum Franchise Tax: Annual Tax: Microbusiness**

Reduces, for taxable years beginning on or after January 1, 2017, and on or before January 1, 2020, the minimum franchise tax for a corporation or the annual tax for a limited partnership, limited liability partnership, or limited liability company that is a new microbusiness, as defined.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2647 (Garcia, Eduardo). Insurance Taxes: Income Taxes: Credits: Community Development Financial Institution Investments**

Expands the existing California Organized Investment Network tax credit by extending authorization of the credits from January 1, 2017 until January 1, 2027, and increasing the aggregate amount of qualified investments taxpayers claiming the credit may make from \$50 million to \$120 million.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2668 (Mullin). Property Taxation**

Provides that the base year value of an original property, if owned by a person who is either severely disabled or over 55 years of age, as specified, may be transferred to a replacement dwelling of greater value. Specifies how the base year value of the replacement dwelling shall be calculated.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2669 (Campos). Property Taxation: Welfare Exemption: Rental Housing and Related Facilities**

Provides that commercial space less than 10,000 square feet, as specified, is exempt from property tax as a "related facility" if the overall property development qualifies for the existing partial welfare exemption for property used exclusively for rental housing and related facilities.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 2673 (Harper). Sales and Use Tax Exemption: Income Tax Credits: Hydrogen Refueling Station Equipment**

Establishes a sales and use tax exemption, on and after January 1, 2017, and before January 1, 2030, for hydrogen refueling station equipment sold to a qualified grant recipient, as specified. Provides a tax credit, for taxable years beginning on or after January 1, 2016, and before January 1, 2017, under both the Personal Income Tax Law and the Corporation Tax Law, equal to the sum of sales tax reimbursements and use taxes previously paid during the period from January 1, 2014, to January 1, 2017, by the qualified grant recipient for hydrogen refueling station equipment.

Status: Failed passage in this Committee; returned to the Chief Clerk.

**AB 2675 (Chiu). Sales and Use Tax Exclusion: Income Taxes Credits: Electric Vehicle Infrastructure**

Provides, on and after January 1, 2017, and before January 1, 2020, a partial sales and use tax exclusion and a tax credit under the Personal Income Tax Law and the Corporation Tax Law for the purchase of electrical vehicle infrastructure for a qualified dwelling.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2676 (Chávez). Income Taxes: Credit: Dependent Care**

Expands the Child and Dependent Care Expenses tax credit, for taxable years beginning on and after January 1, 2016, and before January 1, 2019, by increasing the size of the credit for taxpayers with adjusted gross income amounts of \$70,000 or less, as provided.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2678 (Gray). State-Designated Fairs: Funding**

Requires taxable sales and purchases within a "state-designated fair," as defined, to be segregated on the Sales and Use Tax return and mandates that 30 percent of the state's General Fund revenues derived from those segregated sales and purchases be deposited in the Fair and Exposition Fund, for continuous appropriation to the Secretary of Food and Agriculture for specified fair projects.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2692 (Brough). Sales and Use Taxes: Deficiency Determinations: Qualifying Retailers: Income and Corporation Taxes: Disclosure Agreements**

Expands voluntary disclosure programs administered by the State Board of Equalization and the Franchise Tax Board to include qualified small businesses and other entities, as specified.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2694 (Lackey). Taxation: Renters' Credit**

Increases the Renter's Credit under the Personal Income Tax Law from \$120 to \$140 for couples filing joint returns, heads of household, and surviving spouses, and from \$60 to \$70 for other individuals, for taxable years beginning on or after January 1, 2016, and before January 1, 2020.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2726 (McCarty). Personal Income Taxes: Credit Scholarshare Account Contributions**

Allows, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, a credit under the Personal Income Tax Law in an amount equal to 20 percent of the monetary contributions made to one or more Scholarshare accounts by a qualified taxpayer during the taxable year, not to exceed \$500.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2749 (Brough). Heavy Equipment Rentals: Rental Agreements: Property Tax Reimbursement**

Establishes, in a rental agreement of heavy equipment property by a qualified heavy equipment renter, a rebuttable presumption that the parties agreed to the addition of estimated personal property tax reimbursement to the rental price of heavy equipment property to a lessee if specified conditions occur.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2768 (Thurmond). Income and Corporation Taxes: Credit: Donation of Food**

Creates a tax credit under the Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on and after January 1, 2017, and before January 1, 2023, for

donations of "qualified food" of a taxpayer's trade or business to specified organizations in California exempt from federal income taxation.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2771 (Irwin). Personal Income Taxes: Credits: Taxes Paid to Another State**

Modifies the rules for determining the amount of credit allowed, under the Personal Income Tax Law, to a California resident for taxes paid to other states. For purposes of calculating a credit for the taxes paid by a California resident to another state, California's apportionment rules will not apply in lieu of that other state's apportionment rules.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**AB 2789 (Campos). Property Tax: Corrections**

Changes, from five days to seven days, the amount of notice required for a State Board of Equalization hearing given to an assessee if a correction to the roll will increase the amount of taxes due, as provided.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 2807 (Steinorth). Personal Income Taxes: Earned Income Credit**

Expands, for taxable years beginning on and after January 1, 2016, the earned income credit allowed by the Personal Income Tax Law by providing additional conformity with federal income tax law to include specified net earnings from self-employment in earned income, thus allowing an earned income credit for taxpayers for those earnings.

Status: Never heard by this Committee; returned to the Chief Clerk.

**AB 2817 (Chiu). Taxes: Credits: Low-Income Housing: Allocation Increase**

Increases, for calendar years beginning 2017, the aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$300 million, subject to annual approval, as specified. Also increases the amount the California Tax Credit Allocation Committee may allocate to farmworker housing projects from \$500,000 to \$25 million per year.

Status: Held on the Senate Appropriations Committee's Suspense File; returned to the Secretary of the Senate.

**AB 2818 (Chiu). Property Taxation: Community Land Trust**

Requires the county assessor to consider, when valuing real property for property taxation purposes, affordability restrictions imposed on housing units and the land on which the units are situated, as specified.

Status: Chapter 701, Statutes of 2016.

**ACA 4 (Frazier). Local Government Transportation Projects: Special Taxes: Voter Approval**

Provides that the imposition, extension, or increase of a sales and use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or a transactions and use tax imposed in accordance with the Transactions and Use Tax Law by a county, city, city and county, or special district for the purpose of providing funding for local transportation projects, as defined, requires the approval of 55 percent of its voters voting on the proposition.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**ACA 6 (Brown). Property Taxation: Exemptions: Fruit and Nut Trees: Base Year Value Transfers: Persons with a Severely Disabled Child**

Makes three changes to the state's property tax laws. Specifically, exempts from property taxation pistachio trees for six years after the season in which they were planted in orchard form. Additionally, expands the authorization for base year value transfers provided to persons over the age of 55 years to include each individual member of a married couple who is over the age of 55 years, as specified. Finally, authorizes the Legislature to provide for transfer of base year value of property to a replacement dwelling for persons who are the parent or legal guardian of a severely disabled child and reside with that child.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**ACR 143 (Daly). California Taxpayers Association**

Commends the California Taxpayers Association on the 90th anniversary of its founding, applauds its record of service to the people of California, and extends best wishes to the association for a long and productive future.

Status: Never heard by this Committee; returned to the Chief Clerk.

**ACR 149 (Gipson). Taxation**

Encourages state entities to identify and utilize existing and potential public or private partnerships to inform citizens and employees about the availability of the federal and state Earned Income Tax Credit and Volunteer Income Tax Assistance programs, as specified.

Status: Resolution Chapter 131, Statutes of 2016.

**ACR 167 (Mathis). Tax Freedom Day**

Recognizes April 24, 2016, as the nation's "Tax Freedom Day" in recognition of the hardworking families, individuals, and businesses of the state, without which the ability of the government to spend revenues on any vital public service or infrastructure project would be impossible.

Status: Never heard by this Committee; returned to the Chief Clerk.

## **SENATE BILLS**

### **SB 2 (Anderson). Property Taxation: Exemptions: Veterans' Organizations**

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 where alcoholic beverages are served.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

### **SB 38 (Liu). Personal Income Taxes: Earned Income Credit**

Creates a refundable state Earned Income Tax Credit (EITC) to eligible individuals for taxable years beginning on or after January 1, 2015, in an amount equal to the EITC allowed under federal law but subject to an adjustment factor specified in the annual Budget Act.

Status: Never heard by this Committee; returned to the Chief Clerk.

### **SB 321 (Beall). Motor Vehicle Fuel Taxes: Rates: Adjustments**

Modifies the method by which the State Board of Equalization annually adjusts the motor vehicle "fuel tax swap" rate to take into account a five-year average of fuel prices, thereby smoothing perceived revenue volatility.

Status: Died on the Senate Inactive File.

### **SB 433 (Berryhill). Motor Vehicle Fuel Taxes: Rates: Adjustments**

Transfers responsibility for calculating the annual rate adjustments under the "fuel tax swap" from the State Board of Equalization to the Department of Finance.

Status: Held on this Committee's Suspense File; returned to the Chief Clerk.

### **SB 477 (Leyva). Property Tax: Postponement: Mobilehomes**

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.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.



**SB 500 (Hertzberg). Personal Income Taxes: Nonresident de Minimis Income**

Excludes from the Personal Income Tax the gross income of a nonresident to the extent that the income is "de minimis," as defined, if the compensation is received on or after January 1, 2017. Repeals the exclusion on January 1, 2021.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**SB 587 (Stone). Property Taxation: Inflation Factor: Senior Citizens**

Eliminates the annual inflation adjustment used to determine the property tax base for the principal place of residence, as specified, of an income-eligible taxpayer 65 years of age or older, for assessment years beginning on or after January 1, 2017.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**SB 640 (Beall). Sales and Use Taxes: Claim for Refund: Customer Refunds**

Allows a customer to file a claim for refund of excess sales tax paid by that customer in the amount of \$1,000 or greater in order for the State Board of Equalization to make a direct refund to the customer.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**SB 670 (Jackson). Income Taxes: Credit: Child Care**

Allows a credit, under both the Personal Income Tax Law and the Corporation Tax Law, for employer child care facility startup expenses along with a credit, under both laws, for employer contributions to a qualified child care plan.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**SB 690 (Stone). Property Tax: Senior and Disabled Veterans**

Eliminates the annual inflation adjustment used to determine the property tax base for the principal place of residence of a "qualified veteran," as defined, for assessment years beginning on or after January 1, 2017. Grants a full property tax exemption for the principal place of residence of a disabled veteran whose income does not exceed \$40,000, as specified, for lien dates on or after January 1, 2017.

Status: Held on the Assembly Appropriations Committee's Suspense File; returned to the Chief Clerk.

**SB 909 (Beall). Property Tax Postponement: Special Needs Trust Claimants**

Provides that the interest of a beneficiary of a special needs trust may qualify for the Senior Citizens and Disabled Citizens Property Tax Postponement Program.

Status: Chapter 425, Statutes of 2016.

**SB 987 (McGuire). Medical Marijuana: Marijuana User Fee Act**

Enacts the Marijuana User Fee Act. Specifically, imposes a fee, on and after January 1, 2018, on the consumption or other use in California of medical marijuana purchased from any retailer for the consumption or other use in California at the rate of 10 percent of the sales price of the medical marijuana.

Status: Failed passage in this Committee; returned to the Chief Clerk.

**SB 996 (Hill). Property Taxation: Welfare Exemption**

Increases the total property tax welfare exemption amount allowed to a qualified taxpayer from \$20,000 of tax to \$10 million in assessed value (\$100,000 of tax), for lien dates on or after January 1, 2017. Cancels outstanding property tax in excess of the \$20,000 limitation, imposed on or after January 1, 2013, and before January 1, 2017, to the extent that the amount canceled does not exceed \$100,000.

Status: Chapter 836, Statutes of 2016.

**SB 1073 (Monning). Personal Income Taxes: Earned Income Credit: Credit Percentage: Phase-out Percentage**

Clarifies that, for eligible individuals with three or more qualifying children, the state's Earned Income Tax Credit credit percentage shall be 45 percent. Provides that these changes shall apply to taxable years beginning on or after January 1, 2016.

Status: Chapter 722, Statutes of 2016.

**SB 1329 (Hertzberg). Property Taxation: Certificated Aircraft**

Extends the Centralized Fleet Calculation Program for statewide assessment of certificated aircraft for property tax purposes for one year, until fiscal year 2017-18.

Status: Died on the Assembly Inactive File.

**SB 1338 (Lara). Sales and Use Taxes: Exemption: Zero-Emission and Near Zero-Emission Equipment**

Provides a partial sales and use tax exemption for zero and near zero-emission port equipment, for taxable years beginning on or after January 1, 2017, and before January 1, 2030.

Status: Never heard by this Committee; returned to the Chief Clerk.

**SB 1416 (Stone). Voluntary Contribution: Revive the Salton Sea Fund**

Authorizes the addition of the Revive the Salton Sea Fund as a voluntary contribution fund on the personal income tax return.

Status: Chapter 219, Statutes of 2016.

**SB 1458 (Bates). Property Taxation: Exemptions: Disabled Veterans**

Expands eligibility for the disabled veteran's property tax exemption to include a person who has been discharged under "other than dishonorable conditions" but who is otherwise eligible for federal veterans' health and medical benefits, as determined by the United States Department of Veterans Affairs. Allows county assessors eight years to process assessment roll corrections related to disabled veteran's exemptions granted.

Status: Chapter 871, Statutes of 2016.

**SB 1476 (Committee on Governance and Finance). Personal Income Taxes: Voluntary Contributions**

Establishes general requirements, as specified, for all new or extended voluntary tax contribution funds.

Status: Chapter 597, Statutes of 2016.

**SB 1480 (Committee on Governance and Finance). Property Taxation**

Makes technical amendments, as specified, to the administrative provisions of the property tax law.

Status: Chapter 116, Statutes of 2016

**SB 1481 (Committee on Governance and Finance). Prepaid Mobile Telephony Services  
Surcharge Collection Act**

Makes four largely technical changes to the Prepaid Mobile Telephony Services  
Surcharge Collection Act to ease the Act's administration.

Status: Chapter 89, Statutes of 2016.

## GOVERNOR VETOES

### **AB 567 (Gipson). Medical Cannabis: Regulation and Taxation Amnesty**

Requires the State Board of Equalization to administer a six-month tax penalty amnesty program beginning on July 1, 2017 through December 31, 2017, inclusive, for medical cannabis-related businesses, as specified. Requires the Department of Consumer Affairs to suspend or refuse to issue a state license to a medical cannabis-related business that is eligible for, but does not participate in, the amnesty program, as specified.

Governor's veto message:

This bill requires the Board of Equalization to develop and administer a tax amnesty program for medical cannabis businesses.

While increasing tax compliance among medical marijuana businesses is important, it is premature to create a tax amnesty before the regulations that link enforcement to licenses are promulgated.

### **AB 717 (Gonzalez). Sales and Use Taxes: Exemption: Diapers**

Establishes a temporary sales and use tax exemption for diapers designed, manufactured, processed, fabricated, or packaged for use by infants and toddlers, designated Size 3 or under.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127  
Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

**AB 724 (Dodd). Sales and Use Taxes: Exemption: Museum Displays: Jimmy Doolittle Air and Space Museum Education Foundation**

Establishes a sales and use tax exemption for tangible personal property purchased by the Jimmy Doolittle Air and Space Museum Education Foundation for display purposes.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127  
Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

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Therefore, I cannot sign these measures.

**AB 1561 (Garcia). Sales and Use Taxes: Exemption: Sanitary Napkins: Tampons: Menstrual Sponges and Menstrual Cups**

Establishes a sales and use tax exemption for tampons, sanitary napkins, menstrual sponges, and menstrual cups.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127

Assembly Bill 2728  
Senate Bill 898  
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Therefore, I cannot sign these measures.

**AB 1952 (Gordon). Property Tax: Postponement**

Increases the amount of funds authorized to be used by the State Controller to pay approved claims for the postponement of property taxes under the Senior Citizens and Disabled Citizens Property Tax Postponement (PTP) Program. Makes other administrative changes to the PTP Program.

Governor's veto message:

This bill allows the Director of Finance to authorize expenditures from the General Fund to pay all approved claims from the Senior and Disabled Citizens Property Tax Postponement Program if the State Controller determines there are insufficient funds.

The premise of the 2014 legislation reinstating this program was that it be entirely self-financing. This bill will reverse that, putting the General Fund back on the hook.

**AB 2127 (O'Donnell). Taxation: Motor Vehicle Fuel: Use Fuel: Alcohol Fuels**

Increases the allowable percentage of gasoline that may be included in E85, from 15 percent to 18 percent, and makes corresponding changes to the definition of gasohol.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127

Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

**AB 2365 (Gipson). Sales and Use Taxes: Exclusion: Pawnbrokers: Transfer of Vested Property**

Provides that the terms "sale" and "purchase" do not include the transfer of vested property, as defined, by a pawnbroker to a person who pledged the property to the pawnbroker as security for a loan if specified requirements are met, thus excluding such transfers from taxation under the Sales and Use Tax Law.

Governor's veto message:

This bill, until January 1, 2022, would establish a sales tax exemption to customers who buy back their pledged property from pawnbrokers after defaulting on a loan.

I continue to believe that the state's budget remains precariously balanced due to unexpected costs and the provision of new services. New sales tax exemptions, like new spending on programs, need to be considered comprehensively as part of the budget deliberations.

**AB 2691 (Holden). Property Taxation: Monthly Property Tax Payment Program**

Authorizes a county board of supervisors to adopt a resolution or ordinance allowing qualified taxpayers, as specified, to pay their property tax in monthly installments.

Governor's veto message:

I am returning Assembly Bill 2691 without my signature.

This bill authorizes a county board of supervisors to let qualified taxpayers pay their property taxes in monthly, rather than biannual, payments.



County supervisors, tax collectors, and auditors across the state oppose this measure due to the significant costs to upgrade tax collection systems. I am not convinced that changing these current systems, many of which have been in place for decades, is worth the cost.

**AB 2728 (Atkins). Insurance: Community Development Investments**

Extends the provisions relating to the authorization of the Community Development Financial Institution tax credit and certification by the California Organized Investment Network until January 1, 2018. Further requires priority for the tax credit to be given to insurance company investors.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127  
Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

**SB 526 (Fuller). Personal Income Taxes: Joint Returns: Court Orders: Relief from Liability**

Allows a court, as part of a proceeding for dissolution of marriage, to relieve a spouse of liability for the tax on income earned by or subject to the exclusive management and control of that spouse, as specified.

Governor's veto message:

This bill allows a court, in a proceeding for the dissolution of marriage, to assign complete income tax liability to one party.

I am concerned this bill goes too far by changing the long-standing policy of joint and several liability, which holds that two married persons are responsible for the full tax in a given year and that each spouse is responsible for the tax liability on whatever income he or she individually earns.

Under existing law, an unknowing spouse can already be granted relief from tax liability if the other spouse failed to report income, reported income improperly, or claimed improper deductions or credit. I think that is sufficient.

**SB 898 (Nguyen). Sales and Use Taxes: Exemption: Animal Blood**

Establishes a sales and use tax exemption for animal whole blood, plasma, blood products, and blood derivatives, sold by a nonprofit animal blood banking business for use in the cure, mitigation, treatment, or prevention of injury or disease in animals pursuant to Food and Agricultural Code Section 9241.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127  
Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

**SB 907 (Galgiani). Personal Income Taxes: Gross Income Exclusion: Mortgage Debt Forgiveness**

Extends the tax relief for income generated from the discharge of qualified principal residence indebtedness (QPRI). Applies to discharges of QPRI occurring on or after January 1, 2014, and before January 1, 2017, and discharges of QPRI on or after

January 1, 2017, if the discharge is pursuant to an arrangement entered into and evidenced in writing prior to January 1, 2017.

Governor's veto message:

I am returning the following seven bills without my signature:

Assembly Bill 717  
Assembly Bill 724  
Assembly Bill 1561  
Assembly Bill 2127  
Assembly Bill 2728  
Senate Bill 898  
Senate Bill 907

Each of these bills creates a new tax break or expands an existing tax break. In total, these bills would reduce revenues by about \$300 million through 2017-18.

As I said last year, tax breaks are the same as new spending -- they both cost the General Fund money. As such, they must be considered during budget deliberations so that all spending proposals are weighed against each other at the same time. This is even more important when the state's budget remains precariously balanced.

Therefore, I cannot sign these measures.

**SB 1304 (Huff). Property Taxation: Disaster Relief: Porter Ranch Methane Gas Leak**

Revises the eligibility criteria for reassessment of property, which was damaged or destroyed by a major misfortune or calamity, and thereby retroactively authorizes property tax relief to property owners impacted by the Porter Ranch neighborhood methane gas leak.

Governor's veto message:

This bill allows for retroactive property tax assessments for those affected by the Porter Ranch gas leak and expands the basis for future tax relief in similar circumstances.

Under existing law, the county assessor can already reduce the assessed value of homes to reflect changed market conditions. I think that should be sufficient.

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