STATE OF CALIFORNIA

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Executive Secretary

April 21, 1978

No. 78/72

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 14

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 98514).

ASSEMBLY BILLS

No. 7 - Amended April 12, 1978 (First Extraordinary Session)

An act to amend Sections 41814 and 84772 of, and to add Sections 41815 and 84773 to, the Education Code, to amend Section 16113 of, and to repeal Section 29100.5 of, the Government Code, and to amend Sections 219, 6259.4, 23151, 23181, 23182, 23184, 23186, and 23400 of, and to add Sections ~~26482~~ 234, 26482, and 26483 to, and to repeal Sections 6354, ~~6395.5~~ 6359.5, 6383, and 6395 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, all property is taxable unless otherwise exempted. Presently, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption in specified increments, annually, until 100% of the assessed value of business inventories is exempted for the 1982-83 fiscal year and thereafter.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

ASSEMBLY BILLS (Contd.)

No. 7 - (Contd.)

This bill would increase the property tax exemption from business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions based on an inventory tax factor.

The bill would also exempt materials and supplies owned by a railroad and used in railroad operations from property taxation in specified increments, annually, until 100% of the assessed value of such materials is exempted for the 1982-83 fiscal year and thereafter. The bill would provide for claims by local agencies for property tax losses as a result of such exemption in the same manner as for fishing boats.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax.

Moreover, counties, cities, and certain transit districts are authorized to impose local sales and use taxes in conformity with state's taxes. Exemptions from state sales and use taxes enacted by the Legislature are automatically incorporated into the local taxes.

This bill would eliminate the exemptions on gold and silver bullion, dry ice for shipping and packing, and certain cargo containers, presently exempted under the Sales and Use Tax Law, thus subjecting such items to sales and use tax, and would increase the sales and use tax on certain vending machine items.

Under existing law, "items of tax preference" are defined as excess investment interest, certain deductions for depreciation, depletion allowance, stock options, capital gains, and reserves for bad debts, as computed for purposes of the Personal Income Tax Law or the Bank and Corporation Tax Law. Under such laws, items of tax preference are not included for purposes of computing the normal taxes, but such items are subject under both laws to a special minimum tax. Personal income is taxed at graduated rates ranging from 0.5% to 5.5% of preference income. Bank and corporation preference income is taxed at 2.5% after a $30,000 exclusion.

This bill would increase the bank and corporation tax rate on preference income to 5%, except that the percentage depletion tax preference income in excess of $30,000 with respect to oil and gas shall be taxed at the rate of 2½%.

Under existing Bank and Corporation Tax Law taxes are imposed according to, or measured by, ~~net~~ net income, at the general rate of 9%, and at a rate not to exceed 13% with regard to banks, which is in lieu of other specified taxes.

This bill would increase the bank and corporation taxes by specified increments, would revise the in lieu provisions for banks, and would include financial corporations within those provisions. One-half of the funds resulting from such increase shall be transferred by the Controller from the General Fund to the Financial Aid to Local Agencies Fund, which would be created by the bill.

Existing Bank and Corporation Tax Law permits specified offsets against the franchise tax for financial corporations.

This bill would allow such offsets if not used, to be carried forward and used to offset taxes due during the income years 1980 through 1985.

ASSEMBLY BILLS (Contd.)

No. 7 - (Contd.)

The provisions of the bill would only become operative if the proposed constitutional amendment known as the "Jarvis-Gann Initiative" is rejected by the voters.

The bill would take effect immediately as an urgency statute, but would specify various operative dates for its provisions.

No. 1840 - Amended April 13, 1978

An act to amend Section 2506 of, and to add Section 2506.1 to, the Education Code, to amend Section 27421 of the Government Code, to amend Section 17052.6, as added by Chapter 1079 of the Statutes of 1977, to amend Sections 253.6, 401.6, 1603.5, 2132, 2261, 2261.1, 2263, 2264, 2265, 2286, 2296, 2297, 2298, 2350, 2351, 2354, 2355, 2611.5, 17206.5, 17384, 18212, 18433, 20503, 20542, 23602, 24427, 24497, 50000, and 50017, of, to amend and renumber Section 17052.6, as added by Chapter 1100 of the Statutes of 1977, to add Sections 2263.4, 2266.1, 2266.2, 2266.5, 17737.5, 20505, 20542, and 24443 to, and to repeal Sections 20505, 20505.2, and 20542 of, the Revenue and Code, to amend Sections 12400 and 14150 of the Welfare and Institutions Code, and to amend Sections 43, 46, and 47 of Chapter 24 of the Statutes of 1978, relating to ~~taxation, to take effect immediately, tax levy.~~ taxation, and declaring the urgency thereof, to take effect immediately.

Under the existing Personal Income Tax Law and Bank and Corporation Tax Law, stock owned by persons having a specified relationship to the taxpayer is treated as being owned by the taxpayer, for purposes of determining gain from those transfers of stock which are taxable.

This bill would eliminate those provisions which treat such stock as being owned by the taxpayer, for such purposes, except for certain stock held in trust or certain stock owned by a partner or beneficiary of an estate.

Under existing provisions of Personal Income Tax Law, the taxation of gains from disposal of realty is computed on specified base periods.

This bill would revise those specified dates.

Under existing provisions of Personal Income Tax Law, a deduction for amounts distributed currently is allowed in determining taxes for certain trusts.

This bill would specify that any amount, within specified limitations, distributed by certain cemetery perpetual care funds for the care and maintenance of certain gravesites for which there is an obligation to furnish care and maintenance shall be considered a distribution solely for purposes of such authority to deduct such amounts in determining taxable income.

Under existing provisions of Personal Income Tax Law, a reasonable extension of time for filing any return or document or for payment of any tax required by such law may be granted by the Franchise Tax Board whenever in its judgment good cause exists.

This bill would require that the Franchise Tax Board determine that good cause exists in granting a reasonable extension for payment of tax and would authorize such board to grant a reasonable extension of time for filing returns and documents without determining that good cause exists.

The Personal Income Tax Law limits the deduction of expenses for foreign conventions.

ASSEMBLY BILLS (Contd.)

No. 1840 - (Contd.)

This bill would limit such deductions under the Bank and Corporation Tax Law.

Under existing law, qualified persons 62 years of age or older who own or rent their homes may claim state funds to reimburse them for a portion of the property taxes paid on their homes.

This bill would provide that unmarried surviving spouses, regardless of age, may claim such state funds if Proposition 8 on the ballot for June 6, 1978 is approved and Proposition 13 on that ballot is rejected.

Existing provisions of the Personal Income Tax Law authorize the deduction of certain casualty losses in the taxable year preceding the taxable year in which the disaster occurred, if such a loss is attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the federal government under the Disaster Relief Act of 1970.

This bill would revise such deduction authorization to apply to losses attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the federal government under an applicable federal disaster act, instead of specifying the Disaster Relief Act of 1970.

Existing provisions of the Bank and Corporation Tax Law authorize certain accrual basis taxpayers to deduct accrued expenses or interest when paid, rather than when accrued.

This bill would eliminate such authorization.

This bill would make technical changes to provisions of Chapter 24 of the Statutes of 1978, would revise procedures for the administration of taxes pursuant to such act, and would eliminate that provision of such act which would repeal a provision of such act requiring assessors to identify properties subject to taxation as owner-occupied dwellings if Proposition 8 on the June 6, 1978, ballot is not approved by the voters or Proposition 13 on such ballot is approved by the voters.

This bill would take effect immediately as ~~a tax levy~~ an urgency statute, but its operative effect would depend upon its effective date.

No. 2265 - Amended April 10, 1978

An act to amend and repeal Section 227 of the Revenue and Taxation Code, relating to taxation.

Under existing property tax law, a documented vessel is assessed at 1% of its full cash value, from the lien date in 1975 to the lien date in 1979, inclusive, if it is engaged or employed exclusively in carrying or transporting 7 or more people for hire for commercial passenger fishing purposes.

Existing law also provides procedures for claims to be submitted by units of local government for reimbursement of property tax revenues lost as a result of such provision from funds continuously appropriated to the Controller for such purposes.

This bill would continue the application of the special assessment only through the 1979-1980 fiscal year but would extend the termination date from March 1, 1979, to January 1, 1980.

ASSEMBLY BILLS (Contd.)

No. 2463 - February 7, 1978

An act to add Section 16182.5 to the Government Code, relating to property tax postponement, and declaring the urgency thereof, to take effect immediately.

Under existing law, qualified persons 62 years of age or older who own or rent their homes may claim state funds to reimburse them for a portion of the property taxes paid on their homes, and payment of the property taxes on homes owned by certain persons 62 years of age or older may be postponed. All sums paid by the Controller for the postponement of property taxes are secured by a lien in favor of the State of California upon the real property for which property taxes have been postponed.

This bill would provide that where the claimant's interest is a possessory interest, the Controller's security interest shall not attach to the real property or any interest therein other than that of the claimant without the recorded written consent of the owner of the underlying fee, any recorded lien holder, and any owner of a prior recorded possessory interest. The security interest of the Controller shall be established by a recorded assignment of the claimant's possessory interest and a recorded security interest in any improvements and by any other additional security interest, created and perfected with respect to the rights of third persons in the manner provided by law.

This bill would become operative only if Assembly Bill No. 107 of the 1977-78 Regular Session of the Legislature is also chaptered.

This bill would take effect immediately as an urgency statute.

No. 2701 - Amended April 13, 1978

An act to amend Sections ~~405.5 and 405.6 of~~ 401.3 and 405.6 of, to add Section 405.4 to, and to repeal Section 405.6 of, the Revenue and Taxation Code, relating to property taxation~~, and making an appropriation therefor~~.

Under existing law the assessor is required to periodically appraise all property and to file with the State Board of Equalization on or before March 1, 1978, a plan for the orderly and sequential appraisal or reappraisal of all property within such assessor's county, to be completed within a cycle of no more than 5 years.

This bill would require the assessor to annually appraise all property and, on or before March 1~~, 1979~~ of every fifth year following March 1, 1978, to file with the State Board of Equalization a plan for such annual appraisal or reappraisal.

This bill would become operative January 1, 1983.

~~The bill would appropriate an unspecified amount to the State Controller for allocation and disbursement to local agencies for the costs incurred by them pursuant to the act.~~

No. 3080 - March 22, 1978

An act to amend Section 6254 of the Government Code relating to public records.

Existing provisions of the California Public Records Act exempt from the disclosure requirements of the act, subject to certain conditions, the contents of real estate appraisals made for or by a state or local agency relative to the acquisition of property.

This bill would delete such exemption.

ASSEMBLY BILLS (Contd.)

No. 3286 - March 28, 1978

An act to amend Sections 211, 216, 227, and 228 of, and to add Section 728.7 and Chapter 8 (commencing with Section 2850) to Part 2 of Division 1 of the Public Utilities Code, relating to public utilities.

Presently, every pipeline corporation owning, controlling, operating, or managing pipelines in this state where the service is performed or the commodity delivered to or for the public or any portion thereof for compensation is a public utility subject to the jurisdiction of the Public Utilities Commission and the provisions of the Public Utilities Act. Present law does not specify how public entity property and facilities are to be valued for rate-setting purposes.

This bill would provide that there shall be no requirement of dedication of any property to a public use in order for a pipeline corporation to be a public utility subject to the jurisdiction of the commission and the provisions of the Public Utilities Act. It would further eliminate the requirement that its operations be conducted for compensation, would declare every such corporation to be a common carrier, and would exclude certain pipelines operating only within a refinery or between a refinery and a storage facility under common ownership or control, as specified. The bill would also specify that for rate-setting purposes, only the value of the public utility's property and facilities remaining after depreciation thereof for tax purposes shall be used in ascertaining the rate base.

The bill would require every pipeline corporation and every transporter, as defined, to furnish monthly reports, as specified, to the commission, relating to natural gas or petroleum supplies, and would make these reports public records. It would require pipeline corporations to transport petroleum or natural gas for transporters, and provide penalties for an unjustified refusal to do so. It would permit the commission to order connections to be made between pipelines of different operators and between pipelines and a gathering or distribution system or refinery upon application therefor. It would permit the commencement of actions in the Supreme Court to challenge the validity of any rule or order of the commission made pursuant to the bill. The bill would provide penalties for any violation.

The bill would provide that neither appropriation is made nor obligation created for the reimbursement of any local agency for any costs incurred by it pursuant to the bill.

No. 3492 - March 30, 1978

An act to add Section 236 of the Revenue and Taxation Code, relating to taxation.

Existing law exempts the property of various public and private entities from taxation.

This bill would provide that the property owned by any public or private entity which is used as a profit-making enterprise, as defined, is not exempt from taxation.

The bill would become operative upon the passage of A.C.A. _____.

ASSEMBLY BILLS (Contd.)

No. 3498 - March 30, 1978

An act to amend Section 228 of, and to add Part 5.8 (commencing with Section 11125) to Division 2 of, the Revenue and Taxation Code, relating to vessel taxes, and making an appropriation therefor.

Under existing law, undocumented vessels using the waters of this state are required to be registered and currently numbered. Noncommercial vessels of more than $400 market value are generally subject to personal property taxation.

This bill would impose a personal property tax of 2% of market value for the privilege of operating noncommercial vessels more than $1,000 in value and all other vessels which are subject to registration upon the waters of this state, excluding sailing vessels, upon which a personal property tax of 1.5% of market value would be imposed. This tax would be in lieu of all taxes according to value levied for state or local purposes on vessels of a type subject to registration under the Vehicle Code. The bill would also increase the property tax exemption of vessels to a market value of $1,000 or less.

This bill would further specify that it does not apply to commercial and oceanographic research vessels, as defined.

This bill would appropriate the revenues from such provisions for specified state and local purposes and would appropriate an unspecified amount from the General Fund to the State Controller for reimbursement to local agencies for property tax revenues lost because of this act.

No. 3505 - March 30, 1978

An act to add Sections 2636, 2708, 2772, and 2927 to the Revenue and Taxation Code, relating to taxation.

Under existing law a 6% penalty is imposed on property taxes which are not paid in full prior to becoming delinquent. The tax collector or auditor is authorized to cancel a delinquent penalty on the property, with the approval of the board of supervisors on a finding that the delinquency was due to reasonable cause and circumstances beyond the assessee's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, provided the payment is made within 90 days of the first delinquency date or within 30 days after the second delinquency date.

The bill would authorize the tax collector, with the approval of the board of supervisors, to accept partial payments of property taxes and compute the delinquent penalty on the unpaid balance of the tax.

No. 3512 - March 30, 1978

An act to amend Section 2506 of the Education Code, relating to county superintendents of schools.

Under existing law, there is a maximum tax rate available to county superintendents of schools for the operation, maintenance and housing of the county office, and for certain ongoing programs. This maximum tax rate can be exceeded according to a specified formula.

This bill would change the formula by which the maximum rate can be exceeded to reflect maximum tax rates on owner-occupied dwellings.

ASSEMBLY BILLS (Contd.)

No. 3512 - (Contd.)

This change would not become operative unless Proposition 8 on the ballot for the statewide election on June 6, 1978, is approved by the voters and Proposition 13 on the ballot is rejected by the voters, or is declared unconstitutional by the courts.

No. 3531 - March 30, 1978

An act to amend Section 423 of the Revenue and Taxation Code, relating to property taxation, and making an appropriation therefor.

Under existing law, in assessing certain enforceably restricted open-space lands, other than commercial timberland, the assessor is precluded from considering sales data of comparable properties. Instead, in valuing the property by normal assessment procedures, the assessor must use a specified method which capitalizes the income-producing capabilities of the land based upon the income the land can be expected to yield if there is not sufficient rental information.

This bill would provide that the assessment be based upon the income that the land has historically yielded rather than on what it can be expected to yield.

This bill would appropriate an unspecified amount to the State Controller for allocation and disbursement to local agencies for costs incurred by them pursuant to this act.

No. 3552 - April 3, 1978

An act relating to county service areas, and declaring the urgency thereof, to take effect immediately.

Under existing law when a county service area is formed to provide specified services, taxes and assessments may not be levied for such purposes in the service area unless, on or before January 1 of the year in which the taxes and assessment are to be levied, a statement of the boundaries of the service area and a map of the boundaries are filed with the local assessor and the State Board of Equalization.

This bill would provide that a county service area formed to provide recreation services, the formation of which was completed by January 12, 1978, is effective for assessment and taxation purposes during the 1978-79 fiscal year if the required statements and map or plat were filed on or before January 18, 1978.

The bill would provide that notwithstanding Section 2231 of the Revenue and Taxation Code, no reimbursement of local agencies, or appropriation, is made, for a specified reason.

The bill would take effect immediately as an urgency statute.

No. 3563 - April 3, 1978

An act to amend Section 52317 of the Education Code, relating to regional occupational centers and programs, and declaring the urgency thereof, to take effect immediately.

Current law prescribes a method of computing the revenue limit of a county regional occupational center or program, which began operation in the 1975-76 fiscal year.

ASSEMBLY BILLS (Contd.)

No. 3563 - (Contd.)

This bill would prescribe a method of computing the revenue limit of a regional occupational center or program which began operation in the 1976-77 fiscal year.

This bill would take effect immediately as an urgency statute.

No. 3566 - April 3, 1978

An act to add Section 42238.7 to the Education Code, relating to school district taxes, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law revenue limits are computed for school districts, and such revenue limits are used to compute the maximum tax rates of such districts, among other things. Further, existing law permits pupils in their 7th and 8th grades in an elementary school district to be educated in a junior high school maintained by a high school district.

This bill would prescribe a formula for increasing the revenue limits of certain high school districts which maintain a junior high school in which pupils from one or more elementary school districts are in attendance.

Such formula would generally permit the high school district to raise a portion of the net difference, if any, between its revenue limit and the tuition paid to it by the elementary school districts.

Existing law grants the homeowners' property tax exemption in the amount of $7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing an increased rate of property tax.

This bill would take effect immediately as an urgency statute.

No. 3578 - April 3, 1978

An act relating to the Rindge Elementary School District, and declaring the urgency thereof, to take effect immediately.

Existing law specifically provides for the reorganization of school districts, which includes an action to form, dissolve, or lapse a district, to annex or transfer all or part of one district to another district, to unify a district, or any combination thereof. It also requires the governing board of any elementary school district to maintain within the boundaries of the district at least one elementary day school.

This bill would authorize the Rindge Elementary School District to continue in existence due to unique specified circumstances without maintaining an elementary day school for the purpose of raising revenues to fund agreements with other districts concerning the education of the pupils of that district and the employment of the permanent certificated employees, notwithstanding any provision of law to the contrary.

This bill would take effect immediately as an urgency statute.

No. 3585 - April 3, 1978

An act to add Section 42238.7 to the Education Code, relating to school district taxes, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

ASSEMBLY BILLS (Contd.)

No. 3585 - (Contd.)

Under existing law, revenue limits are computed for school districts, and such revenue limits are used to compute the maximum tax rates of such districts, among other things. Further, existing law permits pupils in their 7th and 8th grades in an elementary school district to be educated in a junior high school maintained by a high school district.

This bill would prescribe a formula for increasing the revenue limit of certain high school districts which maintain a junior high school in which pupils from one or more elementary school districts are in attendance.

Such formula would permit the high school district to increase its revenue limit by the amount by which the high school district's revenue limit for such junior high school pupils exceeds the junior high school tuition received from the elementary school districts.

Existing law grants the homeowners' property tax exemption in the amount of $7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing an increased rate of property tax.

This bill would take effect immediately as an urgency statute.

No. 3617 - April 3, 1978

An act to add and repeal Chapter 5 (commencing with Section 4815) to Part 2.5 of Division 4 of the Public Resources Code, relating to forestry, and making an appropriation therefor.

Existing law does not provide for the formation, organization, and powers and duties of forest resource management districts.

This bill would so provide, such districts to be formed subject to the approval of the State Board of Forestry, as specified. The bill would require the preparation of forest resource management plans and authorize the Director of Forestry to make grants to districts for the purpose of preparing such plans.

This bill would create the Forest Resource Management District Fund, provide that specified revenue shall be paid into such fund, and that such moneys are continuously appropriated for specified purposes.

The bill would require the Director of Forestry to prepare and submit annual reports to the board containing specified information.

Such provisions would become operative January 1, 1980, and remain in effect only until December 31, 1990.

The bill would specify that there shall be no reimbursement of local agencies for costs incurred under the bill.

No. 3635 - April 4, 1978

An act to amend Sections 56031, 56302, 56330, 56332, 56337, 56339, 56341.3, 56362.2, 56367, 56615, 59002, and 59204 of, to add Sections 56006 and 56806 to, and to repeal Sections 41892, 42241, and 56806 of, the Education Code, relating to education, and declaring the urgency thereof, to take effect immediately.

(1) Existing law requires that the Superintendent of Public Instruction withhold a specified amount from amounts otherwise required to be apportioned

ASSEMBLY BILLS (Contd.)

No. 3635 - (Contd.)

for special education and gifted programs for research, development, and evaluation of such program.

This bill would delete that provision.

(2) Existing law prescribes a method for increasing or decreasing the revenue limit of a school district based upon the district's contribution for the cost of special education provided in private facilities when public facilities are not available.

This bill would delete that provision.

(3) Existing law prescribes an extensive system for providing education for handicapped pupils, including the development and implementation of an individualized education program. Further, various provisions of federal law provide for the education of handicapped children and require that such children be provided with a free and appropriate education.

This bill would authorize the State Board of Education to waive any provision of the Education Code, or regulation adopted pursuant thereto, if such action is necessary either to prevent the hindrance of the implementation of the individualized education program or compliance with the federal requirements.

(4) Current law permits certain private schools to provide educational programs with public funds when an appropriate program is not available in the public schools.

This bill would permit a nonprofit, tax exempt licensed children's institution to be a "private school" within the meaning of the provisions relating to the education of exceptional children in nonpublic schools.

This bill would also specify that pupils so enrolled in nonpublic schools would be included in the computation of state apportionments and revenue limits for the period between January 1, 1978, and June 30, 1978.

(5) Under current law, pupils enrolled in nonpublic schools under a local comprehensive plan for the education of exceptional children are deemed to be enrolled in public schools for all purposes related to making apportionments and allowances from Section A of the State School Fund.

This bill would limit the application of that provision to apportionments made pursuant to a specified chapter.

(6) Existing law requires the Commission for Teacher Preparation and Licensing to adopt rules and regulations which prescribe standards for teacher qualifications for each type of special education program.

This bill would prohibit the employment of a person to teach educationally handicapped pupils unless such person holds a valid credential for such service. This bill would also authorize other credential holders to be employed in limited substitute service.

(7) Existing law requires a fair hearing on the issue of whether or not a child should or should not be enrolled in a development center for handicapped pupils, and the parent or guardian disagrees with the decision.

This bill would specify in detail the procedures to be followed in such a case.

(8) This bill would take effect immediately as an urgency statute and would, except as specified, become operative on July 1, 1978.

ASSEMBLY BILLS (Contd.)

No. 3669 - April 5, 1978

An act to add Sections 538 and 5152 to the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law requires local property tax assessors to assess taxable property at full value.

This bill would require an assessor who believes a constitutional provision or statute to be invalid, and as a result thereof, concludes that property should be assessed in a manner contrary to such provision, to bring an action for declaratory relief against the State Board of Equalization and to correct the property tax roll consistent with the judgment resulting from such action.

This bill would take effect immediately as an urgency statute.

No. 3686 - April 6, 1978

An act to amend Section 1603 of the Revenue and Taxation Code, relating to property taxation.

Under existing law, applications for assessment reductions by county boards of equalization in counties of the 10th to the 58th class must be filed between July 2nd and August 26th.

This bill would change such dates for such counties to July 2nd and September 15th.

The bill would also require the Legislative Analyst to report to the Legislature by December 31, 1979, on the procedures of the State Board of Equalization in determining intercounty assessment ratios.

No. 3690 - April 6, 1978

An act to amend Section 206.1 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing constitutional and statutory law exempt from property taxation buildings, land on which they are situated and equipment used exclusively for worship. An exemption has also been applied to certain real property necessarily and reasonably required for the parking of automobiles while attending religious services or engaged in religious services or worship or engaged in any religious activity.

This bill would provide that a church's possessory interest in real property owned by a governmental entity which is used for parking automobiles while attending such religious activities shall be exempted from taxation.

The bill would also require the Controller to report the amount of claims of local agencies for state reimbursement of property tax revenues lost as a result of this enactment.

This bill would take effect immediately as an urgency statute.

ASSEMBLY CONSTITUTIONAL AMENDMENTS

No. 36 - Amended April 10, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding Section 4.6 to Article XIII, relating to property taxation.

ASSEMBLY CONSTITUTIONAL AMENDMENTS (Contd.)

No. 36 - (Contd.)

Under existing California constitutional law, all property is taxable on the basis of fair value, excepting that which is specifically exempted.

This measure would permit the Legislature to exempt from property taxation, in whole or in part, ~~air, water, and noise~~ pollution control facilities, and would define such facilities.

No. 82 - March 29, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding subdivision (f) to Section 4 of Article XIII thereof, relating to property taxation.

The existing Constitution exempts, or authorizes an exemption for, various types of property for purposes of property taxation, but some possessory interests in tax-exempt real property held by private parties are subject to property taxation.

This measure would authorize the Legislature to exempt possessory interest, in whole or in part, from property taxation, or provide for the taxation of such interests in a manner different than other property.

No. 83 - March 30, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by amending Section 20 of Article XIII thereof, relating to taxation.

Existing provisions of the California Constitution authorize the Legislature to provide maximum property tax rates and bonding limits for local governments.

This measure would provide that the total amount of property taxes on any owner-occupied dwelling, with regard to any fiscal year, shall not exceed 1% of the full value of such dwelling, but that such limitation may be exceeded to pay the principal and interest on debts and liabilities authorized or outstanding on the effective date of such measure.

No. 86 - April 4, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by adding subdivision (e) to Section 4 of Article XIII, relating to taxation.

The Constitution presently exempts the property of various public and private entities from taxation and authorizes the Legislature, in whole or in part, to exempt the property of other public and private entities.

This measure would authorize the Legislature to provide by law for the taxation of property owned by any public or private entity which is used as a profit-making enterprise.

SENATE BILLS

No. 525 - Amended April 17, 1978

An act to amend Sections 2506, 14006, 23400, 23402.6, 41718.5, 41761.3, 41761.5, 41840, 41841, 41972, 42001, 42002, 42003, 42238, as amended by Section 28 of Chapter 894 of the Statutes of 1977, 42238 as added by Section

SENATE BILLS (Contd.)

No. 525 - (Contd.)

28.5 of Chapter 894 of the Statutes of 1977, 42238.5, 42239, 42241.3, 42281, 42501, 42521, 42522, 51215, 51217, 52001, 52012, 52022, 52035, 52045, 52049, 54001, ~~and 56038~~ 56038, and 60246 of, to add Sections ~~23400.6~~ 37062.5, 41718.6, 41718.7, 42003.5, 42008, 42285, 42503, ~~and 42522~~ 42524, and 84727 to, and to repeal Section 51226 of, and to amend and renumber the heading of Article 4 (commencing with Section 52045) of Chapter 6 of Part 28 of, the Education Code, and to amend Section 87 of Chapter 894 of the Statutes of 1977, relating to school finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Chapter 894 of the Statutes of 1977 effected a comprehensive revision of the law relating to financial support for the public schools and enacted provisions relating to school improvement programs and educationally disadvantaged youth programs, among other things.

This bill would make numerous revisions to the body of law affected by Chapter 894.

(1) This bill would prescribe community college district contributions to the Teachers' Retirement Fund.

(2) Existing law prescribes a method for adjusting computational tax rates used to compute state equalization aid to reflect increases in assessed valuation.

This bill would prescribe a similar adjustment for tax rates used to compute areawide aid and open-space land subventions and would revise the method of determining the base amount used to compute the adjustment.

(3) Existing law prescribes a method of recomputing the equalization aid of school districts which lost state funds because of the exclusion of the attendance of defined adults from the high school foundation program computations; such recomputation to occur in the 1976-77 fiscal year.

This bill would also provide for such recomputation in the 1977-78 fiscal year and would prescribe a limitation to be placed upon such recomputations.

(4) Existing law provides for an increase of $52 in the adult foundation program for the 1977-78 fiscal year.

This bill would revise such increase to $54.

(5) Existing law prescribes a method for computing a state guaranteed yield supplement for school districts.

This bill would prescribe a separate method of computing such supplement for unified school districts and would make other changes in the guaranteed yield program.

(6) Existing law prescribes a method of computing the revenue limits of school districts.

This bill would make certain revisions in the method of making the computation, including a revision of the method of computing an adjustment when the enrollment of the district is declining and the recomputation of school district revenue limits for the 1977-78 fiscal year using a revised revenue limit.

(7) Existing law prescribes a method of computing a school district equalization tax.

SENATE BILLS (Contd.)

No. 525 - (Contd.)

This bill would make numerous changes in that program, including a revision of the factors used in computing the district revenue limit and foundation program for purposes of computing the tax.

(8) A provision of existing law requires the State Board of Equalization to prepare and distribute to certain school districts examples of minimum academic standards and a framework for assessing pupil proficiency in various subjects.

This bill would delete that provision.

(9) Existing law prescribes a program for the improvement of elementary and secondary education.

This bill would make numerous revisions in that program, primarily technical in content, and including an explicit definition of the term ~~"parent"~~ "elementary school" and a revision so that planning grants would not be reduced by the amount of allowances for Miller-Unruh teachers.

(10) Existing law prescribes a program for educationally disadvantaged youths.

This bill would provide that funds provided under the program in one fiscal year may be expended in subsequent fiscal years.

(11) Existing law prescribes a formula for apportioning funds to a basic aid district for units of its average daily attendance credited to a county-operated regional occupational center or program.

This bill would appropriate $1,200,000 from the General Fund to Section A of this State School Fund in order to make such apportionments.

(12) Under existing law, an annual transfer is made from the General Fund to the Instructional Materials Fund per pupil in average daily attendance in public and nonpublic schools in the state in the preceding fiscal year. The amount is computed utilizing a base figure of $12.58 adjusted to reflect annual changes in the Consumer Price Index.

This bill would reduce the base amount to $12.48.

(13) Existing law prescribes a method of computing the tuition to be paid by an elementary school district to a high school district which educates 7th and 8th graders of the elementary school district.

This bill would, in addition, permit an elementary school district to pay an agreed amount to reflect the pro rata revenue limit adjustment attributable to a decline in enrollment of 7th and 8th graders.

(14) Existing law prescribes a formula for the recomputation of school district revenue limits for the 1977-78 fiscal year, and further prescribes an inflation adjustment to be utilized in computing the 1978-79 revenue limit.

This bill would specify that, if the 1977-78 fiscal year revenue limit is less than 120% of the sum of the 1976-77 foundation program and $120, the 1978-79 fiscal year revenue limit shall be computed using $109 as the 1978-79 foundation program increase.

~~(12)~~ (15) This bill would take effect immediately as an urgency statute.

SENATE BILLS (Contd.)

No. 1384 - Amended April 11, 1978

An act to amend ~~Sections 1603, 18046, 18047, 18052, and 18104~~ Section 1603 of, and to add and repeal Section 1603.1 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law regarding property taxation states that reductions in assessments shall not be made unless applications are filed before specified dates within counties of specified classes of population.

This bill would provide for uniform dates on which applications are to be filed for all counties, such provision to become operative on July 1, 1979.

The bill would also permit county boards of equalization in any county for which the State Board of Equalization announced a final ratio of 18.2% or less for the 1977-78 fiscal year to extend the period for filing applications respecting the 1977-78 fiscal year, such provision to be repealed on January 1, 1979.

The bill would take effect immediately as an urgency statute.

No. 1490 - Amended April 17, 1978

An act to add Sections 2511, 42243.7, and 85123 to the Education Code, to amend Sections 2231, 2234, 2236, 2253, 2253.2, and 2253.5 of, to add Sections 2206.8, 2237, 2255.1, and 2271.3 to, ~~and to repeal Section 2234 of,~~ the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law specifies various procedures relating to claims that may be made to the State Controller for reimbursement to a local entity for costs mandated by the state.

This bill would revise such procedures and would take effect immediately as an urgency statute.

No. 1643 - Amended April 10, 1978

An act relating to school districts, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Existing law provides that the creation of or change of boundary in a school district is not effective for purposes of local assessment and taxation for the fiscal year beginning on the following July 1, unless various statements, resolutions, maps, and plats of boundaries were filed by January 1.

This bill would permit the formation of one district and a boundary change in another to become effective for tax purposes for the 1978-79 fiscal year if the required documents have been filed by February 15, 1978.

Existing law grants the homeowners' property tax exemption in the amount of $7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing new entities to impose a property tax.

The bill would also provide that notwithstanding existing law requiring reimbursements and appropriations for state-mandated local programs, there shall be no reimbursement or appropriation made by this bill for a specified reason.

This bill would take effect immediately as an urgency statute and would be repealed effective January 1, 1979.

SENATE BILLS (Contd.)

No. 1652 - Amended April 17, 1978

An act to amend Sections ~~405.5 and 405.6 of~~ 401.3 and 405.6 of, and add Section 405.4 to, the Revenue and Taxation Code, relating to property taxation~~, and making an appropriation therefor~~.

Under existing law the assessor is required to periodically appraise all property and to file with the State Board of Equalization on or before March 1, 1978, a plan for the orderly and sequential appraisal or reappraisal of all property within such assessor's county, to be completed within a cycle of no more than 5 years.

This bill would require the assessor to annually ~~appraise~~ assess all property and to annually revalue all such property to reflect estimated changes in value, and~~, on or before March 1, 1979,~~ every 5 years to file with the State Board of Equalization a plan for such annual appraisal or reappraisal.

The provisions of the bill would become operative with respect to the lien date in 1983 and years thereafter.

No. 1752 - Amended April 17, 1978

An act to amend Sections 469, 533, 534, 1605, ~~4986, and 5096~~ 4831, 4986, 5096, and 5097 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Under existing law, if property subject to property taxation has not been assessed or has been undervalued for assessment purposes, such property is subject to an escape assessment, subjecting it to taxation.

This bill would require the review, equalization and adjustment of the assessment of all property on the business premises where property is subjected to an escape assessment, unless such property has been equalized, and would provide for the refund of any overpayment of taxes which have been incorrectly assessed.

This bill would appropriate an unspecified amount from the General Fund to the State Controller for allocation and disbursement to local agencies to reimburse such agencies for costs incurred by them in the initial fiscal year pursuant to this act.

No. 2083 - April 3, 1978

An act relating to the filing of maps and plats as a prerequisite to the imposition of property taxes or special assessments on property, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, when a new district is formed, a statement, map, or plat of the new boundaries must be filed with the assessor and State Board of Equalization by January 1st of the year in which the district's property taxes or special assessments are to be imposed.

This bill would permit certain maintenance districts to impose such taxes or assessments for the 1978-1979 fiscal year if the required statement, map, or plat is filed on or before January 9, 1978.

Section 2231 of the Revenue and Taxation Code provides that the state will reimburse local governmental entities for costs mandated by legislation enacted after January 1, 1973.

SENATE BILLS (Contd.)

No. 2083 - (Contd.)

This bill would appropriate an unspecified sum of money to the Controller to pay such costs for the 1978-1979 fiscal year only.

The bill would take effect immediately as an urgency statute.

No. 2117 - April 4, 1978

An act to amend Sections 1900, 1901, 1902, 1903, 1904, 1905, 1906, 1907, and 1908 of, to add Section 2500.5 to, and to repeal Sections 1909 and 1910 of, the Education Code, relating to education of prisoners and making an appropriation therefor.

Existing law authorizes until December 31, 1978, the county superintendent of schools of Riverside and Marin Counties to establish and maintain classes or schools for prisoners in any county jail, or any county industrial farm or county or joint county road camp for the purposes of providing instruction in certain specified subjects and requires the Superintendent of Public Instruction to make allowances for such purposes in the same amount as computed for the adult foundation program of a high school district.

This bill would make such authorization applicable to all counties and would repeal the provision which terminates the effect and operation of those provisions on January 1, 1979.

This bill would require the Superintendent of Public Instruction to allow the county superintendent of schools the same amount allowed to a high school district for each unit of average daily attendance for adults.

Current law prescribes a method of computing the maximum tax rate for county superintendents of schools.

This bill would provide for an increase in the maximum tax rate not to exceed $0.10 per $100 of assessed valuation for education programs in prisons established by the county superintendent of instruction.

Existing law grants the homeowners' property tax exemption in the amount of $7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax revenues lost by reason of such exemption.

This bill would increase the amount of such appropriation by authorizing additional property taxes.

No. 2171 - April 13, 1978

An act to amend Sections 8329 and 41301 of, to add Article 1 (commencing with Section 41700) to Chapter 5 of, and Chapter 7 (commencing with Section 42200) to Part 24, to repeal Section 41718 of, and to repeal Article 3.5 (commencing with Section 41350) of Chapter 3 of, to repeal Article 1 (commencing with Section 41700) of, Article 2 (commencing with Section 41730) of, Article 3 (commencing with Section 41750) of, Article 4 (commencing with Section 41760) of, Article 5 (commencing with Section 41790) of, Article 6 (commencing with Section 41800) of, Article 7 (commencing with Section 41810) of, Article 10 (commencing with Section 41850) of, Article 11 (commencing with Section 41880) of, Article 12 (commencing with Section 41900) of, Article 13 (commencing with Section 41920) of, Article 14 (commencing with Section 41930) of Chapter 5 of, to repeal Chapter 7 (commencing with Section 42200) of, and Chapter 8 (commencing with Section 42400) of Part 24 of, the Education Code,

SENATE BILLS (Contd.)

No. 2171 - (Contd.)

and to amend Sections 6051, 6051.5, 6201, 17041, and 17053.5 of, to amend and repeal Section 219 of, to add Sections 219 and 2268 to, to add Part 1.9 (commencing with Section 7285) to Division 2 of, the Revenue and Taxation Code, relating to taxation for public schools, and making an appropriation therefor.

(1) Under existing law, 50% of the assessed value of business inventories is exempt from property taxation. Procedures have been established for computing revenue losses caused by such exemption, and the state reimburses entities of local government in full for the amount of such losses.

This bill would increase such exemption to 100% of the assessed value of business inventories for the 1979-1980 fiscal year and thereafter.

(2) Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill would increase the property tax exemption for business inventories, would affect the subventions to local agencies and would thus affect the continuing appropriation for such purpose. This bill would also limit the amount of such state subventions.

(3) Existing law imposes a state sales or use tax on the sale or use of tangible personal property in the state at the rate of 4 3/4%. Moreover, counties, cities, and transit and rapid transit districts are authorized to impose local sales and use taxes, at the rates of 1¼%, 1% or less and ½%, respectively.

This bill would increase the state sales and use taxes to 5 3/4% on January 1, 1979, and thereafter.

(4) Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would prohibit the imposition of a tax rate by a local agency or school district for school purposes, with certain exemptions from such prohibition.

(5) This bill would also impose a tax on all persons at the rate of .75% of the gross receipts of such person from the sale of property or providing services at retail in this state.

(6) Under the existing Personal Income Tax Law, income tax rates are based on percentages of taxable income ranging from 1% to 11%.

This bill would increase such personal income tax rates.

(7) Under the existing Personal Income Tax Law, a credit of the amount of $37 against income tax liability is granted to qualified renters. In the event that the amount of such credit exceeds a qualified renter's income tax liability, the excess is paid to him.

This bill would increase the amount of such credit.

(8) Existing law provides state funding for various special functions which school districts are required to make available to pupils of the district.

This bill would eliminate specific state funding for the following functions: (a) child nutrition; (b) equalization aid; (c) transportation;

SENATE BILLS (Contd.)

No. 2171 - (Contd.)

(d) education of mentally retarded and handicapped; (e) driver training; (f) instructional television; (g) project connected pupils; (h) education of exceptional pupils for whom no public facilities are available; (i) mentally gifted minors; and (j) education of educationally handicapped pupils.

This bill would, however, provide for the expenditure of an unspecified amount for special programs and classes.

(9) Existing law prescribes foundation programs for the computation of state aid to elementary and high school districts and provides for such amounts to be increased to specified levels for the 1978-79 and following fiscal years.

This bill would prescribe specific levels of state support for units of average daily attendance in elementary, high, and unified school districts and provide for apportionments from the State School Fund of the full amount thereof.

SIGNED BY THE GOVERNOR

Bill Number	Chapter Number	Date Signed	Effective Date
AB 1531	76	April 6, 1978	Immediately

An act to amend Sections 34080, 54797.2, 54900, 54901, 54902.5, 56009, 56438, 56453, 56454, 56456, and 56457 of, to add Section 54902.2 to, and to repeal Sections 34081 and 56452 of, the Government Code, relating to local agencies, and declaring the urgency thereof, to take effect immediately.

(1) Existing law contains various provisions which have been superseded by more rent enactments relating to the documents required to be filed regarding incorporations and changes in the boundaries of cities.

This bill would repeal such existing provisions.

(2) Under existing law, there are occasions when a new district may be formed without election or by a resolution confirming an order for the formation of a new district after confirmation by the voters.

This bill would require the executive officer of the local agency formation commission to file a certificate of completion, as specified, with the county recorder after determining that such district formation is in compliance with its resolution making such determinations.

(3) Under existing law, when there is a change of boundaries affecting the tax assessment boundaries of a city or district, as specified, the city or district is required to prepare a statement of such change and forward it to the appropriate tax or assessment levying authority.

This bill would modify the contents of such statement and would provide that filings by the executive officer of the local agency formation commission, as specified, would satisfy the above requirement.

(4) Under existing law, the organization or reorganization of a district is complete from the date of filing of the certificate of completion with the Secretary of State.

SIGNED BY THE GOVERNOR (Contd.)

No. AB 1531 - (Contd.)

This bill would designate the completion date of such organization or reorganization as the time of the execution of the certificate of completion.

This bill would take effect immediately as an urgency statute.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

JFE:sk
Enclosures