

## CURRENT BILL STATUS

MEASURE : A.B. No. 737  
AUTHOR(S) : Jerome Horton.  
TOPIC : Property tax revenue allocations: public utilities:  
qualified property.  
HOUSE LOCATION : ASM  
+LAST AMENDED DATE : 04/14/2005

TYPE OF BILL :  
Active  
Non-Urgency  
Non-Appropriations  
2/3 Vote Required  
State-Mandated Local Program  
Fiscal  
Non-Tax Levy

LAST HIST. ACT. DATE: 05/25/2005  
LAST HIST. ACTION : In committee: Set, second hearing. Held under  
submission.  
COMM. LOCATION : ASM APPROPRIATIONS

TITLE : An act to add Section 100.95 to the Revenue and Taxation  
Code, relating to local government finance.

## COMPLETE BILL HISTORY

BILL NUMBER : A.B. No. 737  
AUTHOR : Jerome Horton  
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2/3 Vote Required  
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Fiscal  
Non-Tax Levy

BILL HISTORY  
2005

May 25 In committee: Set, second hearing. Held under submission.  
May 11 In committee: Set, first hearing. Referred to APPR. suspense file.  
Apr. 28 From committee: Do pass, and re-refer to Com. on APPR.  
Re-referred. (Ayes 7. Noes 0.) (April 27).  
Apr. 18 Re-referred to Com. on L. GOV.  
Apr. 14 Referred to Coms. on L. GOV. and REV. & TAX. From committee  
chair, with author's amendments: Amend, and re-refer to Com. on L.  
GOV. Read second time and amended.  
Feb. 18 From printer. May be heard in committee March 20.  
Feb. 17 Read first time. To print.

BILL NUMBER: AB 737      AMENDED  
BILL TEXT

AMENDED IN ASSEMBLY   APRIL 14, 2005

INTRODUCED BY      Assembly Member Jerome Horton

FEBRUARY 17, 2005

An act ~~relating to electricity~~ to add  
Section 100.95 to the Revenue and Taxation Code, relating to local  
government finance .

LEGISLATIVE COUNSEL'S DIGEST

AB 737, as amended, Jerome Horton. ~~Public utilities:~~  
~~electricity.~~ Property tax revenue allocations: public  
utilities: qualified property.

The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of companies transmitting or selling gas or electricity. Existing property tax law provides for the valuation, as a unit, of properties of a state assessee that are operated as a unit as a primary function of that assessee, and for the allocation of the assessed value of the unit among various counties in which the state-assessee's unitary property is located. Existing law also provides, pursuant to specified formulas, for the application in each county of specified tax rates to unitary assessed value, and for the allocation among jurisdictions in that county of the resulting revenues.

This bill would, for the 2006-07 fiscal year and for each fiscal year thereafter, require that the assessed value of qualified property, as defined, placed in service by a public utility on or after January 1, 2006, be allocated entirely to the county in which the property is located. This bill would also require that the property tax revenues derived from qualified property be allocated among the county and school entities in the same percentage shares as revenues derived from the utility in the prior fiscal year. This bill would also require that the balance of these revenues remaining after these allocations have been made be allocated entirely to the city in which the qualified property is located, if that property is located within a city, or entirely to the county, if the property is located in an unincorporated area.

By establishing new duties with respect to the annual allocation of property tax revenues derived from state-assessed property, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section

25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.

~~Existing law provides for the furnishing of utility services, including residential electrical, gas, heat, and water services, by privately owned public utilities subject to the jurisdiction and control of the Public Utilities Commission and similar services by publicly owned public utilities, including municipal corporations subject to their governing bodies and municipal utility districts and public utility districts subject to their boards and directors.~~

~~This bill would express the Legislature's intent to ensure that adequate physical electrical generating capacity is available to meet peak demand planning and operating reserves so that all Californians receive reliable, affordable electric service.~~

Vote: ~~majority~~ 2/3 . Appropriation:  
no. Fiscal committee: ~~no~~ yes .  
State-mandated local program: ~~no~~ yes .

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 100.95 is added to the Revenue and Taxation Code , to read:

100.95. (a) Notwithstanding any other provision of law, for the 2006-07 fiscal year and each fiscal year thereafter, all of the following apply:

(1) The property tax assessed value of qualified property that is owned by a public utility and that is assessed by the State Board of Equalization shall be allocated entirely to the countywide tax rate area established under subdivision (a) of Section 100 in the county in which the qualified property is located.

(2) The tax rate applied to the assessed value allocated pursuant to paragraph (1) shall be the rate calculated pursuant to Section 93.

(3) The revenues derived from the application of the tax rate to the assessed value allocated to a tax rate area pursuant to paragraph (1) shall be allocated as follows:

(A) (i) School entities, as defined in subdivision (f) of Section 95, shall be allocated an amount equivalent to the same percentage the school entities received in the prior fiscal year from the property tax revenues paid by the utility in the county in which the qualified property is located.

(ii) The county in which the qualified property is located shall be allocated an amount equivalent to the same percentage the county received in the prior fiscal year from the property tax revenues paid by the utility in the county in which the qualified property is located.

(B) The balance of these revenues remaining after the allocations made under subparagraph (A) shall be allocated as follows:

(i) If the qualified property is located in a city, to the city in which that property is located.

(ii) If the qualified property is located in an unincorporated area of the county, to the county.

(b) For purposes of this section, both of the following apply:

(1) "Qualified property" means all plant and associated equipment, including substation facilities and fee-owned land and easements, placed in service by the public utility on or after January 1, 2006, and related to the following:

(A) Electrical substation facilities that meet either of the following conditions.

(i) The high-side voltage of the facility's transformer is 50,000 volts or more.

(ii) The substation facilities are operated at 50,000 volts or more.

(B) Electric generation facilities that have a nameplate generating capacity of 40 megawatts or more.

(2) "Qualified property" does not include additions, modifications, reconductoring, or equivalent replacements to the plant and associated equipment made after the plant and associated equipment are placed in service.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

~~SECTION 1. It is the intent of the Legislature to ensure that adequate physical electrical generating capacity is available to meet peak demand planning and operating reserves, at or deliverable to locations and at times as may be necessary to ensure local area and system reliability so that all Californians receive reliable, affordable electric service.~~