



**BOARD OF EQUALIZATION**  
**LEGISLATIVE COMMITTEE MEETING MINUTES**  
**HONORABLE JOHAN KLEHS, CHAIR**  
**450 N STREET, SACRAMENTO, ROOM 122**  
**APRIL 18, 2001 9:30 AM**

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**1. Legislative Bills – Recommendations for Board Positions**

PROPERTY TAXES

<u>Bill No.</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Committee Rec</u>	<u>Status</u>
1. AB 136	Corbett	3/28/01	Personal property tax: hand tool exemption	Support	Asm. Approp. To suspense
2. AB 1013	Leonard	2/23/01	Property taxation: split roll	Neutral	Asm. Rev. & Tax
3. AB 1228	Leslie	4/4/01	Property taxation: regulated railway companies	Support	Assembly Appropriations
4. AB 1380	Aanestad	02/23/01	Property taxation: agricultural equipment	Neutral	Asm. Rev. & Tax. Re-referred
5. SB 1182	Rev. & Tax. Comm.	2/28/01	Property taxation: Clerks' omnibus bill	Support	Sen. Rev. & Tax
6. SB 1184	Rev. & Tax Comm.	2/28/01	Property taxation: Assessors' omnibus bill 1. parent/child 2. disaster claim 3. religious exemption  4. Williamson Act 5. willful concealment 6. contiguous tracts	Neutral Support Support, if amended  Neutral Support Support	Sen. Rev. & Tax. Hearing 4/25/01

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PROPERTY TAXES/BUSINESS TAXES/ADMINISTRATION

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<u>Bill No.</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Committee Rec</u>	<u>Status</u>
<b>7. AB 172</b>	Reyes	4/4/01	Information practices: State Board of Equalization	Defer to Board <b>BOARD ACTION:</b> <b><u>Support</u></b>	Asm. Judic. Hearing 4/24/01
<del><b>8. SB 445</b></del>	Burton	<del>3/26/01</del>	<del>Quentin L. Kopp Conflict of Interest Act</del>	<del>Staff Recom: Defer to Board</del>	<del>Sen. Rev. &amp; Tax. Hearing 4/25/01</del>
<b>9. SB 1045</b>	Polanco	4/3/01	Public employment and contracting	Support	Sen. Gov. Organization Hearing 4/17/01
<b>10. SB 1161</b>	Polanco	3/28/01	State Civil Service: examinations	Support	Sen. Approp. Hearing 4/23/01

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BUSINESS TAXES

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<u>Bill No.</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Committee Rec</u>	<u>Status</u>
<b>11. AB 180</b>	Cedillo	as proposed	Sales and use tax exemption: charitable thrift stores	Support	Asm. Rev. & Tax. Hearing 4/23/01
<b>12. AB 224</b>	Matthews	4/2/01	Tobacco products: weight-based tax rate	Put over to May	Asm. Rev. & Tax. Re-referred
<b>13. AB 243</b>	Runner	3/19/01	Sales and use taxes: exemption: jet fuel	Neutral	Asm. Rev. & Tax. Re-referred
<b>14. AB 249</b>	Matthews	3/22/01	Sales and use taxes: exemptions: medicines: lancets and blood glucose test strips	Support	Assembly Approp.

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 BUSINESS TAXES
 

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<u>Bill No.</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Committee Rec</u>	<u>Status</u>
<b>15. AB 345</b>	Matthews	3/22/01	Diesel fuel tax: exemption: public safety vehicles	Support	Assembly Transport. Re-referred
<b>16. AB 593</b>	Diaz	2/21/01	Sales and use taxes exemptions: computer equipment used in manufacturing process	Support	Asm. Rev. & Tax.
<b>17. AB 695</b>	Pescetti	3/26/01	Sales and use taxes: exemption: energy efficient appliances	Neutral	Asm. Rev. & Tax. Hearing 4/23/01
<b>18. AB 984</b>	Papan	3/27/01	Sales and use taxes: exemptions: sales and leasebacks of public passenger transportation vehicles	Support	Assembly Second Reading File
<b>19. AB 1198</b>	Matthews	2/23/01	Sales and use tax: liquefied petroleum gas	Support	Asm. Rev. & Tax. Hearing 4/23/01
<b>20. AB 1246</b>	Leonard	2/23/01	Sales and use taxes: exemption: college textbooks	Support	Asm. Rev. & Tax.
<b>21. AB 1388</b>	Aanestad	2/23/01	Sales and use taxes: propane gas	Neutral	Asm. Rev. & Tax. Re-referred
<b>22. AB 1601</b>	Papan	2/23/01	Sales and use taxes: exemption: medicines: surgical gowns	Neutral	Asm. Rev. & Tax.

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 BUSINESS TAXES
 

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<u>Bill No.</u>	<u>Author</u>	<u>Date</u>	<u>Subject</u>	<u>Committee Rec</u>	<u>Status</u>
<b>23. AB 27x</b>	Koretz	3/26/01	Power generation: sales tax credit	Support	Assembly Approp. To suspense
<b>24. AB 124x</b>	Pescetti	3/14/01	Sales and use taxes: exemption: energy efficient appliances	Support	Assembly
<b>25. SB 877</b>	Poochigian	2/23/01	Sales and use tax: exemptions: tax credits: qualified cogeneration equipment	Support	Sen. Rev. & Tax. Hearing 4/25/01
<del><b>26. SB 1004</b></del>	Knight	<del>2/23/01</del>	<del>Sales and use tax: exemptions: air force flight test center museum</del>	<del>Staff Recom: Neutral</del>	<del>Sen. Rev. &amp; Tax. Hearing 4/25/01</del>
<b>27. SB 1064</b>	Polanco	4/3/01	Sales and use tax exemption: school district purchases	Support	Sen. Rev. & Tax. Hearing 4/25/01

## **2. 2001 Legislative Proposals**

### **PROPERTY TAXES**

#### **2001 Legislative Proposals**

Set forth below are suggestions for Property Taxes legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments).

#### **New Business**

##### **Suggestion Number**

- 1-19**      **Amend Sections 70 and 74.5 of the Revenue and Taxation Code to modify the filling requirements for claiming a new construction exclusion for seismic safety improvements.**

Source: Honorable Johan Klehs

Revenue Impact: Minor

**Recommendation: Adopt**

### **BUSINESS TAXES**

#### **2001 Legislative Proposals**

Set forth below are suggestions for Business Taxes legislation to be sponsored by the Board in the first year of the 2001-2002 Legislative Session (see attachments).

### **SALES AND USE TAXES**

#### **Old Business**

For reconsideration

##### **Suggestion Number**

- 3-9**      **Add Article 2.1 (commencing with Section 7070.1) to Chapter 8 of Part 1 of, and Chapter 9.1 (commencing with Section 19730) of Part 10.2 of, Division 2 of the Revenue and Taxation Code to**

**authorize the Board of Equalization and Franchise Tax Board to develop and administer a penalty amnesty program under the Sales and Use Tax Law and Personal Income Tax Law.**

Source: Taxpayers' Bill of Rights Hearing

Revenue Impact:	Sales Tax Revenue	\$21.4 million
	Personal Income Tax Revenue	<u>\$16.0 million</u>
	Total Revenue Increase	\$37.4 million

**Recommendation: Adopt**

## **SPECIAL TAXES**

### **Old Business**

For reconsideration

#### **Suggestion Number**

- 4-16 Amend Section 25205.6 of the Health and Safety Code to exempt nonprofit organizations from the environmental fee.**

Source: Honorable Dean Andal

Revenue Impact: \$1.4 million annual revenue loss

**Recommendation: Defer to Board**

**Board Action: Adopt proposal to limit exemption to non-profit religious organizations only**

### **New Business**

- 4-17 ~~Amend Section 60022 of the Diesel Fuel Tax Law to exempt the water portion of an emulsified diesel fuel.~~**

~~Source: Honorable Johan Klehs~~

~~Revenue Impact: \$180,000 to \$360,000 annual revenue loss~~

~~**Recommendation:**~~

Approved: /s/ Johan Klehs  
Johan Klehs, Committee Chair

/s/ James E. Speed  
James E. Speed, Executive Director

BOARD APPROVED\*

at the 4-18-01 Board Meeting

/s/ Judy Newton  
Judy Newton, Chief  
Board Proceedings Division

\*Including the attached exception memos from Messrs. Andal and Klehs

**MEMORANDUM**

**To:** Honorable Dean Andal  
Honorable Claude Parrish  
Honorable John Chiang  
Honorable Kathleen Connell

**Date:** April 19, 2001

**From:** Johan Klehs, Chair  
Legislative Committee

There are several bills on which I disagree with the official Board of Equalization position of support, opposition and neutrality on the April 19, 2001, Legislative Committee agenda. While not listing all of the bill positions with which I disagree, I would like to specifically list the following and my position:

AB 243 (Runner)	Oppose
AB 1246 (Leonard)	Neutral
AB 124X (Pescetti)	Neutral.

Regarding AB 1246 (Leonard), I believe the Legislature could provide a more direct benefit by reducing tuition across the board for all students.

**State of California Board of Equalization**

**M e m o r a n d u m**

**To:** Honorable Johan Klehs, Chair  
Board Committee on Legislation

**Date:** April 19, 2001

**From:** Dean F. Andal  
Member, Second District

**Subject:** Legislative Bills

**Please note that my position on the following legislative bills differs from the recommendations made by the Board Committee on Legislation on April 18, 2001:**

<u>Bill/Author/Version</u>	<u>Andal Position</u>	<u>Committee Recommendation</u>
<b>Property Taxes</b>		
AB 1380 (Aanestad) @2/23/01	Support	Neutral
SB 1184 (Rev & Tax Cmte) @ 2/28/01 - Provision 4 (Williamson Act)	Oppose	Neutral
<b>Administration</b>		
SB 1045 (Polanco) @ 4/3/01	Neutral	Support
SB 1161 (Polanco) @ 3/28/01	Neutral	Support
<b>Business Taxes</b>		
AB 243 (Runner) @ 3/19/01	Support	Neutral
AB 695 (Pescetti) @ 3/26	Support	Neutral
AB 1388 (Aanestad) @ 2/23/01	Support	Neutral

DFA:hah  
cc: Honorable John Chiang  
Honorable Claude Parrish  
Honorable Kathleen Connell  
Ms. Margaret S. Shedd  
Ms. Judy Newton