



This edition captures selected measures that are active in the legislative process. Please note the following deadlines.

DEADLINES

April 22: Legislature reconvenes from Spring Recess.

April 26: Last day for policy committees to hear and report to fiscal committee's fiscal bills introduced in their house.

May 3: Last day for policy committees to hear and report bills to the Floor non-fiscal bills introduced in their house.

May 10: Last day for policy committees to meet prior to June 3.

May 17: Last day for fiscal committees to hear and report bills introduced in their house. Last day for fiscal committees to meet prior to June 3.

May 28 to May 31: Floor Session only (other than conference or Rules committee).

May 31: Last day for bills to be passed out of the house of origin.

June 3: Committee meetings may resume.

June 15: Budget Bill must be passed by midnight.

Selected Proposals Impacting Local Revenues

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Proposals Impacting Local Governance

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1) Sales Tax

Sales Tax Exemptions and Exclusions

Sales Tax Exemption for Diapers: Exempts diapers for infants and toddlers from sales and use taxes beginning January 1, 2020 and until January 1, 2025. The exemption does not apply to adult diapers. (AB 66 / Gonzalez)

Sales Tax Exemption for Feminine Hygiene Products: Exempts specified feminine hygiene products from sales and use taxes beginning January 1, 2020 and until January 1, 2025. (AB 31 / C. Garcia, Bonta, Gonzalez, Mathis)

Sales and Use Tax Exemption for Retail Hydrogen Fuel: Exempts from sales and use taxes beginning January 1, 2020 and until January 1, 2024 retail hydrogen vehicle fuel. (AB 745 / Petrie-Norris)

Sales Tax Exemptions for Remanufactured Trucks: An exemption until January 1, 2024 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 Tax Exemption for California Hybrid Zero Emission Truck and Bus Voucher Incentive Program: Would, until January 1, 2024, provide an exemption from those taxes relating to the sale of specified zero-emission technology medium- and heavy-duty transit bus vehicles. (AB 784/ Mullin)

Sales and Use Tax Exemption for On-call Volunteer Fire Department Equipment: Exempts until January 1, 2025 equipment that is purchased for exclusive use by an on-call volunteer fire department. (AB 1049/ Grayson)



Sales and Use Tax Exemption for Oak Barrels: Exempts until January 1, 2025 new or used oak barrels for a person who purchases that oak barrel for the purpose of incorporating oak into distilled spirits. (AB 1120 / Cunningham)

Sales and Use Tax Exemption for Automotive Adaptive Equipment: Veterans: Exempts beginning July 1, 2020 and until July 1, 2030 add-on, automotive adaptive equipment sold to a veteran, or active duty member of the U.S. Air Force services on active duty, who is disabled, regardless of whether the disability is service related. (AB 1257 / Salas)

State Sales and Use Tax Exclusion for Low Emission Vehicle Trade In: Would exclude until January 1, 2025 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)

Sales and Use Tax Exemptions for Newspapers: Reinstates after January 1, 2020 and until January 1, 2025 an exemption from taxes for a photograph transferred one time for the purpose of being reproduced in a newspaper. Makes an exemption as well for newspapers. (AB 1776 / Levine)

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

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)

Transactions and Use Tax: South Coast Air Quality Management District: Would authorize the south coast district board to impose a transactions and use tax within the boundaries of the south coast district. (SB 732/ Allen)

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)

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, Yucaipa, and specified portions of the unincorporated areas of the County of San Bernardino. (AB 1457 / Reyes)

Additional Sales Tax Proposals

Office of Tax Appeals: Tax Panels: Requires the office to establish a process under which a person filing an appeal may opt to appear before one administrative law judge, rather than a tax appeal panel, when the total amount in dispute is less than \$5,000 with respect to personal income taxes or the entity filing the appeal has gross receipts of less than \$20,000,000 with respect to taxes and fees administered by the CDTFA. (AB 344/ McGuire)

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 would be revenue neutral. The current budget proposal projects that the state's sales and use tax, the second-largest source of state revenue, behind the personal income tax, will generate \$40.1 billion in 2019-20, or 19.81% of the state's total revenue. (SB 43 / Allen)



2) Wayfair / E Commerce

Wayfair Implementation

Please contact your MuniServices Client Executive for specific revenue impact questions.

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 and 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: 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. . *MuniServices letter requesting the Governor’s signature on AB 147 can be found at:*

<https://www.avenuinsights.com/category/governments-relations/>

(AB 147/ Burke and McGuire)

E-Commerce

Online Sales: Point of Delivery: Would provide that, on and after January 1, 2021, for the purpose of distributing the sales tax revenues imposed pursuant to the Bradley-Burns Law, the retail sale of tangible personal property by a qualified retailer, that is transacted online is instead consummated at the point of the delivery or to any other delivery address designated by the purchaser. *In a conversation with the author’s office, MuniServices was told that ACA 13 was introduced since Senator Glazer was no longer going forward with his version of last year’s SCA 20.* (ACA 13/ Obernolte)

Online E-commerce Marketplaces: Use of Information:

Prohibits an online e-commerce marketplace with more than 200,000,000 million active customer accounts that offers customers 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)

3) Economic Incentives/ Tax Reform

Prohibits Economic Incentives: Would prohibit, on or after January 1, 2020, a local agency from entering into any form of agreement that would result, directly or indirectly, in the payment, transfer, diversion, or rebate of Bradley-Burns local tax revenues to any retailer, as defined, in exchange for the retailer locating a warehouse, sales center, or fulfillment center within the territorial jurisdiction of the local agency if the warehouse, sales center, or fulfillment center would generate revenue for the local agency under the Bradley-Burns Uniform Local Sales and Use Tax Law.

Existing law prohibits cities and counties from entering into any form of agreement that would result, directly or indirectly, in the payment, transfer, diversion, or rebate of Bradley-Burns local tax revenues to any person, for any purpose, if the agreement results in a reduction in the amount of Bradley-Burns local tax revenues that, in the absence of the agreement, would be received by another local agency and the retailer continues to maintain a physical presence within the territorial jurisdiction of that other local agency, with specified exceptions *MuniServices met with the author’s office and was told the bill is to mirror the League’s Sales Tax Working Group’s recommendations which were adopted by the League’s Board.* (SB 531 / Glazer)

Economic Development Subsidies: Requires effective January 1, 2020 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. 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 current tax code with the State's 21st century economy. (SB 522 / Hertzberg)

4) Manufacturing Exemptions

In 2013, the Legislature enacted AB 93 (Committee on Budget) and SB 90 (Committee on Budget and Fiscal Review). The measures included a state-only (3.9375%) sales and use tax exemption on purchases of manufacturing equipment made by taxpayers within specific North American Industrial Classification System codes, capped at \$200 million annually per taxpayer, effective July 1, 2014, and ending July 1, 2022.

In 2017, the Legislature expanded and extended this exemption, as part of an agreement to extend the Global Warming Solutions Act (AB 398). As a result, the exemption largely overlapped the state tax effects of the SB 71 and SB 1186 programs, as they applied to almost all the same taxpayers. Instead of applying to the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), taxpayers simply print a resale certificate from CDTFA's website, and present it to the retailer to purchase the property sales-tax free.

Alternative Energy Advanced Transportation

Financing: Manufacturing: Sales Tax Exclusion

Extension: Extends the January 1, 2021 sunset for qualifying projects until January 1, 2031. "Project" means tangible personal property if at least 50% 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 exclusions from exceeding \$100,000,000 for each calendar year. (AB 176/ Cervantes)

Alternative Energy and Advanced Transportation:

Sales Tax Exclusion: Exemption: Extends until January 1, 2030 the exclusion for 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. With CAEATFA's sales tax exclusion program set to expire on July 1, 2020, State Treasurer Fiona Ma wants to extend the program until 2030. An SB 162 analysis stated: "Because SB 93s and AB 90s state-only sales and use tax exemption apply to most of CAEATFA's applicants, almost all of the foregone revenue resulting from extending the program would flow to local agencies. Additionally, it's unclear whether the revenue foregone is sales tax, which would be allocated to the jurisdiction where the equipment is purchased, or use tax, which would flow to the countywide pool in the county where the equipment is used, so it's hard to tell which local agencies are affected. CAEATFA indicates that they will begin collecting this information to quantify local revenue impacts should the program be extended." (SB 162 / Galgiani)

Targeted Revitalization Incentive Program: Local

Governments: Property Tax Abatement: Would authorize until January 1, 2025 cities and counties to implement and administer a property tax abatement program that spurs economic development; and provide local governments with tools to revitalize their communities by attracting and supporting industrial investment that creates jobs, increases the tax base, and encourages the rehabilitation of underutilized sites. Would require the Governor's Office of Business and Economic Development to compile the information submitted by each city and county and submit a report to the Legislature containing this information on or before October 1, 2025, and no later than October 1 every 2 years thereafter. (AB 1248/ E. Garcia)

5) 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:**

Modifies the existing \$35,500 income eligibility threshold for the Property Tax Postponement (PTP) Program by making it the greater of either \$45,000 or the definition of “low income” for a two-person household, as defined by the Department of Housing and Community Development (HCD). Revenues from repayments and interest go into the PTP Fund, which supports new PTP tax payments to county agencies. (AB 133/ Quirk-Silva)

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 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)

Low-income Housing Incentives: Leased Rental Housing: Counties of Alameda and Contra Costa:

Authorizes the county to pay a low-income rental housing incentive to a lessor who leases residential property to specified entities to operate as low-income rental housing if the lessor is ineligible for the property tax welfare exemption. (AB 723 / Wicks)

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)

Property Tax Revenue Allocations: Local-State Sustainable Investment Program: Would authorize a city, a county, or a specified joint powers agency to apply to the DOF for funding for projects that further certain purposes, including increasing the availability of affordable housing. Requires funding under the program be provided by an allocation of ad valorem property tax revenues; limits the amount of funding approved under the program to \$200,000,000 per fiscal year and \$1,000,000,000 total. (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. 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. See: <https://lao.ca.gov/ballot/2017/170715.pdf>
<https://publicpolicy.pepperdine.edu/davenport-institute/content/research/archived-reports/split-roll.pdf>

6) Transient Occupancy Taxes / Short Term Rentals

Short Term Rentals: San Diego County: Collection of TOT Revenues: Prohibits until January 1, 2025 a hosting platform from listing a residential property within an urbanized area or urban cluster of the coastal zone in San Diego County as a short-term rental for more than 30 days per calendar year unless the primary resident lives onsite full-time. The bill would also require the hosting platform facilitator of the short-term rental to be responsible for collecting and remitting applicable transient occupancy taxes. (AB 1731 / Horvath)



7) Cannabis Tax and Delivery

Taxation and Revenue

Cannabis: Tax Reduction: 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 MAUCRSA may remit any city or county cannabis license tax amount due by payment using stable coins (i.e. Bitcoin). (AB 953 / Ting and McCarty)

Medicinal 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. Medical cannabis is already exempt from the sales and use tax if proper documentation is provided. (SB 34 / Wiener)

Medicinal Cannabis: Sales Tax Exemption: Veterans: Would, on or after January 1, 2020, and until January 1, 2030, provide an exemption from sales and use taxes for the sale of, or the storage, use, or other consumption in this state of, medicinal cannabis or medicinal cannabis product purchased by a qualified patient or a primary caregiver of a qualified patient from a medicinal cannabis licensee if that qualified patient or primary caregiver provides an attending physician's recommendation, a valid state government-issued identification card, and a specified Veteran Health Identification Card. (AB 1569/ Jones Sawyer)

Deliveries

Local Jurisdiction Restrictions on Cannabis Delivery: Authorizes a local jurisdiction to restrict or ban the delivery of cannabis or cannabis products to a location within that jurisdiction and establishes a grant program available only to localities that authorize or license both cultivation and retail cannabis activity. *The bill on April 8, 2019 failed by a 7-to-7 vote in the Assembly*

Business in Professions Committee. The Committee voted to allow the bill to be reconsidered during a future hearing. MuniServices opposed the delivery provisions proposed in formal regulations that were considered by the Bureau of Cannabis Control. (AB 1530/ Cooley)

Lawsuit to Invalidate California Bureau of Cannabis Control Regulation Regarding Deliveries: A recent lawsuit filed by 25 local governments seeks to invalidate recent regulations by the BCC that purport to allow delivery of commercial cannabis state-wide, including in communities that have regulated or banned commercial cannabis, thus violating the will of voters and the law. The lawsuit filed in Fresno Superior Court alleges that BCC Regulation 5416(d) is invalid because it eliminates the ability of cities and counties to regulate commercial cannabis deliveries within their communities, a key promise in Proposition 64, which legalized commercial cannabis activities in California. The 25 local governments initiating the lawsuit against the BCC are, Santa Cruz County, Agoura Hills, Angels Camp, Arcadia, Atwater, Beverly Hills, Ceres, Clovis, Covina, Dixon, Downey, McFarland, Newman, Oakdale, Palmdale, Patterson, Riverbank, Riverside, San Pablo, Sonora, Tehachapi, Temecula, Tracy, Turlock, and Vacaville. https://static1.squarespace.com/static/5c895dff92441b9dea2ba362/t/5ca6abacf4e1fc9d47b784ea/1554426801954/SIMPL_complaint.pdf

Track and Trace / Licensing

Cannabis: Licensing: Retail Business Emblem: Track and Trace: Would, by December 31, 2019, require the BCC to establish a cannabis retail business emblem and would require, beginning on January 1, 2020, the bureau to issue an emblem to each retail licensee, microbusiness licensee, and nonprofit licensee, including provisional licensees, as provided, upon issuance of the license. The bill would require a licensee to post the emblem in a specified location that is clearly visible to the general public and to patrons entering the facility and would require specified employees to carry the emblem when delivering cannabis or cannabis products. Would require a licensing authority to allow a local jurisdiction access to, or provide information contained within, the electronic database. *MuniServices support letter can be found at: <https://www.avenuinsights.com/category/governments-relations/>. (SB 658/ Bradford)*



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. Requires that the track and trace program is fully integrated into the California Law Enforcement Telecommunications System. The State Teletype System is used for official law enforcement business by the state, city, county and city and county agencies. (AB 1288 / Cooley)

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)

Cannabis: Licensing Fees: Prohibits State 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)

Banking

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)

Additional Proposals Impacting Locals

Cannabis: Local Jurisdictions: Retail Commercial Cannabis Activity: Would require local jurisdictions to authorize retail - either storefront or non-storefront - pursuant to the formula established in the bill. Local jurisdictions with populations under 10,000 or where Prop 64 failed would be exempt from the bill. (AB 1356/ Ting)

8) Telecommunications / Utility User Tax / Utilities

Prepaid Wireless Collection / 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 UUT. The CDTFA confirmed that the local UUT will continue to be collected. Clients should prepare to advocate in 2019 for the continuation of AB 1717, which is set to sunset on January 1, 2020.*

Customer Right of Privacy: Impact on UUT Revenues: Telecommunication Services: Relates to when and how telephone corporations can use customer propriety network information (CPNI) to also include mobile phone users. *MuniServices contacted the author's office regarding concerns that the introduced version of the bill would directly impact local UUTs from telecommunication services. MuniServices counsel drafted suggested amendments for the author's consideration to protect local UUTs.* (AB 523 / Irwin)

Exemption: Clean Energy: Extends AB 792 (2013) that placed a moratorium on UUT for renewables and certain "super clean" non-renewables (also call "distributed generation") from 2020 to 2027. The League and local governments opposed the bill arguing that a proposal of this type - in essence, a state-mandated exemption on local utility user taxes levied not by the state, but by cities - should instead be locally negotiated by the companies desiring the tax break with the city councils whose cities will feel the pinch of the lost or forgone revenue. Notwithstanding local opposition, the bill was enacted unanimously by the state legislature. *As renewables such as residential and commercial solar increase, UUT cities will experience a corresponding reduction in UUT. In 2020, UUT public agencies will need to oppose efforts to make this moratorium a permanent ban.* (AB 1208/ Ting and co-author Mullin)



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. *MuniServices counsel confirmed that the bill decreases the privacy of utility customer information by creating another circumstance in which such information can be disclosed in response to a request under the Public Records Act and does not pose immediate concern with respect to UUT reviews and audits.* (AB 654 / Rubio)

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

Public Utilities Commission: Rates: Authorizes the PUC to approve any capital structure change or increase in rates for the Pacific Gas and Electric Company only upon the Legislature, by statute, approving the capital structure change or increase in rates. (SB 549 / Hill)

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)

Net Neutrality: The Federal House approved legislation (HR 1644) that would restore Obama-era net neutrality rules. HR 1644 would codify consumer protections that existed prior to the Federal Communications Commission's (FCC) December 2017 repeal of net neutrality rules. Under the bill, broadband-access providers would be prohibited from blocking or slowing internet content or offering select apps and services access to so-called "fast lanes."

9) Business License

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. We are seeing requirements for 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 provide the additional information in brochure form or via insert. This 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.

Business Licensing: Exemption: Veterans: Would exempt a veteran who is honorably discharged or honorably relieved from the Armed Forces of the United States and is a resident of this state from paying any state or local business license fees for a business that sells or provides services if the veteran is the sole proprietor of the business. (AB 498 / Weber)

Name Change for CalGold to 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. <http://www.calgold.ca.gov/> (AB 1806, / Committee on Jobs, Economic Development and the Economy)*

**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)

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. The bill would permit a city or county to develop a provisional license procedure for business license renewals that provides businesses 3 months to comply with these provisions. *MuniServices Business License and Government Relations team are in contact with the author's office regarding implementation should the bill become law.* (SB 205 / Hertzberg)

Family Daycare Homes/ Business License Exclusion:

Requires that local governments treat licensed large family childcare homes (14 children) in the same manner 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)

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 or affected by a declared federal emergency or proclaimed state emergency. (SB 601 / Morrell)

10) Sweetened Beverage / Soda Tax

Soda Tax: Creates a 2 cents per fluid ounce fee on sodas and other sugary beverages and use the new revenue to offset health and economic costs associated with overconsumption of sugar. Authorizes the State Department of Social Services to prioritize revenue it receives from the tax to fund the Safe Drinking Water Supplemental Benefit Pilot Program. Extends the pilot program until July 1, 2025 and repeals the pilot program provisions on January 1, 2026. In November 2014, Berkeley became the first city in the nation to adopt a soda tax after 30 other cities and states around the country failed. In November 2016, San Francisco, Oakland, and Albany, all passed similar SSB taxes. (AB 138 / Bloom)

11) Unclaimed Property / Local Government Property**Unclaimed Property: Local Government Property:**

Would permit property reported to, and received by, the Controller in the name of a state or local agency, as defined, to be transferred by the Controller directly to that agency without the filing of a claim. (AB 1637/ Smith)

12) Public Records / Recording Fees

Counties: Recording Fees: Authorizes County Recorders to use an existing \$1 fee until January 1, 2026 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. *MuniServices confirmed with the author's office that the bill is clear with respect to how the revenue will be used and the bill is a non-mandate.* (AB 212 / Bonta)



13) Economic Development / Opportunity Zones

Place Based Economic Strategies Act: Establishes the Office of Place-Based Economic Strategies within GO-Biz for the purpose of supporting local and regional economic development entities to access programs and implement place-based and other community- and neighborhood-level strategies. (AB 742 / Cervantes)

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)

Tax Recovery in the Underground Economy:

Establishes the Tax Recovery in the Underground Economy Criminal Enforcement Program within 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)

California Tourism: Assessments: Restaurants and Retail Industry:

Would exempt from the assessments, certain businesses in the restaurants and retail industry category and derive less than 20% of their gross revenues annually from travel and tourism occurring within the state, unless the business elects to participate. The California Tourism Marketing Act requires the California Travel and Tourism Commission to annually prepare and implement a tourism marketing plan, among other things, and provides for the imposition by referendum and collection of specified assessments upon businesses in industry segments of the tourism industry to fund the plan and other duties of the commission. *MuniServices was notified by the author's office that the measure is now a two-year bill.* (AB 1664/ Chiu)

Microenterprise Development: Local Partnerships:

When promoting the local partnerships, requires California communities and the public agencies that serve them to engage, to the extent feasible, microenterprise development providers for input on effective systems to support and effectively partner with microenterprises. (AB 1577 / Burke)

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% voter approval requirement to issue debt. (SB 128 / Beall)

Opportunity Zones

There are several proposed measures related to opportunity zones. Based on guidance from the U.S. Treasury, California had 3,516 eligible low-income census tracts, meaning California was able to nominate up to 879 census tracts. As census tracts are designed to capture geographic areas of approximately 4,000 people, more than 3 million Californians are potentially living within an Opportunity Zone. Online resources related to designated census tracts: http://www.dof.ca.gov/Forecasting/Demographics/opportunity_zones/index.html

SB 635 (Hueso), Chapter 888, Statutes of 2018, calls for the establishment of a California website to assist communities, investors, and community development partners: <https://opzones.ca.gov/>.

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.



14) Consumer Privacy / Impact on Local Government

Privacy: Lodging and Common Carriers: State

Emergencies: 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 PUC. (AB 73 / Budget) *(Signed by the Governor)*

Consumer Privacy

In 2018, MuniServices was successful in seeking amendment language to SB 1194 and AB 2402 that protects local agency access to certain taxpayer records, especially for compliance purposes. Proposed AB 523 (Irwin) a consumer privacy measure related to telecommunications, includes unintended language that would threaten the ability of cities and counties to collect UUTs on telecommunication services. MuniServices is working with the author's office and has requested amendment language to protect local UUT revenues. MuniServices encourages its clients to track consumer privacy related measures for possible impact and unintended consequences.

15) Local Balloting

Political Reform Act of 1974: Misuse of Funds: Impact on Local Balloting:

Prohibits any elected state or local officer, including any state or local appointee, employee, or consultant, from using or permitting others to use public resources for a campaign activity. Under the bill "public resources" means any property or asset owned by the state or any local agency, including, but not limited to, land, buildings, facilities, funds, equipment, supplies, telephones, computers, vehicles, travel, and state-compensated time. *MuniServices counsel confirmed that using public funds for polling to figure out what the public would support before putting a measure on the ballot is legal and often essential. MuniServices was told by the author's office that the bill is subject to interpretation by the FPCC;* (AB 1306/ C. Garcia)

16) Transportation Projects and Funds

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. Authorizes the state to expand the Match Exchange Program. (SB 137 / Dodd)

17) Parking / Safe Parking

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)

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; this includes penalties to fund court operations and construction, including a state court construction penalty, and to support authorized local purposes. (AB 1401 / Fong)

Parking Violations: Current law requires the party responsible for processing the notices of parking violations and notices of delinquent parking violations, to provide a copy of a parking violation to the person who has received the violation within 15 days of that person's request. The bill extends the time to 20 days. (AB 481/ Lackey)

Public Property: Safe Parking Program: Would require a city with a population greater than 330,000 and each county, in coordination with cities and local non-profit entities to establish a safe parking program that provides safe parking locations and options for individuals and families living in their vehicles. Would require a safe parking program to provide a bathroom facility and onsite security and for the safe parking programs be developed and implemented by June 1, 2022. (AB 891/ Burke)



Safe Parking Programs: Would authorize a city, county, city and county, joint powers authority, or continuum of care formed under federal law to establish a safe parking program for the purpose of designating an area for homeless persons and families who reside in their vehicles to park their vehicles and providing those persons access to case management and social services at the safe parking program site when specified conditions are met. The bill would require the Department of Motor Vehicles to waive specified fees and penalties a program participant incurred prior to enrolling in a safe parking program and to issue temporary operating permits to program participants whose vehicle registration has expired. (SB 369/ Hertzberg)

18) Water/ Municipal Storm Systems

Safe Drinking Water for All Act: Establishes a safe and affordable drinking water “fee” in the amount of 50 cents per service connection on all public water systems in addition to the taxes previously imposed to fund drinking water programs that include: A “fertilizer safe drinking water fee” of \$0.006 per \$1 of all sales of fertilizing materials. A “dairy safe drinking water fee” of \$0.01355 per hundredweight of milk. A “fee” of \$1,000 for the first non-dairy confined animal facility and \$750 for each facility thereafter owned by the same producer, up to \$12,000 per producer per year, beginning with the 2021 calendar year. (AB 217/ Garcia)

Municipal 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)

Small System Water Authority Act of 2019: 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)

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 Quality: Safe Drinking Water Fund: Creates the Safe Drinking Water Trust in the State Treasury and would be funded with general fund dollars during a state budget surplus year, such as the current budget year. Net income earned from the trust would be transferred to a Safe Drinking Water Fund, which the State Water Resources Control Board would administer. The bill is supported by the League. (SB 669 / Caballero)

Clean Water for All Act: Requests Statewide voters to approve dedicating no less than 2% of the State’s General Fund for the payment of principal and interest on bonds starting in 2021-22. 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)



19) Selected Housing Measures

Governor Proposes \$1.3 Billion Aimed at Increasing Housing Production:

The Governor's budget includes proposals for 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 goal; \$250 million could support various local government activities. As local governments reach these new goals, an additional \$500 million would be available to cities and counties for general purposes.

Housing Law Compliance: Applying for State Grants:

Impact on SB 1 Funds: *MuniServices confirmed that as of April 5, 2019, AB 1568 no longer ties SB 1 local formula funding to housing production.* (AB 1568/ McCarty)

Tax Vote Threshold: Proposes amendments to the California Constitution to allow a city, county, or special district, with 55% voter approval, to incur bonded indebtedness or impose specified special taxes to fund projects for affordable housing, permanent supportive housing, or public infrastructure. *MuniServices supports ACA 1.* (ACA 1 / Aguiar-Curry)

Community Facilities Districts: Special Taxes:

Exemption: Exempts specified affordable housing properties receiving a welfare exemption from a special tax imposed by a Mello-Roos community facilities district (CFD) if the tax is imposed on or after January 1, 2020. (AB 1743/ Bloom)

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 / C. Garcia)

Affordable Housing and Community Development

Investment Program: 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. *The League is encouraging cities to support SB 5.* (SB 5 / Beall)

San Francisco Bay Area Regional Housing Agency:

Housing Development: Financing: Will raise and allocate new revenue by authorizing the entity to place on the ballot in all or a subset of the nine counties in the San Francisco Bay area various funding measures that distribute the responsibility across commercial developers, businesses above a certain size, taxpayers, and property owners within its jurisdiction. Funding may include one-half of one cent increase in sales tax; a parcel tax; a commercial linkage fee; gross receipts tax with variable rates according to business sector with an exemption for small businesses; a business tax based upon the number of employees assessed at a variable rate with an exemption for small businesses; a general obligation bond to be funded by an ad valorem tax on the assessed value of local properties; and a revenue bond. (AB 1487/ Chiu)

Land Use / TOD: Creates a streamlined approval process for eligible projects within ½ mile of fixed rail or ferry terminals in cities of 50,000 residents or more in smaller counties and in all urban areas in counties with over a million residents. It also allows creates a streamlined approval process for duplexes and fourplexes, as specified, in residential areas on vacant, infill parcels. (SB 4 / McGuire)

Planning and Zoning: Housing Development:

Incentives: Requires a local government to grant an equitable communities incentive, which reduces specified local zoning standards in "jobs-rich" and "transit rich areas." Cities, neighborhood associations, and homeowners groups are opposed to this bill for overriding local planning and decision-making and enacting a "one-size-fits-all" approach to solving the housing crisis. (SB 50/ Wiener)



20) Government Administration / Local Governance

Budget Reserves / Tax Expenditures

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 on specified priorities over a 5-year fiscal period, including, among others, mental and behavioral health services and affordable housing. *MuniServices reached out to the author's office with concerns regarding local control. The author's office notified MuniServices on April 15 that the measure is now a two-year bill.* (AB 1640 / Horvath)

Tax Expenditure: Repeal Date: Would repeal all tax expenditures, as defined, on December 31, 2023, not including any tax expenditures under the Personal Income Tax Law, and would require, if a tax expenditure is amended to remove or extend the repeal date, the act doing so to include specified information related to the efficacy of the tax expenditure. (SB 468/ Jackson)

Waste / Local Enforcement

Solid Waste: Eliminate Paper Receipts: Requires a receipt for the proof of purchase provided to a consumer by a business to be provided only in electronic form. The bill sets forth violations. "Business" means a company that has more than one million dollars (\$1,000,000) in gross receipts annually and accepts payment through credit or debit transactions. (AB 161 / Ting)

Solid Waste: Food Packaging Material: Local Regulation: Would prohibit locals from requiring a grocery store to use a certain type of food packaging for any food sold in the grocery store unless the majority of residential households within the jurisdiction of the local agency have access to a curbside program that accepts the material from which that food packaging is made. A local agency that, as of December 31, 2019, has an ordinance in conflict with the bill may continue to implement and enforce that ordinance only until January 1, 2023. (AB 1171/ Chen)

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. (AB 215 / Mathis)

Single-use Plastic Waste: Reduction: Would require single-use plastic packaging and products sold or distributed in California to be reduced, recycled or composted by 75% by 2030, and require all single-use packaging and products to be recyclable or compostable on and after 2030. (SB 54 / Allen and AB 1080/ Gonzalez)

Food and Drink / Local Enforcement

Microenterprise Home Kitchen Operations: Among its provisions would prohibit 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 and prohibits a third-party delivery service from delivering food produced by a microenterprise home kitchen operation. (AB 377 / Garcia)

On-Sale Beer and Wine Paint and Sip Licenses: Allows the license to a person that has premises for the primary purpose of art classes that are scheduled in a bona fide manner for a fee. (AB 475 / Kiley)

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 (2022 to 2027) applies to Cathedral City, Coachella, Fresno, Long Beach, Los Angeles, Oakland, Palm Springs, Sacramento, San Francisco, and West Hollywood. (SB 58 / Wiener)

GOVERNMENT RELATIONS CONTACT

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