

AMENDED IN ASSEMBLY APRIL 14, 2011

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1248**

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**Introduced by Assembly Member Hueso**

February 18, 2011

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*An act to amend Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code, relating to taxation. An act to add Section 7500.5 to the Government Code, relating to local public employees' retirement.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1248, as amended, Hueso. ~~Insurance, income, and corporation taxes; credit; low-income housing.~~ *Local public employees' retirement.*

*Existing law authorizes the creation of retirement systems for public employees by counties, cities, and districts. The California Constitutional authorizes charter cities to establish pension plans under their respective independent constitutional authority.*

*This bill would prohibit a local public employer, as defined, that provides a defined benefit plan to its employees from eliminating that plan unless its employees are covered by the federal Social Security system.*

*The bill would also express a legislative finding and declaration that federal social security coverage of local employees is an issue of statewide concern and not a municipal affair, and that therefore, all cities, including charter cities, would be subject to the provisions of the bill.*

~~Existing laws governing the taxation of insurers, the Personal Income Tax Law, and the Corporation Tax Law, allow a credit against the taxes~~

~~imposed by these laws for providing low-income housing, as specified, and require the California Tax Credit Allocation Committee to allocate the credit in accordance with specified criteria. Existing property tax law, in accordance with the California Constitution, provides for a “welfare exemption” for property that is used exclusively for religious, hospital, scientific, or charitable purposes if certain conditions are met.~~

~~This bill would specify, for purpose of allocating the credit for low-income housing, that, when 2 or more projects have an equal rating, the committee shall give preference to a project that is eligible for, but does not claim, the “welfare exemption” for property tax.~~

Vote: majority. Appropriation: no. Fiscal committee: *yes-no*. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Section 7500.5 is added to the Government Code,*  
 2     *to read:*  
 3     *7500.5. (a) For the purposes of this section, the following*  
 4     *definitions shall apply:*  
 5     *(1) “Federal system” means the old age, survivors, disability,*  
 6     *and health insurance provisions of the federal Social Security Act*  
 7     *(42 U.S.C. Sec. 301 et seq.).*  
 8     *(2) “Local public employer” means a city, county, and city and*  
 9     *county, including a charter city, charter county, and charter city*  
 10     *and county.*  
 11     *(b) A local public employer that provides a defined benefit plan*  
 12     *to its employees shall not eliminate that plan unless its employees*  
 13     *are covered by the federal system.*  
 14     *SEC. 2. The Legislature finds and declares that to protect the*  
 15     *general welfare of the residents of this state, federal social security*  
 16     *coverage of local employees is an issue of statewide concern and*  
 17     *not a municipal affair, as that term is used in Section 5 of Article*  
 18     *XI of the California Constitution. Therefore, this act shall apply*  
 19     *to all cities, including charter cities.*

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**All matter omitted in this version of the bill  
appears in the bill as amended in the  
Assembly, March 31, 2011. (JR11)**

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