AMENDED IN ASSEMBLY FEBRUARY 28, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL No. 218

Introduced by Assembly Member Wieckowski

February 1, 2011

An act to amend Section 14302 of, to add Section 6377.1 to, to add Part 9 (commencing with Section 15000) to Division 2 of, and to repeal Section 13301 of, the Revenue and Taxation Code, relating to taxation, and calling a special election to be consolidated with the next statewide general election, to take effect immediately as an act calling an election.

LEGISLATIVE COUNSEL'S DIGEST

AB 218, as amended, Wieckowski. Taxation: estate taxes and sales and use taxes.

(1) Existing law, added by Proposition 6, an initiative measure enacted by voters at the June 8, 1982, statewide primary election (hereafter the initiative measure), prohibits the imposition of any tax on or by reason of any transfer occurring by reason of death, but imposes a California estate tax, commonly referred to as the "pick up tax" equal to a certain portion of the maximum allowable amount of credit for state death taxes allowable under the applicable federal estate tax law. Due to changes in federal law, the pick up tax became inoperative as of January 1, 2005.

This bill would declare the Legislature's intent to propose an amendment to the initiative measure to provide a state sales and use tax exemption for purchases of manufacturing equipment used in the manufacturing process and to use the revenue generated from imposing a California estate tax to supplant the reduction of General Fund *revenue resulting from the exemption for purchases of manufacturing equipment.*

The bill would propose to the voters of the state a repeal of the provision of the initiative measure prohibiting the imposition of a tax on or by reason of any transfer occurring by reason of death. The proposed amendment to the initiative measure would impose an estate tax upon the transfer of property of every decedent with an estate valued at more than $1,000,000, in accordance with specified criteria and procedures, during the timeframe for which the California pick up tax provisions are inoperative. The proposed amendment would also require the Controller to administer and collect the tax imposed, and would require the personal representative of every estate subject to the tax to file with the Controller a return and to pay the tax in the form prescribed by the Controller. The proposed amendment would make the personal representative of a decedent's estate personally liable for payment of the estate tax, and would provide that any personal representative failing to perform these duties shall forfeit any right to payment for settling the estate. The tax imposed by the proposed amendment would be a special lien upon the gross estate of a decedent, extinguishable as specified. Pursuant to those provisions, no tax would be imposed for any period for which a federal estate tax is payable to the United States and federal tax laws allow a credit for state death taxes in an amount that would otherwise be imposed.

(2) Existing law establishes the Estate Tax Fund and continuously appropriates the moneys in the fund to pay refunds for estate taxes and generation skipping transfer taxes, as specified, with the balance of the money in that fund being transferred to the unappropriated surplus in the General Fund, upon order of the Controller.

This bill would propose to the voters an amendment of the initiative measure to reallocate the moneys in the Estate Tax Fund, whereby those moneys would be continuously appropriated to pay refunds for estate taxes, including those imposed upon estates valued at $1,000,000 or more, and generation skipping transfer taxes. The amendment to the initiative measure would further provide that the remaining balance of the moneys in the fund shall be transferred to the unappropriated surplus in the General Fund.

(3) The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for

storage, use, or other consumption in this state, and provides various exemptions from the taxes imposed by that law.

The bill would propose an amendment to the initiative measure to exempt from those sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, tangible personal property, as defined, purchased for use by a qualified person, as defined, to be used in manufacturing, processing, refining, fabricating, recycling of property, or other specified processes, and tangible personal property purchased for use by a contractor for specified purposes, as provided. This amendment would specify that this exemption does not apply to local sales and use taxes, transactions and use taxes, and specified state sales and use taxes. The amendment would permit its provisions to be amended by a bill passed by a $^2\!/_3$ *vote of the membership of both houses of the Legislature and signed by the Governor.*

(4) Existing law prohibits amendment of the initiative measure by the Legislature unless the amendment is approved by the voters.

This bill would call a special election to be consolidated with the next statewide general election. It would condition the amendment of the initiative measure upon voter approval, and would require the Secretary of State to submit the provisions of the bill that amend the initiative statute to the voters for their approval at the next consolidated statewide election.

This bill would declare that it is to take effect immediately as an act calling an election.

~~(1) The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from the taxes imposed by that law.~~

~~The bill would exempt from those taxes the gross receipts from the sale of, and the storage, use, or other consumption of, tangible personal property, as defined, purchased for use by a qualified person, as defined, to be used in manufacturing, processing, refining, fabricating, recycling of property, or other specified processes, and tangible personal property purchased for use by a contractor for specified purposes, as provided.~~

~~This bill would specify that this exemption does not apply to local sales and use taxes, transactions and use taxes, and specified state sales and use taxes.~~

~~(2) Existing law, added by initiative measure by voters at the June 8, 1982, statewide primary election, prohibits the imposition of any tax on or by reason of any transfer occurring by reason of death, but imposes a California estate tax, commonly referred to as the "pick up tax" equal to a certain portion of the maximum allowable amount of credit for state death taxes allowable under the applicable federal estate tax law. Due to changes in federal law, the pick up tax became inoperative as of January 1, 2005.~~

~~This bill would repeal the provision of the above initiative measure prohibiting the imposition of a tax on or by reason of any transfer occurring by reason of death. The bill would impose an estate tax upon the transfer of property of every decedent with an estate valued at more than $1,000,000, in accordance with specified criteria and procedures, during the timeframe for which the California pick up tax provisions are inoperative. The bill would require the Controller to administer and collect the tax imposed and would require the personal representative of every estate subject to the tax to file with the Controller a return and to pay the tax in the form prescribed by the Controller. The bill would make the personal representative of a decedent's estate personally liable for payment of the estate tax and would provide that any personal representative failing to perform these duties shall forfeit any right to payment for settling the estate. The tax imposed by the bill would be a special lien upon the gross estate of a decedent, extinguishable as specified. Pursuant to those provisions, no tax would be imposed for any period for which a federal estate tax is payable to the United States and federal tax laws allow a credit for state death taxes in an amount that would otherwise be imposed.~~

~~(3) Existing law establishes the Estate Tax Fund and continuously appropriates the moneys in the fund to pay refunds for estate taxes and generation skipping transfer taxes, as specified, with the balance of the money in that fund being transferred to the unappropriated surplus in the General Fund, upon order of the Controller.~~

~~This bill would reallocate the moneys in the Estate Tax Fund. Those moneys would be continuously appropriated to pay refunds for estate taxes, including those imposed upon estates valued at $1,000,000 or more, and generation skipping transfer taxes. The bill would provide that the remaining balance of the moneys in the fund shall be transferred to the unappropriated surplus in the General Fund. The bill would also set forth legislative findings regarding the use of revenues generated from the Estate Tax.~~

~~(4) Existing law prohibits amendment of the initiative measure by the Legislature unless the amendment is approved by the voters.~~

~~This bill would call a special election to be consolidated with the next statewide general election. It would condition the amendment of the initiative upon voter approval, and would require the Secretary of State to submit the provisions of the bill that amend the initiative statute to the voters for their approval at the next consolidated statewide election. The bill would permit its provisions to be amended by a bill passed by a ⅔ vote of the membership of both houses of the Legislature and signed by the Governor.~~

~~This bill would declare that it is to take effect immediately as an act calling an election.~~

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

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

~~SECTION 1. It is the intent of the Legislature to enact the Job Retention and Economic Recovery Act in order to provide a state sales and use tax exemption for purchases of manufacturing equipment used in the manufacturing process. It is further the intent of the Legislature that the revenue generated from the Estate Tax shall be used, in whole or in part, to supplant the reduction of General Fund revenue as a result of the exemption of purchases of manufacturing equipment used in the manufacturing process.~~

SECTION 1. (a) It is the intent of the Legislature to propose an amendment to Proposition 6, an initiative measure enacted by the voters at the June 8, 1982, statewide primary election (hereafter the initiative measure).

(b) It is the intent of the Legislature, in proposing this amendment to the initiative measure, to provide a state sales and use tax exemption for purchases of manufacturing equipment used in the manufacturing process. It is further the intent of the Legislature, in proposing this amendment, that the revenue generated from a proposed estate tax be used, in whole or in part, to supplant the reduction of General Fund revenue as a result of the exemption for purchases of manufacturing equipment used in the manufacturing process.

(c) This act shall be known and may be cited as the Job Retention and Economic Recovery Act.

SEC. 2. Section 6377.1 is added to the Revenue and Taxation Code, to read:

6377.1. (a) (1) ~~On and after January 1, 2012, there~~ *There* are exempted from the taxes imposed by this part, the gross receipts from the sale of, and the storage, use, or other consumption in this state of, all of the following:

(A) Tangible personal property purchased for use by a qualified person to be used primarily in any stage of the manufacturing, processing, refining, fabricating, or recycling of property, beginning at the point any raw materials are received by the qualified person and introduced into the process and ending at the point at which the manufacturing, processing, refining, fabricating, or recycling has altered property to its completed form, including packaging, if required.

(B) Tangible personal property purchased for use by a contractor purchasing that property for use in the performance of a construction contract for the qualified person who will use the property as an integral part of the manufacturing, processing, refining, fabricating, or recycling process, or as a storage facility for use in connection with the manufacturing process.

(2) Subdivision (a) shall not apply to the gross receipts from the sale of, and the storage, use, or other consumption of, tangible personal property that is used primarily in administration, general management, or marketing.

(b) For purposes of this section:

(1) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(2) "Manufacturing" 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. Manufacturing includes any improvements to tangible personal property that result in a greater service life or greater functionality than that of the original property.

(3) "Primarily" means tangible personal property used 50 percent or more of the time in an activity described in subdivision (a).

(4) "Process" means the period beginning at the point at which any raw materials are received by the qualified person and introduced into the manufacturing, processing, refining, fabricating,

or recycling activity of the qualified person and ending at the point at which the manufacturing, processing, refining, fabricating, or recycling activity of the qualified person has altered tangible personal property to its completed form, including packaging, if required. Raw materials shall be considered to have been introduced into the process when the raw materials are stored on the same premises where the qualified person's manufacturing, processing, refining, or recycling activity is conducted. Raw materials that are stored on premises other than where the qualified person's manufacturing, processing, refining, fabricating, or recycling activity is conducted, shall not be considered to have been introduced into the manufacturing, processing, refining, fabricating, or recycling process.

(5) "Processing" means the physical application of the materials and labor necessary to modify or change the characteristics of property.

(6) "Qualified person" means either of the following:

(A) A person who is primarily engaged in those lines of business described in Codes 3111 to 3399, inclusive, or 5112 of the North American Industry Classification System (NAICS) published by the United States Office of Management and Budget, 2007 edition.

(B) An affiliate of a person described in subparagraph (A) provided that the affiliate is a member of the qualified person's unitary group for which a combined report is required to be filed under Article 1 (commencing with Section 25101) of Chapter 17 of Part 11.

(7) "Refining" means the process of converting a natural resource to an intermediate or finished product.

(8) "Tangible personal property" includes, but is not limited to, all of the following:

(A) Machinery and equipment, including component parts and contrivances such as belts, shafts, moving parts, and operating structures.

(B) Equipment or devices used or required to operate, control, regulate, or maintain the machinery and equipment, including, without limitation, computers, data processing equipment, and computer software, together with all repair and replacement parts with a useful life of one or more years, whether purchased separately or in conjunction with a complete machine and regardless of whether the machine or component parts are assembled by the qualified person or another party.

(C) Property used in pollution control that meets standards established by this state or any local or regional governmental agency within this state.

(D) Special purpose buildings and foundations used as an integral part of the manufacturing, processing, refining, or fabricating process, or that constitute a research or storage facility used during the manufacturing process. Buildings used solely for warehousing purposes after completion of the manufacturing process are not included.

(E) Fuels used or consumed in the manufacturing process.

(9) "Tangible personal property" does not include any of the following:

(A) Consumables with a normal useful life of less than one year, except as provided in subparagraph (E) of paragraph (8).

(B) Furniture, inventory, and equipment used in the extraction process, or equipment used to store finished products that have completed the manufacturing process.

(c) No exemption shall be allowed under this section unless the purchaser furnishes the retailer with an exemption certificate, completed in accordance with any instructions or regulations as the board may prescribe, and the retailer subsequently furnishes the board with a copy of the exemption certificate. The exemption certificate shall contain the sales price of the machinery or equipment that is exempt pursuant to subdivision (a).

(d) (1) Notwithstanding any provision of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200)) or the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), the exemption established by this section shall not apply with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, either of those laws.

(2) Notwithstanding subdivision (a), the exemption established by this section shall not apply with respect to any tax levied pursuant to Section 6051.2, 6051.5, 6201.2, or 6201.5, or pursuant to Section 35 of Article XIII of the California Constitution.

(e) Notwithstanding subdivision (a), the exemption provided by this section shall not apply to any sale or use of property that, within three years from the date of purchase, is either removed from California, converted from an exempt use under subdivision (a) to some other use not qualifying for the exemption, or used in a manner not qualifying for the exemption. The taxpayer that has received the exemption under this section for purchasing qualifying personal property shall notify the board if the property is either removed from California, converted from an exempt use under subdivision (a) within three years from the date of purchase, or used in a manner not qualifying for the exemption.

(f) If a purchaser certifies in writing to the seller that the property purchased without payment of the tax will be used in a manner entitling the seller to regard the gross receipts from the sale as exempt from the sales tax, and within three years from the date of purchase, the purchaser (1) removes that property outside California, (2) converts that property for use in a manner not qualifying for the exemption, or (3) uses that property in a manner not qualifying for the exemption, the purchaser shall be liable for payment of sales tax, with applicable interest, as if the purchaser were a retailer making a retail sale of the property at the time the property is so removed, converted, or used, and the sales price of the property to the purchaser shall be deemed the gross receipts from that retail sale.

(g) This section applies to leases of tangible personal property classified as "continuing sales" and "continuing purchases" in accordance with Sections 6006.1 and 6010.1. The exemption established by this section shall apply to the rentals payable pursuant to such a lease, if the lessee is a qualified person and the property is used in an activity described in subdivision (a).

SEC. 3. Section 13301 of the Revenue and Taxation Code is repealed.

SEC. 4. Section 14302 of the Revenue and Taxation Code is amended to read:

14302. The moneys in the Estate Tax Fund shall be distributed as follows:

(a) The moneys are continuously appropriated, without regard to fiscal year, to pay the refunds authorized by this part, Part 9 (commencing with Section 15000), and Part 9.5 (commencing with Section 16700).

(b) The remaining balance of the moneys in the fund shall, on order of the Controller, be transferred to the unappropriated surplus in the General Fund.

SEC. 5. Part 9 (commencing with Section 15000) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 9. ESTATE TAX

15000. Except where the context otherwise requires, the following definitions govern the construction of this part:

(a) "Decedent" means any person whose death gives rise to a transfer.

(b) "Estate" means the real or personal property or interest therein included in the gross estate of a decedent and includes all of the following:

(1) All intangible personal property included in the gross estate of a resident decedent within or without the state or subject to the jurisdiction thereof.

(2) All intangible personal property in California included in the gross estate of a nonresident decedent of the United States, including all stock of a corporation organized under the laws of California or which has its principal place of business or does the major part of its business in California or of a federal corporation or national bank which has its principal place of business or does the major part of its business in California, excluding, however, savings accounts in savings and loan associations operating under the authority of the Division of Savings and Loan or the Federal Home Loan Bank board and bank deposits, unless those deposits are held and used in connection with a business conducted or operated, in whole or in part, in California.

(c) "Estate tax" or "tax" means the tax imposed under this part.

(d) "Federal estate tax" means the tax imposed under the Internal Revenue Code (26 U.S.C. Sec. 2001 et seq.), as amended.

(e) "Gross estate" means "gross estate" as defined in Section 2051 of the Internal Revenue Code as amended.

(f) "Personal representative" means any executor or administrator of the decedent whose death gives rise to a transfer and, with respect to property that is included in the gross estate for federal estate tax purposes and which is not in the possession or control of the personal representative, any person in possession of such property.

(g) "State," except where the context otherwise indicates, means this state or any other state of the United States or the District of Columbia.

(h) "Transfer" means the inclusion of any property or other interest included in the estate or gross estate of the decedent.

15001. (a) Notwithstanding any other law, an estate tax is hereby imposed upon the transfer of the property of every decedent who was a resident of this state at the time of death, in accordance with subdivision (b).

(b) An estate valued at more than one million dollars ($1,000,000) shall be taxed in accordance with the following:

~~Estate's Value is:~~	~~Tax Rate is:~~
~~Over $1,000,000 but not over $1,540,000~~	~~$38,800 plus 7.2%~~
~~Over $1,540,000 but not over $2,040,000~~	~~$70,800 plus 8.0%~~
~~Over $2,040,000 but not over $2,540,000~~	~~$106,800 plus 8.8%~~
~~Over $2,540,000 but not over $3,040,000~~	~~$146,800 plus 9.6%~~
~~Over $3,040,000 but not over $3,540,000~~	~~$190,800 plus 10.4%~~
~~Over $3,540,000 but not over $4,040,000~~	~~$238,800 plus 11.2%~~
~~Over $4,040,000 but not over $5,040,000~~	~~$290,800 plus 12%~~
~~Over $5,040,000 but not over $6,040,000~~	~~$402,800 plus 12.8%~~
~~Over $6,040,000 but not over $7,040,000~~	~~$522,800 plus 13.6%~~
~~Over $7,040,000 but not over $8,040,000~~	~~$650,800 plus 14.4%~~
~~Over $8,040,000 but not over $9,040,000~~	~~$786,800 plus 15.2%~~
~~Over $9,040,000 but not over $10,040,000~~	~~$930,800 plus 16%~~
~~Over $10,040,000~~	~~$1,082,000 plus 16.8%~~

Estate's Value is:	*Tax Rate is:*

Over $1,000,000 but not over $1,540,000	*$38,800 plus 7.2% of excess over $1,000,000*
Over $1,540,000 but not over $2,040,000	*$70,800 plus 8.0% of excess over $1,540,000*
Over $2,040,000 but not over $2,540,000	*$106,800 plus 8.8% of excess over $2,040,000*
Over $2,540,000 but not over $3,040,000	*$146,800 plus 9.6% of excess over $2,540,000*
Over $3,040,000 but not over $3,540,000	*$190,800 plus 10.4% of excess over $3,040,000*
Over $3,540,000 but not over $4,040,000	*$238,800 plus 11.2% of excess over $3,540,000*
Over $4,040,000 but not over $5,040,000	*$290,800 plus 12% of excess over $4,040,000*
Over $5,040,000 but not over $6,040,000	*$402,800 plus 12.8% of excess over $5,040,000*
Over $6,040,000 but not over $7,040,000	*$522,800 plus 13.6% of excess over $6,040,000*
Over $7,040,000 but not over $8,040,000	*$650,800 plus 14.4% of excess over $7,040,000*
Over $8,040,000 but not over $9,040,000	*$786,800 plus 15.2% of excess over $8,040,000*
Over $9,040,000 but not over $10,040,000	*$930,800 plus 16% of excess over $9,040,000*
Over $10,040,000	*$1,082,000 plus 16.8% of excess over $10,040,000*

15002. (a) The estate of every decedent who was a resident of this state at the time of death shall be allowed a credit against the tax otherwise due under this part for the aggregate amount of all estate, inheritance, legacy and succession taxes actually paid to any other state with respect to any property owned by that decedent or subject to those taxes as part of or in connection with the estate and for which a credit for those taxes paid to any other state is allowable under the federal estate tax laws.

(b) The credit allowed under this section for taxes paid to any other state shall be limited to that amount that does not reduce the tax due under this part to an amount less than the credit allowable by federal estate tax laws for estate, inheritance, legacy and succession taxes paid to any state multiplied by a fraction:

(1) The numerator of which is the value of that part of the decedent's taxable estate for federal estate tax purposes consisting of real and tangible personal property located in this state plus all intangible personal property.

(2) The denominator of which is the value of the decedent's taxable estate for federal estate tax purposes, excluding real and tangible personal property not located in any state.

15003. (a) A tax is imposed upon the transfer of the estate of every decedent who at the time of death was a nonresident of this state and owned real or tangible personal property situated in this state that would have been taxable under the provisions of Chapter 11 of the Internal Revenue Code as it was in effect as of January 1, 2001, and other provisions of the federal estate tax laws with respect to the duty to file a return and the calculation of the taxable estate in effect on the earlier of the date of the decedent's death or the date immediately preceding the effective date of the repeal of the federal estate tax.

(b) The amount of the tax shall be computed in the same manner as provided in Section 15001, the result of which is then multiplied by a fraction:

(1) The numerator of which is the value of that part of the decedent's taxable estate determined pursuant to this section consisting of real and tangible personal property located in this state.

(2) The denominator of which is the value of the decedent's entire taxable estate determined pursuant to this section, excluding real and tangible personal property not located in any state.

15004. (a) The Controller shall administer and collect the tax imposed by this part.

(b) The personal representative of every estate subject to the tax imposed by this part shall file with the Controller an estate tax return and the calculation of the taxable estate in effect on the decedent's death. The personal representative shall pay the tax and file the estate tax return in the form prescribed by the Controller.

(c) The Controller may prescribe those forms and reporting requirements as are necessary to implement the tax, including, but not limited to, information regarding the total amount of tax due, the place for filing any return, declaration, statement, or other document required pursuant to this part and for the payment of the tax.

(d) The estate tax returns required by this chapter shall be filed within nine months after the date of the decedent's death.

15005. (a) The personal representative shall pay to the Controller the full amount of the estate tax when due, out of any moneys belonging to the estate in the personal representative's control.

(b) The personal representative shall have the same powers and duties with respect to the raising of funds for the payment of the estate tax as conferred upon an executor pursuant to Sections 2205, 2206, 2207A, and 2207B of the Internal Revenue Code and pursuant to the laws of this state in the case of raising funds for the payment of a decedent's debts generally. Any provision in a decedent's will (or revocable trust) in which a decedent effectively waives a right of recovery under a section of the Internal Revenue Code referred to in the preceding sentence shall be deemed a waiver of the corresponding right of recovery under this section, unless the will or revocable trust specifically states otherwise.

(c) The personal representative of a decedent's estate, or any part thereof, which is taxable under this part is personally liable for the payment of the estate tax. In addition to personal liability for payment of the estate tax, any personal representative failing to perform the duties under this part shall forfeit any right to any payment for settling the estate of the decedent.

15006. (a) The tax imposed by this part shall be a special lien upon the gross estate of a resident decedent and upon the real and tangible personal property of a nonresident decedent situated in this state at the time of the decedent's death for 10 years from the date of death. Any property for which a marital or charitable deduction was allowed for federal estate tax purposes shall be exempt from the lien provided by this subdivision.

(b) Notwithstanding subdivision (a), the special lien shall be extinguished under either of the following circumstances:

(1) As to the part of the gross estate sold for the payment of charges against the estate and expenses of its administration.

(2) Upon determination by the board that the estate tax return has been filed and the correct tax has been paid, or that no estate tax return or tax was due.

15007. A tax shall not be imposed by this part for any period for which a federal estate tax is payable to the United States and federal tax laws allow a credit for state death taxes in an amount equal to or greater than the tax that would otherwise be imposed by this part. During any period that a tax is not imposed by this part, a tax shall be imposed in accordance with Part 8 (commencing with Section 13302).

15008. All moneys collected under this part shall be deposited in the State Treasury for the credit of the Estate Tax Fund established by Section 14301.

15009. This part shall be administered and implemented in accordance with Part 8 (commencing with Section 13302) to the extent not in conflict with this part.

SEC. 6. ~~This~~ *Sections 1 to 5, inclusive, of this* act may be amended by a bill passed by a $\frac{2}{3}$ vote of the membership of both houses of the Legislature and signed by the Governor.

SEC. 7. (a) As an amendment of an initiative statute, *Sections 1 to 6, inclusive, of* this act shall become effective only upon approval by the voters at a statewide election.

(b) A special election is hereby called, to be held throughout the state on the date of the next statewide election, for approval by the voters of *Sections 1 to 6, inclusive, of* this act. The special election shall be consolidated with the statewide election to be held. The consolidated elections shall be held and conducted in all aspects as if there were only one election, and only one form of ballot shall be used.

(c) Notwithstanding Section 9040 of the Elections Code, or any other law, the Secretary of State shall, pursuant to subdivision (c) of Section 10 of Article II of the Constitution, submit *Sections 1* *to 6, inclusive, of* this act to the voters for their approval at the consolidated statewide election.

SEC. 8. This act calls an election within the meaning of Article IV of the Constitution and shall go into immediate effect.

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