

Senate Bill No. 923

CHAPTER 204

An act to amend Section 5108 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor July 30, 1995. Filed with
Secretary of State July 31, 1995.]

LEGISLATIVE COUNSEL'S DIGEST

SB 923, Mello. Property taxation.

Existing property tax law provides for the levy of an annual ad valorem tax on personal property, with certain exceptions, based upon the full value of that property. Existing property tax law permits local agencies, excluding school districts, to rebate property tax revenue received from economic revitalization manufacturing property, as defined, for a period of 5 fiscal years from the date the property was placed in service, commencing with the 1994-95 fiscal year. Existing law provides that a local agency shall have this authority with a majority vote of the governing body of the local agency.

This bill would provide for purposes of those rebate provisions that the term "local agency" includes a redevelopment agency, and that a local agency may enter into an agreement with a taxpayer to implement those provisions, as provided. The bill would require a local agency that is a redevelopment agency to obtain the approval, by a majority vote of the governing bodies of the city and the county in which the agency is located, prior to having the authority to rebate any property tax revenue. This bill would also provide that nothing in those provisions shall be deemed to eliminate or reduce the obligation of a redevelopment agency to comply with specified provisions relating to the use of tax increment revenues for particular purposes.

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

SECTION 1. Section 5108 of the Revenue and Taxation Code is amended to read:

5108. (a) For the 1994-95 fiscal year and each fiscal year thereafter, the governing body of a local agency shall have the authority, by a majority vote of that governing body, to rebate some or all of the property tax revenue that the local agency would receive from economic revitalization manufacturing property for a period of five fiscal years from the date the property was placed in service. For purposes of this section, a redevelopment agency shall obtain the

approval, by a majority vote of the governing bodies of the city and the county in which the redevelopment agency is located, prior to having the authority to rebate some or all of that property tax revenue.

(b) For purposes of this section:

(1) “Economic revitalization manufacturing property” means tangible personal property that meets all of the following requirements:

(A) The property is directly involved in the manufacturing process in this state, and not in a preliminary or subsequent activity, or one incidental to manufacturing.

(B) Use of the property will lead to the creation of at least 10 new full-time manufacturing jobs or positions at salary levels of at least ten dollars (\$10) per hour (twenty thousand dollars (\$20,000) per year), and those jobs or positions will continue in existence for a continuous five-year period.

(C) A majority of the governing body of the local agency makes a finding, in its sole discretion, that the property is used in conjunction with the establishment or expansion of a manufacturing project or facility within the local agency’s jurisdiction, and that the property meets the requirements of subparagraphs (A) and (B). In this connection, a majority of the governing body is hereby authorized, but not required, to make the finding specified herein, and thereby authorize the rebate provided pursuant to this section.

(2) “Manufacturing process” means the activity of converting or conditioning property by changing the form, composition, quality, or character of the property for ultimate sale at retail or use in the manufacturing of a product to be ultimately sold at retail.

(3) “Ten or more new employees” means a net increase by 10 or more of the total number of employees, as defined in Section 621 of the Unemployment Insurance Code, employed by the taxpayer in this state. The increase in the total number of employees employed in this state shall be determined by subtracting the total number of employees the taxpayer employed in the previous fiscal year from the total number of employees the taxpayer employed in the current fiscal year. The total number of employees employed in this state shall equal the sum of both of the following:

(A) The total number of hours worked by employees in this state for the taxpayer who are paid an hourly wage divided by the applicable hours per work year.

(B) The total number of months worked by salaried employees in this state for the taxpayer divided by the applicable months per work year.

(4) “Applicable work year” means with respect to a worker paid an hourly wage, 2,000 paid hours and, with respect to a salaried employee, a total of 12 paid months. The applicable work year, in the case of a manufacturing project or facility that becomes operational



during the year, shall be the amounts in the foregoing sentence multiplied by a fraction, the numerator of which is the number of months of the year that the project or facility was operational and the denominator of which is 12.

An employee shall be deemed to be employed at a manufacturing project or facility if he or she utilizes the project or facility as his or her principal place of business.

(5) "Local agency" means a city, county, city and county, redevelopment agency, or special district, excluding any school district.

(c) If at any time within five years after granting a rebate pursuant to this section, the governing body finds that the recipient taxpayer has not complied with the conditions of paragraph (1) of subdivision (b), the governing body may recapture from that taxpayer all or any portion of the amount rebated.

(d) This section shall apply only to property that is placed in service on or after January 1, 1994.

(e) This section shall remain in effect only until January 1, 2000, and on that date is repealed, unless a later enacted statute, which is enacted before January 1, 2000, deletes or extends that date.

(f) A local agency may enter into an agreement with a taxpayer to implement this section and the agreement shall be valid notwithstanding the subsequent repeal of this section.

(g) Nothing in this section shall be deemed to eliminate or reduce the obligation of a redevelopment agency to comply with Section 33334.2, 33334.6, 33607.5, or 33607.7 of the Health and Safety Code.

