2019 Legislation of Interest to County Auditors

State Association of County Auditors Legislative Committee

2019 State Controller’s Conference with County Auditors
Bills Tracked by the SACA Legislative Committee

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AB 74 (Ting D) Budget Act of 2019.

Chapter Number: 23


Is Urgency: Y

Summary: This bill would make appropriations for the support of state government for the 2019–20 fiscal year.

Laws: An act making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, relating to the state budget, to take effect immediately, budget bill.

**Chapter Number:** 39

**Status:** 7/1/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 39, Statutes of 2019.

**Is Urgency:** Y

**Summary:** The Personal Income Tax Law, beginning on or after January 1, 2015, in modified conformity with federal income tax laws, allows an earned income tax credit against personal income tax, and a payment from the Tax Relief and Refund Account for an allowable credit in excess of tax liability, to an eligible individual that is equal to that portion of the earned income tax credit allowed by federal law as determined by the earned income tax credit adjustment factor, as specified.

The law provides that the amount of the credit is calculated as a percentage of the eligible individual’s earned income and is phased out above a specified amount as income increases. The law deems, for each taxable year beginning on or after January 1, 2018, and before January 1, 2019, the California Consumer Price Index as the greater of 3.1% or the percentage change in the California Consumer Price Index for the recomputation of specified earned income amounts, phaseout amounts, and the amount of disqualified income that would disallow this credit.

This bill, for taxable years beginning on or after January 1, 2019, and before January 1, 2020, would deem the California Consumer Price Index as the greater of 3.5% or the percentage change in the California Consumer Price Index for the recomputation of those specified amounts.

**Laws:** An act to amend Sections 17052, 17140, 17140.3, 17140.4, 17276, 17276.21, 17276.22, 17560.5, 17564, 19131.5, 23711, 23711.4, 24343, 24416, 24416.21, 24416.22, 24422.3, 24652, 24654, 24673.2, and 24701 of, to add Sections 17052.1, 17144.8, 17201.2, 17271, 17563.51, 17859, 24343.1, 24451.1, and 24652.6 to, and to repeal and add Sections 18031.5 and 24941.5 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.
AB 116 (Ting D) Local government.

**Chapter Number:** 656

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 656, Statutes of 2019.

**Is Urgency:** N

**Summary:** Current law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district, with a governing body referred to as a public financing authority, to finance public capital facilities or other specified projects of communitywide significance.

Current law requires a public financing authority to adopt an infrastructure financing plan and hold a public hearing on the plan, as specified. Current law authorizes the public financing authority to issue bonds for these purposes upon approval by 55% of the voters voting on a proposal to issue the bonds. Current law requires the proposal submitted to the voters by the public financing authority and the resolution for the issuance of bonds following approval by the voters to include specified information regarding the bond issuance.

This bill would instead authorize the public financing authority to issue bonds for these purposes without submitting a proposal to the voters.

**Laws:** An act to amend Sections 53398.58, 53398.63, 53398.66, 53398.69, 53398.77, and 53398.88 of, to amend and renumber Section 53398.80.5 of, and to repeal Sections 53398.67, 53398.78, 53398.79, 53398.80, 53398.81, and 53398.82 of, the Government Code, relating to local government.
AB 133 (Quirk-Silva D) Property tax postponement.

**Chapter Number:** 794

**Status:** 10/12/2019-Signed by the Governor. Chaptered by Secretary of State - Chapter 794, Statutes of 2019.

**Is Urgency:** N

**Summary:** Current law authorizes a claimant to file a claim with the Controller to postpone the payment of property taxes that are due on the residential dwelling of the claimant pursuant to the Senior Citizens and Disabled Citizens Property Tax Postponement Law, the Senior Citizens Tenant-Stockholder Property Tax Postponement Law, the Senior Citizens Manufactured Home Property Tax Postponement Law, and the Senior Citizens Possessory Interest Holder Property Tax Postponement Law.

Current law, for purposes of these laws, does not allow a postponement of property taxes if the claimant’s household income exceeds $35,500.

This bill, beginning July 1, 2020, would lower the rate of interest on property tax postponement payments from 7% per annum to 5% per annum.

**Laws:** An act to amend Section 16183 of the Government Code, and to amend Section 20585 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.
AB 485 (Medina D) Local government: economic development subsidies.

Chapter Number: 803


Is Urgency: N

Summary: Current law requires each local agency, as defined, to provide specified information to the public before approving an economic development subsidy within its jurisdiction, and to, among other things, hold hearings and report on those subsidies, as provided. Current law defines “economic development subsidy” for these purposes to mean any expenditure of public funds or loss of revenue to a local agency in the amount of $100,000 or more, for the purpose of stimulating economic development within the jurisdiction of a local agency, as provided.

This bill, on and after January 1, 2020, would similarly require each local agency to provide specified information to the public before approving an economic development subsidy for a warehouse distribution center, as defined, and to, among things, hold hearings and report on those subsidies, as provided.

Laws: An act to add Section 53083.1 to the Government Code, relating to local government.

Chapter Number: 708


Is Urgency: N

Summary: The California Financing Law (CFL) provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. The CFL prohibits anyone from engaging in the business of a finance lender or broker without obtaining a license.

This bill, entitled the Fair Access to Credit Act, would authorize a finance lender, with respect to a loan of a bona fide principal amount of $2,500 or more but less than $10,000, to contract for or receive charges at a rate not exceeding an annual simple interest rate of 36% plus the Federal Funds Rate.

The bill would require finance lenders making loans subject to these provisions to, among other requirements, report each borrower’s payment performance to at least one consumer reporting agency that compiles and maintains files on consumers on a nationwide basis and to also offer, at no cost to the borrower, a credit education program or seminar that has been previously reviewed and approved by the commissioner, in accordance with specific requirements.

Laws: An act to amend Sections 22202, 22250, 22251, 22305, 22334, 22452, 22453, 22454, 22456, 22463, and 22464 of, and to add Sections 22304.5 and 22307.5 to, the Financial Code, relating to consumer loans.
AB 600 (Chu D) Local government: organization: disadvantaged unincorporated communities.

Chapter Number: 612


Is Urgency: N

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the authority and procedure for the initiation, conduct, and completion of changes of organization, reorganization, and sphere of influence changes for cities and districts, as specified. Existing law prohibits a local agency formation commission from approving an annexation to a city of any territory greater than 10 acres, or as determined by commission policy, where there exists a disadvantaged unincorporated community that is contiguous to the area of proposed annexation, unless an application to annex the disadvantaged unincorporated community into the subject city has been filed.

This bill would clarify that the prohibition on approving an annexation involving a disadvantaged unincorporated community, as described above, applies to the annexation of territory greater than 10 acres, or smaller as determined by commission policy. The bill would also provide that the existing approval prohibition and the exemptions to the application requirement apply to the annexation of two or more contiguous areas that take place within 5 years of each other and that are individually less than 10 acres but cumulatively more than 10 acres.

Laws: An act to amend Section 56375 of the Government Code, relating to local government.
AB 608 (Petrie-Norris D) Property taxation: exemption: low-value properties.

Chapter Number: 92


Is Urgency: Y

Summary: The California Constitution authorizes the Legislature, with the approval of 2/3 of the membership of each legislative house, to allow a county board of supervisors to exempt from property taxation those properties having a full value too low to justify the costs of assessment and collection. Current property tax law implementing this authority generally limits any exemption granted under this constitutional provision by a county board of supervisors to real property with a total base year value, or personal property with a full value, not exceeding $10,000. Current property tax law increases this limit to $50,000 in the case of a possessory interest, for a temporary and transitory use, in a publicly owned fairground, fairground facility, convention facility, or cultural facility.

This bill, for lien dates occurring on or after January 1, 2020, and before January 1, 2025, would delete this requirement that the possessory interest be for a temporary and transitory use of a publicly owned fairground, fairground facility, convention facility, or cultural facility, thereby allowing the exemption from taxation under these provisions of any possessory interest valued at $50,000 or less.

Laws: An act to amend Section 155.20 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.
AB 632 (Aguiar-Curry D) Counties: offices: consolidation.

Chapter Number: 62


Is Urgency: N

Summary: Current law authorizes the board of supervisors of specified counties to, by ordinance, consolidate the duties of the offices of Auditor-Controller and Treasurer-Tax Collector into the elected office of Auditor-Controller-Treasurer-Tax Collector.

This bill would additionally authorize the board of supervisors of the County of Lake to consolidate the duties of the offices of Auditor-Controller and Treasurer-Tax Collector into the elected of Auditor-Controller-Treasurer-Tax-Collector when a vacancy in either the office of Auditor-Controller or in the office of Treasurer-Tax Collector occurs.

Laws: An act to amend Section 24304.2 of the Government Code, relating to local government.

Chapter Number: 181


Is Urgency: N

Summary: CEQA requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

This bill would exempt from CEQA the acquisition, sale, or other transfer of interest in land by a public agency for certain purposes, or the granting or acceptance of funding by a public agency for those purposes.

Laws: An act to add Section 21080.28 to the Public Resources Code, relating to environmental quality.
AB 857 (Chiu D) Public banks.

**Chapter Number:** 442

**Status:** 10/2/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 442, Statutes of 2019.

**Is Urgency:** N

**Summary:** Would define the term “bank” for purposes of the Financial Institutions Law and the Banking Law to include a public bank.

The bill would define the term “public bank” to mean a corporation, organized as either a nonprofit mutual benefit corporation or a nonprofit public benefit corporation for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, as specified, local agencies, or a joint powers authority.

**Laws:** An act to amend Sections 5130 and 7130 of the Corporations Code, to amend Sections 119, 1004, and 1100 of, and to add Section 1008 to, the Financial Code, to amend Sections 6254.26, 23007, 53601, 53635, and 53635.2 of, to add Division 5 (commencing with Section 57600) to Title 5 of, and to add Sections 6254.35, 54956.97, and 54956.98 to, the Government Code, and to add Section 23701aa to the Revenue and Taxation Code, relating to public banks.
AB 945 (McCarty D) Local government: financial affairs: surplus funds.

Chapter Number: 619


Is Urgency: N

Summary: Current law prescribes the instruments and criteria by which a local agency, as defined, may invest and deposit its funds, including its surplus funds. This bill would instead, commencing January 1, 2020, authorize a local agency to invest and deposit the agency’s surplus funds in deposits at specified types of financial institutions whether those investments are in certificates of deposit or another form.

The bill, from January 1, 2020, until January 1, 2026, also would increase to 50% the percentage of funds that can be so invested by a city, district, or other local agency that does not pool money in deposits or investments with other local agencies with a different governing body.

Laws: An act to amend and repeal Section 53635.8 of, and to amend, repeal, and add Section 53601.8 of, the Government Code, relating to local government.
AB 1637 (Smith D) Unclaimed Property Law.

Chapter Number: 320


Is Urgency: N

Summary: Under current law, a person who claims to have been the owner, as defined, of property paid or delivered to the Controller under the Unclaimed Property Law may file a claim to the property or to the net proceeds from its sale. Current law requires to Controller to consider each claim, as specified, to determine if the claimant is the owner.

This bill would permit property reported to, and received by, the Controller in the name of a state or local agency, as defined, to be transferred by the Controller directly to that agency without the filing of a claim.

Laws: An act to amend Section 1540 of the Code of Civil Procedure, relating to civil actions.
AB 1743 (Bloom D) Local government: properties eligible to claim or receiving a welfare exemption.

**Chapter Number:** 665

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State - Chapter 665, Statutes of 2019.

**Is Urgency:** N

**Summary:** The Mello-Roos Community Facilities Act of 1982, after a community facilities district has been created and authorized to levy specified special taxes, authorizes the legislative body, by ordinance, to levy the special taxes at the rate and apportion them in the manner specified in the resolution forming the community facilities district. The act requires properties or entities of the state, federal, or local governments, except as otherwise provided, to be exempt from the special tax.

This bill would also require property receiving a welfare exemption, as specified, to be exempt from the special tax. The bill would require this exemption to apply to taxes imposed by an ordinance adopted on or after January 1, 2020.

**Laws:** An act to amend Sections 53340, 65008, and 65589.5 of the Government Code, relating to local government.
SB 128 (Beall D) Public contracts: Best Value Construction Contracting for Counties Pilot Program.

**Chapter Number:** 501


**Is Urgency:** N

**Summary:** Current law establishes a pilot program to allow the Counties of Alameda, Los Angeles, Riverside, San Bernardino, San Diego, San Mateo, Solano, and Yuba to select a bidder on the basis of best value, as defined, for construction projects in excess of $1,000,000. Current law also authorizes these counties to use a best value construction contracting method to award individual annual contracts, not to exceed $3,000,000, for repair, remodeling, or other repetitive work to be done according to unit prices, as specified.

Existing law establishes procedures and criteria for the selection of a best value contractor and requires that bidders verify specified information under oath. Current law requires the board of supervisors of a participating county to submit a report that contains specified information about the projects awarded using the best value procedures described above to the appropriate policy committees of the Legislature and the Joint Legislative Budget Committee before January 1, 2020. Existing law repeals the pilot program provisions on January 1, 2020.

This bill would authorize the County of Santa Clara and the County of Monterey to utilize this pilot program and would extend the operation of those provisions until January 1, 2025.

**Laws:** An act to amend Sections 20155, 20155.1, 20155.7, and 20155.9 of the Public Contract Code, relating to public contracts.

**Chapter Number:** 654

**Status:** 10/9/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 654, Statutes of 2019.

**Is Urgency:** N

**Summary:** The Housing Accountability Act requires a local agency that proposes to disapprove a housing development project that complies with applicable, objective general plan and zoning standards and criteria that were in effect at the time the application was deemed to be complete, or to approve it on the condition that it be developed at a lower density, to base its decision upon written findings supported by substantial evidence on the record that specified conditions exist, and places the burden of proof on the local agency to that effect.

The act requires a court to impose a fine on a local agency under certain circumstances and requires that the fine be at least $10,000 per housing unit in the housing development project on the date the application was deemed complete.

This bill would, until January 1, 2025, specify that an application is deemed complete for these purposes if a preliminary application was submitted, as specified.

**Laws:** An act to amend Section 65589.5 of, to amend, repeal, and add Sections 65940, 65943, and 65950 of, to add and repeal Sections 65905.5, 65913.10, and 65941.1 of, and to add and repeal Chapter 12 (commencing with Section 66300) of Division 1 of Title 7 of, the Government Code, relating to housing.
SB 527 (Caballero D) Local government: Williamson Act: cultivation of cannabis and hemp.

**Chapter Number:** 273

**Status:** 9/6/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 273, Statutes of 2019.

**Is Urgency:** N

**Summary:** The California Land Conservation Act of 1965, otherwise known as the Williamson Act, authorizes a city or county to contract with a landowner to limit the use of agricultural land located in an agricultural preserve designated by the city or county.

Current law requires the board of supervisors or city council, as applicable, to adopt rules governing the administration of agricultural preserves, including rules related to compatible uses consistent with specified principles of compatibility. Current law defines “agricultural preserve” for these purposes to include an area devoted to agricultural use, which is further defined as a use of land for the purpose of producing an agricultural commodity for commercial purposes.

This bill would provide that industrial hemp, cultivated in accordance with specified law, is an agricultural commodity for these purposes.

**Laws:** An act to amend Sections 51201 and 51231 of the Government Code, relating to local government.
SB 780 (Committee on Governance and Finance) Local Government Omnibus Act of 2019.

**Chapter Number:** 329

**Status:** 9/20/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 329, Statutes of 2019.

**Is Urgency:** N

**Summary:** Current law requires the governing body of a public agency, within 70 days after the commencement of the agency’s legal existence, to file with the Secretary of State, on a form prescribed by the secretary, and also with the county clerk of each county in which the public agency maintains an office, a specified statement of facts about the agency.

Current law requires this information to be updated within 10 days of a change in it. Current law requires the Secretary of State and each county clerk to establish and maintain an indexed Roster of Public Agencies that contains this information.

This bill would instead require the Secretary of State and each county clerk to establish and maintain an indexed Registry of Public Agencies containing the above-described information.

**Laws:** An act to amend Sections 915, 946.4, 960.2, 960.8, 16186, 24011, 25350.51, 26909, 27361.3, 31000.9, 53051, and 65589.4 of, and to repeal Section 51256.1 of, the Government Code, to amend Section 20145 of the Public Contract Code, to amend Section 5786.7 of the Public Resources Code, to amend Sections 72 and 97.70 of the Revenue and Taxation Code, and to repeal Section 31031.5 of the Water Code, relating to local government.
SB 789 (Committee on Governance and Finance) Local government: administration.

**Chapter Number:** 258

**Status:** 9/5/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 258, Statutes of 2019.

**Is Urgency:** N

**Summary:** Current law prescribes the instruments in, and criteria by which, a local agency, as defined, may invest and deposit its funds, including its surplus funds, and requires the depository to bear the expenses of transportation of money to and from the depository, except as specified. Current law also authorizes a local agency treasurer to enter into a contract with a depository for services that the treasurer judges to be to the public’s advantage.

This bill would require the treasurer to secure, by separate agreement or contract, services for the transportation of money to and from the depository if, pursuant to a contract between the treasurer and the depository, the depository is not required to bear the expense of those services.

**Laws:** An act to amend Section 53639 of the Government Code, and to amend Sections 2611.5, 2635, 4675, 4717, and 5097.2 of the Revenue and Taxation Code, relating to local government.
SB 791 (Committee on Governance and Finance) Property taxation: valuation: certificated aircraft.

**Chapter Number:** 333

**Status:** 9/20/2019-Approved by the Governor. Chaptered by Secretary of State. Chapter 333, Statutes of 2019.

**Is Urgency:** Y

**Summary:** Current property tax law requires the personal property of an air carrier to be taxed at its fair market value, and the California Constitution requires property subject to ad valorem property taxation to be assessed in the county in which it is situated. Current property tax law, for the 2005–06 fiscal year to the 2016–17 fiscal year, inclusive, specified a formula to determine the preallocated fair market value of certificated aircraft of a commercial air carrier.

Current property tax law provides an allocation formula to be used by each assessor that is generally based on the proportionate amount of time that certificated aircraft spend within the state and within each county during a representative period designated by the State Board of Equalization, as provided.

This bill would specify that this allocation formula applies only to fiscal years before the 2020–21 fiscal year and repeals the requirement that the State Board of Equalization designate a representative period.

**Laws:** An act to amend Section 441 of, to amend and add Section 1152 of, to add Sections 1153.5 and 1157 to, and to repeal Section 1153 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.