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Assembly Committee on Revenue and Taxation, Revenue and Taxation Legislative Summary 2020

Assembly Committee on Revenue and Taxation

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**Assembly Committee on
Revenue and Taxation**

California State Legislature

**Revenue and Taxation
Legislative Summary
2020**



Honorable Autumn R. Burke, Chair

Vacancy, Vice Chair

February 2021

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

2020 LEGISLATIVE SUMMARY

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2020

LEGISLATIVE SUMMARY

The following is a list of tax-related legislation that the Legislature considered during the first year of the 2020 Legislative Session. The measures are listed in numerical order, with 2020 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 2020. 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.

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, or by writing to the Assembly Committee on Revenue and Taxation, Legislative Office Building, 1020 "N" Street - Room 167A, Sacramento, CA 95814.

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

2020 LEGISLATIVE SUMMARY

TABLE OF CONTENTS

	<u>Page No.</u>
Bills Introduced and Referred to Committee	
Assembly Bills	1
Senate Bills	15
Bills Vetoed by Governor	19
Appendix I Index by Subject Matter	21
Appendix II Index by Author	27

ASSEMBLY BILLS

AB 18 – (Levine, Bonta, and Nazarian) – Firearms and Ammunition: Excise Tax

Imposes an excise tax on retailers in the amount of \$25 per firearm on the sale in this state of a handgun or semiautomatic rifle or shotgun sold as new, as provided, and an excise tax on a retailer in an unspecified percentage of the gross receipts from any sale of ammunition. Revenues would be deposited in the CalVIP Firearm and Ammunition Tax Fund, which this bill would create. The moneys in that fund would be continuously appropriated to the Board of State and Community Corrections to provide CalVIP grants.

Status: Assembly Appropriations Committee; held on Suspense File.

AB 31 (C. Garcia, Bonta, Gonzalez, and Mathis) – Sales and Use Taxes: Exemption: Menstrual Hygiene Products

Establishes an exemption under the Sales and Use Tax Law, similar to that in existing law, for the sale of, or the storage, use, or other consumption of, menstrual hygiene products from July 1, 2023, to July 1, 2028, and would define menstrual hygiene products to additionally include menstrual underwear.

Status: Senate Governance and Finance Committee; never set for hearing.

AB 105 (Ting) - Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative

Changes the classification of nonresidential active solar energy systems from real property to personal property and creates a property tax exemption for systems constructed prior to January 1, 2025 if voters approve Proposition 15, an initiative constitutional amendment to require fair market value based property tax assessments for certain commercial and industrial real property. These provisions were incorporated into SB 364.

Status: Referred to this Committee pursuant to Assembly Rule 77.2; never set for hearing.

AB 276 (Friedman) - Personal Income Taxes: Qualified Employer Plan: Loans: CARES Act

Conforms state law to changes made to federal law by the Coronavirus Aid, Relief, and Economic Security (CARES) Act for qualified loans from retirement accounts. The original content of the bill, relating to firearm safety, was deleted.

Status: Chapter 62, Statutes of 2020

AB 533 (Holden) – Income Taxes: Exclusion: Turf Removal Water Conservation Program

Extends, by five years, the sunset date for the existing gross income exclusion applicable to rebates, vouchers, or other financial incentives issued by a local water agency or supplier for participation in a turf removal water conservation program.

Status: Assembly Appropriations Committee; held on Suspense File.

AB 535 (Brough) – Personal Income Taxes: Credit: Professional License Fees

Allows a tax credit under the Personal Income Tax Law equal to the costs paid or incurred by a taxpayer for an initial qualified professional licensee fee, as defined.

Status: Assembly Appropriations Committee; held on Suspense File.

AB 850 (Lackey) – Social Workers: Student Loan Repayment Program

Establishes the California Social Worker Student Loan Repayment Program (Program) within the Office of Statewide Health Planning and Development, and provides a gross income exclusion for loan repayment awards received by the Program.

Status: Assembly Appropriations Committee; held on Suspense File.

AB 1468 (McCarty, Arambula, Gallagher, and Gonzalez) – Opioid Prevention and Rehabilitation Act

Imposes a \$50 million tax on manufacturers and wholesalers that sell or distribute opioid drugs in this state based on their ratable share. Requires a drug manufacturer or wholesaler to submit a report to the Department of Public Health (DPH) that details all opioid drugs sold or distributed in this state during the preceding fiscal year. Requires the tax to be paid by manufacturers and wholesalers as an opioid stewardship payment, into the continuously appropriated Opioid Prevention and Rehabilitation Program Fund (Fund) established by this bill. Requires DPH to distribute moneys from the Fund based on applications received from counties and non-profits for purposes of opioid prevention and rehabilitation programs based on needs.

Status: Died on the Assembly Floor.

AB 1577 (Burke) - Income Taxes: Federal CARES Act: Gross Income: Loan Forgiveness

Conforms state law to federal law to allow taxpayers to exclude the amount of Paycheck Protection Program loans provided to California small businesses under the Coronavirus Aid, Relief, and Economic Security Act for state tax purposes, and denies the business expense deduction for those expenses that were paid for using forgiven loan funds.

Status: Chapter 39, Statutes of 2020

AB 1860 (Santiago) – Local Government Finance: Special Taxes: Homeless Housing and Services

Authorizes a local government to impose, extend, or increase a sales and use tax, transactions and use tax, or a parcel tax for the purposes of funding homeless housing and services subject to a majority vote of the electorate of the local government voting on the proposition. The ordinance or resolution proposing the tax must be approved by a 2/3 vote of the governing board of the local government. The transactions and use tax, in combination with other transactions and use taxes, is allowed to exceed the combined rate limit of 2%.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 1905 (Chiu) – Housing and Homeless Response Fund: Personal Income Taxation: Mortgage Interest Deduction

Disallows the mortgage interest deduction on acquisition indebtedness with respect to a qualified residence other than a principal residence to provide ongoing funding for the new Housing and Homelessness Response Fund.

Status: Assembly Revenue and Taxation Committee; hearing cancelled by the request of the author.

AB 1948 (Bonta, Cooley, Jones-Sawyer, and Lackey) – Taxation: Cannabis

Reduces the excise tax rate on cannabis and cannabis products from 15% to 11%, and suspends the imposition of the cultivation tax, on or after the operative date of this bill and before July 1, 2023.

Status: Assembly Revenue and Taxation Committee; hearing for testimony only.

AB 1959 (Mayes) – Property Taxation: Assessment Appeals: Deferral of Tax Payment

Suspends the payment of property taxes in dispute if a taxpayer files an assessment appeal on their home's property assessment.

Status: Assembly Revenue and Taxation Committee; hearing for testimony only canceled at the request of author.

AB 1962 (Voepel) – Sales and Use Taxes: Exemption: Senior Housing

Provides a complete sales and use tax exemption for building materials and supplies purchased by a qualified person for use in the construction of a "qualified building".

Defines a "qualified building", in turn, as affordable housing that is restricted to qualified low-income seniors, as defined.

Status: Assembly Revenue and Taxation Committee; hearing for testimony only.

AB 1977 (Bonta) – Property Taxation: Welfare Exemption: Museums

Allows museums to occasionally make museum space available for private rentals as a community service without jeopardizing the museum's property tax exemption.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 1978 (Gipson) – Sales and Use Taxes: Exclusion: Pawnbrokers: Transfer of Vested Property

Extends the exclusion for the transfer of vested property by a pawnbroker to the person who pledged it under the Sales and Use Tax Law. Specifically, extends the sunset date for the current exclusion from January 1, 2022, to January 1, 2027.

Status: Assembly Revenue and Taxation Committee; hearing for testimony only.

AB 2013 (Irwin) – Property Taxation: New Construction: Damaged or Destroyed Property

Provides disaster relief parity between property owners following a Governor-declared disaster by establishing the same comparability definition for replacement property for owners who rebuild onsite and owners who purchase another property.

Status: Chapter 124, Statutes of 2020.

AB 2041 (M. Dahle) – Income Taxes: Credits: Qualified Employees

Allows, for taxable years beginning on or after January 1, 2021, and before January 1, 2023, a credit equal to 50% of wages paid, not to exceed \$15,000 per taxable year, by a qualified taxpayer, as defined, to qualified full-time employees, defined to mean that the person is between 18 and 25 years of age at the time of hiring and is either a former foster youth or is an ex-offender previously convicted of a felony.

Status: Assembly Revenue and Taxation Committee; hearing cancelled at the request of the author.

AB 2058 (Gabriel and Friedman) – Income Taxes: Credits: Low-Income Housing

Provides a tax credit to a taxpayer that sells a mobile home or multifamily housing development to a qualified developer who commits the property to specified purposes, including renting the property to low-income households for at least 55 years. Provides

that the credit is worth the lesser of \$1 million or the sum of 50% of the federal capital gains taxes and 50% of the state income taxes estimated to be collected from the sale of the property. Additionally, limits the credit to \$20,000 per housing unit or space in the property, and no more than \$500 million in credits may be allocated by the Tax Credit Allocation Committee in total.

Status: Assembly Appropriations Committee; held under submission.

AB 2063 (Mullin) – Property Taxation: Welfare Exemption: Low-Income Housing

Increases the welfare exemption cap from \$20 million to \$100 million in assessed value and decreases the minimum occupancy threshold from 90% to 50% that applies to certain low-income rental housing owned and operated by a non-profit organization that does not receive government financing or tax credits.

Status: Assembly Revenue and Taxation Committee; hearing for testimony only.

AB 2068 (Petrie-Norris) – Voluntary Tax Contributions: California Firefighters' Memorial Voluntary Tax Contribution Fund: California Peace Officer Memorial Foundation Voluntary Tax Contribution Fund

Extends, from January 1, 2021, to January 1, 2028, the statutory sunset date for two voluntary contribution funds on the state personal income tax return. Specifically, extends the statutory provisions that authorize the California Firefighters' Memorial Fund and the California Peace Officer Memorial Foundation Fund.

Status: Chapter 173, Statutes of 2020.

AB 2115 (Brough) – Personal Income Taxes: Gross Income Exclusion: Homeownership Savings Accounts

Excludes from gross income any income earned on the moneys contributed to a homeownership savings account. The exclusion applies only to qualified taxpayers who reside in the County of Los Angeles, the County of Orange, or the County of San Diego, and would require that qualified homeownership savings expenses be paid or incurred in connection with the purchase of a principal residence in one of those counties.

Status: Assembly Revenue and Taxation Committee; hearing cancelled at the request of the author.

AB 2120 (Patterson) – Income Taxes: Failure to Withhold

Modifies the law governing interest imposed on amounts required to be withheld and transmitted to the Franchise Tax Board. Specifically provides that interest is assessed as specified unless it is shown that the failure to pay is due to reasonable cause and not willful neglect.

Status: Assembly Revenue and Taxation Committee; hearing cancelled at the request of the author.

AB 2136 (Petrie-Norris and Patterson) – Personal Income Taxes: Credit: Family Caregiver

Provides, under the Personal Income Tax Law, a tax credit equal to 50% of the amount paid or incurred by a family caregiver during the taxable year for eligible expenses, and limits the credit to \$5,000 irrespective of the type of return.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2166 (Kiley) – Personal Income Tax Law: Net Operating Loss

Allows, in modified conformity to the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, a net operating loss carryback for each of the five taxable years preceding the taxable year of a loss with respect to a taxable year beginning on or after January 1, 2018, and before January 1, 2021, and would authorize a taxpayer to file a return for the first six months of a taxable year if that return includes a claim for a net operating loss carryback. The original content of the bill, relating to tax credits for fire insurance premiums, was deleted.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2217 (Mathis) – Income Taxes: Credit: Capital Gain: Sale of Qualified Vacant Site

Allows a tax credit under both the Personal Income Tax Law and the Corporation Tax Law to taxpayers that sell a qualified vacant site and an additional tax credit if specified construction on that site commences within five years from the site's sale date.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2226 (Voepel and Brough) – Personal Income Taxes: Exclusion: Uniformed Services: Retirement Pay

Excludes from the Personal Income Tax Law a tiered percentage of military retirement pay starting at 50% and growing to 100%.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2243 (Eggman) – Income Tax: Credits: Food Banks

Extends the 15% credit, under the Personal Income Tax Law and the Corporation Tax Law, for donations of fruits, vegetables, agricultural products, processed foods and other food items to California food banks for five additional tax years.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2247 (Burke) – Personal Income Taxes: Dependent Exemption Credit: Identifying Information

Allows a taxpayer to provide alternative identifying information, in the form and manner prescribed by the Franchise Tax Board, for a dependent who is included on a tax return claiming the exemption credit if that dependent is ineligible for a federal tax identification number.

Status: Chapter 99, Statutes of 2020.

AB 2254 (Petrie-Norris) - Personal Income Taxes: Credit for Taxes Paid: S Corporation: Texas Cost of Goods Sold Method

Provides a credit for taxes paid by an S corporation that were calculated using the Cost of Goods Sold Method, as specified in the Revised Texas Franchise Tax, imposed by the state of Texas.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2306 (Melendez) – Corporation Tax: Minimum Franchise Tax

Repeals, for taxable years beginning on and after January 1, 2020, the minimum franchise tax imposed upon a corporation doing business in the state.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2330 (Nazarian) – State Board of Equalization: California Department of Tax and Fee Administration: Franchise Tax Board: Office of Tax Appeals: Transfer of Duties

Beginning January 1, 2023, vests the powers, duties, and responsibilities of the State Board of Equalization (BOE) related to the administration of taxes imposed on insurance and alcoholic beverages in the California Department of Tax and Fee Administration. Additionally, vests the powers, duties, and responsibilities of the BOE related to the administration of taxes imposed on property in the Franchise Tax Board. Finally, this

bill, beginning January 1, 2023, would vest the powers, duties, and responsibilities of the BOE to conduct appeals hearings in the Office of Tax Appeals.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2359 (Mathis) – Income Taxes: Credits: Battery Storage System Units for Solar Power Systems

Provides a credit under the Personal Income Tax Law and Corporation Tax Law, equal to 50% of the taxpayer's cost to purchase an on-site battery storage system unit for solar power systems not to exceed \$5,000 per property owned.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2369 (Nazarian) – Taxation: Tax Liability: Collections

Redefines the term "tax liability" to exclude interest, penalties, costs, or fees, except a specified fee on limited liability companies, relating to the assessment of tax, any other amounts relating to the imposed liability, and any additions to tax. Additionally requires the collection period for interest, penalties, costs, or fees that may accrue with a particular tax liability to lapse at the same time as the related tax liability.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2379 (Smith) – Sales and Use Taxes: Exemption: Emergency Preparation Items

Provides an exemption under the Sales and Use Tax Law, on and after January 1, 2021, until January 1, 2023, for emergency preparation items, as defined, sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday before the last Monday in June and ending at midnight on the last Monday in June.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2380 (Choi and Mathis) – Income Taxation: Exclusion: Military Survivor Benefits

Excludes federal Survivor Benefit Plan payments from gross income under the Personal Income Tax Law.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2384 (Choi) – Income Tax: Health Savings Accounts

Conforms California tax law to the federal treatment of health savings accounts (HSAs) for taxable years beginning on or after January 1, 2020, and before January 1, 2025, and allows eligible individuals to claim an above-the-line deduction related to their contributions to HSAs in computing their adjusted gross income. Additionally excludes from an employee's gross income any contributions to an HSA made by an employer on the employee's behalf.

Status: Assembly Revenue and Taxation Committee; hearing postponed by this Committee.

AB 2493 (Choi) – Income Tax: Research Credit

Increases a credit under the Personal Income Tax Law and Corporation Tax Law, for increasing research activities from 15% to 20% of the excess of the qualified research expenses, as defined, and increases a credit under the Corporation Tax Law for basic research payments, as defined, from 24% to 30%.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2496 (Choi) – Income Taxes: Credits: Cleaning and Sanitizing Supplies: COVID-19

Provides a credit under the Personal Income Tax Law and Corporation Tax Law equal to the costs paid or incurred by a taxpayer with a business with a physical location in this state for the purchase of cleaning and sanitizing supplies to prevent the transmission of COVID-19 at those locations, as specified.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2528 (Diep and Gipson) – Sales and Use Taxes: Income Taxes: Written Advice

Requires the Franchise Tax Board and the California Department of Tax and Fee Administration to send a letter or e-mail within 30 days to confirm receipt of a taxpayer's request for written advice or chief counsel ruling and to respond to the request within 180 days.

Status: Senate Governance and Finance Committee; never set for hearing.

AB 2558 (Reyes) – Personal Income Taxes: Credits: Child Poverty Tax Credit

Creates a refundable Child Poverty Tax Credit for qualified taxpayers who have a qualifying child under the age of six, which would be in addition to the Young Child Tax Credit. The credit amount would vary based on the county of residence; however, the maximum credit available would be \$2,500 in any taxable year.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2626 (Bauer-Kahan) - Digital Divide: Distance Learning: California Research Bureau: Communications Technology Grant Program

Requires the California Research Bureau to conduct research on ways to close the digital divide through policies, including tax policies, that reduce the upfront costs of devices and communications technology purchased by local educational agencies to provide students with equitable access to distance learning.

Status: Senate Committee on Education; never set for hearing.

AB 2660 (Burke) – Income Taxes: Administration: Nonresident Aliens: Identifying Numbers: Group Filing

Provides for the filing of a group return for electing nonresident aliens who receive taxable income for services that take place in this state.

Status: Chapter 102, Statutes of 2020.

AB 2715 (Fong) – California Competitiveness and Innovation Act

Increases the homeowners' exemption from \$7,000 to \$14,000 of the full value of a dwelling and allows for subsequent adjustments based on changes in the House Price Index for California. This bill would also increase the renter's tax credit based on adjusted gross income. This bill would also make adjustments to the various personal income tax rates and eliminate the minimum franchise tax.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2732 (Blanca Rubio) – Collection of Tax: Deployed Military Personnel

Prohibits the Franchise Tax Board from taking specified collection actions on deployed active duty service members under the Personal Income Tax Law and Corporation Tax Law.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2795 (Gipson) – Personal Income Taxes: Credits: New Americans Incentive Tax Credit

Allows a credit against taxes imposed under the Personal Income Tax Law for each taxable year beginning on or after January 1, 2021, and before January 1, 2025, in an amount equal to \$725 for specified individuals who have been naturalized as a citizen of the United States within the 12-month period preceding the start of the taxable year.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2799 (Petrie-Norris) – Income Taxes: Credits: Leased or Rented Property: Persons Receiving Section 8 Assistance

Provides a credit to a landlord, under the Personal Income Tax Law and the Corporation Tax Law, equal to 3% of the amount of rent or lease payments made that are subject to the Section 8 housing voucher program.

Status: Assembly Revenue and Taxation Committee; hearing cancelled at the request of the author.

AB 2829 (Ting and Chiu) – Property Taxation: Welfare Exemption: Rental Housing: Moderate-Income Housing

Creates a property tax exemption for qualified rental housing occupied by moderate-income households subject to specified rent requirements.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2886 (Brough) – Tax Administration: Request to Appeal Form

Requires the California Department of Tax and Fee Administration and the Franchise Tax Board to mail a Request to Appeal form along with each notice of a determination, decision, or action.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2922 (Gray) – Community Development Tax Credit Program: Community Development Corporations: Allocations: Income Taxation: Credits

Allows a credit equal to the applicable credit percentage of the amount of each qualified investment made by the taxpayer during the taxable year to an eligible community development corporation that is certified by the Treasurer to receive an allocation of tax credit pursuant to the Community Development Tax Credit Program established by this bill, not to exceed \$20,000,000, if the aggregate amount of qualified investments made by the taxpayer in the taxable year is at least \$100,000.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2929 (Arambula and Muratsuchi) – Corporation Taxes: Annual and Minimum Franchise Tax: Single-Member Limited Liability Company or Single-Owner Corporation: Tax Reduction

Provides, for taxable years beginning on or after January 1, 2021, that a single-owner corporation or a single-member limited liability company is not subject to the minimum

franchise tax or annual tax in the company's first taxable year. An annual increase in those taxes of \$200 shall commence in the second taxable year, and every taxable year thereafter, until the entity is subject to 100% of those taxes. The bill would require the Franchise Tax Board to administer the tax reduction on a first-come-first-served basis and limit the total reduction provided for each tax to \$100,000,000.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2956 (R. Rivas and E. Garcia) – Income Taxes: Credits: Agricultural Employees: Overtime Pay

Creates a tax credit under the Personal Income Tax and Corporation Tax Law to employers equal to the overtime wage premium, as defined, an agricultural employer pays to agricultural employees.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 2989 (Arambula and Patterson) – Sales and Use Taxes: Exemptions: Blood Screening Testing

Establishes a complete exemption under the Sales and Use Tax Law for specified tangible personal property used by a licensed blood bank to perform blood screening tests on donated human blood.

Status: Senate Governance and Finance Committee; never set for hearing.

AB 3050 (Quirk-Silva) – Property Taxation: Welfare Exemption: Facilities in the Course of Construction: Low-Income Rental Housing

Expands the definition of "facilities in the course of construction" to allow the welfare exemption to apply to the acquisition of property or control of a site by a qualifying organization based on the intent to use that property for a low-income housing project otherwise eligible for the exemption.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3065 (Lackey) – Income Taxes: Credits: Qualified First-Year Wages: Homeless Youth: Foster or Former Foster Youth

Provides a credit for taxable years beginning on or after January 1, 2021, and before January 1, 2026, in an amount that is equal to either 40% or 25%, as specified, of the amount paid or incurred by an employer for first-year wages of a qualified employee, not to exceed \$2,400 per qualified employee. A "qualified employee" is defined as a homeless youth, foster youth, or former foster youth who is hired on or after January 1, 2021.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3124 (Lackey) – Sales and Use Tax: Medicinal Cannabis

Provides an exemption under the Sales and Use Tax Law for medicinal cannabis or medicinal cannabis product purchased by a qualified patient or a primary caregiver of a qualified patient if that qualified patient or primary caregiver provides a valid physician's recommendation and a valid state government-issued identification card for that qualified patient.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3208 (Kiley and Obernolte) – Income Tax: Gross Income: Loan Forgiveness

Conforms state law to federal law to allow taxpayers to exclude the amount of Paycheck Protection Program loans provided to California small businesses under the Coronavirus Aid, Relief, and Economic Security Act for state tax purposes.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3233 (Obernolte) – Income Taxes: Exclusion

Removes the requirement that a regulated investment company (RIC) can only pay tax exempt-interest dividends to its shareholders if at least 50 percent of the RIC's total assets consist of California tax-exempt bonds. As a result, this bill allows an RIC to pay tax exempt-interest dividends to its shareholders, regardless of the make-up of the RIC's assets.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3349 (Cervantes) – Sales and Use Taxes: Exemptions: Breast Pumps and Related Expenses

Provides an exemption under the Sales and Use Tax Law, on and after January 1, 2022, and before January 1, 2027, for breast pumps, breast pump collection and storage supplies, breast pump kits, and breast pads.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3360 (Cunningham) – Sales and Use Taxes: Exemption: Lease of Solar Electric Generation Systems: Greenhouse Gas Reduction Fund: Transfer

Provides, on and after January 1, 2021, and before July 1, 2030, that a partial exemption available under the Sales and Use Tax Law also applies to the rentals payable pursuant to the leases of tangible personal property provided the lessee is a resident leasing a solar electric generation system that meets or exceeds the compliance requirements of

equipment used for purposes of complying with specified state buildings standards and the tangible personal property is used in specified activities.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

AB 3372 (Committee on Revenue and Taxation) – Taxation: Administration: Earnings Withholding: Water's Edge Elections

Allows the electronic delivery of continuous orders to withhold, earnings withholding orders for taxes, and earnings withholding orders, and maintains an otherwise-valid water's edge election if a unitary foreign affiliate becomes a taxpayer solely due to California's "doing business" statute.

Status: Chapter 297, Statutes of 2020.

AB 3373 (Committee on Revenue and Taxation) – Property Taxation: Assessment Appeals Boards

Allows a county board of supervisors to create as many assessment appeals boards as it deems necessary for the orderly and timely processing, hearing, and disposition of property tax assessment appeals filed by taxpayers in the county.

Status: Chapter 57, Statutes of 2020.

ACA 2 (Nazarian) – State Tax Agency

Abolishes the State Board of Equalization and instead requires the Legislature to create a state tax agency by statute for purposes of carrying out those powers, duties, and responsibilities previously vested in the State Board of Equalization by the California Constitution and by statute.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

SENATE BILLS

SB 9 (Durazo) – State Tax Agency

Modifies the Roberti Act to encourage the sale of homes owned by the Department of Transportation for low- and moderate-income rental housing and makes changes to the Surplus Land Act. The original contents of this bill, relating to the state Low Income Housing Tax Credit Program, were deleted, thereby removing this bill from the Committee's jurisdiction.

Status: Died on Senate Inactive File.

SB 38 (Hill) – Sales and Use Taxes: Consumer Designation: All-Volunteer Fire Department

Extends, from January 1, 2021, to January 1, 2026, the provisions of the Sales and Use Tax Law that confer consumer status on certain all-volunteer fire departments that sell tangible personal property for fundraising purposes.

Status: Chapter 78, Statutes of 2020.

SB 51 (Durazo) – California Competes Tax Credit: Refunds

Allows a qualified taxpayer to receive a refund from the Tax Relief and Refund Account to the extent the California Competes Tax Credit exceeds tax liability. The amount refunded shall not exceed the amount of total taxes imposed by the state and paid by the qualified taxpayer during the taxable year. This bill would also require the taxpayer to reinvest the refund into immobile capital equipment that supports infrastructure improvements, expansion, or developments for media production facilities in the state.

Status: Never heard on the Assembly Floor.

SB 254 (Hertzberg) – Personal Income Taxes: Corporation Taxes: Transfer of Losses

Allows a taxpayer under the Personal Income Tax Law or the Corporation Tax Law to transfer a tax loss to an unrelated party, and would provide an additional exclusion from the taxpayer's "gross income" for any amount received by the taxpayer in exchange for the tax loss. This bill provides the exclusion from "gross income" only if the taxpayer invests that amount in an affordable housing project or a corporation, partnership, or limited liability company that is engaged in providing affordable housing within 180 days of receipt.

Status: Assembly Revenue and Taxation Committee; never set for hearing.

SB 364 (Mitchell) – Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative

Changes the classification of nonresidential active solar energy systems from real property to personal property and creates a property tax exemption for systems constructed prior to January 1, 2025, if voters approve Proposition 15, an initiative constitutional amendment to require fair market value based property tax assessments for certain commercial and industrial real property.

Status: Chapter 58, Statutes of 2020.

SB 587 (Monning) – California Sea Otter Voluntary Tax Contribution Fund

Extends the sunset date to January 1, 2028, and revises the statutory provisions for the existing voluntary contribution fund dedicated to California sea otters on the state Personal Income Tax return.

Status: Chapter 229, Statutes of 2020

SB 934 (Bates) – Corporate Taxes: Exempt Organizations: Filing Fees

Eliminates, under the Corporation Tax Law, the \$25 filing fee to submit a tax-exempt application to the Franchise Tax Board and the \$10 annual information return filing fee applicable to tax-exempt organizations.

Status: Chapter 59, Statutes of 2020.

SB 952 (Nielsen) – Sales and Use Taxes: Exemption: Backup Electrical Generators: De-energization Events

Provides an exemption under the Sales and Use Tax Law, on and after January 1, 2021, and before January 1, 2026, for backup electrical generators if purchased for use exclusively in powering a critical facility, as defined, by a city, county, city and county, special district, or other political subdivision during de-energization events.

Status: Assembly Revenue and Taxation Committee; never set by this Committee.

SB 956 (Jackson) – Taxation: Tax Expenditures: California Tax Expenditure Review Board

Establishes in state government the California Tax Expenditure Review Board as an independent advisory body to comprehensively assess major tax expenditures, as defined, and make recommendations to the Legislature. This bill requires the board to be composed of 5 members, as specified, who would serve without compensation. Finally, this bill requests the University of California, through a new or existing research center, to perform a comprehensive assessment of the major tax expenditures and to present a

comprehensive, peer-reviewed assessment to the board by July 1, 2022, at a public hearing of the board.

Status: Assembly Revenue and Taxation Committee; never set by this Committee.

SB 1409 (Caballero) – Franchise Tax Board: California Earned Income Tax Credit: Report

Requires the Franchise Tax Board to analyze and develop a plan to implement a "no return" tax filing pilot program with the goal of increasing the number of California Earned Income Tax Credit claims.

Status: Chapter 114, Statutes of 2020.

SB 1441 (McGuire) – Local Prepaid Telephony Services Collection

Extends the Local Prepaid Mobile Telephony Services (MTS) Collection Act sunset date from January 1, 2021, to January 1, 2026, and imports into this Act the necessary administrative provisions from the interrelated and now-repealed Prepaid MTS Surcharge Collection Act, with some modifications.

Status: Chapter 179, Statutes of 2020.

SB 1447 (Bradford, Caballero, and Cervantes) – Income Tax: Sales and Use Tax: Credit: Small Business

Allows, for each taxable year beginning on or after January 1, 2020, and before January 1, 2021, a small business hiring credit to a "qualified small business employer" that receives a tentative credit reservation. Specifically provides that the credit shall equal \$1,000 for each net increase in "qualified employees", as specified. The credit, however, is capped at \$100,000 per "qualified small business employer".

Statutes: Chapter 41, Statutes of 2020.

VETOES

SB 972 (Skinner) – Corporation Taxes: Disclosure

Requires the Franchise Tax Board to compile a list of taxpayers that are subject to the Corporation Tax Law, with gross receipts of \$5 billion or more, and to disclose the taxpayer's name, the tax liability owed by the taxpayer, and the total amount of credits claimed by the taxpayer.

Governor's veto message:

This bill would require the Franchise Tax Board (FTB) to provide certain information about corporate tax filings to two legislative committees.

This bill is unnecessary, as current law already authorizes the FTB, upon request, to disclose taxpayer data to legislative committees. The committee, its officers and employees are required to maintain the confidentiality of the information provided.

I am not persuaded that enactment of this bill would provide additional value to future policy deliberations.

APPENDIX I – BILLS BY SUBJECT MATTER

PAGE

BOARD OF EQUALIZATION – ADMINISTRATION

AB 2330 (Nazarian) – State Board of Equalization: California Department of Tax and Fee Administration: Franchise Tax Board: Office of Tax Appeals: Transfer of Duties	7
AB 3373 (Committee on Revenue and Taxation) – Property Taxation: Assessment Appeals Boards	14
ACA 2 (Nazarian) – State Tax Agency	14

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION – ADMINISTRATION

AB 18 – (Levine, Bonta, and Nazarian) – Firearms and Ammunition: Excise Tax	1
AB 2330 (Nazarian) – State Board of Equalization: California Department of Tax and Fee Administration: Franchise Tax Board: Office of Tax Appeals: Transfer of Duties	7
AB 2528 (Diep and Gipson) – Sales and Use Taxes: Income Taxes: Written Advice	9
AB 2886 (Brough) – Tax Administration: Request to Appeal Form	11

CANNABIS

AB 1948 (Bonta, Cooley, Jones-Sawyer, and Lackey) – Taxation: Cannabis	3
AB 3124 (Lackey) – Sales and Use Tax: Medicinal Cannabis	13

CORPORATION TAX

AB 2058 (Gabriel and Friedman) – Income Taxes: Credits: Low-Income Housing	4
AB 2166 (Kiley) – Personal Income Tax Law: Net Operating Loss	6
AB 2217 (Mathis) – Income Taxes: Credit: Capital Gain: Sale of Qualified Vacant Site	6
AB 2243 (Eggman) – Income Tax: Credits: Food Banks	7

APPENDIX I – BILLS BY SUBJECT MATTER (Continued)

	<u>PAGE</u>
CORPORATION TAX (Continued)	
AB 2254 (Petrie-Norris) - Personal Income Taxes: Credit for Taxes Paid: S Corporation: Texas Cost of Goods Sold Method	7
AB 2306 (Melendez) – Corporation Tax: Minimum Franchise Tax	7
AB 2359 (Mathis) – Income Taxes: Credits: Battery Storage System Units for Solar Power Systems	8
AB 2493 (Choi) – Income Tax: Research Credit	9
AB 2496 (Choi) – Income Taxes: Credits: Cleaning and Sanitizing Supplies: COVID-19	9
AB 2732 (Blanca Rubio) – Collection of Tax: Deployed Military Personnel	10
AB 2799 (Petrie-Norris) – Income Taxes: Credits: Leased or Rented Property: Persons Receiving Section 8 Assistance	11
AB 2922 (Gray) – Community Development Tax Credit Program: Community Development Corporations: Allocations: Income Taxation: Credits	11
AB 2929 (Arambula and Muratsuchi) – Corporation Taxes: Annual and Minimum Franchise Tax: Single-Member Limited Liability Company or Single-Owner Corporation: Tax Reduction	11
AB 2956 (R. Rivas) – Income Taxes: Credits: Agricultural Employees: Overtime Pay	12
AB 3065 (Lackey) – Income Taxes: Credits: Qualified First-Year Wages: Homeless Youth: Foster or Former Foster Youth	12
AB 3208 (Kiley and Obernolte) – Income Tax: Gross Income: Loan Forgiveness	13
AB 3233 (Obernolte) – Income Taxes: Exclusion	13
SB 9 (Durazo) – State Tax Agency	15
SB 51 (Durazo) – California Competes Tax Credit: Refunds	15
SB 254 (Hertzberg) – Personal Income Taxes: Corporation Taxes: Transfer of Losses	15
SB 934 (Bates) – Corporate Taxes: Exempt Organizations: Filing Fees	16
SB 972 (Skinner) – Corporation Taxes: Disclosure	19
SB 1447 (Bradford, Caballero, and Cervantes) – Income Tax: Sales and Use Tax: Credit: Small Business	17

APPENDIX I – BILLS BY SUBJECT MATTER (Continued)

	<u>PAGE</u>
FRANCHISE TAX BOARD – ADMINISTRATION	
AB 2120 (Patterson) – Income Taxes: Failure to Withhold	5
AB 2247 (Burke) – Personal Income Taxes: Dependent Exemption Credit: Identifying Information	7
AB 2369 (Nazarian) – Taxation: Tax Liability: Collections	8
AB 2528 (Diep and Gipson) – Sales and Use Taxes: Income Taxes: Written Advice	9
AB 2660 (Burke) – Income Taxes: Administration: Nonresident Aliens: Identifying Numbers: Group Filing	10
AB 2732 (Blanca Rubio) – Collection of Tax: Deployed Military Personnel	10
AB 2886 (Brough) – Tax Administration: Request to Appeal Form	11
AB 3372 (Committee on Revenue and Taxation) – Taxation: Administration: Earnings Withholding: Water's Edge Elections	14
SB 934 (Bates) – Corporate Taxes: Exempt Organizations: Filing Fees	16
SB 972 (Skinner) – Corporation Taxes: Disclosure	19
SB 1409 (Caballero) – Franchise Tax Board: California Earned Income Tax Credit: Report	17
LOCAL GOVERNMENT	
AB 1860 (Santiago) – Local Government Finance: Special Taxes: Homeless Housing and Services	3
SB 1441 (McGuire) – Local Prepaid Telephony Services Collection	17
PERSONAL INCOME TAX	
AB 276 (Friedman) - Personal Income Taxes: Qualified Employer Plan: Loans: CARES Act	1
AB 533 (Holden) – Income Taxes: Exclusion: Turf Removal Water Conservation Program	2
AB 535 (Brough) – Personal Income Taxes: Credit: Professional License Fees	2
AB 850 (Lackey) – Social Workers: Student Loan Repayment Program	2

APPENDIX I – BILLS BY SUBJECT MATTER (Continued)

	<u>PAGE</u>
PERSONAL INCOME TAX (Continued)	
AB 1577 (Burke) - Income Taxes: Federal CARES Act: Gross Income: Loan Forgiveness	2
AB 1905 (Chiu) – Housing and Homeless Response Fund: Personal Income Taxation: Mortgage Interest Deduction	3
AB 2041 (M. Dahle) – Income Taxes: Credits: Qualified Employees	4
AB 2058 (Gabriel and Friedman) – Income Taxes: Credits: Low-Income Housing	4
AB 2115 (Brough) – Personal Income Taxes: Gross Income Exclusion: Homeownership Savings Accounts	5
AB 2136 (Petrie-Norris and Patterson) – Personal Income Taxes: Credit: Family Caregiver	6
AB 2166 (Kiley) – Personal Income Tax Law: Net Operating Loss	6
AB 2217 (Mathis) – Income Taxes: Credit: Capital Gain: Sale of Qualified Vacant Site	6
AB 2226 (Voepel) – Personal Income Taxes: Exclusion: Uniformed Services: Retirement Pay	6
AB 2243 (Eggman) – Income Tax: Credits: Food Banks	7
AB 2359 (Mathis) – Income Taxes: Credits: Battery Storage System Units for Solar Power Systems	8
AB 2380 (Choi) – Income Taxation: Exclusion: Military Survivor Benefits	8
AB 2384 (Choi) – Income Tax: Health Savings Accounts	9
AB 2493 (Choi) – Income Tax: Research Credit	9
AB 2496 (Choi) – Income Taxes: Credits: Cleaning and Sanitizing Supplies: COVID-19	9
AB 2558 (Reyes) – Personal Income Taxes: Credits: Child Poverty Tax Credit	9
AB 2715 (Fong) – California Competitiveness and Innovation Act	10
AB 2732 (Blanca Rubio) – Collection of Tax: Deployed Military Personnel	10
AB 2795 (Gipson) – Personal Income Taxes: Credits: New Americans Incentive Tax Credit	10
AB 2799 (Petrie-Norris) – Income Taxes: Credits: Leased or Rented Property: Persons Receiving Section 8 Assistance	11
AB 2922 (Gray) – Community Development Tax Credit Program: Community Development Corporations: Allocations: Income Taxation: Credits	11
AB 2956 (R. Rivas) – Income Taxes: Credits: Agricultural Employees: Overtime Pay	12
AB 3065 (Lackey) – Income Taxes: Credits: Qualified First-Year Wages: Homeless Youth: Foster or Former Foster Youth	12

APPENDIX I – BILLS BY SUBJECT MATTER (Continued)

	<u>PAGE</u>
PERSONAL INCOME TAX (Continued)	
AB 3208 (Kiley and Obernolte) – Income Tax: Gross Income: Loan Forgiveness	13
AB 3233 (Obernolte) – Income Taxes: Exclusion	13
SB 9 (Durazo) – State Tax Agency	15
SB 51 (Durazo) – California Competes Tax Credit: Refunds	15
SB 254 (Hertzberg) – Personal Income Taxes: Corporation Taxes: Transfer of Losses	15
SB 1447 (Bradford, Caballero, and Cervantes) – Income Tax: Sales and Use Tax: Credit: Small Business	17
<u>Taxpayer Contributions</u>	
AB 2068 (Petrie-Norris) – Voluntary Tax Contributions: California Joaquin Valley Regional Campus Medical Education Endowment Fund	5
SB 38 (Hill) – Sales and Use Taxes: Consumer Designation: All-Volunteer Fire Department	15
SB 587 (Monning) – California Sea Otter Voluntary Tax Contribution Fund	16
PROPERTY TAXATION	
AB 105 (Ting) - Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative	1
AB 1959 (Mayes) – Property Taxation: Assessment Appeals: Deferral of Tax Payment	3
AB 1977 (Bonta) – Property Taxation: Welfare Exemption: Museums	4
AB 2013 (Irwin) – Property Taxation: New Construction: Damaged or Destroyed Property	4
AB 2063 (Mullin) – Property Taxation: Welfare Exemption: Low-Income Housing	5
AB 2715 (Fong) – California Competitiveness and Innovation Act	10
AB 2829 (Ting) – Property Taxation: Welfare Exemption: Rental Housing: Moderate-Income Housing	11
AB 3050 (Quirk-Silva) – Property Taxation: Welfare Exemption: Facilities in the Course of Construction: Low-Income Rental Housing	12
AB 3373 (Committee on Revenue and Taxation) – Property Taxation: Assessment Appeals Boards	14

APPENDIX I – BILLS BY SUBJECT MATTER (Continued)

	<u>PAGE</u>
PROPERTY TAXATION (Continued)	
SB 364 (Mitchell) – Change in Ownership: Nonresidential Active Solar Energy Systems: Initiative	16
SALES AND USE TAX	
AB 1962 (Voepel) – Sales and Use Taxes: Exemption: Senior Housing	3
AB 1978 (Gipson) – Sales and Use Taxes: Exclusion: Pawnbrokers: Transfer of Vested Property	4
AB 2379 (Smith) – Sales and Use Taxes: Exemption: Emergency Preparation Items	8
TRANSACTIONS AND USE TAX	
AB 1860 (Santiago) – Local Government Finance: Special Taxes: Homeless Housing and Services	3
MISCELLANEOUS	
AB 1468 (McCarty, Arambula, Gallagher, and Gonzalez) – Opioid Prevention and Rehabilitation Act	2
AB 2626 (Bauer-Kahan) - Digital Divide: Distance Learning: California Research Bureau: Communications Technology Grant Program	10
SB 956 (Jackson) – Taxation: Tax Expenditures: California Tax Expenditure Review Board	16
SB 1441 (McGuire) – Local Prepaid Telephony Services Collection	17

APPENDIX II – CHAPTERED/VETOED BILLS BY AUTHOR

AUTHOR	BILL NO.	CHAPTER NO.	STATUTES	PAGE NO.
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Assembly Bills

Burke	AB	1577	39	2020	2
	AB	2247	99	2020	7
	AB	2660	102	2020	10
Freidman	AB	276	62	2020	1
Irwin	AB	2013	124	2020	4
Petrie-Norris	AB	2068	173	2020	5
Revenue and Taxation Committee	AB	373	57	2020	14

Senate Bills

Bates	SB	59	16	2020	16
Bradford	SB	1447	41	2020	17
Caballero	SB	1409	114	2020	17
	SB	1447	41	2020	17
Cervantes	SB	1447	41	2020	17
Hill	SB	38	78	2020	15
McGuire	SB	1441	179	2020	17
Mitchell	SB	364	58	2020	16

Vetoed Bills

Skinner	SB	972			19
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