



CA End of Session Legislative Update – Sept 2021

On September 10, 2021 at 9:00PM, the Senate and Assembly adjourned session for the year and are not scheduled to return to the Capitol until January 3, 2022. This end of session was far less exciting than in prior years, partially because of the 72-hour in print rule, and partially because some issues were punted to next year, including high-speed rail.

A high-profile proposal from Assemblywoman Buffy Wicks (D-Oakland) mandating employee vaccinations and requiring proof of vaccination in indoor public places such as restaurants and movie theaters was quickly introduced and shelved, and several controversial public safety measures were put off until 2022.

We hope this information is helpful. Please feel free to contact me with any questions.
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2021-22 Legislation of Interest

Sales and Use Tax: Exemptions and Exclusions

AB 217 (Valladares) Sales and Use Taxes. Exemption. Tax Holiday. School Supplies.

Provides a sales tax exemption for school supplies for a single back-to-school buying season (July 30, 2022 to August 1, 2022).

Status: As of 1/28/2021, referred to the Assembly Revenue and Taxation Committee, two-year bill

Cal Cities Position: Oppose

CSAC Position: Oppose, Unless Amended

AB 296 (Gipson) Sales and Use Taxes: Exclusion: Pawnbrokers: Transfer of Vested Property.

Extends an existing sales and use tax exclusion for five years, until January 1, 2027, when a customer buys back their property from a pawnbroker after defaulting on a loan.

Status: As of 8/31/2021, ordered to engrossing and enrolling, headed to the governor's desk

Cal Cities Position: Watch

CSAC Position: Watch

Note: The Assembly Appropriations Committee estimates annual state and local revenue losses of approximately \$34,000.

AB 607 (Arambula) Sales and Use Taxes. Exemptions. Blood Screening.

Provides a five-year sales and use tax exemption for licensed blood bank equipment and supplies.

Status: As of 2/25/2021, referred to the Assembly Revenue and Taxation Committee, two-year bill

Cal Cities Position: Oppose

CSAC Position: Oppose, Unless Amended

AB 879 (Rubio) Personal income tax: corporation tax: sales and use taxes: California Tax Amnesty and Revenue Recovery Act.

Requires the Franchise Tax Board (FTB) and California Department of Tax and Fee Administration (CDTFA) to administer a tax amnesty program for eligible taxpayers, waiving penalty and fee liabilities for tax reporting periods between January 1, 2020, and January 1, 2021. A taxpayer who does not participate in the program is subject to a



7.75% penalty on outstanding tax liabilities. This bill requires FTB and CDTFA to maximize public awareness of the program, which must be conducted from September 1, 2022, to October 31, 2022.

Status: As of 5/25/21, held on the Assembly Appropriations Suspense File, two-year bill

Cal Cities Position: Watch

CSAC Position: Watch

AB 906 (Carrillo) Zero-emission Trucks: Tax and Fee Exemptions.

Exempts zero emission heavy duty trucks from sales tax, vehicle license fees, registration fees, and weight fees. Cal Cities is watching this measure and will take it to their policy committee. Cal Cities staff expressed concerns that exempting zero emissions vehicles from taxes and fees sets a difficult precedent as these vehicles are likely to be the standard in the future resulting in a significant negative impact on cities' tax and fee revenues. Cal Cities is advocating for the Legislature to take a different policy approach in encouraging wider adoption of zero emission trucks and vehicles.

Status: As of 4/30/2021, referred to the Assembly Revenue and Taxation and Transportation Committees, failed deadline, two-year bill

Cal Cities Position: Watch

CSAC Position: None

AB 1121 (Rodriguez) Sales and Use Taxes. Emergency Preparation Items.

Exempts specified emergency preparedness items beginning at 12:01 a.m. on the Saturday before the last Monday in June and ending at midnight on the last Monday in June, beginning January 1, 2022 until January 1, 2024.

Status: As of 3/4/2021, referred to the Assembly Revenue and Taxation Committee, failed deadline, two-year bill

Cal Cities Position: Oppose

CSAC Position: Oppose, Unless Amended

SB 771 (Becker) Sales and Use Taxes. Zero Emission and Hybrid Vehicles Exemption.

Enacts a state-only (3.9375%) sales and use tax exemption for zero emission on hybrid vehicles purchased under the Clean Cars 4 All Program.

Status: As of 5/26/2021, awaiting referral to a policy committee in the Assembly, two-year bill

Cal Cities Position: Watch

CSAC Position: Neutral

Note: Amendments neutralized Cal Cities and CSAC opposition.

Soda Tax

AB 1163 (Nazarian) Local Government: taxation: prohibition: groceries.

Restores local authority to tax carbonated non-alcoholic beverages.

Status: As of 4/30/2021, referred to the Assembly Revenue and Taxation Committee, two-year bill

Cal Cities Position: Watch

CSAC Position: Pending

Online Sales

AB 1402 (Levine) Marketplace Facilitator: Fee Collection.

Expands the online sales tax collection framework installed after the Wayfair decision to include any fees that should be collected on sales as defined in Fee Collection Procedures Law. The Wayfair decision addressed the rapid growth of online sales, resulting in an under-collection in local sales and use tax revenues across the country. In Wayfair, the U.S. Supreme Court upheld a South Dakota statute that imposed a collection requirement on out-of-state vendors selling more than \$100,000 in products or 200 separate transactions into the state.

Status: As of 9/9/2021, presented to the governor

Cal Cities Position: Watch

CSAC Position: Watch



SB 792 (Glazer) Sales and Use Tax Retailers. Reporting.

Requires online retailers with over \$50 million in sales from the preceding calendar year to provide to the CDTFA a schedule reporting the gross receipts from sales of property for each local jurisdiction where it shipped or delivered to a purchaser in that jurisdiction. This bill is intended to help the CDTFA map out the flow of payments and shipments. According to Cal Cities, this bill would require reporting and information gathering, but would not impact the County Pool Use Allocations.

Status: As of 9/10/2021, ordered to engrossing and enrolling, headed to the governor's desk

Cal Cities Position: Support

CSAC Position: Pending

Business and Property Taxes

AB 1181 (Nguyen) Local Restaurant Fee Prohibition and Refunds.

Prohibits cities and counties from imposing or collecting license fees from restaurants from January 1, 2020 to December 31, 2021. Requires a full refund of any collected fees. According to Cal Cities, this measure is a one size fits all approach that could have significant negative impacts for city budgets. Cal Cities further argues that cities across the state have already been working with their local businesses to waive fees and make other accommodations to soften the impacts of COVID-19.

Status: As of 3/4/2021, referred to the Assembly Governmental Organization and Health Committees, two-year bill

Cal Cities Position: Oppose

CSAC Position: Oppose

SB 219 (McGuire) Property Taxation: Delinquent Penalties and Costs: Cancellation: Public Health Orders.

Provides tax collectors the authority to provide penalty relief to delinquent taxpayers due to a documented hardship, resulting from a shelter-in-place order, as defined, issued by the governor or the public health officer of a city, county, or city and county in which the property is located, or its owner resides. Taxpayers would have to pay the principal to receive penalty relief. According to the author, "SB 219 creates much needed relief for both taxpayers and tax collectors by giving tax collectors the discretion to cancel penalties accrued as a direct result of health and safety orders. SB 219 reflects the tax collectors' collective experience of a crisis and puts that experience into action. The bill will ensure that our local governments are positioned and prepared to function in an uninterrupted fashion during a crisis, and yet be nimble enough to help individuals in their time of hardship."

Status: As of 7/23/2021, signed by the governor, Chapter 131, Statutes of 2021

Cal Cities Position: Support

CSAC Position: Support

SB 539 (Hertzberg) Property Taxation: Taxable Value Transfers.

Implements two new sections of property tax law to assist implementation of Proposition 19 (2020). Proposition 19, otherwise known as the Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act. Specifically, the bill clarifies responsibilities, documentation, and oversight. Last year, the Legislature placed the measure on the ballot, and voters approved Proposition 19. Among other provisions, Proposition 19 created a new section of the California Constitution to allow base year value transfers for disabled taxpayers and persons over the age of 55, as well as victims of wildfires or other natural disasters. Specifically, Proposition 19 allowed taxpayers, as defined, to transfer base year values to properties of greater value and across county lines regardless of whether the accepting county enacted an ordinance, so long as the replacement property is purchased or constructed within two years of the date the original property is sold, or damaged or destroyed by a disaster. According to the author, SB 539 makes several clarifying changes to relevant statutory provisions to eliminate confusion and ensure Proposition 19 is consistently implemented throughout California.

Status: As of 9/8/2021, ordered to engrossing and enrolling, headed to the governor's desk

Cal Cities Position: Watch

CSAC Position: Support



Short Term Rentals

SB 60 (Glazer) Residential Short-term Rental Ordinances. Health or Safety Infractions. Maximum Fines.

Raises the maximum fines for a violation of an ordinance relating to a residential short-term rental. A violation that is an infraction and poses a threat to health or safety would incur a fine of \$1,500 for a first violation, and \$3,000 for a second violation of the same ordinance within one year of the first violation.

Status: As of 9/9/2021, presented to the governor

Cal Cities Position: Support

CSAC Position: Pending

Note: Assembly amendments add an urgency clause.

SB 555 (McGuire) Online Short-Term Rental Facilitator Program.

Provides an opt-in program for cities to delegate short-term rental Transient-Occupancy Tax (TOT) collection authority to the CDTFA. Requires short term rental platforms to register with the CDTFA and collect TOT.

Status: As of 8/27/2021, held on the Assembly Appropriations Suspense File, two-year bill

Cal Cities Position: Oppose, Unless Amended

CSAC Position: Pending

Note: According to Cal Cities, “As currently drafted, this measure could unfortunately result in less effective and less transparent TOT collection in addition to the swift termination of existing and future voluntary collection agreements. Any option to contract with CDTFA should be effective and transparent. This measure should be amended to require platforms to provide CDTFA and contracting cities robust rental information to ensure proper collection, protect existing arrangements, protect local tax rates and charges as adopted by contracting agencies, and clarify that this measure does not preempt any local short-term rental ordinances.

Economic Development

SB 696 (Allen) Enhanced Infrastructure Financing Districts Powers.

Provides Enhanced Infrastructure Financing Districts (EIFDs) with powers to acquire property and utilize eminent domain similar to powers provided to Community Revitalization and Investment Authorities (CRIAs). Allows the State to participate in EIFDs and contribute to state resources.

Status: As of 9/9/2021, gutted and amended to pertain to mixed income housing developments and referred to the Senate Governance and Finance Committee, two-year bill

Cal Cities Position: Watch

CSAC Position: Watch

SB 780 (Cortese) Local Finance: Public Investment Authorities.

Makes several revisions to the EIFD and CRIA laws intended to further incentivize their use and attract investors. Removes the 10-year protest provision.

Status: As of 9/9/2021, presented to the governor

Cal Cities Position: Support

CSAC Position: Watch

Development Fees and Financing

SB 8 (Skinner) Housing Crisis Act of 2019.

Extends the sunset date for the Housing Crisis Act of 2019 from 2025 to 2030. The Housing Crisis Act (HCA) declared a statewide housing crisis and froze nearly all development related fees once a developer submits a preliminary application, including essential project specific fees.

Status: As of 9/9/2021, presented to the governor

Cal Cities Position: Watch

CSAC Position: Watch



Note: Assembly amendments provide that, until January 1, 2034, the HCA's provisions apply to housing development projects that have submitted a preliminary application before January 1, 2030, extend the vesting provisions of the HCA for an additional year for affordable housing, revise some of the HCA's demolition protections, and make other changes.

SB 695 (Ochoa Bogh) Mitigation Fees.

Makes numerous changes to how cities impose development fees, including expanding nexus study requirements to include dedications of parkland or in-lieu fees imposed under the Quimby Act and construction excise taxes. Prohibits a housing impact requirement from exceeding the amount necessary to maintain the existing level of service identified in the nexus study for the type of capital facility for which the housing impact requirement is imposed.

Status: As of 4/30/2021, referred to the Senate Governance and Finance Committee, two-year bill

Cal Cities Position: Watch

CSAC Position: Pending

ACA 1 (Aguiar-Curry) Local Government Financing. Affordable Housing and Public Infrastructure. Voter Approval.

Reduces the voting threshold to 55% for ad valorem taxes to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes.

Status: As of 4/22/2021, referred to the Assembly Local Government Committee, two-year bill

Cal Cities Position: Watch

CSAC Position: Support

Cannabis

SB 59 (Caballero) Cannabis provisional licenses: local equity applicants.

Prohibits a licensing authority from issuing a new provisional license to an applicant on or after July 1, 2022, unless the applicant is a qualified equity applicant, as defined by the California Cannabis Equity Act, and authorizes a licensing authority to reinstate a provisional license issued prior to July 1, 2022, to an applicant for the same activity previously licensed at the location. This bill also extends the repeal date of these provisional license provisions to January 1, 2028, and makes findings and declarations that this bill furthers the purposes and intent of the Control, Regulate and Tax Adult Use of Marijuana Act.

Status: As of 5/24/2021, ordered to the inactive file, two-year bill

Cal Cities Position: Watch

CSAC Position: Support

Note: SB 59 was made a two-year bill following the release of the May Revise, which proposed an extension of the provisional license program for cannabis. Language is captured in [AB 141](#) and [SB 160](#), which were approved by the Legislature and took effect on July 1. AB 141 and AB 160 will allow the Department of Cannabis Control to renew cannabis provisional licenses until January 1, 2025, with some exceptions, and provided that provisional licensed holders demonstrate progress towards CEQA compliance. Per the legislation, the provisional license program sunsets the following year on January 1, 2026. Cities and counties with commercial cannabis programs are encouraged to review both bills.

SB 398 (Skinner) Cannabis Licenses. Cannabis Licensing Agreements. Cannabis Excise Tax.

Establishes a process for the Bureau of Cannabis Control to administer commercial cannabis licensing, permitting, or other regulatory activities on behalf of a local jurisdiction pursuant to a cannabis licensing agreement and imposes new labor peace agreement requirements for cannabis license applicants.

Status: As of 5/24/2021, in Senate Appropriations Committee on the suspense file, two-year bill

Cal Cities Position: Watch

CSAC Position: Watch



Broadband

AB 14 (Aguiar-Curry) Communications: Broadband Services: California Advanced Services Fund.

Extends the sunset of the California Advanced Services Fund program to 2032, authorizes the collection of an unspecified surcharge on intrastate telecommunications service costs to continue grants, and makes various modifications to the program including redefining unserved households and prioritizing grant disbursements.

Status: As of 9/9/2021, ordered to engrossing and enrolling, headed to the governor's desk

Cal Cities Position: Support

CSAC Position: Support

Note: This bill shall only become effective if SB 4 (Gonzalez) of the current legislative session is enacted and takes effect on or before January 1, 2022.

AB 537 (Quirk) Communications: wireless telecommunications and broadband facilities.

Makes several changes to existing law that requires an application for a wireless telecommunications facility to be deemed approved.

Status: As of 9/10/2021, enrolled, headed to the governor

Cal Cities Position: Watch

CSAC Position: Neutral

SB 4 (Gonzalez, Lena) Communications: California Advanced Services Fund.

Extends the operation of the California Advanced Services Fund (CASF) through 2032, increases the annual funding cap for the CASF, and expands projects eligible for CASF grants to include fund broadband deployment at unserved locations used for emergency response.

Status: As of 9/9/2021, in enrollment, headed to the governor

Cal Cities Position: Support

CSAC Position: Support

Note: Provides that the provisions of this bill shall only become effective if AB 14 (Aguiar-Curry) is enacted and takes effect on or before January 1, 2022.

SB 28 (Caballero) Rural Broadband and Digital Infrastructure Video Competition Reform Act.

Expands the authority of the California Public Utilities Commission (CPUC) to regulate cable video franchises, modifies annual data reporting requirements for video service providers holding a state video franchise, requires the CPUC to consult with local governments regarding franchise violations, and requires the CPUC to evaluate a franchisee's service obligations.

Status: As of 9/9/2021, enrolled, headed to the governor

Cal Cities Position: Watch

CSAC Position: Support

SB 156 (Committee on Budget and Fiscal Review) Communications: broadband.

Provides the statutory framework to implement the broadband provisions contained in the 2021 Budget Package.

Status: As of 7/20/2021, signed by the governor, Chapter 112, Statutes of 2021

Cal Cities Position: Support

CSAC Position: Support

SB 743 (Bradford) Housing Developments: Broadband Adoption: Grant Program.

Requires the CPUC to establish a new grant program to fund broadband adoption, digital literacy programs, and computer equipment at public housing communities.

Status: As of 8/27/2021, held on the Assembly Appropriations Suspense File, two-year bill

Cal Cities Position: Watch

CSAC Position: Pending