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LEVINE, MARC (D-ALT)
REYES, ELOISE GÓMEZ (D-ALT)

Friday, May 25, 2018
10 minutes prior to Session
State Capitol, Room 3162

CONSENT AGENDA

BILL REFERRALS

1. Bill Referrals [Page 2](#)

RESOLUTIONS

2. ACR-241 (Rodriguez) Relative to Cardiopulmonary resuscitation. [Page 5](#)
3. HR-111 (Waldron) Relative to National Poppy Day in California. [Page 8](#)
4. SCR-131 (Newman) Relative to CASA Appreciation Day. [Page 11](#)
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REQUEST TO ADD URGENCY CLAUSE

7. AB-2731 (Gipson) Income taxes: investment management services interest: education funding. [Page 22](#)



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MARIE WALDRON

MARC LEVINE (D-ALT.)
ELOISE GÓMEZ REYES (D-ALT.)
VINCE FONG (R-ALT.)

Memo

To: Rules Committee Members
From: Michael Erke, Bill Referral Consultant
Date: 5/24/18
Re: Consent Bill Referrals

Since you received your preliminary list of bill referrals, ACR 242 has been added to the referrals.

REFERRAL OF BILLS TO COMMITTEE

05/25/2018

Pursuant to the Assembly Rules, the following bills were referred to committee:

Assembly Bill No.	Committee:
<u>ACR 242</u>	RLS.
<u>HR 111</u>	RLS.
<u>SB 227</u>	REV. & TAX.
<u>SB 721</u>	B. & P.
<u>SB 721</u>	H. & C.D.
<u>SB 917</u>	INS.
<u>SB 954</u>	JUD.
<u>SB 965</u>	AGRI.
<u>SB 970</u>	L. & E.
<u>SB 981</u>	P. & C.P.
<u>SB 997</u>	HEALTH
<u>SB 1077</u>	JUD.
<u>SB 1078</u>	H. & C.D.
<u>SB 1084</u>	L. GOV.
<u>SB 1136</u>	U. & E.
<u>SB 1139</u>	B. & F.
<u>SB 1164</u>	G.O.
<u>SB 1173</u>	H. & C.D.
<u>SB 1173</u>	JUD.
<u>SB 1183</u>	B. & F.
<u>SB 1183</u>	JUD.
<u>SB 1250</u>	E. & R.
<u>SB 1251</u>	L. GOV.
<u>SB 1274</u>	HUM. S.
<u>SB 1274</u>	P. & C.P.
<u>SB 1360</u>	TRANS.
<u>SB 1393</u>	PUB. S.
<u>SB 1427</u>	JUD.
<u>SB 1431</u>	JUD.
<u>SB 1435</u>	V.A.
<u>SB 1436</u>	JUD.
<u>SB 1491</u>	B. & P.
<u>SB 1492</u>	B. & P.
<u>SB 1492</u>	HIGHER ED.
<u>SB 1494</u>	PUB. S.
<u>SB 1495</u>	HEALTH
<u>SB 1498</u>	L. GOV.
<u>SB 1500</u>	V.A.
<u>SB 1500</u>	JUD.
<u>SB 1503</u>	G.O.
<u>SB 1504</u>	P.E.,R., & S.S.
<u>SB 1505</u>	A. & A.R.
<u>SB 1506</u>	REV. & TAX.
<u>SB 1507</u>	REV. & TAX.

SB 1509
SB 1510

A. & A.R.
REV. & TAX.

Assembly Concurrent Resolution

No. 241

Introduced by Assembly Member Rodriguez

May 15, 2018

Assembly Concurrent Resolution No. 241—Relative to cardiopulmonary resuscitation.

LEGISLATIVE COUNSEL’S DIGEST

ACR 241, as introduced, Rodriguez. Cardiopulmonary resuscitation.

This measure would declare the week of June 1, 2018, to June 7, 2018, inclusive, as Cardiopulmonary Resuscitation and Automated External Defibrillator Awareness Week in California, as specified.

Fiscal committee: no.

- 1 WHEREAS, Heart disease remains the leading cause of death
2 in the United States and California; and
3 WHEREAS, Heart disease affects men, women, and children
4 of every age and race, regardless of where they live; and
5 WHEREAS, More than 350,000 EMS-assessed out-of-hospital
6 cardiac arrests occur in the United States; and
7 WHEREAS, Approximately 90 percent of sudden cardiac arrest
8 victims die before arriving at the hospital; and
9 WHEREAS, Sudden cardiac arrest results from an abnormal
10 heart rhythm in most adults; and
11 WHEREAS, Nationally, only 46 percent of people who
12 experience an out-of-hospital cardiac arrest receive immediate
13 cardiopulmonary resuscitation by a bystander; and
14 WHEREAS, Prompt delivery of cardiopulmonary resuscitation
15 more than doubles the chance of survival from sudden cardiac

1 arrest by helping to maintain vital blood flow to the heart and brain,
2 increasing the amount of time that an electric shock from a
3 defibrillator can be effective; and

4 WHEREAS, It is often impossible for EMS personnel in
5 California to arrive within 10 minutes of a 911 call, therefore
6 achieving high survival rates depends on a public trained in
7 cardiopulmonary resuscitation and automated external defibrillator
8 use; and

9 WHEREAS, It is important to increase awareness of the value
10 of hands-only cardiopulmonary resuscitation; now, therefore, be
11 it

12 *Resolved by the Assembly of the State of California, the Senate*
13 *thereof concurring*, That the Legislature declares the week of June
14 1, 2018, to June 7, 2018, inclusive, to be Cardiopulmonary
15 Resuscitation and Automated External Defibrillator Awareness
16 Week in California, and that the residents of the State of California
17 are encouraged to learn hands-only cardiopulmonary resuscitation;
18 and be it further

19 *Resolved*, That the Chief Clerk of the Assembly transmit copies
20 of this resolution to the author for appropriate distribution.

O

Date of Hearing: May 25, 2018

ASSEMBLY COMMITTEE ON RULES
Ken Cooley, Chair
ACR 241 (Rodriguez) – As Introduced May 15, 2018

SUBJECT: Cardiopulmonary resuscitation.

SUMMARY: Declares the week of June 1, 2018, to June 7, 2018, inclusive, as Cardiopulmonary Resuscitation and Automated External Defibrillator Awareness Week in California. Specifically, **this resolution** makes the following legislative findings:

- 1) Heart disease affects men, women, and children of every age and race, regardless of where they live; and, remains the leading cause of death in the United States and California.
- 2) More than 350,000 EMS-assessed out-of-hospital cardiac arrests occur in the United States with approximately 90 percent of sudden cardiac arrest victims dying before arrival at hospital.
- 3) Nationally, only 46 percent of people who experience an out-of-hospital cardiac arrest receive immediate cardiopulmonary resuscitation by a bystander. Prompt delivery of cardiopulmonary resuscitation more than doubles the chance of survival from sudden cardiac arrest by helping to maintain vital blood flow to the heart and brain, increasing the amount of time that an electric shock from a defibrillator can be effective.
- 4) It is often impossible for EMS personnel in California to arrive within 10 minutes of a 911 call; therefore achieving high survival rates depends on a public trained in cardiopulmonary resuscitation and automated external defibrillator use. It is important to increase awareness of the value of hands-only cardiopulmonary resuscitation.

FISCAL EFFECT: None

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Nicole Willis / RLS. / (916) 319-2800

House Resolution

No. 111

Introduced by Assembly Member Waldron

May 21, 2018

House Resolution No. 111—Relative to National Poppy Day in California.

1 WHEREAS, America’s living veterans served in World War II
2 and in conflicts in Korea, Vietnam, the Persian Gulf, Kosovo, Iraq,
3 Afghanistan, Syria, and other countries; and
4 WHEREAS, Following World War I, the red poppy became an
5 internationally recognized symbol of the blood shed by those who
6 fought for their county; and
7 WHEREAS, one hundred years after the end of World War I,
8 the memories and displays of valor and courage have not been
9 forgotten due to the efforts of the American Legion Family; and
10 WHEREAS, After World War II, surviving soldiers began to
11 see the poppy as a symbol of their sacrifice to the country they
12 served; and
13 WHEREAS, Poppies are worn and displayed as a symbolic
14 tribute to fallen and future veterans and members of the Armed
15 Forces; and
16 WHEREAS, Throughout history, countless Americans have
17 laid down their lives to protect and defend the country and the
18 people they love; and
19 WHEREAS, The poppy flower is used to recognize and show
20 the nation’s strong commitment to remembering those that fought
21 for our country; and

1 WHEREAS, By recognizing National Poppy Day, we stand
2 with these brave men and women, and with the families of all those
3 who did not make it home; now, therefore, be it

4 *Resolved by the Assembly of the State of California*, That the
5 Assembly hereby designates and commemorates May 25, 2018,
6 as National Poppy Day in California; and be it further

7 *Resolved*, That the Chief Clerk of the Assembly transmit copies
8 of this resolution to the author for appropriate distribution.

O

Date of Hearing: May 25, 2018

ASSEMBLY COMMITTEE ON RULES
Ken Cooley, Chair
HR 111 (Waldron) – As Introduced May 21, 2018

SUBJECT: National Poppy Day in California.

SUMMARY: Designates May 25, 2018, as National Poppy Day in California. Specifically, **this resolution** makes the following legislative findings:

- 1) America's living veterans served in World War II and in conflicts in Korea, Vietnam, the Persian Gulf, Kosovo, Iraq, Afghanistan, Syria, and other countries.
- 2) Following World War I, the red poppy became an internationally recognized symbol of the blood shed by those who fought for their country; and, one hundred years after the end of World War I, the memories and displays of valor and courage have not been forgotten due to the efforts of the American Legion Family.
- 3) After World War II, surviving soldiers began to see the poppy as a symbol of their sacrifice to the country they served. Poppies are worn and displayed as a symbolic tribute to fallen and future veterans and members of the Armed Forces.
- 4) Throughout history, countless Americans have laid down their lives to protect and defend the country and the people they love. The poppy flower is used to recognize and show the nation's strong commitment to remembering those that fought for our country.
- 5) By recognizing National Poppy Day, the Assembly stands with these brave men and women, and with the families of all those who did not make it home.

FISCAL EFFECT: None

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Nicole Willis / RLS. / (916) 319-2800

Introduced by Senator Newman

April 9, 2018

Senate Concurrent Resolution No. 131—Relative to CASA Appreciation Day.

LEGISLATIVE COUNSEL’S DIGEST

SCR 131, as introduced, Newman. CASA Appreciation Day.

This measure would declare May 14, 2018, as CASA Appreciation Day in California.

Fiscal committee: no.

1 WHEREAS, All children have the right to a home with loving
2 people to care for them, but each year in the United States, children
3 are abused, neglected, or abandoned by their families. These
4 children are removed from their homes, placed in foster care or
5 institutions, and eventually end up in court; and

6 WHEREAS, A judge has the power to decide the future for
7 these children and whether they should remain in foster care, be
8 reunited with parents, or adopted, but in many cases, the children
9 become victims for a second time, lost in an overburdened child
10 welfare system that cannot pay close attention to each child; and

11 WHEREAS, CASA Appreciation Day recognizes the important
12 role played by Court Appointed Special Advocate for children
13 (CASA) volunteers. These trained community volunteers are
14 appointed by a judge as officers of the court to speak up for
15 children in juvenile court and to help humanize the often
16 frightening and confusing child welfare and legal systems for these
17 children; and

1 WHEREAS, Eighty thousand of California's children are in
2 foster care because they have been abused, neglected, or
3 abandoned. CASA volunteers play an important role in their lives
4 by getting to know a foster care child and letting the judge and
5 others in the child welfare system know about the child's
6 perspective and needs; and

7 WHEREAS, The CASA mission is to ensure consistency and
8 support for children in the foster care system through the use of
9 volunteer advocates advancing the best interests of each child; and

10 WHEREAS, The CASA vision is one where every child in need
11 is appointed a CASA volunteer to champion him or her in court,
12 without compromise, on the path to a safe and permanent home;
13 now, therefore, be it

14 *Resolved by the Senate of the State of California, the Assembly*
15 *thereof concurring*, That the Legislature hereby declares that May
16 14, 2018, is recognized as CASA Appreciation Day in California;
17 and be it further

18 *Resolved*, That the Secretary of the Senate transmit copies of
19 this resolution to the author for appropriate distribution.

O

Date of Hearing: May 25, 2018

ASSEMBLY COMMITTEE ON RULES
Ken Cooley, Chair
SCR 131 (Newman) – As Introduced April 9, 2018

SENATE VOTE: 37-0

SUBJECT: CASA Appreciation Day.

SUMMARY: Declares May 14, 2018 as CASA Appreciation Day in California. Specifically, **this resolution** makes the following legislative findings:

- 1) All children have the right to a home with loving people to care for them, but each year in the United States, children are abused, neglected, or abandoned by their families. These children are removed from their homes, placed in foster care or institutions, and eventually end up in court.
- 2) A judge has the power to decide the future for these children and whether they should remain in foster care, be reunited with parents, or adopted, but in many cases, the children become victims for a second time, lost in an overburdened child welfare system that cannot pay close attention to each child.
- 3) CASA Appreciation Day recognizes the important role played by Court Appointed Special Advocate for children (CASA) volunteers. These trained community volunteers are appointed by a judge as officers of the court to speak up for children in juvenile court and to help humanize the often frightening and confusing child welfare and legal systems for these children.
- 4) Eighty thousand of California's children are in foster care because they have been abused, neglected, or abandoned. CASA volunteers play an important role in their lives by getting to know a foster care child and letting the judge and others in the child welfare system know about the child's perspective and needs.
- 5) The CASA mission is to ensure consistency and support for children in the foster care system through the use of volunteer advocates advancing the best interests of each child; and, their vision is one where every child in need is appointed a CASA volunteer to champion him or her in court, without compromise, on the path to a safe and permanent home.

FISCAL EFFECT: None

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Introduced by Senator Newman

April 25, 2018

Senate Concurrent Resolution No. 136—Relative to Infrastructure Week.

LEGISLATIVE COUNSEL’S DIGEST

SCR 136, as introduced, Newman. Infrastructure Week.

This measure would recognize the week of May 14, 2018, to May 20, 2018, inclusive, as Infrastructure Week, and would urge the citizens of California to join in this special observance with appropriate events and commemorations.

Fiscal committee: no.

- 1 WHEREAS, The week of May 14, 2018, to May 20, 2018,
2 inclusive, is being observed at the local, state, and national levels
3 as the sixth annual Infrastructure Week; and
4 WHEREAS, The people of California rely on critical
5 infrastructure, such as roads and bridges, railroads and transit
6 systems, ports and airports, waste and water systems, reliable
7 power supplies, open spaces, and access to broadband; and
8 WHEREAS, This infrastructure enhances the state’s local and
9 regional economy, quality and enjoyment of life, safety, and the
10 strength of communities; and
11 WHEREAS, Decades of underfunding and deferred maintenance
12 have pushed infrastructure across the state to the brink of crisis,
13 with preventable failures occurring in some communities that
14 impose financial costs to the public and government; and
15 WHEREAS, California risks compromising its competitive
16 advantage by failing to adequately invest in its infrastructure; and

1 WHEREAS, California's failure to invest in infrastructure
2 systems is more than a drag on the economy, it can be harmful to
3 health and safety, even though most tragedies resulting from
4 infrastructure failures are preventable with adequate investment;
5 and

6 WHEREAS, Every dollar invested in infrastructure generates
7 in excess of \$2 in economic output and jobs; and

8 WHEREAS, To grow California's economy, keep people safe,
9 strengthen communities, and preserve and protect the state's green
10 infrastructure and environment, all levels of government and the
11 private sector need to work together to rebuild and repair critical
12 infrastructure; and

13 WHEREAS, Infrastructure Week 2018 has been established to
14 highlight infrastructure investment needs in communities
15 throughout California, and to recognize and encourage leadership
16 at the federal, state, and local levels to address the state's pressing
17 infrastructure challenges; and

18 WHEREAS, Infrastructure Week challenges policymakers and
19 the public to address the challenges facing green and traditional
20 infrastructure, to move beyond short-term fixes and deferred
21 maintenance, and to envision the innovative solutions, technologies,
22 policies, and investments that will improve the state's infrastructure
23 today and in the future; now, therefore, be it

24 *Resolved by the Senate of the State of California, the Assembly*
25 *thereof concurring*, That the Legislature recognizes the week of
26 May 14, 2018, to May 20, 2018, inclusive, as Infrastructure Week,
27 and urges the citizens of California to join in this special
28 observance with appropriate events and commemorations; and be
29 it further

30 *Resolved*, That despite fiscal challenges, it is important for the
31 Legislature to dedicate sufficient resources to transportation,
32 infrastructure, and green investments in our community; and be it
33 further

34 *Resolved*, That the Secretary of the Senate transmit copies of
35 this resolution to the author for appropriate distribution.

O

Date of Hearing: May 25, 2018

ASSEMBLY COMMITTEE ON RULES
Ken Cooley, Chair
SCR 136 (Newman) – As Introduced April 25, 2018

SENATE VOTE: 38-0

SUBJECT: Infrastructure Week.

SUMMARY: Recognizes the week of May 14, 2018, to May 20, 2018, as Infrastructure Week, and urges the citizens of California to join in this special observance with appropriate events and commemorations. Specifically, **this resolution** makes the following legislative findings:

- 1) The people of California rely on critical infrastructure, such as roads and bridges, railroads and transit systems, ports and airports, waste and water systems, reliable power supplies, open spaces, and access to broadband.
- 2) This infrastructure enhances the state's local and regional economy, quality and enjoyment of life, safety, and the strength of communities.
- 3) Decades of underfunding and deferred maintenance have pushed infrastructure across the state to the brink of crisis, with preventable failures occurring in some communities that impose financial costs to the public and government.
- 4) California's failure to invest in infrastructure systems is more than a drag on the economy; it can be harmful to health and safety, even though tragedies resulting from infrastructure failures are preventable with adequate investment. Every dollar invested in infrastructure generates nearly \$2 in economic output.
- 5) Infrastructure Week 2018 has been established to highlight infrastructure investment needs in communities throughout California, and to recognize and encourage leadership at the federal, state, and local levels to address our pressing infrastructure challenges.
- 6) Infrastructure Week challenges policymakers and the public to address the challenges facing green and traditional infrastructure, to move beyond short-term fixes and deferred maintenance, and to envision the innovative solutions, technologies, policies, and investments that will improve our infrastructure today and in the future.

FISCAL EFFECT: None

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Nicole Willis / RLS. / (916) 319-2800

Introduced by Senator Moorlach
(Coauthors: Senators Bates, Berryhill, Fuller, Gaines, Morrell,
Skinner, Stone, and Vidak)
(Coauthor: Assembly Member Dahle)

May 2, 2018

Senate Concurrent Resolution No. 141—Relative to Amyotrophic Lateral Sclerosis Awareness Month.

LEGISLATIVE COUNSEL’S DIGEST

SCR 141, as introduced, Moorlach. Amyotrophic Lateral Sclerosis Awareness Month.

This measure would proclaim the month of May 2018 as Amyotrophic Lateral Sclerosis Awareness Month in California, and would encourage continued research in order to find treatments and eventually a cure for amyotrophic lateral sclerosis.

Fiscal committee: no.

- 1 WHEREAS, Amyotrophic Lateral Sclerosis (ALS), also known
2 as Lou Gehrig’s disease, was first identified in 1869 and its cause,
3 cure, and means of control are still unknown; and
4 WHEREAS, Recent years have generated new scientific
5 understanding regarding the physiology of the disease; and
6 WHEREAS, Anyone can get ALS, which selectively destroys
7 the motor neurons in the nervous system and, in its progression,
8 the patient loses the ability to move, speak, swallow, and eventually
9 breathe, while the mind remains unaffected and alert; and
10 WHEREAS, ALS is usually diagnosed between 40 and 70 years
11 of age; and

1 WHEREAS, American military veterans have a higher incidence
2 of ALS than the general population; and

3 WHEREAS, ALS is responsible for nearly two deaths per every
4 100,000 people. Each year, over 5,300 people in the United States
5 are newly diagnosed and can expect a life expectancy, on average,
6 from two to five years from the time of diagnosis; and

7 WHEREAS, Amyotrophic Lateral Sclerosis Awareness Month
8 increases public awareness of ALS and acknowledges the terrible
9 impact this disease has, not only on patients, but on patients'
10 families as well, and recognizes the need for ALS research and
11 for quality treatment, care, and support of patients and families
12 living with ALS; now, therefore, be it

13 *Resolved by the Senate of the State of California, the Assembly*
14 *thereof concurring*, That the Legislature of the State of California
15 hereby proclaims the month of May 2018 as Amyotrophic Lateral
16 Sclerosis Awareness Month in California; and be it further

17 *Resolved*, That the Legislature encourages continued research
18 in order to find treatments and eventually a cure for ALS and care
19 and support for patients and families; and be it further

20 *Resolved*, That the Secretary of the Senate transmit copies of
21 this resolution to the author for appropriate distribution.

O

Date of Hearing: May 25, 2018

ASSEMBLY COMMITTEE ON RULES
Ken Cooley, Chair
SCR 141 (Moorlach) – As Introduced May 2, 2018

SENATE VOTE: 38-0

SUBJECT: Amyotrophic Lateral Sclerosis Awareness Month.

SUMMARY: Proclaims the month of May 2018 as Amyotrophic Lateral Sclerosis Awareness Month in California and encourages continued research in order to find treatments and eventually a cure for amyotrophic lateral sclerosis. Specifically, **this resolution** makes the following legislative findings:

- 1) Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease, was first identified in 1869 and its cause, cure, and means of control are still unknown.
- 2) Anyone can get ALS, which selectively destroys the motor neurons in the nervous system and, in its progression, the patient loses the ability to move, speak, swallow, and eventually breathe, while the mind remains unaffected and alert.
- 3) ALS is usually diagnosed between 40 and 70 years of age and American military veterans have a higher incidence of ALS than the general population.
- 4) ALS is responsible for nearly two deaths per every 100,000 people; and, each year, over 5,300 people in the United States are newly diagnosed and can expect a life expectancy, on average, from two to five years from the time of diagnosis.
- 5) Amyotrophic Lateral Sclerosis Awareness Month increases public awareness of ALS and acknowledges the terrible impact this disease has, not only on patients, but on patients' families as well, and recognizes the need for ALS research and for quality treatment, care, and support of patients and families living with ALS.

FISCAL EFFECT: None

REGISTERED SUPPORT / OPPOSITION:

Support

The ALS Association Golden West Chapter

Opposition

None on file

Analysis Prepared by: Nicole Willis / RLS. / (916) 319-2800

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May 23, 2018

The Honorable Ken Cooley
State Capitol, Room 3013
Sacramento, CA 95814

Re: SCR 141 (Moorlach) Support

Dear Assemblymember Cooley:

On behalf of the Greater Orange County, Greater San Diego, Greater Sacramento and Golden West Chapters of the ALS Association, we are pleased to support your Senate Concurrent Resolution 141, a resolution declaring May 2018 as Amyotrophic Lateral Sclerosis (ALS) Awareness Month in California.

The language in the resolution accurately describes the history of, and current thinking about, ALS (also known as Lou Gehrig's Disease).

California is home to more people with ALS than any other state. With a lifetime risk of being diagnosed with ALS at 1:400, and with military veterans being diagnosed at twice the rate of the general population, most California families will know someone affected by ALS.

Our chapters are pleased to be on the front lines in maintaining a model of care throughout California for those diagnosed with ALS. This system of care has been a proven method of treatment enabling patients to live longer and better adapt to new challenges as the disease progresses.

The unique nature of ALS makes clinical trials particularly challenging. California is a leader in drug discovery, innovation, infrastructure, and forward thinkers. California has become home to technology and biotech giants, and now represents the sixth largest economy in the world, largely because of its investment and support for innovation, incubation, and data driven investment.

Thank you for your leadership in introducing SCR 141. This legislation will bring more focus to those suffering with Lou Gehrig's Disease as well as for the need for resources to enable patients to live their lives as comfortably as possible.

We look forward to working with you to see it passed by both houses of the California Legislature. Please call on us if we can provide anything further.

Sincerely,

Greater Orange County
Association

Greater San Diego Chapter ALS
ALS Association

AMENDED IN ASSEMBLY MAY 1, 2018

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 2731

Introduced by Assembly Member ~~Gipson~~ Members *Gipson and Bonta*

February 15, 2018

An act to add Section 17044 to the Revenue and Taxation Code, relating to taxation, ~~to take effect immediately, tax levy, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2731, as amended, Gipson. Income taxes: investment management services ~~interest~~. *interest: education funding.*

The Personal Income Tax Law imposes taxes based upon taxable income of individuals, estates, and trusts at specified rates from 1% to 9.3%, as provided.

This bill would impose a tax of 17% on that portion of an individual's taxable income derived from an investment management services interest, as defined. The bill would require the Franchise Tax Board to report to the ~~Legislature~~ *Legislature, no more than 30 days thereafter*, if the United States Congress passes and the President of the United States signs legislation having an identical effect as the above-described tax applicable to that income earned in all of the states and ~~territories~~ *territories*, and would further require the Legislature to determine whether to ~~make the repeal~~, make inoperative, or continue in effect the tax. The bill would also ~~state the intent of the Legislature that the moneys derived from the imposition of the tax be used for education purposes.~~ *require the revenues derived from this tax to be deposited in*

the College, Career, and Community Ready Fund, which the bill would establish.

The bill would require the moneys deposited in the College, Career, and Community Ready Fund to be continuously appropriated to the State Department of Education for apportionment to local educational agencies for designated categories of programs, thereby making an appropriation. The bill would authorize the department to adopt regulations and procedures to implement these provisions of the bill relating to the distribution of the apportioned funds and to effectuate the intent of the Legislature as to the distribution of these funds among those categories. The bill would also authorize the Franchise Tax Board to prescribe rules, guidelines, or procedures necessary or appropriate to carry out the purposes of the bill, as specified.

The funds apportioned to local educational agencies pursuant to this bill for the specified purposes 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.

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

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

- 1 SECTION 1. Section 17044 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17044. (a) For each taxable year beginning on or after January
- 4 1, 2018, in addition to any other taxes imposed by this part, an
- 5 additional tax shall be imposed at the rate of 17 percent on that
- 6 portion of a taxpayer's taxable income derived from an investment
- 7 management services interest.
- 8 (b) For purposes of this section:
- 9 (1) "Investment management services interest" means any
- 10 interest in a business which is held by any individual if that
- 11 individual provides, directly or indirectly, in the active conduct of
- 12 a trade or business, a substantial quantity of any of the following
- 13 services to the business:

1 (A) Advising the business, including a partnership, “S”
2 corporation, or any other business entity, as to the advisability of
3 investing in, purchasing, or selling any specified asset.

4 (B) Managing, acquiring, or disposing of any specified asset.

5 (C) Arranging financing with respect to acquiring specified
6 assets.

7 (D) Any activity in support of any service described in
8 subparagraphs (A) to (C), inclusive.

9 (2) “Specified asset” means securities, as defined in Section
10 475(c)(2) of the Internal Revenue Code, relating to security defined,
11 real estate held for rental or investment, interest in partnerships,
12 commodities; or as defined in Section 475(e)(2) of the Internal
13 Revenue Code, relating to commodity, or options or derivative
14 contracts to any of these.

15 (c) A partner or shareholder shall not be deemed to hold an
16 investment management services interest if at least 80 percent of
17 the average fair market value of the specified assets of the business
18 during the taxable year consists of real estate.

19 (d) *(1) Revenues derived from the tax imposed by this section*
20 *shall be deposited in the College, Career, and Community Ready*
21 *Fund, which is hereby created. Notwithstanding Section 13340 of*
22 *the Government Code, the moneys deposited in the College, Career,*
23 *and Community Ready Fund shall be continuously appropriated*
24 *without regard to fiscal year to the State Department of Education,*
25 *for apportionment, on the basis of average daily attendance, to*
26 *local educational agencies. The funds apportioned under this*
27 *subdivision shall only be expended by local educational agencies*
28 *to support programs relating to one or more of the following*
29 *purposes:*

30 (A) *Career technical education.*

31 (B) *Early childhood education.*

32 (C) *Staffing to provide counseling in social-emotional, mental,*
33 *physical, and academic health and positive behavior, and to*
34 *provide counseling and support for pupils, teachers, and staff in*
35 *trauma-informed and culturally responsive strategies.*

36 (2) *At least 5 percent of the moneys apportioned under this*
37 *subdivision shall be used to supplement, and not supplant, the*
38 *Agricultural Career Technical Education Incentive Program*
39 *established pursuant to Article 7.5 (commencing with Section*

1 52460) of Chapter 9 of Part 28 of Division 4 of Title 2 of the
2 Education Code.

3 (3) It is the intent of the Legislature that each of the categories
4 listed in subparagraphs (A) to (C), inclusive, of paragraph (1)
5 shall be allocated at least 10 percent, but no more than 50 percent,
6 of the moneys apportioned under this subdivision in each fiscal
7 year.

8 (4) The State Department of Education is authorized to adopt
9 regulations and procedures to implement this subdivision and to
10 effectuate the intent of the Legislature as expressed in paragraph
11 (3).

12 ~~(d)~~

13 (e) (1) The Franchise Tax Board shall report to the ~~Legislature~~
14 ~~Legislature, no more than 30 days thereafter,~~ if the United States
15 Congress passes and the President of the United States signs
16 legislation having an identical effect as this section applicable to
17 that income earned in all of the states and territories.

18 (2) Upon receipt of the report, the Legislature shall, in the same
19 taxable year as in which the report is made, determine whether to
20 repeal, make inoperative, or continue in effect the tax imposed by
21 this section.

22 (3) A report to be submitted pursuant to paragraph (1) shall be
23 submitted in compliance with Section 9795 of the Government
24 Code.

25 (f) The Franchise Tax Board may prescribe rules, guidelines,
26 or procedures necessary or appropriate to carry out the purposes
27 of this section. Chapter 3.5 (commencing with Section 11340) of
28 Part 1 of Division 3 of Title 2 of the Government Code shall not
29 apply to any rule, guideline, or procedure prescribed by the
30 Franchise Tax Board pursuant to this section.

31 ~~SEC. 2. It is the intent of the Legislature that the moneys~~
32 ~~derived from the tax imposed by Section 17044 of the Revenue~~
33 ~~and Taxation Code, as added by this act, will be used for education~~
34 ~~purposes.~~

35 ~~SEC. 3. This act provides for a tax levy within the meaning of~~
36 ~~Article IV of the California Constitution and shall go into~~
37 ~~immediate effect.~~

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Assembly California Legislature



MIKE A. GIPSON
DEMOCRATIC CAUCUS CHAIR
ASSEMBLYMEMBER, SIXTY-FOURTH DISTRICT

COMMITTEES
BUSINESS AND PROFESSIONS
GOVERNMENTAL ORGANIZATION
INSURANCE
TRANSPORTATION

SELECT COMMITTEES
CHAIR: INFECTIOUS DISEASES IN HIGH
RISK DISADVANTAGED COMMUNITIES
COMMUNITY AND LAW ENFORCEMENT
RELATIONS AND RESPONSIBILITIES
DOMESTIC VIOLENCE
FOSTER CARE
NON-PROFIT SECTOR
PORTS AND GOODS MOVEMENT
REGIONAL TRANSPORTATION SOLUTIONS

May 16, 2018

The Honorable Ken Cooley
Chair, Assembly Rules Committee
State Capitol, Room 3016
Sacramento, CA 95814

RE: Request to Add Urgency Clause to AB 2731

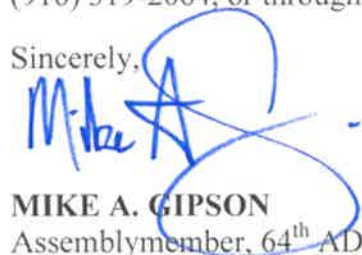
Dear Assemblymember Cooley:

I would like to request your consideration in allowing me to add an urgency clause to Assembly Bill 2731, which would create a sur tax for carried interest at a rate of 17% on top of the current short term capital gains rate of 20% to match the amount it would be taxed as if it were income at the federal level.

I request an urgency clause for AB 2731 to ensure the provisions of this bill can be appropriately adopted and implemented in a timely matter given that range of consideration from the Franchise Tax Board (FTB). In the FTB analysis on this bill, it was indicated that because the effective date is set as January 1, 2018, the FTB would have to revise its forms and instructions to ensure compliance with the bill for all entities and individuals filing income reports for the 2018 year. It is already expected that this will bring additional costs, but will be even more problematic if the measure is not actually enacted until January 1, 2019. Also, the FTB will need to begin immediate rulemaking procedures and have suggested an exemption from the Administrative Procedures Act, given the fact that the policy will apply to the 2018 tax year.

Given the tax year this bill applies to, it is critical that the provisions of this bill go into effect immediately so that appropriate administrative and regulatory action may keep pace. If you have any questions about this request, please contact me legislative assistant, Esthela Pacheco, at (916) 319-2064, or through email at esthela.pacheco@asm.ca.gov.

Sincerely,



MIKE A. GIPSON
Assemblymember, 64th AD

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