

AMENDED IN SENATE MAY 1, 2014

SENATE BILL

No. 1017

Introduced by Senator Evans

February 14, 2014

An act to add Chapter 8 (commencing with Section 99500) to Part 65 of Division 14 of Title 3 of the Education Code, and to add Part 21 (commencing with Section ~~42001~~ 42301) to Division 2 of the Revenue and Taxation Code, relating to ~~taxation~~, *education finance*, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1017, as amended, Evans. ~~Taxation: Oil Severance Tax Law.~~
Education finance: oil and gas severance tax.

(1) Existing law establishes the University of California, under the administration of the Regents of the University of California, the California State University, under the administration of the Trustees of the California State University, and the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, as the 3 segments of public postsecondary education in this state.

This bill would establish the California Higher Education Endowment Corporation (CHEEC) in state government. The bill would establish an oversight board to govern the CHEEC, and would require that board to appoint the chief executive officer of the CHEEC. The bill would require the CHEEC to annually allocate the moneys in the continuously appropriated California Higher Education Fund, which would be created by the bill, to the California Community Colleges, the California State University, and the University of California, the Department of Parks

and Recreation, and to the California Health and Human Services Agency, in specified proportions and for expenditure as provided. The bill also would authorize the board to invest the moneys in the fund in accordance with prescribed procedures. *The bill would require the board to submit a report to the Legislature, on or before April 1 of each year, on specified topics.*

(2) Existing law imposes various taxes, including taxes on the privilege of engaging in certain activities. The Fee Collection Procedures Law, the violation of which is a crime, provides procedures for the collection of certain fees and surcharges.

This bill would, *commencing January 1, 2015*, impose an oil and gas severance tax upon any operator, as defined, for the privilege of severing oil or gas from the earth or water in this state for sale, transport, consumption, storage, profit, or use, as provided, at specified rates, calculated as provided. The tax would be administered by the State Board of Equalization and would be collected pursuant to the procedures set forth in the Fee Collection Procedures Law. The bill would require the board to deposit all tax revenues, penalties, and interest collected pursuant to these provisions into the California Higher Education Fund.

Because this bill would expand the scope of the Fee Collection Procedures Law, the violation of which is a crime, it would impose a state-mandated local program.

(3) 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.

(4) 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.

(5) Funds appropriated by this bill and allocated to the California Community Colleges would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares:

2 (a) California is the nation’s fourth largest producer of oil, after
3 only North Dakota, Texas, and Alaska, and it is the only one of
4 36 oil producing states that does not have a severance tax. For
5 example, Alaska employs a minimum severance tax of 25 percent
6 that can range up to 50 percent depending on the net value of oil
7 and natural gas, while Alabama, Kansas, Texas, North Dakota,
8 Mississippi, Oregon, and Florida tax oil and gas at 8 percent, 8
9 percent, 7.5 percent, 6.5 percent, 6 percent, 6 percent, and 5
10 percent, respectively.

11 (b) California is currently tied with Mississippi for the highest
12 unemployment rate in the nation, and is ranked 47 out of 50 in
13 quality of education in the United States.

14 (c) A recent study prepared by the Public Policy Institute of
15 California found that, by the year 2025, the state will experience
16 an educated labor shortage of about one million college-educated
17 workers. This would leave firms unable to fill vacancies, which
18 would potentially raise the unemployment rate in California and
19 lead firms to look outside the state for an adequately educated
20 workforce.

21 (d) A study conducted in April 2012 by the Institute for the
22 Study of Societal Issues at the University of California, Berkeley,
23 sponsored by the California Chamber of Commerce, the California
24 Civil Rights Coalition, and the Campaign for College Opportunity,
25 found that for every dollar the state invests in higher education,
26 the state receives a \$4.50 return on its investment. Moreover, a
27 person with a bachelor’s degree will earn, on average, \$1.34 million
28 more in his or her lifetime than one without a college education.

29 (e) Since the budget cuts enacted in 2010, over 32,000 teachers
30 and faculty have been laid off. This has resulted in cuts in classes
31 being offered, an increase in the ratio of students to teachers, and
32 a reduced quality of education in the state. Moreover, University
33 of California student fees have almost doubled in the last five years
34 alone, while California State University student tuition fees have
35 risen 80 percent, and California Community College student tuition
36 fees have risen 130 percent. As a result, over 750,000 students are
37 no longer seeking to attain an advanced degree in California.

1 (f) This proposed severance tax is intended to provide at least
2 \$1 billion of annual revenue that will, among other things, promote
3 economic stimulus through the education of our citizens so that
4 they can excel, innovate, and become eligible for high-paying
5 professional careers.

6 SEC. 2. Chapter 8 (commencing with Section 99500) is added
7 to Part 65 of Division 14 of Title 3 of the Education Code, to read:

8

9 CHAPTER 8. THE CALIFORNIA HIGHER EDUCATION
10 ENDOWMENT CORPORATION

11

12 Article 1. General Provisions

13

14 99500. As used in this chapter, the following terms have the
15 following meanings:

16 (a) "Board" means the oversight board described in subdivision
17 (a) of Section 99505.

18 (b) "Corporation" means the California Higher Education
19 Endowment Corporation established pursuant to Section 99502.

20 (c) "Director" means the chief executive officer of the
21 corporation appointed pursuant to Section 99506.

22 (d) "Fund" means the California Higher Education Fund
23 established pursuant to Section ~~42147~~ 42321 of the Revenue and
24 Taxation Code.

25 99502. The California Higher Education Endowment
26 Corporation is hereby established in state government for purposes
27 of implementing this chapter.

28

29 Article 2. Oversight Board

30

31 99505. (a) (1) The corporation shall be governed by an
32 oversight board, which shall be composed of the following voting
33 members:

34 (A) Two members appointed by the Board of Trustees of the
35 California State University.

36 (B) Two members appointed by the Regents of the University
37 of California.

38 (C) Two members appointed by the Chancellor of the California
39 Community Colleges.

40 (D) Two members appointed by the Senate Committee on Rules.

- 1 (E) Two members appointed by the Speaker of the Assembly.
2 (F) One member appointed by the Treasurer.
3 (G) One member appointed by the Superintendent of Public
4 Instruction.
5 (H) (i) One member who is a student enrolled in the California
6 Community Colleges at the time of the appointment. The member
7 appointed pursuant to this subparagraph shall be enrolled in the
8 California Community Colleges for the duration of his or her term.
9 (ii) The Board of Governors of the California Community
10 Colleges shall appoint the student member from a list of three
11 eligible persons furnished by the Student Senate.
12 (I) (i) One member who is a student enrolled in the California
13 State University at the time of the appointment. The member
14 appointed pursuant to this subparagraph shall be enrolled in the
15 California State University for the duration of his or her term.
16 (ii) The Trustees of the California State University shall appoint
17 the student member from a list of three eligible persons furnished
18 by the California State Student Association.
19 (J) (i) One member who is a student enrolled in the University
20 of California at the time of the appointment. The member appointed
21 pursuant to this subparagraph shall be enrolled in the University
22 of California for the duration of his or her term.
23 (ii) The Regents of the University of California shall appoint
24 the student member from a list of three eligible persons furnished
25 by the University of California Student Association.
26 (2) (A) At least one member appointed pursuant to paragraph
27 (1) shall be a nonmanagement employee of the California State
28 University.
29 (B) At least one member appointed pursuant to paragraph (1)
30 shall be a nonmanagement employee of the University of
31 California.
32 (b) The oversight board shall also include the following ex
33 officio, nonvoting members:
34 (1) The Chancellor of the California State University.
35 (2) The President of the University of California.
36 (3) The Chancellor of the California Community Colleges.
37 (c) The Legislature requests that the Regents of the University
38 of California and the President of the University of California
39 comply with the membership requirements in subparagraph (B)

1 of paragraph (1) of subdivision (a) and paragraph (2) of subdivision
2 (b).

3 (d) Except as specified in subparagraphs (H), (I), and (J) of
4 paragraph (1) of subdivision (a), each of the members identified
5 in subdivisions (a) and (b) shall be appointed to serve a term of
6 four years.

7 (e) The members of the board shall annually select a member
8 to serve as the chairperson of the board.

9 99506. (a) The board shall appoint a director, who shall be
10 the chief executive officer of the corporation. This position is
11 designated as a confidential position and is exempt from civil
12 service under subdivision (e) of Section 4 of Article VII of the
13 California Constitution.

14 (b) The director shall serve at the pleasure of the board.

15 (c) The board may delegate to the director any power, duty,
16 purpose, function, or jurisdiction that the board may lawfully
17 delegate, including the authority to enter into and sign contracts
18 on behalf of the corporation.

19 (d) The director may delegate to his or her designee any power,
20 duty, purpose, or jurisdiction that may be lawfully delegated.

21 99507. (a) *On or before April 1 of each year, the board shall*
22 *report to the Legislature on all of the following:*

23 (1) *The revenue and expenditure data for the corporation.*

24 (2) *The revenue and expenditure data for the fund.*

25 (3) *A review of the compliance audits conducted pursuant to*
26 *Section 99508.*

27 (4) *An examination of the level of General Fund appropriations*
28 *the University of California, the California State University, and*
29 *the California Community Colleges in light of the funding provided*
30 *by the fund.*

31 (b) *The report to the Legislature shall be submitted in*
32 *compliance with Section 9795.*

33 99508. (a) The board shall select an auditing firm to ~~conduct~~
34 ~~periodic audits as provided in subdivision (b) to determine if the~~
35 ~~funding allocated pursuant to Section 99510 is being appropriately~~
36 ~~used to fund direct classroom instruction in compliance with this~~
37 ~~chapter.~~ *annually audit each entity that receives funding pursuant*
38 *to Section 99512, if the entity received moneys in the prior fiscal*
39 *year, to determine if the entity used those moneys for purposes*

1 *authorized by that section.* The auditing firm shall submit a report
2 of the results of the audit to the board.

3 ~~(b) The three segments of public postsecondary education~~
4 ~~receiving funding from the California Higher Education Fund, the~~
5 ~~University of California, the California State University, and the~~
6 ~~California Community Colleges, shall be audited at least once~~
7 ~~every six years, with the audits occurring alternately between the~~
8 ~~three public postsecondary education segments every two years.~~
9 *An audit of a public postsecondary education segment may occur*
10 *independently of the six-year cycle if the board determines that a*
11 *more immediate audit is necessary.*

12 ~~(e)~~

13 *(b) The independent audits shall be funded with investment*
14 *returns from the fund.*

15 ~~(d)~~

16 *(c) The board shall select a different auditing firm to perform*
17 *the audits at least every six years to ensure the audits are conducted*
18 *in a fair and equitable manner: an auditing firm licensed by, and*
19 *in good standing with, the California Board of Accountancy. The*
20 *board shall not select an auditing firm if that firm's lead audit*
21 *partner, coordinating audit partner having primary responsibility*
22 *for the audit, or audit partner responsible for reviewing the audit*
23 *has performed audit services for the board for six consecutive*
24 *fiscal years.*

25 *(d) The auditing firm shall conduct the audit in accordance with*
26 *the Government Auditing Standards issued by the Comptroller*
27 *General of the United States.*

28 *(e) If the board determines through the audits performed*
29 *pursuant to this section that any campus, entity, or related*
30 *administrative office of any segment that receives funding from*
31 *this chapter is found to have improperly used or otherwise*
32 *improperly administered moneys allocated under this chapter, the*
33 *board shall take the following disciplinary actions:*

34 *(1) Upon a first finding, the board shall place bar the recipient*
35 *campus, entity, or related administrative office on probation status*
36 *from receiving funding made available under this chapter during*
37 *the following fiscal year and require the recipient campus, entity,*
38 *or related administrative office to submit a remediation plan to the*
39 *board for approval as a condition of receiving future funding under*
40 *this chapter.*

1 (2) Upon *a second* finding ~~that a recipient campus or related~~
 2 ~~administrative office has subsequently mishandled funds allocated~~
 3 ~~under this chapter within five years of a finding pursuant to~~
 4 ~~paragraph (1), within five years~~, the board shall bar the recipient
 5 campus, *entity*, or related administrative office from receiving
 6 funds made available under this chapter ~~during the following fiscal~~
 7 ~~year. for the following two fiscal years and require the recipient~~
 8 ~~campus, entity, or related administrative office to submit a~~
 9 ~~remediation plan to the board for approval as a condition of~~
 10 ~~receiving future funding under this chapter.~~

11 (3) Upon *a third* finding ~~that a recipient campus or related~~
 12 ~~administrative office has subsequently mishandled funds allocated~~
 13 ~~under this chapter within five years of a finding pursuant to~~
 14 ~~paragraph (2), within five years~~, the board shall bar the recipient
 15 campus, *entity*, or related administrative office from receiving
 16 *future* funding under this chapter.

17 (f) ~~The board may allow a campus or related administrative~~
 18 ~~office that has been barred from receiving funding pursuant to~~
 19 ~~paragraph (3) of subdivision (e) to apply for funding under this~~
 20 ~~chapter after five years have passed since the campus or related~~
 21 ~~administrative office was barred from receiving funding pursuant~~
 22 ~~to paragraph (3) of subdivision (e).~~

23 99509. The board may adopt regulations necessary or
 24 appropriate to implement its powers and duties under this chapter
 25 in accordance with the Administrative Procedure Act (Chapter 3.5
 26 (commencing with Section 11340) of Part 1 of Division 3 of Title
 27 2 of the Government Code).

28

29 Article 3. Powers and Duties of the California Higher Education
 30 Endowment Corporation

31

32 99510. The corporation may hire employees as it deems
 33 necessary to implement this chapter.

34 99512. ~~(a)~~ The corporation shall annually allocate the moneys
 35 in the California Higher Education Fund, for immediate
 36 expenditure as follows:

37 ~~(1)~~

38 (a) Fifty percent of the moneys in the fund, in equal shares, to
 39 the Regents of the University of California, the Trustees of the
 40 California State University, and the Board of Governors of the

1 California Community Colleges. The moneys shall ~~only be used~~
2 ~~for the following purposes and in the following order of priority:~~
3 *be used only for the following purposes:*

- 4 ~~(A) First, to reduce mandatory systemwide tuition and fees.~~
- 5 ~~(B) Second, to hire faculty and reduce class sizes.~~
- 6 ~~(C) Third, for instructional materials.~~
- 7 ~~(D) Fourth, for English as a second language (ESL) programs.~~
- 8 ~~(E) Fifth, for deferred maintenance.~~

- 9 *(1) Deferred maintenance.*
- 10 *(2) Instructional equipment replacement.*
- 11 *(3) To pay off debt resulting from a statewide general obligation*
12 *bond issued by the University of California, the California State*
13 *University, or the California Community Colleges, as applicable.*
- 14 *(4) Minor capital outlay projects.*

15 ~~(2)~~
16 *(b) Twenty-five percent of the moneys in the fund to the*
17 *Department of Parks and Recreation for the maintenance and*
18 *improvement of state parks.*

19 ~~(3)~~
20 *(c) Twenty-five percent of the moneys in the fund to the*
21 *California Health and Human Services Agency to fund health and*
22 *human services programs.*

23 ~~(b) The funding established pursuant to this chapter shall be~~
24 ~~used to supplement, not supplant, existing levels of state funding~~
25 ~~for the California State University, the University of California,~~
26 ~~and the California Community Colleges.~~

27 99514. (a) The board shall have exclusive control of the
28 investment of the fund. Except as otherwise restricted by the
29 California Constitution and by law, the board may, in its discretion,
30 invest the assets of the fund through the purchase, holding, or sale
31 of any investment, financial instrument, or financial transaction,
32 if the investment, financial instrument, or financial transaction is
33 prudent in the informed opinion of the board.

34 (b) The board may itself make any investment authorized by
35 law or sell any security, obligation, or real property in which
36 moneys in the fund are invested, by affirmative vote of a majority
37 of the board, or, by the same affirmative vote, may from time to
38 time adopt an investment resolution that shall contain detailed
39 guidelines by which to designate the securities and real property
40 that are acceptable for purchase or sale. While the resolution is in

1 effect, securities and real property may be purchased for investment
 2 by an officer or employee of the board designated by it for that
 3 purpose, and sales of securities may be consummated by the officer
 4 or employee under the conditions prescribed. Purchases and sales
 5 of securities shall be reported to the board, on a monthly basis, at
 6 its next regular meeting.

7 (c) Any investment transaction decisions made during a closed
 8 session pursuant to paragraph (16) of subdivision (c) of Section
 9 11126 of the Government Code shall be by rollcall vote entered
 10 into the minutes of that meeting. The board, within 12 months of
 11 the close of an investment transaction or the transfer of system
 12 assets for an investment transaction, whichever occurs first, shall
 13 disclose and report the investment transaction at a public meeting.

14 (d) In addition to the other investments authorized by this article,
 15 the board may invest in real estate, leases of real estate, and
 16 improvements on real estate for business or residential purposes
 17 as an investment for the production of income.

18 SEC. 3. Part 21 (commencing with Section ~~42001~~ 42301) is
 19 added to Division 2 of the Revenue and Taxation Code, to read:

20

21 PART 21. OIL SEVERANCE TAX LAW

22

23 ~~42001.~~

24 42301. This part shall be known and may be cited as the Oil
 25 Severance Tax Law.

26 ~~42002.~~

27 42302. For purposes of this part, the following definitions shall
 28 apply:

29 (a) "Barrel of oil" means 42 United States gallons of 231 cubic
 30 inches per gallon computed at a temperature of 60 degrees
 31 Fahrenheit.

32 (b) "California Higher Education Fund" or "CHEF" means the
 33 fund that is created by Section ~~42147~~ 42321.

34 (c) "Gas" means all natural gas, including casing head gas, and
 35 all other hydrocarbons not defined as oil in subdivision (f).

36 (d) "Division" means the Division of Oil, Gas, and Geothermal
 37 Resources in the Department of Conservation.

38 (e) "In this state" means within the exterior limits of the State
 39 of California and includes all territory within these limits owned

1 by or ceded to the United States of America. “In this state” includes
2 the mean high tide line to three nautical miles offshore.

3 (f) “Oil” means petroleum, or other crude oil, condensate, casing
4 head gasoline, or other mineral oil that is mined, produced, or
5 withdrawn from below the surface of the soil or water.

6 (g) “Operator” means a person that, by virtue of ownership, or
7 under the authority of a lease or any other agreement, has the right
8 to drill, operate, maintain, or control an oil or gas well in the earth
9 or water in this state, including any person that takes oil or gas
10 from the earth or water in this state in any manner, any person that
11 owns, controls, manages, or leases any oil or gas well in the earth
12 or water of this state, and any person that produces or extracts in
13 any manner any oil or gas by taking it from the earth or water in
14 this state; and includes the first person that acquires either the legal
15 title or beneficial title to oil or gas taken from the earth or water
16 in this state by the federal government or a federal instrumentality.

17 (h) “Political subdivision of the state” includes any local public
18 entity, as defined in Section 900.4 of the Government Code.

19 (i) “Severed” or “severing” means the extraction or withdrawing
20 from below the surface of the earth or water of any oil or gas,
21 regardless of whether the extraction or withdrawal shall be by
22 natural flow, mechanical flow, forced flow, pumping, or any other
23 means employed to get the oil or gas from below the surface of
24 the earth or water, and shall include the extraction or withdrawal
25 by any means whatsoever of oil or gas upon which the tax has not
26 been paid, from any surface reservoir, natural or artificial, or from
27 a water surface.

28 (j) “Stripper well” means a well that has been certified by the
29 division as an oil well incapable of producing an average of more
30 than 10 barrels of oil per day during the entire calendar month or
31 a gas well that is incapable of producing more than an average of
32 60,000 cubic feet of gas per day during the entire calendar month.
33 Once a well has been certified as a stripper well, that stripper well
34 shall remain certified as a stripper well until the well produces an
35 average of more than 10 barrels of oil per day during an entire
36 calendar month or produces more than an average of 60,000 cubic
37 feet of gas per day during an entire calendar month.

38 (k) “Unit of gas” means 1,000 cubic feet (Mcf) measured at a
39 base pressure of 15.025 pounds per square inch absolute and at a
40 temperature base of 60 degrees Fahrenheit.

1 ~~42010.~~

2 ~~42310.~~ (a) (1) ~~An~~ *Commencing January 1, 2015, an* oil and
3 gas severance tax is hereby imposed upon any operator for the
4 privilege of severing oil or gas from the earth or water in this state
5 at the rate of 9.5 percent of the average price per barrel of
6 California oil or 3.5 percent of the average price per unit of gas,
7 as calculated pursuant to this section.

8 (2) (A) On or before December 1, 2014, and June 1, 2015, and
9 on or before those dates of each year thereafter, the division shall
10 determine the average price per barrel of California oil for the
11 six-month period ending on the preceding October 31 and April
12 30, respectively. The price of California oil shall be based on the
13 first purchase price for California Midway-Sunset crude oil as
14 determined by the United States Energy Information
15 Administration's (EIA) *Domestic Crude Oil* First Purchase Report.
16 In the event the EIA *Domestic Crude Oil* First Purchase Report is
17 delayed or discontinued, the division may base its determination
18 on other sources of first purchase prices of California oil.

19 (B) On or before December 1, 2014, and June 1, 2015, and on
20 or before those dates of each year thereafter, the division shall
21 determine the average price per unit of gas for the six-month period
22 ending on the preceding October 31 and April 30, respectively.
23 The price of gas shall be based on California's price for gas as
24 determined by the United States Energy Information
25 Administration's (EIA) report. In the event the EIA report is
26 delayed or discontinued, the division may base its determination
27 on other sources of city gate prices of California gas.

28 (C) The division shall notify the board of its determinations
29 pursuant to subparagraphs (A) and (B), on or before December 1,
30 2014, and June 1, 2015, and on or before those dates on each year
31 thereafter.

32 (b) Any person that owns an interest, including a royalty interest,
33 in oil or its value, is liable for the tax until it has been paid to the
34 board.

35 ~~42012.~~

36 ~~42312.~~ The tax imposed by this part shall be in addition to any
37 other taxes imposed by law, including, without limitation, any ad
38 valorem taxes imposed by the state, or any political subdivision
39 of the state, or any local business license taxes that may be incurred
40 for the privilege of severing oil or gas from the earth or water or

1 doing business in that locality. There shall be no exemption from
2 the payment of an ad valorem tax related to equipment, material,
3 or other property by reason of the payment of the severance tax
4 pursuant to this part.

5 ~~42014.~~

6 ~~42314.~~ Two or more operators that are owned or controlled
7 directly or indirectly, as defined in Section 25105, by the same
8 interests shall be considered as a single operator for purposes of
9 application of the tax prescribed in this part.

10 ~~42015.~~

11 ~~42315.~~ (a) There shall be exempted from the imposition of
12 the oil and gas severance tax imposed pursuant to this part, the
13 severance of oil or gas produced by a stripper well, unless the well
14 produces more than five barrels per month.

15 (b) The division shall notify the board of all wells that have
16 been certified as stripper wells.

17 ~~42016.~~

18 ~~42316.~~ There shall be exempted from the imposition of the tax
19 imposed pursuant to this part all oil, gas, or both oil and gas owned
20 or produced by the state or any political subdivision of the state,
21 including such public entity's proprietary share of oil or gas
22 produced under any unit, cooperative, or other pooling agreement.

23 ~~42019.~~

24 ~~42319.~~ Each operator shall prepare and file with the board a
25 return in the form prescribed by the board containing information
26 as the board deems necessary or appropriate for the proper
27 administration of this part. The return shall be filed on or before
28 the last day of the calendar month following the calendar quarter
29 to which it relates, together with a remittance payable to the board
30 for the amount of tax due for that period.

31 ~~42145.~~

32 ~~42320.~~ (a) The board shall administer and collect the tax
33 imposed by this part pursuant to the Fee Collection Procedures
34 Law (Part 30 (commencing with Section 55001)). For purposes
35 of this part, the references in the Fee Collection Procedures Law
36 to "fee" shall include the tax imposed by this part and references
37 to "feepayer" shall include any person liable for the payment of
38 the tax imposed by this part.

39 (b) The board may prescribe, adopt, and enforce regulations
40 relating to the administration and enforcement of this part,

1 including, but not limited to, provisions governing collections,
2 reporting, refunds, and appeals.

3 (c) The board may prescribe, adopt, and enforce emergency
4 regulations relating to the administration and enforcement of this
5 part. Any emergency regulations prescribed, adopted, or enforced
6 pursuant to this section shall be adopted in accordance with Chapter
7 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
8 Title 2 of the Government Code, and, for purposes of that chapter,
9 including Section 11349.6 of the Government Code, the adoption
10 of these ~~regulation~~ *regulations* is an emergency and shall be
11 considered by the Office of Administrative Law as necessary for
12 the immediate preservation of the public peace, health and safety,
13 and general welfare.

14 ~~42147.~~

15 ~~42321.~~ (a) All taxes, interest, penalties, and other amounts
16 collected pursuant to this part, less refunds and costs of
17 administration, shall be deposited ~~first into the General Fund and~~
18 ~~then~~ into the California Higher Education Fund, which is hereby
19 created in the State Treasury. Notwithstanding Section 13340 of
20 the Government Code, moneys in the fund are continuously
21 appropriated, without regard to fiscal year, to the California Higher
22 Education Endowment Corporation established by Section 99502
23 of the Education Code.

24 (b) (1) Revenues, less refunds, derived pursuant to Section
25 ~~42013~~ ~~42310~~ for deposit in the California Higher Education Fund
26 pursuant to this section shall be deemed “General Fund revenues”
27 and “General Fund proceeds of taxes” for purposes of Section 8
28 of Article XVI.

29 (2) Moneys allocated to the Board of Governors of the California
30 Community Colleges pursuant to Section 99512 of the Education
31 Code shall be deemed “moneys to be applied by the state for the
32 support of school districts and community college districts” for
33 purposes of Section 8 of Article XVI.

34 (c) Any local property tax reductions that may result from the
35 imposition of the tax by this part shall be reimbursed from the
36 revenues received from the imposition of the tax.

37 SEC. 4. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

6 SEC. 5. This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety within
8 the meaning of Article IV of the Constitution and shall go into
9 immediate effect. The facts constituting the necessity are:

10 In order to reduce mandatory systemwide tuition and fees as
11 quickly as possible, it is necessary that this act take effect
12 immediately.

O