

**Senate Committee on Revenue & Taxation
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TO: People Interested in Revenue and Taxation Legislation
FROM: Senator Steven M. Glazer, Chair
DATE: October 30, 2024
SUBJECT: Summary of significant legislation heard in 2024

Now that the legislative session has ended, I want you to know about some of the more interesting bills that the Senate Revenue & Taxation Committee reviewed during 2024. The following summary identifies and briefly describes the significant bills that the Committee has worked on this year. At the end of each description, the bill's status is indicated in *italics*.

If you want to read the Committee's bill analyses or get a copy of a bill listed below, please go to the Legislature's official website leginfo.legislature.ca.gov. You can also use that website to retrieve other bill analyses, official histories, voting records, and any veto messages.

The Senate Committee on Revenue & Taxation reviews measures relating to state and local revenues and taxation. The summary below groups bills by subject.

Excise Taxes

[SB 1230 \(Rubio\)](#) - enacts the Strengthen Tobacco Oversight Programs and Seize Illegal Tobacco Products Act, which increases civil penalties on retailers who violate the Stop Tobacco Access to Kids Act, and authorizes the California Department of Tax and Fee Administration (CDTFA) to seize flavored tobacco products or tobacco product flavor enhancers that violate the flavored tobacco products ban. *Chapter 462, Statutes of 2024.*

[SB 1327 \(Glazer\)](#) - imposes a Data Extraction Mitigation Fee on taxpayers engaging in specific transactions; enacts credits against the Personal Income and Corporation Taxes for news media entities that pay wages for current or newly employed journalists, or acquire freelance content; and directs fee revenue to specified purposes, including to reimburse foregone General Fund revenue resulting from the credits. *Died in Assembly Rev. & Tax Committee.*

[SB 1528 \(Comm. on Rev. & Tax\)](#) – allows CDTFA to serve Notices Of Determination (NODs) and Notices of Jeopardy Determination (NOJDs) electronically under several tax and fee laws; extends to the Gross Premiums Tax changes made to other tax laws to allow publishing of refunds, corrections or corrections that exceed \$50,000 ten days after issuance; requires schedules and reports under the Alcoholic Beverage Tax to be submitted electronically, clarifies that the penalty base for failing to file a return under the Hazardous Substance Tax Law (HSTL) does not include audit determinations; and caps penalties under the HSTL to 100% of the fee amount, among other conforming changes to the HSTL. *Chapter 498, Statutes of 2024.*

Local Tax and Fee Authority

[SB 1031 \(Wiener & Wahab\)](#) - authorizes the Metropolitan Transportation Commission to propose new taxes, allocate new revenue, and issue bonds for specified transportation projects; requires the State Transportation Agency to consider transit agency consolidation within the San Francisco Bay area. *Died at the Assembly Desk.*

[SB 1059 \(Bradford\)](#) - excludes the amount of any state cannabis excise tax or sales and use tax from the definition of gross receipts for purposes of a local tax or fee imposed on a cannabis retailer. *Chapter 874, Statutes of 2024.*

[SB 1494 \(Glazer\)](#) - prohibits a local agency, on or after January 1, 2024, from entering into, renewing, or extending sales and use tax rebate agreements with retailers in exchange for locating in their jurisdiction, and voids agreements entered into before that date on January 1, 2030. *Died on the Senate Floor.*

[AB 2443 \(J. Carrillo\)](#) - allows the Cities of Victorville, Lancaster, and Palmdale to impose a district tax, by ordinance or voter initiative, of up to 1% even if it exceeds the 2% cap. *Chapter 961, Statutes of 2024.*

[AB 2854 \(Irwin\)](#) - requires local agencies to publish on their websites, and provide to the CDTFA specified information regarding its agreements to rebate Bradley-Burns Sales Taxes. *Chapter 842, Statutes of 2024.*

[AB 3259 \(Wilson\)](#) - allows the cities of Campbell and Pinole, Solano County, and a city in Solano County to impose a district tax, by ordinance or voter initiative, of up to 0.5% even if it exceeds the 2% cap. *Chapter 852, Statutes of 2024.*

. Personal & Corporate Income Taxes

[SB 167 \(Comm. on Budget & Fiscal Review\)*](#) – caps credit utilization under the Personal Income Tax and the Corporation Tax to \$5 million for each taxable year of the limitation period, with some exceptions; suspends Net Operating Losses (NOL) for taxpayers with more than \$1 million in income in a taxable year, with some exceptions; extends credit and NOL carryforwards to reflect limitation and suspension periods; eliminates the sales and use tax bad debt deduction for a lender or retailer’s affiliate; conforms to changes in federal law that limit deductions for charitable conservation easements, and disallows the deduction for any taxpayer who has previously engaged in fraud; repeals the Enhanced Oil Recovery Credit, deduction for intangible drilling and development cost, and the percent depletion allowance for coal, oil, shale, and gas; extends the authority for taxpayers to apply Advanced Strategic Aircraft Credit to reduce tax below the alternative minimum tax through the 2030 taxable year; specifies that the Administrative Procedures Act does not apply to CDTFA legal rulings of counsel; states that when a corporation receives income that is excluded from taxable business income, it must exclude this income from its apportionment factor formula, consistent with existing law and practice of the Franchise Tax Board (FTB), and states that this change is declaratory of existing law; specifies that the Director of Finance, not the FTB, determines whether postponement of certain federal tax-related deadlines, applies to a taxpayer affected a state of emergency declared by the Governor; and extends current nonconformity with federal law to allow cannabis businesses to deduct business expenses. *Chapter 34, Statutes of 2024.*

[SB 175 \(Comm. on Budget & Fiscal Review\)*](#) - allows a taxpayer to elect to claim a refundable tax credit in future taxable years equal to the amount of the credit limited by SB 167 (2024). *Chapter 42, Statutes of 2024.*

[SB 230 \(Seyarto\)*](#) - allows similar tax treatment of Health Savings Accounts under state law that applies under federal law. *Died in Assembly Rev. & Tax Committee.*

[SB 542 \(Dahle\)](#) - excludes from gross income for state tax purposes settlement payments made in connection with the 2021 Dixie Fire or the 2022 Mill Fire. *Vetoed.*

[SB 911 \(Seyarto\)](#) - excludes from gross income for state tax purposes survivor benefits or payments paid by a United States Department of Defense Survivor Benefit Plan. *Died in Senate Appropriations Committee.*

[SB 927 \(Dahle\)](#) - excludes from gross income for state tax purposes amounts received in settlement by a taxpayer to replace property damaged or destroyed by a natural disaster that was

a declared a state of emergency by the Governor and the President. *Died in Senate Appropriations Committee.*

[SB 946 \(McGuire\)](#) - excludes from gross income for state tax purposes any amount received by a qualified taxpayer as a qualified wildfire loss mitigation payment through the California Wildfire Mitigation Financial Assistance Program. *Chapter 987, Statutes of 2024.*

[SB 952 \(Dahle\)](#) - enacts the Fire Safe Home Tax Credits Act, which allows credits against the Personal Income Tax for qualified taxpayers incurring qualified costs for home hardening and vegetation management of a qualified property. *Died in Senate Appropriations Committee.*

[SB 1004 \(Wilk\)](#) - excludes from gross income for state tax purposes amounts received in settlement by a taxpayer to replace property damaged or destroyed by wildfire. *Died in Assembly Appropriations Committee.*

[SB 1102 \(Nguyen\)](#) - excludes from gross income for state tax purposes any amount received by a qualified taxpayer in settlement for claims relating to the October 2, 2021, oil spill off the coast of the County of Orange near the City of Huntington Beach. *Died in Senate Appropriations Committee.*

[SB 1135 \(Limon\)](#) – enacts a refundable tax credit to encourage composting activity in the state to divert organic waste from landfills and reduce greenhouse gas emissions levels. *Died in Senate Appropriations Committee.*

[SB 1191 \(Padilla\)](#) - conforms state law to specific Internal Revenue Code sections added by the Inflation Reduction Act relating to renewable energy development. *Died in Senate Appropriations Committee.*

[SB 1499 \(Glazer\)](#) - conforms state law to changes made by the Consolidated Appropriations Act to contribution limits for various retirement accounts. *Died in Assembly Rev. & Tax Committee.*

[SJR 14 \(Becker\)](#) - urges the Congress of the United States to establish a reasonable cap on its preemption of state taxation of deferred compensation. *Died in Assembly Rev. & Tax Committee.*

[AB 1878 \(E. Garcia\)](#) - excludes from gross income for state tax purposes payments made under the Tribal Housing Grant Program Fund Advisory Committee, which the bill creates within the Department of Housing and Community Development. *Chapter 266, Statutes of 2024.*

[AB 1973 \(Lackey\)](#) - excludes from gross income for state tax purposes any amount a qualified taxpayer receives from settlement payments from Southern California Edison or its subsidiary in connection with the 2020 Bobcat Fire. *Vetoed.*

[AB 2979 \(M. Fong\)](#) - excludes from gross income for state tax purposes any payment received from the California Victim Compensation Board under its direct victim of Good Samaritan compensation programs. *Chapter 119, Statutes of 2024.*

[AB 3160 \(Gabriel\)](#) - eliminates the requirement that the additional annual authorization of \$500 million in Low-Income Housing Tax Credits is subject to an appropriation in the annual Budget Act for calendar years 2025 through 2030. *Vetoed.*

[AJR 15 \(Irwin\)](#) - urges the Congress of the United States to repeal the state and local tax deduction limitation. *Died on the Senate Floor.*

Property Taxes

[SB 964 \(Seyarto\)](#) - prohibits Chapter 8 property tax sales unless the property is first offered as a Chapter 7 property tax sale, or the State Board of Equalization (BOE) conducts a property valuation that shows the value of the property interest is worth less than the amount of the defaulted debt. *Died in Senate Appropriations Committee.*

[SB 1164 \(Newman\)](#) - enacts a new construction exclusion of specified duration for the addition or construction of an accessory dwelling unit. *Died in Assembly Rev. & Tax Committee.*

[SB 1227 \(Wiener\)](#) - creates an alternate welfare exemption from property tax for housing available to those of moderate income in a designated area within the City and County of San Francisco; enacts a California Environmental Quality Act (CEQA) exemption and allows CEQA streamlining for specific projects in the area. *Died in Senate Appropriations Committee.*

[SB 1527 \(Comm. on Rev. & Tax\)](#) - extends the sunset on the ability of counties to set a higher threshold for a low-value exemption for possessory interests; modifies the tribal housing exemption to allow partnership agreements where a tribe or its designated housing authority is the sole general partner to claim the exemption. *Chapter 498, Statutes of 2024.*

[AB 1868 \(Friedman\)](#) - enacts a rebuttable presumption that an assessor shall not include in taxable value the value of the deed of trust included as part of specified contracts. *Chapter 553, Statutes of 2024.*

[AB 1879 \(Gipson\)](#) - allows a taxpayer to execute a BOE-prescribed form by electronic signature under specified circumstances. *Chapter 217, Statutes of 2024.*

[AB 2353 \(Ward\)](#) - provides that property owners developing affordable rental housing who qualify for the welfare exemption from property tax are not liable for penalties and interest on delinquent property taxes under specified circumstances. *Chapter 566, Statutes of 2024.*

[AB 2564 \(Boerner\)](#) - requires the Controller to transfer money from the General Fund to the Senior Citizens and Disabled Citizens Property Tax Postponement Fund when its balance is less than \$15 million. *Vetoed.*

[AB 2897 \(Connolly\)](#) - modifies the definition of “community land trust” in the Revenue and Taxation Code and adds references to “community land trust” in other state housing programs and law. *Chapter 580, Statutes of 2024.*

[AB 3134 \(Chen\)](#) - modifies the process for issuing refunds under various provisions of property tax law, including to provide that a county auditor is not required to provide notice to a taxpayer that a refund is due if the taxpayer has filed a claim for the refund. *Chapter 922, Statutes of 2024.*

[AB 3288 \(Comm. on Rev. & Tax\)](#) – makes several changes to laws guiding tax sales, including to require any taxing entity to send its objection to the tax sale before the first publication of notice of intended sale. *Chapter 123, Statutes of 2024.*

Sales & Use Taxes

[SB 546 \(Alvarado-Gil\)*](#) - enacts a state General Fund-only sales and use tax exemption for the purchase of dedicated snow removal vehicles. *Died in Senate Appropriations Committee.*

[SB 1086 \(Seyarto\)](#) - removes the motor vehicle fuel tax from the definitions of “sales price” and “gross receipts” in the Sales and Use Tax. *Died in Senate Rev. & Tax Committee.*

[SB 1528 \(Comm. on Rev. & Tax\)](#) - waives the prepayment deadline for used car dealers subject to the requirement to remit sales and use taxes to the Department of Motor Vehicles; under the Sales and Use Tax law, allows CDTFA to serve NODs and NOJDs electronically and revises the unremitted tax collected penalty threshold. *Chapter 499, Statutes of 2024.*

[AB 2061 \(Wilson\)](#) - enacts a state General Fund-only sales and use tax exemption for a zero-emission public transportation ferry purchased by a local agency. *Vetoed.*

[AB 2555 \(Quirk Silva\)](#) - extends the use tax exemption for medicinal cannabis or medicinal cannabis products donated by a licensed cannabis retailer to a medicinal cannabis patient until January 1, 2030. *Chapter 920, Statutes of 2024.*

Tax Administration

[SB 1013 \(Bradford\)](#) - creates a property tax assistance program for the descendants of an African American chattel enslaved person in the United States and descendants of a free Black person living in the United States prior to the end of the 19th century. *Died in Senate Appropriations Committee.*

[SB 1035 \(Ashby\)](#) - lowers the interest rate on restitution orders from 10% to an adjusted annual rate, as specified, not to exceed 10% per annum; directs FTB to use a sliding scale that considers income and ability to pay to determine amounts withheld under a criminal restitution order; and, provides that money collected must be used first to satisfy a restitution order before paying restitution fines or administrative costs. *Died in Senate Appropriations Committee.*

[SB 1172 \(Grove\)](#) - extends the sunset dates for the California Breast Cancer Voluntary Contribution Fund and California Cancer Research Voluntary Contribution Fund from January 1, 2025 to January 1, 2032. *Chapter 130, Statutes of 2024.*

[SB 1192 \(Portantino\)](#) - extends the provisions of the Small Business Relief Act (SBRA), and its associated credit against personal income tax through the 2027 taxable year. *Died in Assembly Appropriations Committee.*

[SB 1261 \(Alvarado Gil\)](#) - increases the amount the Governor must propose to distribute to CDFA for allocation to fairs in the annual Governor's Proposed Budget, an amount derived from a percentage of the gross receipts of sales when the place of sale is on or within the real property of a state-designated fair or any real property of a state-designated fair. *Died in Assembly Appropriations Committee.*

[SB 1436 \(Allen\)](#) – creates a five-member California Tax Policy Oversight Board to convene at least two meetings a year to allow four of the state's tax-related agencies to exchange ideas, take public input, and report findings and recommendations. *Died in Senate Appropriations Committee.*

[SB 1501 \(Glazer\)](#) – allows taxpayers to remain eligible for the tax credit under SBRA when the taxpayer's qualifying pass-through entity does not make the required prepayment by paying a penalty. *Died in Assembly Appropriations Committee.*

[AB 1828 \(Waldron\)](#) - extends the sunset date for the Rare and Endangered Species Preservation Voluntary Tax Contribution Program to January 1, 2032; extends the sunset date for the Native California Wildlife Rehabilitation Voluntary Tax Contribution Fund to January 1, 2031. *Chapter 360, Statutes of 2024.*

[AB 1983 \(Maienschein\)](#) - reestablishes the Prevention of Animal Homelessness and Cruelty Voluntary Tax Contribution Fund. *Chapter 234, Statutes of 2024.*

[AB 2197 \(Addis\)](#) - extends the sunset date for the Protect Our Coast and Oceans Voluntary Tax Contribution Fund from January 1, 2025, to January 1, 2032. *Chapter 150, Statutes of 2024.*

[AB 2238 \(Low\)](#) - expands the FTB from three members to five members by adding the State Treasurer and Lieutenant Governor. *Vetoed.*

[AB 2689 \(Bains\)](#) - extends the sunset date for the California Alzheimer's Disease and Related Dementia Research Voluntary Tax Contribution Fund from January 1, 2025 to January 1, 2032. *Chapter 112, Statutes of 2024.*

[AB 3287 \(Comm. on Rev. & Tax\)](#) - repeals the January 1, 2025 sunset date on FTB's authority to implement an alternative communication method with taxpayers. *Chapter 122, Statutes of 2024.*

[AB 3289 \(Comm. on Rev. & Tax\)](#) - exempts bills authorizing a gross income exclusion from specified reporting requirements under Section 41 when the Legislature determines there is no data available to collect and report. *Chapter 124, Statutes of 2024.*

* = Bill was never heard in the Senate Revenue & Taxation Committee

To read and retrieve copies of the Senate Revenue and Taxation Committee's detailed reference materials and other publications, please go to the Committee's website: <http://srev.senate.ca.gov>