

AMENDED IN ASSEMBLY SEPTEMBER 11, 2013

SENATE BILL

No. 365

Introduced by Senator Wolk

(Principal coauthors: Assembly Members Alejo and Logue)

(Coauthors: Senators Evans, Monning, and Nielsen)

(Coauthors: Assembly Members Chesbro, Levine, and Yamada)

February 20, 2013

An act to amend Sections 15820.903 and 15820.913 of the Government Code, and to add Section 41 to the Revenue and Taxation Code, relating to taxation jails.

LEGISLATIVE COUNSEL'S DIGEST

SB 365, as amended, Wolk. ~~Income and corporation taxes: credits: information and operative time period.~~ Jail construction: funding.

Existing law authorizes the Department of Corrections and Rehabilitation, participating counties, and the State Public Works Board to acquire, design, and construct local jail facilities approved by the Board of State and Community Corrections (BSCC). Existing law authorizes the State Public Works Board to issue revenue bonds, notes, or bond anticipation notes in the amounts of \$445,771,000 and \$774,229,000, in 2 phases, to finance the acquisition, design, and construction, and a reasonable construction reserve, of approved local jail facilities, as specified. The funds derived from those revenue bonds, notes, or bond anticipation notes are continuously appropriated for the purposes described above.

This bill would decrease the authorization for revenue bonds, notes, or bond anticipation notes in the first phase from \$445,771,000 to \$365,771,000 and increase the authorization of the 2nd phase from \$774,229,000 to \$854,229,000.

Existing law authorizes the Department of Corrections and Rehabilitation, a participating county, and the board to acquire, design, renovate, or construct a local youthful offender rehabilitative facility, approved by the BSCC, or a site or sites owned by, or subject to a lease or option to purchase held by, a participating county. Existing law authorizes the issuance of up to \$300,000,000 in revenue bonds, notes, or bond anticipation notes to finance the acquisition, design, renovation, or construction, and a reasonable construction reserve, of approved local youthful offender rehabilitative facilities.

This bill would, in the event that a county that has been conditionally awarded financing later determines that participating with other counties in a shared regional facility would provide an improved solution to the county's needs and the needs of other counties, authorize the county to apply to the BSCC for redirection of the conditional award to another county that will be the lead county for the regional facility, in conjunction with the original county and, potentially, other counties. The bill would authorize the board to redirect the conditional award, prior to any approval and establishment of the project, if certain determinations are made by the BSCC.

~~Existing law imposes various taxes and allows specified credits, deductions, exclusions, and exemptions in computing those taxes.~~

~~This bill would require any bill, introduced on or after January 1, 2014, that would authorize a personal income or corporation tax credit to contain, among other provisions, (1) specified goals, purposes, and objectives that the tax credit will achieve, (2) detailed performance indicators to measure whether the tax credit is meeting those goals, purposes, and objectives, and (3) a requirement that the tax credit cease to be operative no later than 10 taxable years after its effective date, as specified.~~

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

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

1 SECTION 1. Section 15820.903 of the Government Code is
2 amended to read:
3 15820.903. (a) The SPWB may issue up to ~~four hundred~~
4 ~~forty-five~~ three hundred sixty-five million seven hundred
5 seventy-one thousand dollars (~~\$445,771,000~~) (\$365,771,000) in
6 revenue bonds, notes, or bond anticipation notes, pursuant to

1 Chapter 5 of Part 10b of Division 3 of Title 2 (commencing with
2 Section 15830) to finance the acquisition, design, or construction,
3 and a reasonable construction reserve, of approved local jail
4 facilities described in Section 15820.901, and any additional
5 amount authorized under Section 15849.6 to pay for the cost of
6 financing.

7 (b) Proceeds from the revenue bonds, notes, or bond anticipation
8 notes may be utilized to reimburse a participating county for the
9 costs of acquisition, preliminary plans, working drawings, and
10 construction for approved projects.

11 (c) Notwithstanding Section 13340, funds derived pursuant to
12 this section and Section 15820.902 are continuously appropriated
13 for purposes of this chapter.

14 (d) This section shall become inoperative on June 30, 2017, and
15 no project may be commenced after that date; however, projects
16 that have already commenced by that date may be completed and
17 financed with bonds issued pursuant to this chapter.

18 *SEC. 2. Section 15820.913 of the Government Code is amended*
19 *to read:*

20 15820.913. (a) The SPWB may issue up to ~~seven hundred~~
21 ~~seventy-four~~ *eight hundred fifty-four* million two hundred
22 ~~twenty-nine thousand dollars~~ ~~(\$774,229,000)~~ *(\$854,229,000)* in
23 revenue bonds, notes, or bond anticipation notes, pursuant to
24 Chapter 5 of Part 10b of Division 3 of Title 2 (commencing with
25 Section 15830) to finance the acquisition, design, or construction,
26 and a reasonable construction reserve, of approved local jail
27 facilities described in Section 15820.911, and any additional
28 amount authorized under Section 15849.6 to pay for the cost of
29 financing.

30 (b) Proceeds from the revenue bonds, notes, or bond anticipation
31 notes may be used to reimburse a participating county for the costs
32 of acquisition, preliminary plans, working drawings, and
33 construction for approved projects.

34 (c) Notwithstanding Section 13340, funds derived pursuant to
35 this section and Section 15820.912 are continuously appropriated
36 for purposes of this chapter.

37 *SEC. 3. Section 1978 is added to the Welfare and Institutions*
38 *Code, immediately following Section 1977, to read:*

39 *1978. In the event that a county that has been conditionally*
40 *awarded financing, pursuant to this article, later determines that*

1 *participating with other counties in a shared regional facility*
2 *would provide an improved solution to the county's needs and the*
3 *needs of other counties, the original county may apply to the Board*
4 *of State and Community Corrections (BSCC) for redirection of*
5 *the conditional award to another county that will be the lead county*
6 *for the regional facility, in conjunction with the original county*
7 *and, potentially, other counties. If the BSCC determines, based on*
8 *findings submitted by the regional consortium of counties, that the*
9 *redirection will result in cost savings, regional efficiencies,*
10 *increased services, and improved outcomes, and that the design*
11 *of the joint facility will enhance program delivery, health and*
12 *mental health services, and the safety and security of minors, the*
13 *BSCC may authorize the redirection of the conditional award.*
14 *Redirection may only be considered prior to any approval or*
15 *establishment of the project by the board.*

16 SECTION 1. ~~The Legislature finds and declares the following:~~

17 ~~(a) Government at all levels enacts tax preferences to promote~~
18 ~~equity among taxpayers and enhance economic growth in a way~~
19 ~~that is inexpensive to administer and provides direct benefits to~~
20 ~~taxpayers.~~

21 ~~(b) National and state public finance experts recommend that~~
22 ~~tax preferences be evaluated alongside direct spending programs,~~
23 ~~as both are public initiatives meant to accomplish specified goals.~~

24 ~~(c) Revenue losses attributable to federal tax preferences exceed~~
25 ~~any other category of federal spending, including defense, Medicaid~~
26 ~~and Medicare, Social Security, debt service, or discretionary~~
27 ~~spending.~~

28 ~~(d) California now forgoes more than \$47 billion in revenue~~
29 ~~from tax preferences, according to the Department of Finance.~~

30 ~~(e) Many current tax preferences contain neither sunset~~
31 ~~provisions, nor goals and objectives to measure the performance~~
32 ~~of the tax preference.~~

33 ~~(f) Many current tax preferences neither require taxpayers to~~
34 ~~submit data demonstrating the tax preference's effectiveness, nor~~
35 ~~for state agencies to collect and send data to the Legislature to~~
36 ~~evaluate the tax preference.~~

37 ~~(g) The Legislature should apply the same level of review and~~
38 ~~performance measure that it applies to spending programs to tax~~
39 ~~preference programs, including tax credits.~~

1 ~~SEC. 2.— Section 41 is added to the Revenue and Taxation Code,~~
2 ~~to read:~~

3 ~~41. Notwithstanding any other law, any bill, introduced on or~~
4 ~~after January 1, 2014, that would authorize a new credit against~~
5 ~~the “net tax,” as defined in Section 17039, or against the “tax,” as~~
6 ~~defined in Section 23036, or both, shall contain all of the following:~~

7 ~~(a) Specific goals, purposes, and objectives that the tax credit~~
8 ~~will achieve.~~

9 ~~(b) Detailed performance indicators for the Legislature to use~~
10 ~~when measuring whether the tax credit meets the goals, purposes,~~
11 ~~and objectives stated in the bill.~~

12 ~~(c) Data collection requirements to enable the Legislature to~~
13 ~~determine whether the tax credit is meeting, failing to meet, or~~
14 ~~exceeding those specific goals, purposes, and objectives. The~~
15 ~~requirements shall include the specific data and baseline~~
16 ~~measurements to be collected and remitted in each year the credit~~
17 ~~is in effect, in order for the Legislature to measure the change in~~
18 ~~performance indicators, and the specific taxpayers, state agencies,~~
19 ~~or other entities required to collect and remit data.~~

20 ~~(d) A requirement that the tax credit shall cease to be operative~~
21 ~~no later than 10 taxable years after its effective date, and as of~~
22 ~~January 1 of the year following the end of the operative period is~~
23 ~~repealed.~~