

AMENDED IN SENATE JANUARY 6, 2014

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 7, 2013

AMENDED IN SENATE APRIL 29, 2013

AMENDED IN SENATE APRIL 24, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 434

Introduced by ~~Senators Hill and Wolk~~ *Senator Hill*
(Coauthors: ~~Assembly Members Gordon and Mullin~~)

February 21, 2013

An act to amend and repeal Sections 17053.74 and 23622.7 of, to add Section 41 to, and to add and repeal Sections 17053.90 and 23690 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy. *Section 854.5 of the Public Utilities Code, relating to the Public Utilities Commission.*

LEGISLATIVE COUNSEL'S DIGEST

SB 434, as amended, Hill. ~~Personal income and corporation taxes: hiring credits: enterprise zones. Public Utilities Commission: Removal of a commissioner.~~

The California Constitution establishes the Public Utilities Commission, with jurisdiction over all public utilities, and provides that the Legislature may remove a commissioner for incompetence, neglect of duty, or corruption, ²/₃ of the membership of each house concurring. Existing law prohibits the commission, by order, decision, motion, settlement, or other action, from establishing a nonstate entity,

as defined, with any moneys other than those moneys that would otherwise belong to the public utility's shareholders. That law prohibits the commission from entering into a contract with any nonstate entity in which a person serves as an owner, director, or officer while serving as a commissioner. That law additionally provides that, beginning June 1, 2014, a commissioner who acts as an owner, director, or officer of a nonstate entity that was established prior to January 1, 2014, as a result of an order, decision, motion, settlement, or other action by the Public Utilities Commission in which the commissioner participated, neglects his or her duty and may be removed pursuant to the California Constitution.

This bill would provide that, beginning June 1, 2014, a commissioner who acts as an owner, director, or officer of a nonstate entity that was established as a result of an order, decision, motion, settlement, or other action by the Public Utilities Commission in which the commissioner participated, neglects his or her duty and may be removed pursuant to the California Constitution, irrespective of when the nonstate entity was established.

~~The Personal Income Tax Law and the Corporation Tax Law allow credits for hiring employees, based on qualified wages, in an enterprise zone.~~

~~This bill would limit the credit for a taxpayer that employs a qualified employee in an enterprise zone to only those qualified employees who first commence employment with the taxpayer before January 1, 2014, as specified. The bill would also provide that the credit would remain in effect only until December 1, 2019, and as of that date is repealed. The bill would, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, for wages paid to qualified employees who first commence employment with the taxpayer after January 1, 2014, instead allow a credit for a taxpayer that has a net increase in qualified full-time employees, as specified.~~

~~This bill would additionally prohibit a person from charging a contingent fee, as defined, for services rendered in connection with a tax credit relating to enterprise zones, LAMBRA's, manufacturing enhancement areas, or targeted tax areas and would impose a penalty for the violation of this prohibition, as specified. This bill would require that, upon request of the Franchise Tax Board, a person rendering these services provide, under penalty of perjury, a written certification that a fee for those services does not include a contingent fee.~~

~~By expanding the definition of an existing crime, this bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.~~

~~This bill would take effect immediately as a tax levy.~~

~~Vote: $\frac{2}{3}$ -majority. Appropriation: no. Fiscal committee: *yes-no*. State-mandated local program: *yes-no*.~~

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

1 SECTION 1. Section 854.5 of the Public Utilities Code is
2 amended to read:

3 854.5. (a) For purposes of this section, a “nonstate entity”
4 means a company, corporation, partnership, firm, or other entity
5 or group of entities, whether organized for profit or not for profit.

6 (b) The commission, by order, decision, motion, settlement, or
7 other action, shall not establish a nonstate entity with any moneys
8 other than those moneys that would otherwise belong to the public
9 utility’s shareholders. A nonstate entity to be created with moneys
10 from a public utility’s shareholders shall be subject to a 30-day
11 review by the Joint Legislative Budget Committee prior to creation.
12 This subdivision does not limit the authority of the commission
13 to form an advisory committee or other body whose budget is
14 subject to oversight by the commission and the Department of
15 Finance.

16 (c) The commission shall not enter into a contract with a
17 nonstate entity in which a person serves as an owner, director, or
18 officer while serving as a commissioner. Any contract between
19 the commission and a nonstate entity shall be void and cease to
20 exist by operation of law, if a commissioner, who was a
21 commissioner at the time the contract was awarded, entered into,
22 or extended, becomes, on or after January 1, 2014, an owner,

1 director, or officer of the nonstate entity while serving as a
2 commissioner.

3 (d) Beginning June 1, 2014, a commissioner who acts as an
4 owner, director, or officer of a nonstate entity that was established
5 ~~prior to January 1, 2014~~, as a result of an order, decision, motion,
6 settlement, or other action by the commission in which the
7 commissioner participated, neglects his or her duty pursuant to
8 Section 1 of Article XII of the California Constitution, for which
9 the commissioner may be removed pursuant to that section.

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**All matter omitted in this version of the bill
appears in the bill as amended in the
Senate, May 24, 2013. (JR11)**