



Legislative Roundup | *South Dakota vs. Wayfair, Inc.* Webinar Details | Statewide Ballot Status

As reported in last week's June 21, 2018 Policy Update, details are unfolding quickly including what is next and what may or may not be needed from the State Legislature and/or Congress with respect to implementing *South Dakota vs. Wayfair, Inc.*

The CDTFA's home page states: "The State of California joined with 41 other states, two Territories and the District of Columbia in asking the Court to reject the physical presence test in support of today's result. The department is currently reviewing the court's opinion to determine next steps to support taxpayers." *The CDTFA's "guide" which was referred to in our earlier publication is no longer live. While the CDTFA initially projected to begin collecting August 1, 2018, with new revenue included in the November clean-up, we are now uncertain about the actual timing. Please reach out to your Client Services Manager with specific implementation and revenue-related questions or comments.*

The historic Supreme Court ruling is certainly some of the best news for local governments we have seen in a very long time. The ruling basically provides states with the authority to require online retailers to collect sales taxes even without a local presence in that state – thereby boosting local sales tax revenues. There are still implementation details to be worked out at the state level. Collecting sales tax on online purchases has been a controversial subject for decades, and the Supreme Court decision reflects that things are not completely settled.

Also, the decision does not address digital goods. For several years, the wireless industry has sought a moratorium on new wireless taxes (content/ digital goods such as music downloads). This law, as originally written, would affect cities that have not yet obtained voter approval of a modern telecom ordinance, and it would also affect a city with a modern ordinance that wished to go to the voters for a tax increase. One of the arguments made by the industry is that they cannot be compelled to collect UUT because they do not have sufficient contacts with the taxing jurisdiction -- no physical presence. That argument is now severely weakened by the *Wayfair* decision because the argument was based on the *Quill* decision, which *Wayfair* overturned. The *Wayfair* decision effectively removes this argument against applying local UUTs to digital downloads or streaming media. The other legal arguments of the industry, however, remain.

The State Auditor last year recommended several changes to the sales tax law to broaden its base and to increase collections. To broaden the tax base and to recognize the changing economy, the Auditor recommended extending the sales tax to digital goods (such as games, streaming or downloaded video and music, and e-books).
<https://auditor.ca.gov/pdfs/reports/2017-106.pdf>.

This Wednesday, Avenu/ MuniServices is hosting an interactive webinar on this issue. Fran Mancina, Vice President of Government Relations, and John Kroll a tax policy advisory with HMWK LLC will lead the discussion.

AVENU / MUNISERVICES WEBINAR: Online Sales Tax: What The Supreme Court's Decision Means For You

WHEN: Wednesday, June 27, 2018 at 10 am PST / 1 pm EST

JOIN VIA PHONE: 1-240-454-0887 / Access Code: 668 841 813/ Password SCOTUS

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GOVERNMENT RELATIONS CONTACT

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SECTION 1: LEGISLATIVE & POLICY ROUNDUP

Sales and Use Taxes/ District Taxes

Change the Local Sales Tax Allocation for On-Line Purchases (SCA 20/ Glazer) *Senate Appropriations Suspense File*
Exemption (State and Local): Charitable Thrift (SB 1484/ E. Hernandez)
Sales and Use Tax Exemption: Bicycles: Purchases by the City of Santa Monica (AB 2938/ Bloom) *Updated*
Transactions and Use Tax – Exclusion from 2% Cap (AB 2920/ Thurmond) *Updated*
Sales Tax: Service Tax: Qualified Business (SB 993/ Hertzberg) *Updated*
Sales and Use Tax Exemption: Military and Veterans Medical Facilities (SB 1007/ Hertzberg) *New*
South Dakota v. Wayfair, Inc. *Updated*

Property Taxes / Documentary Transfer Taxes/ Parcel Taxes

Property Tax: Welfare Exemption (Local): Community Land Trust (SB 1056/ Beall)
Local Parcel Taxes for School Districts (AB 2954/ Bonta)
Exemption for Special Parcel Taxes: Davis Joint Unified School District (SB 958/ Dodd)
Qualified Special Taxes: Exemption: Information (Parcel Tax) (AB 2458/ Weber)
Imposes a Maximum DTT Rate Across the State (SB 1411/ Moorlach) *Hearing Cancelled by the Author*
Property Tax Backfill for Locals Due to the October 2017 Fires and Southern California Mudslides (State Budget) *New*

Business License

GO-Biz Information Technology (AB 767/ Quirk-Silva) *Updated*
Business Licenses/ Identification Requirements Accepted by Locals (AB 2184/ Chiu)
City Business Tax Data Exchange Program / Eliminates January 1, 2019 Sunset (SB 855/ State Budget) *New*

Local Governance / Local Balloting Including Proposed TFTA of 2018/ Additional Issues

Microenterprise Home Kitchen Operations (AB 626/ Garcia) *New*
Taxicab Regulation (AB 939/ Low) *New*
Advanced Digital Network Act (AB 1405/ Mullin) *New*
Vision Zero Task Force (AB 2363/ Friedman) *New*
Parking Violations (AB 2544/ Lackey) *New*
Ordinances: Violation Increase (AB 2598/ Quirk) *Updated*
Ordinances Review: Gambling (AB 2838/ Low) *Updated*
Resolutions: Regional Park and Open Space Districts/ Financing (AB 2600/ Flora)
Local Government: Taxation: Prohibition: Groceries: Sweetened Beverages (SB 872/ Budget) *New*
Ordinances: Sidewalk Vendors/ Licensing: Limits Local Authority (SB 946/ Lara) *Updated*
Local Initiatives Public Review Process (SB 1153/ Stern) *Updated*
California State Auditor: High-Risk Local Government Agency Audit Program (SB 1293/ Lara) *New*
Nuisance Abatement (SB 1416/ McGuire)
United States Conference of Mayors Adopted a Resolution Affirming Support for the Tax Exemption for Municipal Bonds and in Supporting of Reinstating the Tax Exemption for the Advanced Refunding of Municipal Bonds *New*



Economic Development / Redevelopment of 2018

Transit-Oriented Redevelopment Law of 2018 (AB 1778/ Holden) *Dead*
Office of Sustainable Outdoor Recreation (AB 1918/ E. Garcia)
California Economic Development Strategic Plan (AB 2596/ Cooley)
Warehouses: Economic Development: Public Input (See SCA 20/ Glazer) (AB 2853/ Medina)
Community Redevelopment Law of 2018 (AB 3037/ Chiu) *Held in Senate Appropriations*
Underground Economy: Tax Recovery and Criminal Enforcement Task Force (TRaCE) (SB 1272/ Galgiani)
Enhanced Infrastructure Financing Districts: Maintenance (SB 1145/ Leyva)
Film and TV Tax Credit 3.0 (SB 871/ Committee on Budget and Fiscal Review) *New*

Cannabis

Indian Tribes: Commercial Cannabis Activity (AB 924/ Bonta) *New*
Local Jurisdiction Licensees: Event Permits (AB 2020/ Quirk) *Updated*
Personal Information (AB 2402/ Low) *New*
Cannabis: Definitions of Plant (AB 2555 / Cooley) *New*
Banks for the Cannabis Industry (SB 930/ Hertzberg) *Updated*
Temporarily Reducing State Taxes: Reducing Cannabis Black Market (AB 3157/ Lackey) *Held Under Submission*
Local Jurisdiction / Control: Prohibitions on Delivery (SB 1302/ Lara) *Sent to the Inactive File*
United States Conference of Mayors Adopted a Resolution Urging Federal Support for State and Local Government Regulation of Cannabis *New*

Lodging Issues / TOT Revenues

Privacy: Lodging and Common Carriers, and Public Places of Accommodation/ Protecting Local Audits (SB 1194 / Lara)

Telecommunication/ Utilities / Net Neutrality / Local UUT Revenues

Multistate Regional Transmission System Organization (AB 813/ Holden) *New*
Telecommunications: Universal Services Program (AB 1959/ Wood) *New*
County Services Area: Broadband: Net Neutrality (AB 1999/ Chau) *Updated*
Water Utility Service: Sale of Water/ Protests (AB 2339 / Gipson)
Net Neutrality/ Broadband Internet Access (SB 822/ Wiener and SB 460 De Leon) *New*
Discontinuation of Residential Water Service: (200 or more Connections)/ Local Impact (SB 998/ Dodd) *Updated*
Local UUT Impact: Public Utilities: Rates: Adjustments (Post Federal Tax) (SB 1028/ Hill) *Updated*
United States Conference of Mayors Adopted a Resolution Preserving a Free and Open Internet *New*



Sales and Use Taxes/ District Taxes

Change Local Sales Tax Revenue from On-Line Transactions Allocation from Point of Sale to Point of Delivery: SCA 20 (April 23, 2018 version) would, and if approved by the voters, shift the allocation of sales and use tax for all online purchases from point-of-sale (POS) to point-of-destination. While the current system allows jurisdictions that house distribution centers and warehouses that fulfill internet sales to receive sales and use tax allocations, those jurisdictions would lose these revenues under SCA 20, and cities and counties with residents that make purchases online would instead receive increased revenues. At the time of print we are unaware of when the measure may be considered by the Senate Appropriations Committee. See: <https://www.avenuinsights.com/wp-content/uploads/2018/05/MuniServices-I-Avenu-Policy-Update-SCA-20-Glazer-052518-Summary-of-Issues-Avenu-Website.pdf> **(SCA 20 / Glazer)** [Senate Appropriations Committee Suspense File](#) **(Winners and Losers)**

Sales and Use Tax Exemption (State and Local):

Charitable Thrift: Deletes the January 1, 2019 sunset. The exemption applies if the purpose of the thrift store is to obtain funding for medical, hospice, or social services provided to individuals with HIV or AIDS by the nonprofit organizations. The CDTFA reports this bill would result in an annual revenue loss of \$1.1 million. **(SB 1484/ E. Hernandez)** **(Revenue Loss)**

Sales and Use Taxes: Bicycles: Exemption: City of Santa Monica: Would exempt 500 bicycles purchased by the City in 2015 taxes from the sale and use tax until January 1, 2025. When the city first started its bike sharing program, "Breeze," in 2015 it opted not to pay the sales tax on the \$730,000 purchase of bikes, which at the time would have been \$69,600. Instead, the city opted to collect use tax whenever the bikes were rented. In 2017, the Santa Monica's total use tax liability was \$100,300. The city is attempting to integrate its bike share program with those in other cities, but neighboring cities opted to pay the upfront sales tax instead of including the use tax in the price. **(AB 2938/ Bloom)**

North Lake Tahoe Transportation Authority, and City of Berkeley: Transactions and Use Tax – Exclusion from the 2% Cap: Would authorize these jurisdictions to impose a tax for general or specific purposes at a rate of no more than 0.5% that would exceed the combined rate limit of 2%, if the city adopts an ordinance proposing the tax and is approved by the voters. The author during Senate Governance and Finance Committee's June 20 hearing said he would welcome other localities coming to him to be included in his bill. **(AB 2920/ Thurmond)** [Updated](#) **(Revenue Tool)**

State Sales Tax: Service Tax: Qualified Business: The bill does not include provisions for a local sales tax on services. Would reduce the state sales tax rate incrementally every calendar year beginning on January 1, 2020, until January 1, 2022, at which time the rate would be reduced by a total of 2%. Beginning on and after January 1, 2020, would also impose a tax on certain services incrementally until January 1, 2022, at which time the rate would be 3%. **(SB 993/ Hertzberg)** [Testimony take in Senate Governance and Finance Committee on May 16.](#)

Sales and Use Tax Exemption (State and Local):

Military and Veterans Medical Facilities: Exempts "building materials and supplies" purchased for use in the construction of a "qualified facility." MuniServices confirmed that SB 1007 will no longer include a retroactive exemption. **(SB 1007/ Hertzberg)** **New** **(Revenue Loss)**

South Dakota v. Wayfair, Inc. Decision: States now can require out-of-state retailers to collect their state's sales taxes, at least in some circumstances, even if they do not have a store, warehouse, or physical presence in that state. The CDTFA's home page states: "The State of California joined with 41 other states, two Territories and the District of Columbia in asking the Court to reject the physical presence test in support of today's result. The department is currently reviewing the court's opinion to determine next steps to support taxpayers." The CDTFA's "guide" which was referred to in our earlier publication is no longer live. While the CDTFA initially projected to begin collecting August 1, 2018, with new revenue included in the November clean-up, we are now uncertain about the actual timing. [Updated](#) **(Revenue Enhancement)**



Property and Parcel Taxes / DTT

Community Land Trust: For lien dates after January 1, 2019, provides a welfare exemption (used exclusively for religious, hospital, scientific, or charitable purposes) if the property is owned by a community land trust. The exemption would apply if the property is being or will be developed or rehabilitated for certain housing. **(SB 1056/ Beall)** *(Revenue Loss)*

Local Parcel Taxes Imposed by School Districts: Would allow parcel taxes to apply uniformly to unimproved properties taxed at a lower rate. **(AB 2954/ Bonta)**

Exemption From School Parcel Taxes: Davis Joint Unified School District: Would allow the voters in this district to decide whether to provide a parcel tax exemption for public school employees. **(SB 958/ Dodd)**

Qualified Special Taxes: Exemption: Information (Parcel Tax): If a school district qualifies for an exemption from a special tax, would require a county tax collector to include a hyperlink identified as 'Parcel Tax Exemptions,' on the tax collectors' homepage. **(AB 2458/ Weber)**

Documentary Transfer Tax (DTT): Limits Local Authority/ Revenue Loss: Under current law, cities and counties are authorized to impose a DTT at a specified rate, with the city's DTT offsetting the county's DTT. This bill would remove the explicit authority for a city to impose a DTT and for the city's DTT to offset the county's DTT. **(SB 1411/ Moorlach)** *(Revenue Loss)*
Held in Senate Governance and Finance

Property Tax Backfill for Local Government Due to October 2017 Fires and Southern California Mudslides: Provides \$32.9 million to backfill the property tax revenue losses that cities, counties, and special districts will incur in 2017–18 and 2018–19. **(State Budget)** *New*

Business License

GO-Biz Information Technology: Provides for a GO-Biz Information Technology Unit. Would recast provisions related to CalGold, renaming the center the Master Business License Center, and requiring GO-Biz Information Technology to establish an electronic online permit assistance center. **(AB 767/ Quirk-Silva)**
Updated

Business Licenses/ Identification Requirements for Locals: Requires locality that licenses businesses to accept a California driver's license or identification number, individual taxpayer identification number, or municipal identification number in lieu of a social security number if the locality requires a social security number for the issuance of a business license. **(AB 2184/ Chiu)** *(Implementation Requirements)*

City Business Tax Data Exchange Program: Removes the repeal date of January 1, 2019 for a tax data exchange agreements between the Franchise Tax Board and local governments. **(SB 855/ State Budget)** *New*

Local Governance / Additional Issues

Microenterprise Home Kitchen Operations: Establishes microenterprise home kitchens as a new category of retail food facility, that cities or counties would have discretion to authorize and permit, to be operated by a resident in a private home. **(AB 626/ Garcia)**
(Implementation Requirements) New

Taxicab Regulation: Makes changes to AB 1069/ 2017 that allowed for taxicab operators to obtain one to two permits in each county, instead of permits in every city and county in which the taxi operates and allowed for fewer permit fees and business licenses. The League of Cities in its opposition letters states: "The bill is loosely drafted in a way that could allow for taxicab companies to conduct "jurisdiction shopping" by allowing a taxicab company to determine itself as "substantially located" in a city or county where it only maintains a business address, even if its driving and business activities are all conducted elsewhere. Taxicab companies would only have to furnish this self-collected information upon request, which would result in local agencies having to "chase down" which companies are doing business in their jurisdiction in a way consistent with these complicated definitions." **(AB 939/ Low)**
(Implementation Requirements) New



Digital Sign Demonstration Pilot Program: Would authorize an enterprise initiative between Caltrans and the private sector for a new, state-of-the-art, digital sign network to provide real-time information for enhanced statewide emergency and traveler communications – at no cost to the State. The League of California opposes the bill stating: “Under existing law, local governments ensure public input from their residents regarding the design, size, illumination, and location of these signs to mitigate aesthetic and environmental impacts. AB 1405 would cut local communities out of this process. While some local jurisdictions have adopted bans of outdoor digital signs within their cities, this bill would alternatively allow Caltrans to place signs along segments of the highway adjacent to these cities despite the bans.” **(AB 1405/ Mullin)** (Implementation Requirements/ Local Control) *New*

Vision Zero Task Force: Requires the Secretary of Transportation, by July 1, 2019, to convene the Vision Zero Task Force to evaluate whether an alternative to the current process for setting speed limits should be considered and make recommendations on other steps to increase pedestrian and bicyclist safety. This task force will incorporate several different types of members including members from academia, law enforcement, local government, labor groups, and safety experts. **(AB 2363/ Friedman)** *New*

Parking Penalties: States that existing provisions requiring payment plans applies regardless of whether the unpaid parking tickets were issued before July 1, 2018. Public agencies are still in the process of implementing AB 503 (Lackey, Chapter 741, Statutes of 2017), which created a process for individuals to repay their unpaid parking penalties while being able to register and operate their vehicles. Because of the retroactive application of AB 2544, the citations currently in that process would need to be withdrawn to be compliant with the provisions in this bill. Multiplied across hundreds of local agencies, this would amount to an unnecessary loss of limited resources. **(AB 2544/ Lackey)** (Implementation Requirements/ Revenue Loss) *New*

Ordinances: Violation Increase: Would among other provisions increase the amount for a first violation to \$130, \$700 for a 2nd violation of the same ordinance within one year, and \$1,300 for each additional violation of the same ordinance within one year of the first violation. Existing law limits the maximum fine or

penalty amounts for infractions, to \$100 for the first violation, \$200 for a 2nd violation of the same ordinance within one year of the first violation, and \$500 for each additional violation of the same ordinance within one year of the first violation. **(AB 2598/ Quirk)** (Implementation Requirements/ Revenue Increase) *Updated*

Local Government: Taxation: Prohibition: Groceries: Sweetened Beverages Would effective date of the chapter and until January 1, 2031, prohibit a local any tax, fee, or other assessment on groceries. Would allow a local agency to continue to levy and collect, enforce, or reauthorize any tax, fee, or other assessment on groceries imposed, extended, or increased on or before January 1, 2018. Would make inoperative on the effective date of this measure any tax, fee, or other assessment on groceries imposed by a local agency after January 1, 2018. Would also ban cities and counties from creating taxes on soda and other sugary drinks for more than a decade **(SB 872/ Budget)** (Local Control) *New*

Sidewalk Vendors/ Licensing: Limits Local Authority: A local authority is not required to adopt a new program to regulate sidewalk vendors if the local authority has established an existing program that substantially complies with the provisions of the bill. A local agency shall not prohibit a sidewalk vendor from selling food or merchandise in a park owned or operated by the local authority, except the local authority may prohibit stationary sidewalk vendors from vending in the park only if the operator of the park has signed an agreement for concessions that exclusively permits the sale of food or merchandise by the concessionaire. **(SB 946/ Lara)** (Implementation Requirements/ Local Control) *Updated*

Ordinances Review: Gambling: Requires the Department of Justice to review and comment on any submitted ordinance within 60 days of receiving the ordinance under the Bureau Gambling Control Act. The Bureau has often taken more than a year to respond to local governments regarding review of their proposed ordinance amendments, as required by law. **(AB 2838/ Low)** *Updated*

**Regional Park and Open Space Districts/ Financing:**

Authorizes the formation of a regional park and open space district by the adoption of a resolution of application by a county or city that contains the territory proposed to be included in the district. Requires information, including the methods by which the district would be financed. **(AB 2600/ Flora)**

Local Initiatives Public Review Process: Would authorize the proponent of a county, municipal, or district initiative to withdraw the initiative at any time before the 88th day before the election, whether or not the petition has already been found sufficient by the elections official. SB 1253 from 2014 permitted proponents of statewide initiatives to withdraw an initiative up to the qualification deadline even if it has enough valid signatures to qualify for the ballot, among other provisions. **(SB 1153/ Stern)** *Updated*

California State Auditor: High-Risk Local Government Agency Audit Program: Current law requires the California State Auditor to notify the Joint Legislative Audit Committee whenever he or she identifies a local government as at high risk. This bill would authorize the California State Auditor to first conduct an initial assessment, during which he or she may gather information from a local government agency for the purpose of identifying it as a high-risk local government agency. **(SB 1293/ Lara)** *New*

Nuisance Abatement: Would authorize, until January 1, 2024, a city or county to collect fines related to nuisance abatement. Would require any fines or penalties recovered to be used for supporting local enforcement of state and local building and fire code standards. **(SB 1416/ McGuire)** *(Implementation Requirements)*

United States Conference of Mayors Adopted a Resolution Affirming Support for the Tax Exemption for Municipal Bonds and in Supporting of Reinstating the Tax Exemption for the Advanced Refunding of Municipal Bonds: <https://www.usmayors.org/the-conference/resolutions/?category=c9190&meeting=86th%20Annual%20Meeting> *New*

Economic Development

Office of Sustainable Outdoor Recreation: Promotes economic development and job growth of the outdoor recreation economy. **(AB 1918/ E. Garcia)**

California Economic Development Strategic Plan:

Would require the Governor's Office of Business and Economic Development to lead the preparation of a California Economic Development Strategic Plan. **(AB 2596/ Cooley)**

Warehouses: Public Input: Would require each local agency to provide specified information to the public before approving an economic development subsidy for a warehouse distribution center, as defined, and to, among things, hold hearings and report on those subsidies. See SCA 20/ Glazer. **(AB 2853/ Medina)** *(Implementation Requirements)*

Underground Economy: Establishes Tax Recovery and Criminal Enforcement Task Force (TRaCE) in the DOJ to combat underground economic activities through a multi-agency collaboration to, among other things, recover state revenue lost to the underground economy. **(SB 1272/ Galgiani)**

Enhanced Infrastructure Financing Districts Maintenance: Authorizes an infrastructure financing districts to fund maintenance of public capital facilities on a pay-as-you-go basis. **(SB 1145/ Leyva)**

Film and TV Tax Credit 3.0: Extends the Film Tax Credit beginning July 1, 2020 and July 1, 2025. Allows the credit in the amount equal to 20% or 25% of qualified expenditures for production of films in the State of California. Limits the aggregate amount of the new credits to be allocated in each fiscal year to \$330 million, plus additional amounts. **(SB 871/ Committee on Budget and Fiscal Review)** *(Economic Development Enhancement)* *New*

Cannabis

Indian Tribes: Commercial Cannabis Activity: Would amend AUMA by authorizing the Governor to enter into an agreement with a federally recognized Indian tribe authorizing commercial cannabis activity and requiring the tribe to establish a tribal cannabis regulatory commission or agency, that would exercise exclusive regulatory authority over all commercial cannabis activity, by both Indians and non-Indians, in Indian country and that requires the commission to adopt standards that meet or exceed the standards adopted under the state's regulatory framework governing commercial cannabis activity. Opposed by the League of California Cities. **(AB 924/ Bonta)** *New*



Personal Information: Establishes privacy protections against the unauthorized disclosure of a cannabis consumer's personal information by a cannabis licensee and prohibits a cannabis licensee from discriminating against a consumer because the consumer has not provided consent to authorize the licensee to disclose the consumer's nonpublic personal information to a third party not directly related to the cannabis transaction. **(AB 2402/ Low)** *New*

Cannabis: Local Jurisdiction Licensees: Event Permits: Would authorize a state temporary event license to be issued to a licensee for an event to be held at any other venue expressly approved by a local jurisdiction for events. AB 2020 is supported by the League of California Cities and in a letter states: "Currently, the BCC can only authorize a temporary cannabis event at a county fair event or district agricultural event. The bill would help maintain local control and could help cities support small and local cannabis businesses." **(AB 2020/ Quirk)** **(Implementation Requirements)** *Updated*

Cannabis: Definitions of "Immature Plant:" Adds 18 inches as the benchmark for defining an "immature plant." Removes ambiguity from current regulations that define mature plants as plants that are "flowering." The bill will help prevent unlawful cannabis diversion and give further scrutiny to the "seed to sale" tracking of legal cannabis. **(AB 2555 / Cooley)** *New*

Banks for the Cannabis Industry: Provides for the licensure and supervision of cannabis limited charter banks and credit unions authorized to offer limited depository services to cannabis businesses. Restricts the activities to accepting deposits and issuing and redeeming special purpose checks. Prohibits these banks or credit unions from engaging in banking activity with any other financial institution that lacks a limited purpose charter. **(SB 930/ Hertzberg)** *Updated*

Temporarily Reducing State Taxes: Cannabis: Would have reduced the excise tax rate on cannabis (Proposition 64) to 11% on and after the effective date of this bill until June 1, 2021, at which time the excise tax rate would revert back to 15%. **(AB 3157/ Lackey and Bonta)** *Held Under Submission*

Cannabis: Local Jurisdiction: Prohibitions on Delivery: Prohibits a local jurisdiction from preventing the delivery of cannabis or cannabis products on public roads, or to an address that is located within that jurisdictional boundaries, by a licensee who is acting in compliance with MAUCRSA, and who is acting in compliance with any license, permit, or other authorization obtained from another local jurisdiction. **(SB 1302/ Lara)** *Local Control Sent to the Inactive File*

United States Conference of Mayors Adopted a Resolution Urging Federal Support for State and Local Government Regulation of Cannabis:
<https://www.usmayors.org/the-conference/resolutions/?category=c9155&meeting=86th%20Annual%20Meeting> *New*

Shared Economy Housing / TOT Revenues

Privacy: Lodging, Common Carriers, and Public Places of Accommodation/ Protecting Local Audits: Would prohibit entities that offer lodging, transportation, or other accommodation to the public from disclosing, producing, providing, releasing, transferring, disseminating, or otherwise communicating all or any part of any guest record, as defined, orally, in writing, or by electronic or any other means to a 3rd party, other than a California peace officer, without a court-issued subpoena, warrant, or order. MuniServices provided the authors office with language that protects locals' ability to perform TOT compliance audits. **(SB 1194 / Lara)** **(Implementation Requirements)**



Telecommunication/ Utility Issues / Net Neutrality

Multistate Regional Transmission System

Organization: Would delegate to the California Energy Commission the ability to authorize the transformation of the California Independent System Operator (CAISO) into a multistate regional transmission system. Prohibits a California electrical transmission facility owner, a retail seller of electricity, or a local publicly owned electric utility to join a multistate regional transmission system organization. MuniServices is further evaluating this proposal for impact. **(AB 813/ Holden) *New***

Telecommunications: Universal Services Programs:

Would extend the sunset date for both the California High-Cost Fund-A (CHCF-A) and the California High-Cost Fund-B (CHCF-B) in order to continue to provide affordable basic telephone service to rural California. AB 1959 is supported by the League of California Cities. An analysis states: "Building and maintaining telecommunication networks in rural regions would result in a high cost for customers without support from California's High Cost Fund-A and B programs." CHCF-A and the CHCF-B were established to subsidize both small independent telephone companies and large telephone corporations to provide service in the rural and smaller metropolitan communities. These subsidies, are paid for by surcharges on telephone bills. **(AB 1959/ Wood) *New***

County Services Area (CSA): Broadband: Net

Neutrality: Allows CSAs to provide broadband Internet access service, and requires that any public entity providing broadband Internet access service do so in accordance with "net neutrality" principles. Net neutrality is the principle that Internet service providers (ISPs) should not discriminate against legal content and applications by charging content providers different delivery speeds to deliver their content. **(AB 1999/ Chau) *Updated***

Water Utility Service: Sale of Water: Allows for city-owned water systems serving less than 10,000 people to sell the system without first going to an election. Requires the city to determine that it is uneconomical and not in the public interest to own and operate the public water utility and allows the sale if 4/5th of the city's legislative body adopts a resolution. **(AB 2339 / Gipson) (Implementation Requirements/ Local Control) *Updated***

Net Neutrality/ Broadband Internet Access: Would codify portions of the recently-rescinded Federal Communications Commission rules protecting "net neutrality." It is unclear whether this will affect UUT receipts from OTT streaming video. **(SB 822/ Wiener and SB 460 / De Leon) *New***

PUC Rates: Adjustments: Impact on UUT's: Would direct the CPUC to reduce the rates it approves for investor-owned utilities for gas, electricity, and water service in order to pass on to customers the tax savings these utilities will receive under the recently enacted federal tax bill. This will indirectly result in lower UUT revenues for cities from these utilities, since UUTs are based on the customer service charges and this bill will reduce those charges. Under the recent Federal House Resolution 1 utilities are expected to receive lower taxes. **(SB 1028/ Hill) *Updated***

Discontinuation of Residential Water Service: Urban and Community Water Systems (200 or more Connections)/ Local Impact: Would prohibit an urban and community water system from discontinuing residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. Would require an urban and community water system to contact the customer named on the account and provide the customer with the urban and community water system's policy on discontinuation of residential service for nonpayment no less than 7 business days before discontinuation of residential service. **(SB 998/ Dodd) (Implementation Requirements/ Local Control) *Updated***

United States Conference of Mayors Adopted a Resolution Preserving a Free and Open Internet: <https://www.usmayors.org/the-conference/resolutions/?category=c9205&meeting=86th%20Annual%20Meeting> ***New***



SECTION 2: PROPOSED STATEWIDE BALLOT MEASURES

Local Authority / Local Revenue

- **Proposed Tax Fairness, Transparency and Accountability Act (TFTAA) of 2018**
MuniServices March 15, 2018 Policy Update:
<https://www.avenuinsights.com/2018/03/15/local-ballot-measures-considerations-for-california/>
Status: Eligible for the November Ballot/ **Pending Signature Verification by June 28, 2018**
- **Changes Requirements for Certain Property Owners to Transfer Their Property Tax Base to Replacement Property** (ACA 12 and AB 1596/ Gloria)
Status: Proposed Legislative Constitutional Amendment / Currently Awaiting Action by the Assembly Appropriations Committee
- **Division of California into Three States**
Assuming this measure is approved by voters and the federal government and allowed by the courts, all tax collections and spending by the existing State of California would end. California's existing state assets and liabilities would be divided among three new states. These states would make their own decisions about state and local taxes and spending.
Status: Eligible for the November Ballot
- **Split Roll / California Schools and Local Communities Funding Act of 2018**
Status: Withdrawn by the Proponents

Local Transportation Gas Tax Revenue

- **Gas Tax Repeal**
Status: Eligible for the November Ballot/ **Pending Signature Verification by June 25, 2018**

Sales Tax / Economic Development

- **Changes the Local Sales Tax Distribution for On-Line Sales to Point of Delivery** (SCA 20 / Glazer)
MuniServices May 25, 2018 Policy Update:
<https://www.avenuinsights.com/wp-content/uploads/2018/05/MuniServices-I-Avenu-Policy-Update-SCA-20-Glazer-052518-Summary-of-Issues-Avenu-Website.pdf>
Status: Proposed Legislative Constitutional Amendment / Currently Awaiting Action by the Senate Appropriations

Property Tax / Residential Property Use

- **Enact Rent Control on Residential Property**
Status: Eligible for the November Ballot
- **Changes Requirements for Property Owners to Transfer Their Property Tax Base to Replacement Property** (170013A1)
Status: Eligible for the November Ballot
- **School Districts: Parcel Taxes/ Vote Requirements** (SCA 22/ Allen)
Status: Proposed Legislative Constitutional Amendment / Currently Awaiting Action by the Senate Appropriations Committee Eligible for the November Ballot