



CALIFORNIA - 2019 RECENT LEGISLATIVE ACTION

Friday, September 13, was the last day for the Legislature to pass bills and send them to the Governor's office for signature. The Governor must act on measures by **October 13, 2019**.

Please refer to <http://leginfo.legislature.ca.gov/> for status updates. Send support and opposition letters to the Governor at leg.unit@gov.ca.gov. Please notify the author's office of any position.

This update reports on selected bills, including:

1) SALES AND USE TAX (PAGE 4)

- Exemptions for Remanufactured Trucks (AB 321 / Patterson) *Signed*
- Sales Tax Exemption for Vehicle Modifications: Veterans with Burn Injuries (AB 1257 / Salas) *Signed*
- Exemption for Diapers and Feminine Hygiene Products (SB 92 / Committee on Budget) *Signed*
- State Exemption for California Hybrid Zero Emission Truck and Bus Voucher Incentive Program (AB 784 / Mullin) *Governor's Desk*
- Santa Cruz and County of Alameda: TUT (AB 723 / Quirk) *Governor's Desk*
- TUT Approval: Transportation: Specified Counties (AB 1413 / Gloria) *Governor's Desk*
- Carbon Intensity Study / Sales Tax (SB 43 / Allen) *Failed in Assembly Revenue and Taxation*

2) E-COMMERCE (PAGE 4)

- Marketplace Sellers: Requirements in Clear Language (AB 1790 / Wicks) *Governor's Desk*

3) ECONOMIC INCENTIVES (PAGE 4)

- Prohibits Economic Incentives / Applies to New Agreements (SB 531/ Glazer) *Governor's Desk*
- Economic Development Subsidies (AB 485/ Medina) *Governor's Desk*

4) PROPERTY TAX (PAGE 5)

- Property Tax Postponement Loans (AB 133 / Quirk-Silva) *Governor's Desk*
- Property Taxation: Welfare Exemption (AB 1743 / Bloom) *Governor's Desk*
- Property Taxation: Welfare Exemption: Low Income Housing Projects (SB 294 / Hill) *Governor's Desk*
- Property Tax: Annexations: VLF (AB 213 / Reyes) *Held in Senate Appropriations*

5) CANNABIS (PAGE 5)

- Medicinal Cannabis: Donations: (SB 34 / Wiener) *Governor's Desk*
- Hemp: Framework (AB 228 / Aguiar-Curry) *Governor's Desk*
- State Licensing Fee Waivers (SB 595/ Bradford) *Governor's Desk*
- Track and Trace (AB 1288 / Cooley) *Held in Assembly Appropriations*
- Licensing: Public Records (SB 581 / Caballero) *Assembly Inactive File*
- Cannabis: Banking (SB 51 / Hertzberg) *Assembly Inactive File*
- Party Buses: Cannabis: Exemption (SB 625 / Hill) *Assembly Inactive File*

6) BUSINESS LICENSE (PAGE 6)

- Local Business License Exemption for all Services: Veterans (AB 498 / Weber) *Signed*
- Large Family Daycare Homes / Business License Exclusion (SB 234 / Skinner) *Signed*
- State Agencies: Reduction or Waiver of Fees: (SB 601 / Morrell) *Governor's Desk*
- Gender Discrimination: Notifications When Issuing a Business License (AB 1607 / Horvath) *Governor's Desk*
- Stormwater Discharge Compliance: Issuing Business Licenses: Demonstrate Enrollment (SB 205 / Hertzberg) *Governor's Desk*
- Optometrists: Home Residence Permit: Business License Requirement (AB 458 / Nazarian) *Governor's Desk*



7) UUT / UTILITIES (PAGE 7)

- Upgrade to the State’s 9-1-1 Emergency Operations System
(**SB 96** / Budget) *Signed*
- Local Agency Utility Services: Service Extensions (SB **646**/ Morrell) *Signed*
- UUT Collection Mechanism: Prepaid Wireless (SB **344** / McGuire) *Governor’s Desk*
- UUT: Exemption: Clean Energy Resource (AB **1208** / Ting) *Governor’s Desk*
- Water Agencies: Rate Reduction Bonds (AB **305** /Nazarian) *Governor’s Desk*
- Telecommunications: Internet Services Providers (AB **1699** / Levine) *Governor’s Desk*
- Community Isolation Outage: Notification (SB **670**/ McGuire) *Governor’s Desk*
- Consumer Privacy: Telecommunication (AB **523** / Irwin Version) *Senate Inactive File*

8) PUBLIC RECORDS / RECORDING FEES (PAGE 8)

- Counties: Recording Fees (AB **212** / Bonta) *Signed*
- Public Records: Email Retention for Locals: Clarity (AB **1184** / Gloria) *Governor’s Desk*
- Inspection of Public Records: Use of Requester’s Equipment (AB **1819**/ Committee on Judiciary) *Governor’s Desk*

9) ECONOMIC DEVELOPMENT (PAGE 8)

- Governor’s Office of Business and Economic Development (AB **23**/ Burke) *Governor’s Desk*
- California Recycling Market Development Act (AB **1583**/ Eggman) *Governor’s Desk*
- Local Government / Infrastructure Financing Districts (AB **116**/ Ting) *Governor’s Desk*
- Microenterprise: Local Partnerships (AB **1577** / Burke) *Senate Inactive File*

10) CONSUMER PRIVACY (PAGE 8)

- Consumer Personal Information: Lawfully Available: Public Records (AB **874** / Irwin and AB **1355**/ Chau) *Governor’s Desk*
- Collection of Consumer Personal Information: Use by Governmental Agencies (AB **1416** / Cooley) *Senate Judiciary*

11) TRANSPORTATION FUNDS (PAGE 9)

- Federal Transportation Funds: State Exchange Programs (SB **137** / Dodd) *Governor’s Desk*
- Road Maintenance and Rehabilitation Program (SB **277**/ Beall) *Governor’s Desk*

12) PARKING / SAFE PARKING (PAGE 9)

- Parking Penalties (AB **833** / Lackey) *Governor’s Desk*
- Safe Parking Program (AB **891** / Burke Version) *Governor’s Desk*
- Local Authority to Remove Vehicles (AB **516** / Chiu) *Held in Senate Appropriations*
- Parking: Homeless Students: Community Colleges (AB **302**/ Berman) *Senate Inactive File*

13) WATER / MUNICIPAL STORM SYSTEMS (PAGE 10)

- Safe and Affordable Drinking Water Fund (SB **200** / Monning) *Signed*
- Water Rights: Water Management (AB **658**/ Arambula) *Governor’s Desk*
- Municipal Storm Sewer Systems (AB **1093** / Rubio) *Governor’s Desk*

14) HOUSING (PAGE 10)

- Affordable Housing (SB **5** / Beall) *Governor’s Desk*
- Housing Crisis Act of 2019: Permitting Process (SB **330** / Skinner) *Governor’s Desk*
- Tenant Protection (AB **1482**/ Chiu) *Governor’s Desk*
- SF Bay Area: Housing Development: Financing (AB **1487**/ Chiu) *Governor’s Desk*
- Accessory Dwelling Units SB **13**/ Wieckowski, AB **68**/ Ting and AB **881** / Bloom *Governor’s Desk*



15) BUDGET RESERVES / TAX EXPENDITURES (PAGE 10)

- Tax Expenditures: Information
(**AB 263**/ Burke *Governor's Desk*)
- Major Tax Expenditures: Review
(**SB 468** / Jackson) *Governor's Desk*
- Open Financial Statements Act
(**SB 598**/ Moorlach) *Governor's Desk*

16) ADDITIONAL ISSUES (PAGE 11)

- Unclaimed Property: Local Government Property
(**AB 1637** / Smith) *Signed*
- Independent Contractors
(**AB 5**/ Gonzalez) *Signed*
- Pedicabs: Sunset Removal
(**SB 543**/ Pan) *Governor's Desk*
- Ballot Measures: Local Taxes
(**SB 268**/ Wiener) *Governor's Desk*
- Local Referenda and Charter Amendment:
Withdrawal
(**SB 681**/ Stern) *Governor's Desk*
- Tax Recovery in the Underground Economy
(**AB 1296**/ Gonzalez) *Governor's Desk*
- Local Public Banks
(**AB 857** / Chiu and Santiago) *Senate Floor*
- Eliminate Paper Receipts
(**AB 161** / Ting) *Senate Appropriations*
- Single-use Plastic Waste
(**SB 54** / Allen and **AB 1080** / Gonzalez) *SB 54, Assembly / AB 1080, Senate Inactive File*
- California False Claims Act
(**AB 1270**/ Stone) *Held in Senate Appropriations*
- Alcoholic Beverages: Hours of Sale
(**SB 58** / Wiener) *Failed on the Assembly Floor*
- Tax Vote Threshold
(**ACA 1**/ Aguiar-Curry) *Failed on the Assembly Floor*

GOVERNMENT RELATIONS CONTACT

Brenda.Narayan@avenuinsights.com / 916.261.5147
Fran.Mancia@avenuinsights.com / 559.288.7296



1) Sales Tax

Sales Tax Exemptions for Remanufactured Trucks:

Expands until January 1, 2024 the current state and local sales and use tax exemption for vehicles delivered in California but used in interstate or foreign commerce. CDTFA reports the revenue loss as minimal. The bill includes new, used or remanufactured trucks. California residents who intend to purchase trucks for interstate commerce can obtain an exemption, but they must take delivery of these trucks outside of California and make the first functional use of the truck in interstate or foreign commerce. (AB 321 / Patterson)

Signed by the Governor

Sales Tax Exemption for Vehicle Modifications:

Veterans with Burn Injuries: Expands a current exemption until July 1, 2030 for items and materials used to modify a vehicle for physically handicapped persons to include veterans with severe burns. (AB 1257 / Salas) *Signed by the Governor*

State Sales Tax Exemption for California Hybrid Zero Emission Truck and Bus Voucher Incentive Program: A state-only exemption until January 1, 2024 for any zero-emission technology transit buses sold to specified public agencies. AB 784 is supported by several regional transit districts. The CDTFA estimates an annual GF revenue loss of approximately \$914,000. (AB 784 / Mullin) *Governor's Desk*

Sales Tax Exemption for Diapers and Feminine Hygiene Products: The State Budget includes a two-year sales and use tax exemption for diapers and feminine hygiene products. Revenue Impact: Estimated annual revenue losses of approximately \$35 million for diapers, and an annual General Fund revenue loss of \$4.4 million in 2019-20 and \$8.8 million each year thereafter for feminine hygiene products. The Governor signed ACR 122 proclaiming the week of September 23-29, 2019 as "Diaper Need Awareness Week." (SB 92 / Committee on Budget) *Signed by the Governor*

Transactions and Use Tax

Santa Cruz and County of Alameda: AB 723 makes three changes to the law to allow Alameda County, and cities in Alameda and Santa Cruz counties more room to impose district taxes under the statutory 2% cap. (AB 723 / Quirk) *Governor's Desk*

Transactions and Use Tax Approval: Transportation: 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 TUT applicable to only a portion of their jurisdictions. Recent amendments authorize the Placer County Transportation Planning Agency (excluding the Tahoe Basin), and the Solano Transportation Improvement Agency (specified cities within the unincorporated area of Solano County) to impose a TUT to the entirety or portion of the County of Placer. (AB 1413 / Gloria) *Governor's Desk*

Additional Sales Tax Proposals and Issues

Carbon Intensity Study / Sales Tax: Requires the State Air Resources Board by January 1, 2022, to submit a report to the Legislature on the findings from a study to determine the feasibility and practicality of assessing the carbon intensity of all retail products subject to the tax imposed pursuant to the Sales and Use Tax Law, so that the total carbon equivalent emissions associated with such retail products can be quantified. (SB 43 / Allen, July 1, 2019 Version) *Failed in Assembly Revenue and Taxation*

2) E Commerce

Marketplace Sellers: Requirements in Clear Language: Requires marketplaces to effectively communicate with sellers its decision-making process with respect to termination, suspension, or the destruction of the seller's goods. (AB 1790 / Wicks) *Governor's Desk*

3) Economic Incentives / Tax Reform

Prohibits Economic Incentives / Applies to New Agreements: Prohibits on or after January 1, 2020 a local agency from entering into any agreement that results in a rebate of Bradley-Burns local tax revenues to a retailer in exchange for that retailer locating within that agency's jurisdiction. The author's office confirmed, "this bill focuses on prohibiting agreements that allocate revenues to a place of business, or place of sale. This can include distribution centers like warehouses." (SB 531/ Glazer) *Governor's Desk*



Economic Development Subsidies: Would require locals to provide specified information to the public before approving an economic development subsidy for a warehouse distribution center. The bill prohibits a local from signing a nondisclosure agreement regarding warehouse distribution center as part of negotiations or in the contract for any subsidy. AB 2853 (Medina) a similar measure from 2018 was vetoed. (AB 485/ Medina) [Governor's Desk](#)

4) Property Tax

Property Tax Postponement Loans: Lowers the interest rate on these loans to 5%, down from 7%, effective on July 1, 2020. Increases the eligibility from \$35,500 in household income to \$45,000. Applies to homeowners over 62, blind, or disabled who cannot afford to pay their property taxes. (AB 133 / Quirk-Silva) [Governor's Desk](#)

Property Tax: VLF: Provides property tax revenue to cities that annexed inhabited territory in reliance on previous financial incentives and that were removed by SB 89 in 2011. SB 89 cost 140 cities over \$4.3 million annually. (AB 213 / Reyes, Introduced Version) [Held in Senate Appropriations](#)

Property Taxation: Welfare Exemption: Provides an exemption for qualified property (new Mello-Roos Community Facility District special taxes), that meets the requirements of the welfare exemption and that is used exclusively for rental housing and related facilities. AB 1743 is joined to SB 330 and AB 1743. (AB 1743 / Bloom) [Governor's Desk](#)

Property Taxation: Welfare Exemption: Low Income Housing Projects: Existing law exempts from property tax any property used for rental housing and related facilities. This bill decreases the occupant threshold 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) [Governor's Desk](#)

5) Cannabis

Medicinal Cannabis: Donations: No Reimbursement for Local Revenue Losses: Authorizes cannabis licensees to provide free cannabis and cannabis products to low-income medicinal cannabis patients. This bill passed with unanimous support with amendments to clarify cultivators are the only licensees able to designate product as donation, strengthen protections around diversion, ensure any licensee who commercially sells products marked as donation is subject to penalties and possible license revocation, and other technical amendments. (SB 34 / Wiener) [Governor's Desk](#)

Track and Trace: Requires the information recorded by the track and trace program to include the date of retail sale to a customer, whether the sale is on the retail premises or by delivery. (AB 1288 / Cooley, June 19, 2019 Version) [Held in Assembly Appropriations](#)

Licensing: Public Records: Requires the licensing authorities to post on their internet websites or through the California Cannabis Portal certain information regarding a pending applicant or a licensee, including specified disciplinary actions taken by a licensing authority or a regulator of another state or jurisdiction. (SB 581 / Caballero, September 3, 2019 Version) [Assembly Inactive File](#)

Cannabis: Banking: Authorizes the creation of limited charter banks and credit unions. Cannabis depository institutions (CDIs) would be authorized to provide limited services, including the acceptance of deposits and the issuance and redemption of special purpose checks. (SB 51 / Hertzberg, September 5, 2019 Version) [Assembly Inactive File](#)

Party Buses: Cannabis: Exemption: Prohibits the smoking or vaping of cannabis products by a passenger in a bus, taxicab, or limousine. The bill authorizes a charter-carriers such as limousines or a tour bus to allow passengers to smoke or vape cannabis if conditions are met; there may not be passengers under 21 years of age present and the driver must be sealed off from the passenger compartment. (SB 625 / Hill, July 1, 2019 Version) [Assembly Inactive File](#)



Hemp: Establishes a regulatory framework for industrial hemp products to be used as a food, beverage, or cosmetic product. The US Agriculture Improvement Act of 2018, or the Farm Bill, changed the legal landscape for industrial hemp, allowing for hemp cultivation, broadly, beyond the pilot programs that were used previously. Additionally, it allowed for the transfer of hemp-derived products across state lines. (AB 228 / Aguiar-Curry) [Governor's Desk](#)

State Licensing Fee Waivers: Requires the state licensing entities to develop and implement a program to provide fee deferrals and/or waivers for local equity applicants and licensees. (SB 595/ Bradford) [Governor's Desk](#)

6) Business License

Business Licensing: Local Exemption for all Services:

Veterans: Exempts 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 local business license fees for a business that sells or provides services if the veteran is the sole proprietor of the business. This bill applies to all cities, including charter cities. (AB 498 / Weber) [Signed by the Governor](#)

Family Daycare Homes / Business License Exclusion:

Recasts and revises existing law to treat both small and large family day care homes for purposes of regulation by local ordinances. Existing law distinguishes between "large family day care homes" (which provide in-home care for up to 14 children) and "small family day care homes" (which provide in-home care for up to eight children). Existing law prohibits a local jurisdiction from imposing a business license, fee, or tax for operating a small family day-care home. The bill prohibits a locality from prohibiting large family day care homes on lots zoned for single-family dwellings. (SB 234 / Skinner) [Signed by the Governor](#)

State Agencies: Reduction or Waiver of Fees: Licenses for Business: Authorizes any state agency that issues any "business license" to establish a process for a person or business that has been displaced or is experiencing economic hardship as a result of an emergency, to submit an application for reduction or waiver of fees required by the agency to obtain a license, renew or activate a license, or replace a physical license for display. Under the bill "license" includes, but is not limited to, a certificate, registration, or other required document to engage in business. (SB 601 / Morrell) [Governor's Desk](#)

Gender Discrimination: Notifications When Issuing a Business License: Requires a city or county starting January 1, 2021 that issues business licenses to provide written notification when the license is issued with respect to prohibiting gender discrimination. The bill allows for an increase the fee for a business license to cover the costs of providing the notice. Requires the Department of Consumer Affairs to develop by October 1, 2020, written notifications for download of the provisions and in various languages. (AB 1607 / Horvath) [Governor's Desk](#)

Stormwater Discharge Compliance: Business Licenses: Requires when applying for a business license or renewal a regulated industry to demonstrate enrollment with the National Pollutant Discharge Elimination System (NPDES) permit. Requires a city or county to determine the applicability of any Standard Industrial Classification Code and to confirm that information submitted to demonstrate enrollment and requires the local agency to transfer that information to the State Water Resources Control Board. Recent amendments specify the bill does not apply to a city or county that does not issue business licenses. (SB 205 / Hertzberg) [Governor's Desk](#)

Optometrists: Home Residence Permit: Business License Requirement: Prohibits among other provisions an optometrist from engaging in the practice of optometry at any home residence without a home residence permit except for a person engaging in the temporary practice of optometry. The optometrist or employer of the optometrist must meet certain requirements including is licensed a local business with the city or county in which it is located. (AB 458 / Nazarian) [Governor's Desk](#)



7) Utility Users Tax / SB 344 / Telecommunications

UUT Collection Mechanism: Prepaid Wireless:

Provides a one-year sunset extension from January 1, 2020 to January 1, 2021 for AB 1717 (2014) which set up a mechanism to capture UUT from prepaid wireless will be done via legislation. To-date 104 agencies participate in AB 1717 and have captured so far over \$24 million in UUT revenue. MuniServices is a lead stakeholder on this measure. Please contact us for additional information including advocacy documents and draft sample letters. (SB 344 / McGuire)

[Governor's Desk](#)

UUT: Exemption: Clean Energy Resource: Extends the sunset on the exemption from local utility user taxes for electricity generated by a clean energy resource located solely on the customer's premises for use only by that customer until January 1, 2027. As noted in a Committee analysis, the exemption that AB 1208 would extend favors the consumption of renewable electricity produced on-site over utility programs that allow customers to consume renewable energy transmitted through the grid. As a result, property owners with the means to deploy their own renewable energy generation could avoid paying UUTs for electricity from renewable sources but renters, who can't install on-site renewable generation, must pay the tax. The League of Cities opposes this bill. (AB 1208 / Ting) **Signed by the Governor**

Public Facilities: Water Agencies: Rate Reduction

Bonds: Would expand the definition of a publicly owned utility for to include certain utilities furnishing wastewater service to not less than 25,000 customers and would authorize the issue of rate reduction bonds to finance or refinance water or wastewater utility projects. Rate reduction bonds are asset-backed securities that are structured to minimize borrowing costs by qualifying for AAA credit ratings. AAA ratings allow a utility to borrow funds at an interest rate that is well below the rate that would otherwise apply to a utility's long-term debt. (AB 305 / Nazarian) **Signed by the Governor**

Consumer Privacy: Telecommunication: Prohibits a wireless provider from disclosing a subscriber's cell site location information without first obtaining their expressed written consent. An earlier version of the bill related to when and how telephone corporations can use customer propriety network information (CPNI).

MuniServices review of the bill found provisions that would impact local UUT revenues, and specifically access to records for audits. MuniServices suggested amendments to protect UUT audits were incorporated into AB 523 on May 20. (AB 523 / Irwin, July 5, 2019 Version) **Senate Inactive File**

Telecommunications: Internet Services Providers

(ISP): First Response Agencies: Prohibits ISPs from impairing or degrading the lawful Internet traffic of first response agencies during an emergency. This bill authorizes local agencies to request the removal of data restrictions when responding to an emergency and requires the agencies making these requests to notify their respective ISPs once they cease to respond to the emergency. (AB 1699 / Levine) **Governor's Desk**

Community Isolation Outage: Notification: Requires telecommunications services providers to give notification to the California Office of Emergency Services if its telecommunications systems become unable to connect customers to 911 or deliver emergency notices within 60 minutes of the telecommunications service provider discovering the outage. (SB 670/ McGuire) **Governor's Desk**

Upgrade to the State's 9-1-1 Emergency Operations

System: Imposes a surcharge for prepaid mobile telephony services at the time of each retail transaction in the state, at the rate equal to the monthly surcharge amount per access line. California now pays for the system with a fee on phone calls. The fund has been losing money as more people send text messages. program will be administered by the CDTFA. Authorizes the OES to impose a fee of as much as 80 cents a month, based on the number of phones used in the state. State officials expect the fee to be about 34 cents a month. In 2017, more than 28 million calls were placed to 9-1-1, representing approximately 77,000 calls per day, an increase of nearly 30 percent since 2010. (SB 96 / Senate Budget) **Signed by the Governor**

Local Agency Utility Services: Service Extensions: This bill requires the estimated reasonable cost of labor and materials for installation of facilities associated with a water or sewer connection to bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the water connection or sewer connection. (SB 646/ Morrell) **Signed by the Governor**



8) 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 for permanent preservation of recorded document images. (AB 212 / Bonta) *Signed by the Governor*

Public Records: Email Retention for Locals: Clarity: Requires local jurisdictions to retain and preserve for at least two years communications, relating to the public’s business. According to a fact sheet for the bill, “current law authorizes the destruction of public records after two years, if the legislative body or city attorney determines that the records are no longer of use. However, local jurisdictions have argued that current law is unclear regarding e-mail record retention requirements.” (AB 1184 / Gloria) *Governor’s Desk*

Inspection of Public Records: Use of Requester’s Equipment: Impact on Locals is Unknown: Clarifies that members of the public have the right to make a copy of a disclosable public record at no charge, as long as the method of duplication does not make physical contact with and would not damage the record. As noted in an analysis, “it is unclear what the costs are to locals due to the non-reimbursable costs under the bill.” (AB 1819/ Committee on Judiciary) *Governor’s Desk*

9) Economic Development

Governor’s Office of Business and Economic Development: Would establish the Business Workforce Coordination Unit in the Governor’s Office of Business and Economic Development to engage industry and business on alignment of career technical education courses, workforce training programs, and pre-apprenticeship and apprenticeship programs with regional and local labor market demand. (AB 23/ Burke) *Governor’s Desk*

California Recycling Market Development Act: Extends the California Alternative Energy and Advanced Transportation Financing Authority’s Sales and Use Tax Exclusion Program until January 1, 2031. A committee analysis notes: “Because SB 93 and AB 90’s 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 but for the extension. 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.” (AB 1583/ Eggman) *Governor’s Desk*

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, April 29, 2019 Version) *Senate Inactive File*

Local Government / Infrastructure Financing Districts: Would authorize a public financing authority to issue bonds under specified circumstances without submitting a proposal to the voters. The bill would also require the public financing authority to hold 3 public hearings on an enhanced infrastructure financing plan, as specified. The bill would also make conforming changes. (AB 116/ Ting) *Governor’s Desk*

10) Consumer Privacy / Impact on Local Government

Collection of Consumer Personal Information: Use by Governmental Agencies: Establishes an exception to the Consumer Privacy Act for a business that provides a consumer’s personal information to a government agency solely for the purposes of carrying out a government program. These provisions sunset on January 1, 2024. (AB 1416 / Cooley, May 6, 2019 Version) *Senate Judiciary*



Consumer Personal Information: Lawfully Available:

AB 874 amends the California Consumer Privacy Act (CCPA), which applies directly to the conduct of businesses that meet certain criteria. AB 874 relates to what information is covered by the CCPA, specifically what “publicly available information” is not covered by the protections of the Act. The bill fixes the definition of “publicly available information” by striking unconstitutional restraints on further dissemination but maintains the definition as information “lawfully made available from federal, state, or local government records.” The changes to the CCPA do not modify the California Public Records Act (CPRA). A city will still be able to disclose, redact, or deny a disclosure request under the CPRA and its various exemptions, as they do today. The author’s office notes: “A city may wish to be more cognizant of what they disclose or choose not to redact, as the CCPA will not be available to consumers who wish to control the further dissemination of that information, but that is not necessarily a new consideration for a city as there has historically been no recourse for an individual whose information was lawfully disclosed pursuant to a CPRA request.” The bill is joined with AB 1355. (AB 874 / Irwin) [Governor’s Desk](#)

11) Transportation Projects and Funds

Federal Transportation Funds: State Exchange

Programs: SB 137 will allow the state and local agencies 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 other federal surface transportation programs where federal funds are allocated to local agencies, specifically the Highway Safety Improvement Program, and local bridge projects.” (SB 137 / Dodd) [Governor’s Desk](#)

Road Maintenance and Rehabilitation Program:

Makes clarifications to SB 1 (Beall) that annually provides \$200 million to the Local Partnership Program (LPP) which translates to \$1 billion every five years that is provided to entities that have passed local sales tax measures dedicated to transportation projects. Proposition 1B in 2006 implemented the LPP primarily on a formula basis. This bill includes provisions to allow local and regional agencies to work closely with California Transportation Commission to distribute and allocate LPP funds in the most effective manner to meet regional priorities. (SB 277/ Beall) [Governor’s Desk](#)

12) Parking / Safe Parking

Parking: Homeless Students: Community Colleges:

Requires a community college campus that has parking facilities on campus to grant overnight access to those facilities, on or before July 1, 2020, to any homeless student who is enrolled in coursework, has paid enrollment fees that have not been waived, and is in good standing with the community college, for the purpose of sleeping in the student’s vehicle overnight. (AB 302/ Berman, August 30, 2019 Version) [Senate Inactive File](#)

Local Authority to Remove Vehicles: Eliminates the ability for a local public agency to adequately enforce state and local vehicle violations. Eliminates the ability to: immobilize, or place a boot on a vehicle, for motorists who have five or more unpaid parking tickets; remove vehicles with registration expired for 6 or more months; and remove vehicles that do not adhere to a 72-hour notice to move the vehicle. (AB 516 / Chiu, July 2, 2019 Version) [Held in Senate Appropriations](#)

Parking Penalties: Excludes the amount of late fees and penalty assessments from being counted in determining the indigent person’s eligibility for an unpaid parking ticket payment plan. (AB 833 / Lackey) [Governor’s Desk](#)

Safe Parking Program: The proposal requires until June 1, 2027 a city and county with a population greater than 330,000, in coordination with local non-profits to establish a safe parking program that provides safe parking locations and options for individuals and families living in their vehicles. Jurisdictions that meet or exceeds the requirements of the bill do not have to adopt a safe parking program. Requires a program to provide a bathroom facility and onsite security and for the parking programs be developed and implemented by June 1, 2022. (AB 891 / Burke Version) [Governor’s Desk](#)



13) Water / Municipal Storm Systems

Safe and Affordable Drinking Water Fund: Will help fund local water systems. Establishes the Safe and Affordable Drinking Water Fund (SADWF) to help water systems provide an adequate and affordable supply of safe drinking water in both the near and the long term. Beginning in fiscal year 2020- 21 and until June 30, 2030, transfers to the Fund five percent of the proceeds of the Greenhouse Gas Reduction Fund (GGRF) up to \$130 million. (SB 200 / Monning) *Signed by the Governor*

Water Rights: Water Management: Allows groundwater sustainability agencies or other local agencies to apply to the State Water Resources Control Board (State Water Board) for temporary five-year permits to divert and store groundwater during high-flow events. (AB 658/ Arambula) *Governor's Desk*

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) *Governor's Desk*

14) Selected Housing Measures

Affordable Housing: Establishes an ongoing funding mechanism that would direct up to \$2 billion annually in support of local infill, transit-oriented development, affordable housing and neighborhood revitalization projects. MuniServices supports SB 5. (SB 5 / Beall) *Governor's Desk*

Housing Crisis Act of 2019: Changes permitting process for housing projects in affected cities and counties over the next five years. The bill bans project-specific fees. Developers would have up to 2 1/2 years to begin construction and not be subject to any new fee. Applies to those cities and counties that are experiencing a "housing crisis." (SB 330 / Skinner) *Governor's Desk*

Tenant Protection Act: Places an upper limit on annual rent increases: 5% plus inflation. Requires that a landlord have and state a just cause, as specified, in order to evict tenants who have occupied the premises for a year. Both the rent cap and the just cause provisions are subject to exemptions including, among others: housing built in the past 15 years, single family residences unless owned by a real estate trust or a corporation. This bill sunsets after ten years and does not pre-empt any local rent control or just cause ordinances. (AB 1482/ Chiu) *Governor's Desk*

San Francisco Bay Area: Housing Development: Financing: Authorizes the authority to raise and allocate new revenue, incur and issue bonds and other indebtedness, and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction to finance affordable housing development projects as well as fund tenant protection programs. (AB 1487/ Chiu) *Governor's Desk*

Accessory Dwelling Units: There are three measures before the Governor related to accessory dwelling units (ADU). SB 13 would authorize the creation of ADUs in areas zoned to allow single-family or multifamily dwelling residential use. Under the bill and ADU may be attached to, or located within, an attached garage and prohibits a local agency from requiring the replacement of parking spaces if a garage, carport, or covered parking is demolished to construct an ADU. AB 68 amends state-wide standards and prohibits minimum lot size requirements. AB 811 would prohibit a local agency from requiring a property owner live in the main house and includes other requirements. The League of California Cities is asking the Governor to veto the bills. (SB 13/ Wieckowski, AB 68/ Ting and AB 881 / Bloom) *Governor's Desk*

15) Budget Reserves / Tax Expenditure Review

Taxation: Tax Expenditures: Information: Requires any bill, introduced on or after a specified date, that would authorize a personal income or corporation tax expenditure to contain specified goals, purposes, and objectives, and sales and use tax exemptions. Provides that any unauthorized use of any taxpayer information collected is punishable as a misdemeanor. (AB 263/ Burke) *Governor's Desk*



Major Tax Expenditures: Review: Creates a non-partisan Tax Expenditure Review Board to determine assessments of major tax expenditures programs. The bill chooses tax credits and sales tax exemptions that have no metrics of efficacy associated with them, no sunset provision, and result in reductions of tax receipts of greater than \$10 billion over 10 years. According to the DOF 2018-19 Annual Tax Expenditure Report, local government losses from identifiable property tax exemptions are estimated to be in excess of \$100 million, and losses from sales tax expenditures are estimated to be in the range of \$10.6 billion. (SB 468 / Jackson) [Governor's Desk](#)

Open Financial Statements Act: Creates the Open Financial Statement Commission (Commission) and requires it to report to the Legislature regarding how to transition state and local agencies' financial reporting to a machine readable format. SB 598 would provide more transparency for critical accounting documents. Currently, CAFRs are provided in a PDF format. The bill would repeal the Open Financial Statements Act as of January 1, 2025. (SB 598/ Moorlach) [Governor's Desk](#)

16) Additional Issues

Waste / Local Enforcement

Eliminate Paper Receipts: Starting January 1, 2022, requires a business, defined as a company that accepts payment through cash, credit, or debit transactions to provide a proof of purchase to a consumer only at the consumer's request. (AB 161 / Ting, June 27, 2019 Version) [Held in Senate Appropriations](#)

Single-use Plastic Waste: Reduction: Circular Economy: Include provisions to achieve a 75% reduction in single-use packaging and priority single-use plastic products by 2030. Would prohibit a local agency 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. (SB 54 / Allen, September 6, 2019 Version, and AB 1080 / Gonzalez, September 6, 2019 Version) [SB 54 is in the Assembly and AB 1080 is on the Senate Inactive File](#)

Alcohol – Hours of Sale

Alcoholic Beverages: Hours of Sale: Allows, but does not require, qualified local governments to permit bars and nightclubs 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, March 25, 2019 Version) [Failed on the Assembly Floor](#)

Pedicabs

Pedicabs: Sunset Removal: Removes the January 1, 2010 sunset date on the law authorizing individuals on a pedicab to consume alcohol on the pedicab. While these bikes began operating in California prior to 2015, riders were prohibited from drinking on them because of the state's open container laws. SB 530 from 2015 authorized individuals to drink on the bikes so long as they were authorized by local ordinance or resolution and met certain safety conditions. (SB 543/ Pan [Governor's Desk](#)

Public Banking

Local Public Banks: Authorizes locals to create and operate publicly owned banks if approved by the Department of Business Oversight and the FDIC. Exempts a public bank from all other taxes and licenses. <http://www.publicbankinginstitute.org/> (AB 857 / Chiu and Santiago, September 6, 2019 Version) [Senate Floor](#)

Local Ballot Measures

Tax Vote Threshold: Proposed to allow a local agency, with 55% voter approval, to incur bonded indebtedness or impose special taxes to fund projects for public infrastructure, affordable housing and other items. (ACA 1/ Aguiar-Curry) [Failed on the Assembly Floor](#)

Ballot Measures: Local Taxes: Permits proponents of a local initiative, or a local jurisdiction submitting a local ballot measure, that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, to choose to include in the ballot label either the estimate of the amount of money to be raised annually and the rate and duration of the tax levied in accordance with existing law or the phrase "See voter guide for tax rate information." (SB 268/ Wiener) [Governor's Desk](#)



Local Referenda and Charter Amendment:

Withdrawal: Authorizes the proponent of a county, municipal, or district referendum to withdraw the referendum at any time before the 88th day before the election, whether or not the petition has already been found sufficient by the elections official. (SB 681/ Stern) *Governor's Desk*

Underground Economy / Tax Gap

Tax Recovery in the Underground Economy: This bill would establish 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. The California Health and Human Services Agency; Department of Consumer Affairs; Department of Industrial Relations; Department of Insurance and, Department of Motor Vehicles will be allowed to participate in the pilot program. (AB 1296/ Gonzalez) *Governor's Desk*

California False Claims Act: The bill was introduced to strengthen provisions to protect whistleblowers from civil lawsuits and ensures that the government will be able to recover what it is owed from damages caused by fraud. The FTB estimates the 2018 annual tax gap for California between \$20-\$25 billion. Support includes CSAC and the State AG. Opposition includes Cal Chamber and CTIA. (AB 1270/ Stone, August 13, 2019 Version) *Held in Senate Appropriations*

Unclaimed Property

Unclaimed Property: Local Government Property: Permits 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) *Signed by the Governor*

Independent Contractors

Independent Contractors: States the intent of the Legislature to codify the decision in the case of Dynamex Operations West, Inc. V. Superior Court of Los Angeles and clarify its application. Provides that a person providing labor or services for remuneration shall be considered an employee rather than an independent contractor unless the hiring entity demonstrates otherwise. Various exemptions for certain professions. Authorizes an action for injunctive relief to prevent employee misclassification. (AB 5/ Gonzalez) *Signed by the Governor*

GOVERNMENT RELATIONS CONTACT

Brenda.Narayan@avenuinsights.com / 916.261.5147
Fran.Mancia@avenuinsights.com / 559.288.7296

Edition: September 24, 2019 / 1 pm

Please refer to <http://leginfo.legislature.ca.gov/> for status updates.