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This report is a guide to selected legislative proposals. February 22, 2019 was the last day for bills to be introduced in the California State Legislature. Updates to this report since its original publishing January 17, 2019 are noted.

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1) Sales Tax

Sales Tax Exemptions and Exclusions

Sales Tax Exemption for Diapers: Exempts diapers from sales and use taxes. The exemption does not apply to adult diapers. (AB 66 / Gonzalez) [Updated on 3/11/2019](#)

Sales Tax Exemption for Feminine Hygiene Products: Exempts specified feminine hygiene products from sales and use taxes beginning January 1, 2020. (AB 31 / Cristina Garcia, Bonta, Gonzalez, Mathis)

Sales and Use Tax: Exemption: Retail Hydrogen Fuel: Exempts from sales and use taxes retail hydrogen vehicle fuel. (AB 745 / Petrie-Norris) [Added on 2/23/19](#)

Alternative Energy Advanced Transportation

Financing: Manufacturing: Sales Tax Exclusion

Extension: A gut and amend, extends the January 1, 2021 sunset for qualifying projects until January 1, 2031. "Project" means tangible personal property if at least 50 percent of its use is either to process recycled feedstock to be reused in the production of another product or using recycled feedstock in the production of another product or soil amendment, or property used in the state for the design, manufacture, production, or assembly of advanced manufacturing, advanced transportation technologies, or alternative source products, components, or systems. Current law prohibits the sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. *Please contact MuniServices with any impact regarding this proposal.* (AB 176/ Cervantes) [Added on 2/25/19](#)

Alternative Energy and Advanced Transportation:

Sales Tax Exclusion: Exemption: Extends until January 1, 2030 the sales and use tax exclusion for qualifying projects including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption (SB 162 / Galgiani)

Sales Tax Exemptions: Trucks: An exemption on the purchase of a remanufactured truck with an unladen weight of 6,000 pounds or more that is delivered to an in-state purchaser but subsequently is moved or used outside California. (AB 321 / Patterson)

Sales and Use Tax Exemption for Water Treatment:

Exempts chemicals and other agents used to treat water, recycled water, or wastewater, regardless of whether those chemicals or other agents become a component part thereof and regardless of whether the treatment takes place before or after delivery to consumers. (AB 405 / B. Rubio)

Sales and Use Taxes: Exclusions: Oak Barrels:

Provides that "sale" and "purchase", for purposes of sales and use tax laws, do not include any lease or transfer of title of a new or used oak barrel to a person who leases or purchases that oak barrel for the purpose of incorporating oak into distilled spirits. (AB 1120 / Cunningham) [Added on 2/23/19](#)



Sales and Use Taxes: Exemption: On-call Volunteer Fire: Provides an exemption for equipment that is purchased for exclusive use by an on-call volunteer fire department. (AB 1049 / Grayson) *Added on 2/23/ 2019*

Sales and Use Taxes: Exemptions: Automotive Adaptive Equipment: Veterans Exempts add-on, automotive adaptive equipment sold to a veteran, or member of the U.S. Air Force services on active duty, who is disabled, regardless of whether the disability is services connected. (AB 1257 / Salas) *Added on 2/23/ 2019*

State Sales and Use Tax Exclusion: Low Emission Vehicle Trade In: Would exclude the value of a qualified trade-in motor vehicle that is traded for a qualified low emission vehicle if the value of trade-in motor vehicle is separately stated on the invoice or bill of sale or similar document provided to the purchaser. (AB 938 / Rivas) *Added on 2/23/ 2019*

Sales and Use Tax: Exemptions: Newspapers: Reinstates an exemption from taxes for a photograph transferred one time for the purpose of being reproduced in a newspaper. Would make an exemption as well for newspapers.
<https://www.salestaxhandbook.com/california/sales-tax-taxability/newspapers-and-magazines> (AB 1776 / Levine) *Added on 2/23/ 2019*

Recreational Vehicle Donation: Registration Fee and Tax Exemptions: State of Emergency: Waives applicable sales and use taxes and vehicle registration fees, upon the donation and transfer of ownership of a recreational vehicle, if the Governor has proclaimed a state of emergency, and the donee of the recreational vehicle is a person who has suffered a total loss of his or her residence as a result of the event that precipitated the state of emergency. (SB 32 / Nielsen)

Transactions and Use Tax / Transportation Taxes

Transactions and Use Taxes: City of Scotts Valley: Authorizes the City to impose a transactions and use tax for general or specific purposes at a rate of no more than 0.25% that, in combination with other transactions and use taxes, would exceed the combined rate limit of 2%. (AB 618/ Stone) *Added on 2/23/ 2019*

Transactions and Use Tax Approval: Transportation: Local Transportation Authorities: Authorizes the San Diego Regional Transportation Commission, the San Diego Association of Governments, the San Diego Metropolitan Transit System and the North County Transit District to impose a transactions and use tax applicable to only a portion of their jurisdictions. (AB 1413 / Gloria) *Added on 2/23/ 2019*

Transactions and Use Tax: Omnitrans Transit District in the County of San Bernardino: Authorizes the district to seek voter approval of retail transactions and use tax measures and to issue revenue bonds. The jurisdiction of the district would initially include the Cities of Chino, Chino Hills, Colton, Fontana, Grand Terrace, Highland, Loma Linda, Montclair, Ontario, Rancho Cucamonga, Redlands, Rialto, San Bernardino, Upland, and Yucaipa and specified portions of the unincorporated areas of the County of San Bernardino. (AB 1457 / Reyes) *Added on 2/23/19*

Additional Sales Tax Proposals

Sales and Use Tax: Makes non-substantive changes to the requirement that every retailer selling tangible personal property in the state register with the California Department of Tax and Fee Administration. (SB 468 / Jackson) *Added on 2/23/ 2019*

Sales and Use Taxes: Makes non-substantive changes to the definition of sale for the purposes of the sales and use tax law. (AB 1517 / Diep and AB 1335/ Calderon) *Added on 2/23/ 2019*

Study of Replacing the Sales Tax with Carbon Tax: Requires the California Air Resources Board to work with the CDTFA on the feasibility of replacing the sales tax with a carbon tax imposed on goods and products sold in California, with the stated intent of encouraging the use of less-carbon-intensive products. The tax will be revenue neutral as it would be in lieu of the current taxing system and ensure that the tax would generate an equivalent amount of revenue as the existing method. (SB 43 / Allen)



2) Wayfair / E Commerce

Wayfair Implementation: Unless AB 147 (Burke and McGuire) becomes law prior to April 1, 2019, the CDTFA will require out-of-state retailers to collect and remit use tax *beginning* on April 1, 2019 if in the preceding or current calendar year their sales into California exceed \$100,000 or 200 or more separate transactions. *Wayfair v. South Dakota* allows states authority to require out-of-state sellers to collect use tax. Previously, California individuals were responsible for reporting and paying use tax on out-of-state purchases.

AB 147 defines “doing business in California” for the purposes of collecting sales and use taxes as having \$500,000 in cumulative sales or deliveries into California in the preceding 12 months. AB 147 authorizes the CDTFA to grant relief for interest and penalties imposed on use tax liabilities if specified conditions are met.

Third Parties: Beginning October 1, 2019 AB 147 defines “marketplace facilitators” as the seller & retailer for each sale facilitated through its marketplace, thus responsible for collecting and remitting sales & use tax for each transaction. To determine cumulative sales in California, a facilitator must include sales made on its own behalf and those sales facilitated on behalf of marketplace sellers. **District Taxes Imposed by Transit**

Districts: The CDTFA confirmed that the district tax should remain the same because it would still be subject to the district use tax of the district where it is delivered when it is shipped from a fulfillment center in one district to a customer in a different district.

Ordinances: The ordinances do not need to be updated. The CDTFA confirmed that RTC 7262.2 states that all district tax ordinances incorporate all updates to 7261 and 7262. So, if the nexus provision in RTC 7262(a)(1) is changed, it is incorporated into all district ordinances.

Online E-commerce Marketplaces: Prohibits an online e-commerce marketplace with more than 200,000,000 active customer accounts that offers to customers for sale goods or services sold by companies that are not owned by the online e-commerce marketplace from, as a condition of permitting a company not owned by the online e-commerce marketplace to offer for sale goods and services, requiring the disclosure of certain customer information from those companies. (AB 1790 / Wicks) *Added on 2/23/2019*

3) City Managers Sales Tax Working Group / Tax Reform / SB 531 (Glazer)

MuniServices is a member of the League’s City Managers Sales Tax Working Group that met several times in 2018. SCA 20 (Glazer) that proposed to shift local sale tax to destination allocation was the catalyst for continuing working group discussions in 2018. See: <https://www.avenuinsights.com/wp-content/uploads/2018/08/MuniServices-I-Avenu-Research-and-Analysis-City-Managers-Working-Group-SCA-20-and-Destination-Sourcing-Revised-083018-Final-PDF-v2.pdf>

Local Government: Economic Incentives: Declares the Legislature’s intent to enact legislation that would prohibit a local government from agreeing to offer economic incentives in an amount measured by local sales tax revenue to a private corporation in exchange for the corporation locating within the local government’s jurisdiction. In a conversation with the author’s office, language in the bill is expected to mirror the League’s Sales Tax Working Group’s recommendations which were adopted by the League’s Board. (SB 531 / Glazer) *Added on 2/23/19*

Local Economic Development Subsidies: Would take effect on January 1, 2020 and require a local agency to provide specified information to the public before approving an economic development subsidy for a warehouse distribution center and to hold hearings and report on those subsidies. Current law (AB 562 / Williams 2013) requires cities to report specified information to the public before approving an economic development subsidy. Since the implementation of the statute a few cities have reported, and the information can be found on most city’s websites. AB 2853 (Medina) a near identical bill from 2018 was vetoed. (AB 485 / Medina)

Taxation: Makes legislative findings regarding the need for further efforts to modernize and restructure the state’s tax system and would state the intent of the Legislature to enact legislation that would accomplish specified purposes, including realigning the state’s outdated tax code with the realities of the State’s 21st century economy. (SB 522 / Hertzberg) *Added on 2/23/19*



Tax Expenditures / New Law: Existing law requires any bill introduced on or after January 1, 2015 that would authorize a personal income or corporation tax credit to contain specified detailed performance indicators. This bill would extend the information requirement for any bill introduced on or after January 1, 2020 that would authorize a personal income or corporation tax expenditure. (AB 263 / Burke)

4) Gas Tax / Housing Goals

Going forward, the state will encourage jurisdictions to contribute their fair share of the state's housing supply by linking housing production to certain transportation funds and other applicable sources. Shortly after his inauguration, Governor Newsom said he plans to withhold state tax dollars from municipalities that do not meet California housing goals.

Governor Proposes \$1.3 Billion Aimed at Increasing Housing Production: The Governor's budget includes two proposals aimed at increasing housing production. One is a grant to local governments, and the other expands an existing loan program. The Governor proposes \$750 million in General Fund grants to local governments meant to accelerate meeting new housing production goals (to be developed by the Department of Housing and Community Development. Of this amount, \$250 million could support various local government activities, like conducting planning and making zoning changes. As local governments reach these new goals, an additional \$500 million would be available to cities and counties for general purposes.

Withhold Gas Tax Funds Based on Housing Production: Withholds gasoline tax revenue from cities and counties that don't meet specified minimum housing production goals. (AB 1568/ McCarty) *Added on 2/23/19*

5) Economic Development

Place Based Economic Strategies Act: Enacts the Place Based Economic Strategies Act, which would create the Office of Place Based Economic Strategies for the purposes of supporting place based and other geographically targeted economic development programs, including, but not limited to, federal California Promise and California Opportunity Zones. (AB 742 / Cervantes) *Added on 2/23/19*

Economic Development Strategic Action Plan: Requires the economic development activities of California to be guided by the policies, priorities, and actions identified in the California Economic Development Strategic Action Plan, which would, among other things, set a comprehensive agenda and framework for the purpose of increasing the state's overall national and international competitiveness, to support regional economic priorities, and lead the state towards inclusive economic growth. (AB 906 / Cooley) *Added on 2/23/19*

Tax Recovery in the Underground Economy: Establishes the Tax Recovery in the Underground Economy Criminal Enforcement Program in the Department of Justice to combat underground economic activities through a multiagency collaboration to, among other things, pool resources, collaborate and share data, prosecute violations, and recover state revenue lost to the underground economy. (AB 1296 / Gonzalez) *Added on 2/23/19*

Microenterprise: Makes a non-substantive change to a provision that encourages every city and county to access microenterprise development in order to create new jobs and income opportunities for individuals of low and moderate income. (AB 1577 / Burke) *Added on 2/23/19*

Opportunity Zones: There are several proposed measures related to opportunity zones. To be competitive with other states, California has a narrow window in 2019 to take advantage of new, federally designated "Opportunity Zones," low-income census tracts where investors can receive preferential tax treatment on capital gains. The Governor's budget also proposes combining the potential of Opportunity Zones with an existing state tax increment financing tool, Enhanced Infrastructure Financing Districts (EIFDs). The governor has proposed removing a requirement that EIFDs across the state obtain voter approval before issuing bonds funded by a portion of the growth in local property taxes. In Opportunity Zones, the budget proposes "layering" state programs and resources with EIFDs—and conforming state capital gains treatment to the new federal law—to maximize public and private investment in affordable housing and green energy projects, in particular. *Added on 2/23/19*



Enhanced Infrastructure Financing District (EIFD) / Eliminates Voter Requirement: EIFD are tools for cities and counties to cooperate regionally to finance projects and encourage economic growth. Eliminates the voter requirement to issue EIFD bonds. The proposed State Budget also encourages the formation of additional EIFDs through removal of the 55-percent voter approval requirement to issue debt. (SB 128 / Beall)

6) Property Tax / RDA

Backfill Property Tax Revenue Losses / Wildfires: Includes reimbursement to counties to offset property tax revenue losses from wildfires in 2017 and 2018. Also creates the Rapid Response Reserve Fund to address costs, including shelter and transportation, arising from immigration or human trafficking emergencies. (AB 72 / State Budget) [\(Signed by the Governor\)](#)

Property Tax Postponement: Income Level Eligibility: Revises the income limitations to provide that a claimant's household income cannot exceed \$45,000 or the "low income" limit for a two-person household in the county in which the household is located. (AB 133/ Quirk-Silva) [Added on 03/07/19](#)

Property Tax: VLF: Provides property tax revenue to cities that had annexed inhabited territory in reliance on previous financial incentives that were removed by the passage of SB 89 in 2011. Over 140 cities were affected and lost over \$4.3 million annually. *MuniServices supports the bill and encourages impacted cities and those considering annexation to support this legislation.* Refer to the link for a list of impacted cities: <https://www.cacities.org/Resources-Documents/Annexation-Bill-Material/FY-2011-12-Loss-SB-89-Annexation-2019.aspx> (AB 213 / Reyes)

Affordable Housing and Infrastructure Financing: Allows cities and counties to create affordable housing and infrastructure agencies (agencies) to fund affordable housing and infrastructure projects using tax increment financing with state approval. The new agencies would be required to set aside 30% of funding for the creation, improvement, or rehabilitation of affordable housing. (AB 11 / Chiu, Aguiar-Curry)

City of Santa Cruz: Bond Proceeds: Affordable Housing: Authorizes the City to use the remaining bond proceeds for the purposes of increasing, improving, and preserving affordable housing, as defined, and facilities for homeless persons. (AB 411 / Stone)

Property Taxation: Exemption: Rental Housing: Extends to property that is rented for no more than 30% of the income level of persons of low income. Applies to tenants occupying the property at the initial application for tax exemption. (AB 723 / Wicks) [Added on 2/23/19](#)

Property Taxation: Welfare Exemption: Provides an exemption for qualified property that meets the requirements of the welfare exemption and that is used exclusively for rental housing and related facilities. The bill would require this exemption to apply to the special tax level imposed by a local ordinance adopted on or after January 1, 2020. (AB 1743 / Bloom)

Redevelopment Spot Bill: Intent of legislation relates to redevelopment. (SB 15 / Portantino)

Property Taxation: Welfare Exemption: Low Income Housing: Amends existing law, which exempts from property taxation property used for rental housing and related facilities if specified criteria are met, including that 90% or more of the occupants of the property are lower income households. Decreases the percentage of occupants that must be lower income households to qualify for exemption from 90% to 50% and requires that the total exemption amount be prorated based on the percentage of lower income households that occupy the property. (SB 294 / Hill)

Split Roll: An initiative to scale back Proposition 13 protections for commercial and industrial properties is eligible for the November 2020 ballot.



7) Transient Occupancy Taxes / Short Term Rentals

Short Term Rentals: Coastal Zone: Collection of TOT

Revenues: Authorizes a housing platform to make available a residentially zoned or residentially used unit within a residential property that is located within the coastal zone as a short-term rental 365 days per year if the primary resident lives onsite of the residential property full time. The bill would also prohibit a housing platform from making available residential property that is located within the coastal zone in which the primary resident does not live onsite full time as a short-term rental for more than 30 days per year, unless the primary resident makes the residential property available as a short-term rental in accordance with the Lower Cost Coastal Accommodations Program administered by the State Coastal Conservancy. The housing platform facilitator of the short-term rental will be responsible for collecting applicable transient occupancy taxes and shall be responsible for remitting those taxes at no additional cost to the local municipality in which the short-term rental is located. (AB 1731 / Horvath) *Added on 2/23/19*

8) Cannabis / 2018 Farm Bill

Cannabis Deliveries in California: Local ordinances that prohibit deliveries of cannabis products in cities may be impacted under new State regulations for cannabis businesses. These new regulations, approved January 16, 2019 by the Office of Administrative Law, take effect immediately. The new regulation states that “a delivery employee may deliver [cannabis] to any jurisdiction within the State of California provided that such delivery is conducted in compliance with all delivery provisions of this division.” It is anticipated that this regulation may be challenged. Enforcement of an ordinance that conflicts with this regulation may subject a local jurisdiction to litigation. See: <https://www.avenuinsights.com/wp-content/uploads/2019/01/MuniServices-I-Avenu-Policy-Update-Bureau-of-Cannabis-Control-Regulations-013119-Final-v.6-PDF.pdf> *MuniServices has requested a meeting with the CDTFA to better understand the data surrounding deliveries.*

Cannabis: Informational, Educational, or Training

Events: Allows licensed retailers and manufacturers to host or participate in training/educational events for state and local government officials and employees

without obtaining a temporary event license. (AB 141 / Cooper) *Added on 2/23/19*

Tax Reduction: Cannabis: Reduces the excise tax on the purchase of cannabis and cannabis products to 11% on and after the operative date of this bill until June 1, 2022, at which time the excise tax rate would revert to 15%. Suspends the imposition of the cultivation tax on and after the operative date of this bill until June 1, 2022. (AB 286 / Bonta)

Cannabis: State and Local Taxes: Allows the legislative body of a city or the board of supervisors of a county to determine and implement a method by which a licensee under The Medicinal and Adult-Use Cannabis Regulation and Safety Act may remit any city or county cannabis license tax amount due by payment using stable coins. (AB 953 / Ting and McCarty) *Added on 2/23/19*

Cannabis: Track and Trace: Requires the information captured by the track and trace program to additionally include the date of retail sale to a customer and whether the sale is on the retail premises or by delivery. (AB 1288 / Cooley) *Added on 2/23/19*

Cannabis: Banking: Creates a limited-purpose, state-chartered bank license that would be administered and regulated by the Department of Business Oversight. Privately-funded banks that receive this charter would be able to provide limited banking services to licensed cannabis and cannabis-related businesses. Banks could issue checks to accountholders to be used only for certain purposes, including paying state and local taxes and fees and paying vendors from California for goods and services provided to the cannabis business. (SB 51 / Hertzberg)

Deduction for Cannabis Businesses: Authorizes a personal income tax deduction or credit for business expenses relating to cannabis beginning January 1, 2019. (AB 37 / Jones-Sawyer)

Cannabis: Licensing Fees: Prohibits licensing authorities from setting application and license fees that exceed certain specified amounts that are consistent with regulations adopted as of January 1, 2019. (AB 1420 / Obernolte) *Added on 2/23/19*



Cannabis: Donations: No Reimbursement for Local Revenue Losses: Authorizes specified licensees to provide free cannabis or cannabis products to a medicinal cannabis patient if specified requirements are met. Exempts from the use tax medicinal cannabis or medicinal cannabis products that are donated. (SB 34 / Wiener)

Cannabis: Temporary Licenses: Allows cannabis businesses that were issued temporary cannabis business licenses prior to January 1, 2019, to remain operable until state licensing agencies issue or deny the business a provisional or annual license. *MuniServices supports SB 67.* (SB 67/ McGuire) *Added on 2/23/19*

Cannabis: Local Equity Program: States the intents of the Legislature to enact legislation that would provide financial support to local cannabis equity applicants or licensees. (SB 595 / Bradford) *Added on 2/23/19*

2018 U.S. Farm Bill / Legalizing Hemp: Allows farmers to legally grow industrial hemp, which would mean more CBD products on the shelves. Through this Farm Bill, hemp will no longer be considered a controlled substance. Generally, the legalization of industrial hemp will not impact the cities that prohibit commercial cannabis. Industrial hemp is specifically excluded from the definition of "Cannabis" as it relates to the commercial cannabis industry. Industrial cannabis must meet the specifications provided in the Health and Safety Code section 11018.5. Local jurisdictions can allow commercial industrial hemp businesses without impacting bans on the commercial cannabis businesses. <https://www.congress.gov/bill/115th-congress/house-bill/2/text>

9) Gambling

Murphy v. National Collegiate Athletic Association, the Supreme Court declared the federal Professional and Amateur Sports Protection Act (PASPA) unconstitutional. PASPA, adopted in 1992, prohibits states from authorizing sports gambling. State legislatures may now repeal state laws banning sports betting and/or pass laws allowing sports betting.

AB 1168 (2018) that was signed by Governor Brown extends the gambling moratorium related to the expansion of gaming and the issuance of new gambling licenses from January 1, 2020, to January 1, 2023.

Gambling Control Act: Removes, for the purposes of the Gambling Control Act, from the definition of applicant, a person who is about to apply for a state gambling license, or other specified licenses, permits, or approvals. *MuniServices will provide additional detail on this measure.* (AB 1082 / Low)

10) Telecommunications / Utility User Tax / Utilities

Text Tax Ban: Makes it clear that the CPUC is prohibited from unilaterally extending taxes, fees, and surcharges to any communications service that the FCC has classified as an "Information Service," which now includes text messages. (AB 162 / Kiley)

Prepaid Wireless Collection / UUT / AB 1717: The United States District Court for the Northern District of California issued a ruling in *Metro PCS California, LLC v. Michael Picker et al.* The CDTFA no longer will enforce the Prepaid MTS Surcharge Collection under AB 1717. MuniServices and its Legal Counsel led the effort and prepared a letter sent by the League of California Cities to the CDTFA outlining why the judgment is not applicable to local utility user taxes. The CDTFA in a notice confirmed that the local UUT will continue to be collected. *Clients should prepare to advocate in 2019 to ensure the continuation of AB 1717, which is set to sunset on January 1, 2020.*

Office of Emergency Services / State Emergency Telephone: Related to the 2018 State Budget, it makes a \$10,000,000 appropriation (loan) to the State Emergency Telephone Number Account which will be repaid in 2023. This will allow the State to begin working on the Next Gen 911 system activities. (AB 72 / State Budget)

California Net Neutrality: The Attorney General announced in October he would not enforce the federal law pending the outcome of a lawsuit looking to overturn the FCC decision to discard the national net-neutrality standards.

Telecommunications: Customer Right of Privacy: Updates existing law relating to when and how telephone corporations can use customer proprietary network information (CPNI) to also include mobile phone users, and explicitly include as CPNI the geo-location of a mobile phone user. (AB 523 / Irwin)



Emergency Services: Telecommunications: Authorizes cities, the CSU, the UC, and CCDs to access contact information for the sole purpose of enrollment in a public emergency warning system; and, requires the CPU to collect, and report to the Legislature, specified information from telecommunications service providers relating to the performance of public emergency warning systems. (SB 46/ Jackson) [Added on 3/05/19](#)

Public Utilities: Regulations: States the intent of the Legislature to enact legislation reforming the regulation of public utilities. (SB 155 / Bradford) [Added on 2/23/19](#)

Public Utilities Commission: Rates: Prohibits the Public Utilities Commission from approving any capital structure change or increase in rates for the Pacific Gas and Electric Company unless the Legislature, by statute, authorizes the capital structure change or increase in rates. (SB 549 / Hill) [Added on 2/23/19](#)

Local Agency Utility Services: Extension of Utility Services: Prohibits a city or district from requiring a developer to annex their property into the city boundaries as a condition of getting utility services. Clarifies that any utility fee charged to a developer by a city be utilized solely for the purpose for which that fee was imposed and provide a service of proportional benefit to the person or property being charged for it. (SB 646/ Morrell) [Added on 2/23/19](#)

11) Business License

It appears that many of the newer bills are adding the notification liability onto municipalities/administrators to make sure that the applicants are aware of their responsibilities as business owners. Most of the newer bills we're seeing require municipalities/administrators to either include wording on applications or to provide applicants with additional information. Most municipalities/administrators try to fit the information on the forms; however, it is increasingly becoming necessary to just provide the additional information in brochure form or via insert. This of course adds to the municipal costs for printing over time, but municipalities/administrators could raise its fees to cover the brochure/insert printing depending on how they determine to handle presenting the notifications. The key though is how a municipality/administrator interprets their liability of presenting the information. Some bills may say printed

form. Others could be interpreted as electronic notification being allowed. Some bills, like AB 3002 from 2018 require specific wording. Whereas, others may just provide an outline of the information required.

Codify Dynamex Decision: Intent is to codify *Dynamex Operations West Inc. v. Superior Court of Los Angeles*, in which the court ruled that a worker who performs services for a hirer is an employee rather than an independent contractor under specified circumstances. See: <https://www.avenuinsights.com/wp-content/uploads/2018/11/MuniServices-I-Avenu-Policy-Update-California-Business-License-Related-Measures-and-Dynamex-Planning-for-2019-112918-PDF-1-.pdf> (AB 5 /Gonzalez)

Business Licensing: Exemption: Veterans: Would expand the veteran business license fee waiver to include honorably discharged veterans who provide services such as landscaping, website design, or musical entertainment. (AB 498 / Weber)

Gender Discrimination: Notification When Issuing a Business License: Requires a city or county that issues local business licenses to provide written notification, with respect to prohibiting discrimination to the licensee at the time the business license is issued. Authorizes the agency to increase the fee for a business license to cover the reasonable costs of providing the notice. (AB 1607/ Horvath) [Added on 2/23/19](#)

GO-Biz Information Technology/ Name Change for CalGold to the California Business License Center:

Makes various changes to the Governor's Office of Business and Economic Development (GO-Biz) Among other provisions, renames CalGold, the "California Business License Center." The intent of CalGold is to assist users in finding the appropriate permit information for a business and also provides contact information for the various state and local agencies. An earlier version of last year's bill AB 767 would have re-named CalGold to "Master Business License Center." MuniServices requested that the author substitute "Master," with "California" or "State," to mitigate possible confusion with respect to local licensing requirements. *MuniServices will stay close to this issue.* (AB 1806, / Committee on Jobs, Economic Development and the Economy)



State Government: Emergency Services: Expands provisions authorizing a city to enter into an agreement to access the contact information of resident accountholders through the records of a public utility. Defines public utility to include, among others, wireless telephony services. (SB 46 / Jackson) *Added on 2/23/19*

Stormwater Quality Improvement Tax / New Requirements for Business Licenses: Requires applicable industrial facilities to demonstrate coverage under the Industrial General Permit (IGP) when applying for a business license or renewal. The author's fact sheet reports the bill would standardize the filing process for all facilities subject to an IGP, encouraging uniformity with water quality requirements, and would bolster California's efforts to keep harmful pollutants out of precious water sources. *MuniServices Business License and Government Relations team are in contact with the author's office regarding the bill. Please contact your Client Executive or the Government Relations team for additional information.* (SB 205 / Hertzberg)

Family Daycare Homes/ Business License Exclusion: Requires that local governments treat licensed large family childcare homes (14 children) the same as small family child care homes (8 children) as a residential use of property for the purposes of all local ordinances. Existing law prohibits a local jurisdiction from imposing a business license, fee, or tax for the privilege of operating a small family daycare home. This bill would extend that prohibition to large family daycare homes. (SB 234/ Skinner) *Added on 2/23/19*

State Agencies: Licenses: Fee Waiver: Authorizes any state agency that issues any business license to reduce or waive any required fees for licensure, renewal of licensure, or the replacement of a physical license for display if a person or business establishes to the satisfaction of the state agency that the person or business has been displaced by a declared emergency. (SB 601 / Morrell) *Added on 2/23/19*

12) Consumer Privacy

Consumer Privacy Act: Intent is to enact legislation relating to the California Consumer Privacy Act of 2018. In 2018, MuniServices was successful in seeking amendment language to SB 1194 and AB 2402 that protects local's access to certain taxpayer records, and

especially for auditing purposes.

https://s3.amazonaws.com/brt.org/privacy_report_PDF_005.pdf (AB 25 / Chau)

Privacy: Lodging and Common Carriers: State Emergencies: Disaster Response-Emergency

Operations Account: Includes clean up language to SB 1194 (2018) to clarify that the prohibition on disclosure of hotel records and private/charter bus records to third parties does not prevent a government entity from requiring a private business to provide business records in a public health, civil rights, or consumer protection investigation, or in an investigation conducted pursuant to section 308.5 of the Public Utilities Code. SB 1194 prohibited entities that offer lodging, transportation, or other accommodations to the public from disclosing, or communicating all or any part of any guest record to a 3rd party, other than a California peace officer, without a court-issued subpoena, warrant, or order.

MuniServices contacted the author's office with concern that an earlier version of the bill presented challenges with respect to a local's ability to perform lodging provider compliance reviews. The author agreed and accepted MuniServices suggestion to include language that protects a local's ability to use "agents" as a representative to perform TOT compliance audits. (AB 73 / Budget) *(Signed by the Governor) Updated on 2/18/19*

Consumer Privacy: Social Media Companies: Requires a social media company to provide users that close their accounts the option to have the user's personally identifiable information permanently removed from the company's database and records and excluded from sale. Requires a social media company to honor such a request within a reasonable time. (AB 288 / Cunningham)

Consumer Privacy Protection: Requires a business that conducts business in California, and that collects a California resident's consumer data, to disclose to the consumer the monetary value to the business of their consumer data by posting the average monetary value to the business of a consumer's data, including that information in its privacy policy posted on its internet website, and also including in its privacy policy disclosure of any use of a consumer's data that is not directly related to the service. (AB 950 / Levine) *Added on 2/23/2019*



California Consumer Privacy Act of 2018: States the intent of the Legislature to enact legislation relating to the California Consumer Privacy Act of 2018. (AB 873 / Irwin) [Added on 2/23/2019](#)

Consumer Privacy: Makes a non-substantive change to the Consumer Privacy Act. (AB 1758 / Chau and AB 1760/ Wicks) [Added on 2/23/2019](#)

Refer to AB 523 in the Telecommunications and UUT section of this report.

13) Sweetened Beverage / Soda Tax

Soda Tax: Creates a fee on sodas and other sugary beverages and use the new revenue to offset health and economic costs associated with overconsumption of sugar. (AB 138 / Bloom)
<https://www.cda.org/Portals/0/press/CDA.CMA.SSB%20press%20release.2.19.19.pdf>

14) Contracts

Employment Discrimination: Enforcement: In its current form, the bill would prohibit requiring a person from, as a condition of employment from waiving certain rights and or not disclosing sexual harassment. AB 51 is similar to last year's vetoed AB 3080. The Governor's veto message concluded: "Since the bill plainly violates the federal law, I cannot sign this measure." *At the time of writing, MuniServices was told amendments are expected.* (AB 51 / Gonzalez)

Contracts Between Public and Private Entities: Requires an agency that contracts with a person or private entity that owns or licenses an electronic database that contains the personal information of individuals for the purpose of hiring and training specified individuals, to do so only if the contract requires the person or private entity to comply with the requirements for disclosure and maintenance of personal information that are applicable to an agency pursuant to the Information Practices Act. (AB 1241/ Quirk-Silva). [Added on 2/23/19](#)

Sanctuary State Contracting and Investment Act: This bill would enact the Sanctuary State Contracting and Investment Act, which would, among other things, prohibit a city, county, or city and county from entering into a new, amended, or extended contract or agreement with any person or entity that provides

United States Immigration and Customs Enforcement (ICE) or United States Customs and Border Protection (CBP) with any data broker, extreme vetting, or detention facilities services, as defined, unless the city, county, or city and county has made a finding that no reasonable alternative exists, as specified. The bill would also prohibit a city, county, or city and county from making any investment in stocks, bonds, securities, or other obligations issued by any provider of data broker, extreme vetting, or detention facilities services to ICE or CBP, as specified. (AB 1332/ Bonta) [Added on 2/23/19](#)

15) Transportation / Transportation Funds

Transit Operators: Fare Revenues: Requires a fare paid pursuant to a reduced fare transit program to be counted as a full adult fare for purposes of calculating any required ratios of fare revenues to operating costs. Under the Transportation Development Act, revenues from a 0.25% sales tax in each county are available for allocation by the transportation planning agency to transit operators. (AB 226 / Mathis) [Added on 1/28/19](#)

Strategic Growth Council: Transportation Pilot Projects: Regional Transportation Plans: Requires the Strategic Growth Council, in consultation with the State Air Resources Board, to manage and award financial assistance to specified local entities for the purpose of funding pilot projects that reduce vehicle miles traveled to support the planning and development of sustainable communities. The bill would require a local entity that receives funding for a pilot project to provide data regarding the reduction of vehicle miles traveled by the project to the board for use in a specified report. (AB 1142/ Friedman) [Added on 2/23/2019](#)

Federal Transportation Funds: State Exchange Programs: Will allow the state, regions, cities, and counties to reduce the cost of transportation projects and provide for more projects to be completed with the same amount of revenue by expanding the Match Exchange Program to regions over 200,000 in population and to other federal surface transportation programs including the Transportation Alternatives Program, Highway Safety Improvement Program, and local bridge projects. Does not require but authorizes the state to expand the Match Exchange Program to the extent state funds are available and would not compromise other state funded projects or activities. The bill is supported by CSAC. (SB 137 / Dodd)



High Speed Rail Authority: Authorizes the High-Speed Rail Authority to keep the public informed through activities, including, but not limited to, community outreach events, public information workshops, and newsletters posted on the authority's internet website. (SB 147 / Beall)

16) Public Records / Recording Fees

Counties: Recording Fees: Authorizes County Recorders to use an existing \$1 fee for restoration and preservation of Recorder's permanent microfilm, to implement and fund an archive program, and to implement/ maintain/utilize a trusted system for permanent preservation of recorded document images. Existing law establishes a fee for recording documents with the county recorder at \$10 for the first page and \$3 for each additional page and authorizes a county recorder to assess additional specified fees. AB 3332 from 1990 allowed counties to increase the recording fee by \$1 to defray the cost of converting the County Recorder's document storage system to micrographics. Microfilm is the preservation medium used by county recorders to ensure recorded documents are retained in perpetuity. (AB 212 / Bonta)

Public Records: Authorizes a local agency to disclose the name, utility usage data, and home address of utility customers to an officer or employee of another governmental agency when the disclosure is not necessary for the performance of the other governmental agency's official duties but is to be used for scientific, educational, or research purposes, and the requesting agency receiving the disclosed material agrees to maintain it as confidential in accordance with specified criteria. Existing law prohibits the Public Records Act from being construed to require the disclosure of certain information concerning utility customers of local agencies but provides for the disclosure of some of that information, including to an officer or employee of another governmental agency when necessary for the performance of its official duties. *Please contact MuniServices for additional detail.* (AB 654 / Rubio)

Public Records: States the intent of the Legislature to enact legislation relating to the retention of records by public agencies. (AB 1184 / Gloria) [Added on 2/23/19](#)

County Recorder: Makes non-substantive change to provisions concerning county recorders. (SB 373 / Hertzberg) [Added on 2/23/19](#)

17) Parking / License Plate Recognition Systems

Electric Vehicles: Parking Requirements: Requires a parking space served by electric vehicle service equipment and a parking space designated as a future electric vehicle charging space to be counted as a least one standard automobile parking space for the purpose of complying with any applicable minimum parking requirements establishing by a local jurisdiction. (AB 1100 / Kamlger-Dove) [Added on 2/23/19](#)

Surcharges on Parking Violations: Deletes the authority of a court, county, city, district, or issuing agency to levy an additional surcharge on parking penalties for parking violations. (AB 1401 / Fong) [Added on 2/23/19](#)

Automated License Plate Recognition Systems: Makes non-substantive changes to existing law defining an automated license plate recognition system as a searchable computerized database. (AB 1782 / Chau) [Added on 2/23/19](#)

18) Water

Safe, Clean, Affordable, Accessible Drinking Water: This bill states findings and declarations relating to the intent of the Legislature to adopt policies to ensure that every Californian has the right to safe, clean, affordable, and accessible drinking water. (AB 134 / Bloom)

Water: Underground Storage: Revises the declaration that the storing of water underground constitutes a beneficial use of water to additionally provide that certain uses of stored water while underground constitute beneficial use. Provides that the forfeiture periods of a water right do not apply to water being beneficially used or being held in storage for later beneficial use. Existing law provides for the reversion of water rights to which a person is entitled when the person fails to beneficially use the water for a period of 5 years. (AB 441 / Eggman)



Municipal Separate Storm Sewer Systems: Requires the State Water Resources Control Board by July 1, 2020, to establish financial capability assessment guidelines for municipal separate storm sewer system permittees that are adequate and consistent when considering the costs to local jurisdictions. (AB 1093 / Rubio) *Added on 2/23/19*

Small System Water Authority Act of 2019: Creates the Small System Water Authority Act of 2019 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2020, would require the State Water Resource Board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance, for the period from July 1, 2018, through December 31, 2019, with one or more state or federal primary drinking water standard maximum contaminant levels, as specified. (SB 414 / Caballero) *Added on 2/23/19*

Proposed State Budget / Water Fund: Trailer bill language will near-mirrors last year's, SB 623 (Monning). The proposal seeks to create a sustainable funding source for contaminated water systems, with a focus on disadvantaged communities, and includes monthly fees to be placed on users of public water systems, ranging from less than \$1 for residential users, up to \$10 for industrial users. The Governor's budget is also complementing this proposal with a proposed allocation of state bond and general fund dollars, a total of \$188 million for technical assistance, grants, and loans to public water systems in disadvantaged communities for infrastructure improvements.

Water: Minimum Funding Guarantee: Requests Statewide voters to approve starting in 2021-22 dedicating no less than 2% of the State's General Fund for the payment of principal and interest on bonds. Forty percent of these revenues will be allocated to the State Water Resources Control Board for water quality projects, including drinking water improvement projects, groundwater cleanup projects, and emergency drinking water projects. (ACA 3 / Mathis and Garcia)

Water Tax Spot Bill: Relating to providing safe drinking water to communities. The Governor's proposed Budget also includes the creation of a safe and affordable drinking water fund. (AB 134 / Bloom)

19) Government Administration / Local Governance

Elimination of the State Board of Equalization: Eliminates the BOE and moves its powers and responsibilities to the CDTFA and the OTA. (There is also a new proposed Federal measure H.R. 25 that would abolish the IRS and enact a national sales tax to be administered by the States.) (ACA 2 / Nazarian)

State Government: FI\$Cal: Transparency: Enacts the Budget Transparency Act of 2019. This modifies the transparency component of FI\$Cal to require it to have information regarding all state expenditures, including the amount, the type, and a description of each state expenditure. (AB 62 / Fong)

Solid Waste: Eliminate Paper Receipts: Requires a receipt for the proof of purchase from a retailer to be provided only in electronic form, unless the consumer requests that the proof of purchase be provided in paper form. Sets forth violations and would be effective January 1, 2022. (AB 161 / Ting)

Microenterprise Home Kitchen Operations: Reporting: Requires an enforcement agency that is permitting and inspecting microenterprise home kitchen operations to annually report specified information about the operations and post a link to a report on the homepage of its internet website. **Safety Standards:** The bill would modify the food safety standards applicable to microenterprise home kitchen operations. **Marketing:** Prohibits an internet food service intermediary or a microenterprise home kitchen operation from using the word "catering" or any variation of that word in a listing or advertisement of a microenterprise home kitchen operation's offer of food for sale. (AB 377 / Garcia)

On-Sale Beer and Wine Paint and Sip Licenses: Allows the issuance of an on-sale beer and wine paint and sip license to a person that has premises for the primary purpose of art events or art classes that are scheduled in a bona fide manner for a fee. (AB 475 / Kiley)



Dumping / Increased Fines: Increases the punishable fine amounts for dumping waste matter on private property, including on any private road or highways, without the consent of the owner punishable by a fine between \$250 and \$1,000 for a first conviction, between \$500 and \$1,500 for a 2nd conviction, and between \$750 and \$3,000 for a 3rd conviction. The bill would make a 4th or subsequent conviction a misdemeanor punishable by imprisonment and by a fine of not less than \$750 nor more than \$3,000. (AB 215 / Mathis)

Alarm Companies: Local Use Permits: Specifies that it is not the alarm company's legal responsibility to obtain the local use permit for their customer and/or it is not the company's responsibility to renew the local use permit for the customer. (AB 1289/ Chen) *Added on 2/23/19*

Local Government Finance: Budget Reserves: Requires a local government by September 1, 2020, and annually thereafter, to submit a written report to the State Controller's office on how it plans to spend any of its budget reserves, as defined, on specified priorities over a 5-year fiscal period, including, among others, mental and behavioral health services and affordable housing. (AB 1640 / Horvath) *Added on 2/23/19*

State Government: Enacts legislation to provide a system of analysis that supports a results-oriented framework for the delivery of public services and the operation of state departments and programs. (AB 1714 / Rubio) *Added on 2/23/19*

Alcoholic Beverages: Hours of Sale: Would allow, but not require, qualified local governments to permit bars and nightclubs (but not liquor stores) to serve alcohol past 2am and up to 4am. The pilot program (2021 to 2026) applies to Cathedral City, Coachella, Fresno, Long Beach, Los Angeles, Oakland, Palm Springs, Sacramento, San Francisco, and West Hollywood. (SB 58 / Wiener)

Single-use Plastic Waste: Reduction: Reduces the amount of single-use plastic waste entering California's waste stream, polluting oceans, littering local communities and beaches, and costing local governments millions of dollars in clean-up costs. Note that the City of Berkeley adopted a surcharge on beverages served in a disposable cup. (SB 54 / Allen and AB 1080/ Gonzalez)

20) Housing

The Governor's Budget proposes \$750 million in General Fund grants to local governments meant to accelerate meeting new housing production goals (to be developed by the Department of Housing and Community Development).

Tax Vote Threshold: Lowers the vote threshold from 2/3rds to 55% for taxes that fund "infrastructure" and affordable housing. (ACA 1 / Aguiar-Curry)

Residential Development: Prohibits a city or county from subjecting any residential development, or part thereof, to a new or modified regulation, rule, policy, action, ordinance, or other requirement, beyond those adopted and in effect. (AB 1561 / Garcia) *Added on 2/23/19*

Local Home Financing Agencies: Cities: Expands the definition of city to include a non-profit benefit corporation instrumentality created at the direction of, and so designated by, a city. (AB 1659 / Bloom) *Added on 2/23/19*

Local-State Sustainable Investment Incentive Program: Establishes the Local-State Sustainable Investment Incentive Program, which would be administered by the Sustainable Investment Incentive Committee. The Local-State Sustainable Investment Incentive Program is designed as an opt-in program and no affected taxing entities are required to participate. Schools will be made whole by the state backfill mechanism in Prop. 98. Prevailing wages and skilled and trained workforce requirements apply. The bill establishes an ongoing funding mechanism that would ultimately direct up to \$2 billion annually in support of local infill, transit-oriented development, affordable housing and neighborhood revitalization projects. Authorizes a city, county, city and county, joint powers agency, enhanced infrastructure financing district, affordable housing authority, community revitalization and investment authority or transit village development district to apply to the Committee to participate in the program and authorizes Committee to approve or deny applications for projects. *The League is encouraging cities to support SB 5.* (SB 5 / Beall) *Added on 2/23/19*



Land Use / TOD: Limits restrictive local land use policies and legislation that would encourage increased housing development near transit and job centers, in a manner that ensures that every jurisdiction contributes its fair share to a housing solution. (SB 4 / McGuire)

Keep Californians Housed Act: Requires the Department of Housing and Community Development to develop and publish on its website, a guide to all state laws pertaining to landlords and the landlord-tenant relationship. (SB 18 / Skinner)

Planning and Zoning: Housing Development: Equitable Communities Incentive: A developer opt-in bill that exempts specified housing projects from locally adopted parking requirements, density limits, height maximums limits less than 55 feet, and floor area ratio (FAR) maximums less than 3.25. Requires a local agency to grant upon request, an equitable communities incentive when a development proponent seeks and agrees to construct a residential development that satisfies specified criteria. (SB 50 / Wiener)

GOVERNMENT RELATIONS CONTACT

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