



California Policy Update – March 2022

We are pleased to provide our March 2022 California Policy Update. This issue includes updates on Governor Newsom's State of the State Address, the Taxpayer Protection and Government Accountability Act (currently being circulated for signatures for potential inclusion on the November 2022 Statewide ballot), and legislation by topic area that is currently going through the legislative process.

Please feel free to contact me with any questions.

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On March 8, Governor Gavin Newsom delivered his annual State of the State Address, going through a rundown of California's successes and touting additional plans in furtherance of those accomplishments. Although distinct from his 2022-23 budget presentation, there was not much new information shared, and the speech felt akin to a pep talk or comparative analysis of California versus the nation with California coming out on top.

Highlights from the Governor's State of the State Address by topic:

Climate: He began with climate policy, his proposal to pause the gas tax increase, California's dominance in electric vehicle sales and manufacturing, and tapping into lithium reserves in the Imperial Valley.

Employment: According to Governor Newsom, in December, 25% of America's jobs were created in California and one million over the last year. Stating that, "What makes us (California) different is as our businesses grow, we don't leave our workers behind." He noted the \$12 billion tax rebate last year, raising the minimum wage, increasing paid sick leave, expanding paid family leave, investing in childcare, and providing healthcare to all regardless of immigration status.

COVID-19: Although lockdowns and mask mandates were difficult, California had lower death rates than any other large state. He noted that his [SMARTER](#) Plan will assist the state through future variants and seasonal surges.

Homelessness: Governor Newsom's address noted that over the last three years, the state has invested billions of dollars to combat homelessness and created a [comprehensive strategy](#) moving forward. This year, the administration's proposals for [encampment resolution grants](#) and [CARE Court](#) will continue the efforts to move individuals from homelessness to housing.

Crime: The 2022-23 budget proposal includes \$179 million to reduce crime through local law enforcement grants, funding for the Attorney General's Office, prosecuting organized theft rings, reducing the number of illegal firearms in circulation, and investing in crime reduction programs.

Education: Amongst the accomplishments Governor Newsom listed were universal transitional kindergarten, before and after school programs, expanded summer school, universal school meals, child savings accounts, and free community college.

Taxpayer Protection and Government Accountability Act

We're hearing that it's highly likely that the [Taxpayer Protection and Government Accountability Act](#), a constitutional initiative that would limit the ability for state and local governments to impose taxes, fees, and other charges will qualify for the November 2022 ballot. Currently, the campaign finance website is reflecting a donation from the Howard Jarvis Taxpayers Association of \$75,000.

The measure received an [official title and summary](#) from the Attorney General's Office, received a [fiscal analysis](#) from the Department of Finance and Legislative Analyst's Office, and has been cleared by the Secretary of State's office for circulation. To qualify for the ballot, 997,139 valid signatures are due by June 6, 2022.

Proposed California legislation by topic:

Administration

[AB 1944 \(Lee\)](#) Local government: open and public meetings

Status: Referred to Assembly Committee on Local Government

Summary: Current law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. Current law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health. This bill would specify that if a member of a legislative body elects to teleconference from a location that is not public, the address does not need to be identified in the notice and agenda or be accessible to the public when the legislative body has elected to allow members to participate via teleconferencing.

[SB 379 \(Wiener\)](#) Residential solar energy systems: permitting

Status: Read third time. Passed. (Ayes 31. Noes 1.) Ordered to the Assembly.

Summary: Current law requires a city or county to approve administratively applications to install solar energy systems through the issuance of a building permit or similar nondiscretionary permit. Current law requires every city, county, or city and county to develop a streamlined permitting process for the installation of small residential rooftop solar energy systems, as that term is defined. Current law prescribes and limits permit fees that a city or county may charge for a residential and commercial solar energy system. Current law creates the State Energy Resources Conservation and Development Commission (Energy Commission) in the Natural Resources Agency and prescribes its duties, which include administering programs for the installation of solar energy systems. This bill would require every city, county, or city and county to implement an online, automated permitting platform that verifies code compliance and issues permits in real time for a solar energy system, as defined, that is no larger than 38.4 kilowatts alternating current nameplate rating and an energy storage system, as defined, paired with a solar energy system that is no larger than 38.4 kilowatts alternating current nameplate rating.

Broadband

[AB 1934 \(Rodriguez\)](#) Fairgrounds: broadband

Status: Awaiting referral to committee

Summary: Would state the intent of the Legislature to later enact legislation relating to broadband internet access at fairgrounds used, or designated for use, in emergency response operations.



Cannabis

AB 2792 (Rubio, Blanca) Cannabis: excise tax: cultivation tax

Status: Awaiting referral to committee

Summary: MAUCRSA, for purposes of the California Cannabis Equity Act, requires the Department of Cannabis Control to develop and implement a program to provide waivers and deferrals for application fees, licensing fees, and renewal fees required by MAUCRSA, as specified. This bill, from July 1, 2022, to July 1, 2025, inclusive, would prohibit the department from including any mark-up amount in the average market price in an arm's length transaction for purposes of the cannabis excise tax, and would reduce the rate of the cannabis excise tax imposed on purchasers in a non-arm's length transaction to 8%. The bill, from July 1, 2022, to July 1, 2025, inclusive, would suspend the imposition of the excise tax upon purchasers of cannabis or cannabis products sold in this state by licensees eligible for a fee waiver or deferral pursuant to the program established by the Department of Cannabis Control under the California Cannabis Equity Act.

SB 1074 (McGuire) Cannabis: excise tax: cultivation tax

Status: Awaiting referral to committee

Summary: Current law requires the California Department of Tax and Fee Administration to administer and collect the taxes. Existing law requires revenues from those taxes to be deposited into the California Cannabis Tax Fund, and continuously appropriates that tax fund for specified purposes. This bill would discontinue, beginning on July 1, 2022, the imposition of the cultivation tax. The bill would increase, from July 1, 2025, until July 1, 2026, the excise tax by an additional percentage that the Department of Finance estimates will generate half the amount of revenue that would have been collected pursuant to the cultivation tax, and would, beginning July 1, 2026, instead increase the excise tax by an additional percentage estimated by the department to generate the full amount of revenue that would have been collected pursuant to the cultivation tax. This bill contains other related provisions and other existing laws.

SB 1281 (Bradford) Cannabis taxes

Status: Awaiting referral to committee

Summary: Current law, the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure, as additionally amended by statute, imposes a weight-based cultivation tax on harvested cannabis that enters the commercial market and a separate excise tax on purchasers of cannabis or cannabis products sold in this state at the rate of 15% of the average market price of any retail sale by a cannabis retailer, as specified. Current law defines average market price in an arm's length transaction to mean the average retail price determined by the wholesale cost of the cannabis or cannabis products sold or transferred to a cannabis retailer, plus a mark-up, as determined by the California Department of Tax and Fee Administration on a biannual basis in 6-month intervals. Current law requires the distributor to collect the excise tax from the cannabis retailer and to remit the tax to the department. Current law requires revenues from the cultivation and excise taxes to be deposited into the California Cannabis Tax Fund, and continuously appropriates that tax fund for specified purposes. This bill would discontinue the imposition of the cultivation tax, would reduce the excise tax to 5%, and would remove the mark-up from the definition of average market price in an arm's length transaction. The bill would remove the requirement that the distributor collect the excise tax from the cannabis retailer and would instead require the cannabis retailer to remit the excise tax to the department. The bill would make these provisions effective beginning January 1, 2023. This bill contains other related provisions and other existing laws.



SB 1293 (Bradford) Cannabis: taxation

Status: Awaiting referral to committee

Summary: The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative measure approved as Proposition 64 at the November 8, 2016, statewide general election, authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. This bill would state the intent of the Legislature to help equity licensees obtain a personal income or corporate tax credit that would be equal, or in some proportion, to the normal business expenses that they would otherwise have been able to write off on their federal taxes, but for federal law. The bill would make related legislative findings and declarations. This bill contains other existing laws.

Economic Development

AB 151 (Committee on Budget) Economic development

Status: Referred to the Senate Budget and Fiscal Review Committee

Summary: Would revise and recast the California Innovation Hub Program by, among other things, renaming the program as the "California Inclusive Innovation Hub Program," renaming an Innovation Hub as an "Inclusive Innovation Hub," "iHub Squared," or "iHub2," renaming the Innovation Accelerator Account as the "Inclusive Innovation Accelerator Account," and replacing GO-Biz as the government entity directly supervising the program with the Office of the Small Business Advocate (office) within GO-Biz. The bill would also provide that the office limit the iHub2s within the state to stimulating partnerships, economic development, and job creation for underserved geographic areas, industry sectors, and business owners.

AB 1864 (Gipson) Small business

Status: Awaiting referral to committee

Summary: Current law creates within the Governor's Office of Business and Economic Development the Office of Small Business Advocate, which is led by the Small Business Advocate, who serves as the principal advocate in the state on behalf of small businesses. This bill would state the Legislature's intent to enact legislation that would further support small businesses and local governments by incentivizing local hire, which would also retain critical revenue to assist our communities through the pandemic and onward. The bill would state related findings and declarations of the Legislature.

AB 2035 (Villapudua) Taxation: credits: California New Employment Credit

Status: Referred to the Assembly Committee on Revenue and Taxation

Summary: The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including, for taxable years beginning on or after January 1, 2014, and before January 1, 2026, a credit to a qualified taxpayer that hires a qualified full-time employee within a designated census tract or economic development area and that receives a tentative credit reservation for that qualified full-time employee. For the purposes of that credit, a qualified full-time employee is defined as an individual who meets certain requirements and satisfies at least one of two specified conditions relating to the number of hours the employee works and is paid. For purposes of that credit, certain employers that are primarily engaged in certain services, including food services, are excluded from claiming the credit. This bill would expand the definition of qualified taxpayer by permitting a taxpayer that is primarily engaged in certain services, including food services, to claim the credit. For purposes of meeting the definition of qualified full-time employee, the bill would permit, for these qualified taxpayers, an employee to be paid qualified wages by the qualified taxpayer for services not less than an average of 25 hours per week. The bill would also, among other things, define "high unemployment" for purposes of designated pilot areas.



AB 2200 (Arambula) Online Jobs and Economic Support Resource Grant Program

Status: Referred to the Assembly Committee on Jobs, Economic Development, and the Economy

Summary: The Economic Revitalization Act requires GO-Biz to serve as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth. This bill would establish the Online Jobs and Economic Support Resource Grant Program within GO-Biz to support inclusive, cross-jurisdictional, and innovative online platforms that support job and earning opportunities and economic recovery with a strong focus on underserved and economically challenged communities.

Finance

SB 852 (Dodd) Climate resilience districts: formation: funding mechanisms

Status: Referred to the Senate Committee on Governance & Finance

Summary: Current law authorizes certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. Current law provides for the financing of these activities by, among other things, the issuance of bonds serviced by property tax increment revenues, and requires the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities. This bill would authorize a city, county, city and county, special district, or a combination of any of those entities to form a climate resilience district for the purposes of raising and allocating funding for eligible projects and the operating expenses of eligible projects. The bill would define "eligible project" to mean projects that address sea level rise, extreme heat, extreme cold, the risk of wildfire, drought, and the risk of flooding, as specified.

Franchises

AB 676 (Holden) Franchises

Status: Awaiting referral to committee in the Senate

Summary: The California Franchise Relations Act sets forth certain requirements related to the termination, nonrenewal, and transfer of franchises between a franchisor, subfranchisor, and franchisee, as those terms are defined. Current law provides that the act applies to any franchise when either the franchisee is domiciled in this state or the franchised business is or has been operated in this state. This bill would additionally require that any provision of a franchise agreement requiring the franchisee to waive the provisions of this chapter shall be deemed contrary to public policy and shall be void and unenforceable.

Housing

AB 1748 (Seyarto) Exempt surplus land: regional housing need

Status: Referred to the Committees on Assembly Local Government and Housing and Community Development

Summary: Current law prescribes requirements for the disposal of surplus land by a local agency. Current law defines "surplus land" for these purposes to mean land owned in fee simple by any local agency for which the local agency's governing body takes formal action declaring that the land is surplus and is not necessary for the agency's use. Current law provides that an agency is not required to follow the requirements for disposal of surplus land for "exempt surplus land," except as provided. Current law categorizes as "exempt surplus land," surplus land that a local agency is transferring to another local, state, or federal agency for the agency's use. This bill would add to the definition of "exempt surplus



land," surplus land that is zoned for a density of up to 30 residential units and is owned by a city or county that demonstrates adequate progress in meeting its share of regional housing need in its annual report, as specified, has constructed an adequate number of housing units to meet its share of regional housing need in the immediately preceding or current housing element cycle, as specified, or is designated as prohousing by the department.

AB 2179 (Grayson) Development fees and charges: deferral

Status: Referred to the Committees on Assembly Local Government and Housing and Community Development

Summary: Current law prohibits a local agency that imposes fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection or the date the certificate of occupancy is issued, whichever occurs first, except that the payment may be required sooner under specified circumstances. This bill would similarly prohibit a noncompliant local agency, as defined, that imposes any fees or charges on a qualified development, as defined, from requiring the payment of those fees or charges until 20 years from the date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first.

AB 2357 (Ting) Surplus land

Status: Referred to the Committees on Assembly Local Government and Housing and Community Development

Summary: Current law requires the Department of Housing and Community Development to maintain on its internet website, an up-to-date listing of all notices of availability throughout the state. This bill would also require the department to maintain on its internet website a listing of all entities, including housing sponsors, that have notified the department of their interest in surplus land for the purpose of developing low- and moderate-income housing.

AB 2428 (Ramos) Mitigation Fee Act: fees for improvements: timeline for expenditure

Status: Referred to the Committees on Assembly Local Government and Housing and Community Development

Summary: The Mitigation Fee Act, requires a local agency that establishes, increases, or imposes a fee as a condition of approval of a development project to, among other things, determine a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. The Mitigation Fee Act also imposes additional requirements for fees imposed to provide for an improvement to be constructed to serve a development project, or which is a fee for public improvements, as specified, including that the fees be deposited in a separate capital facilities account or fund. This bill would require a local agency that requires a qualified applicant, as described, to deposit fees for improvements, as described, into an escrow account as a condition for receiving a conditional use permit or equivalent development permit to expend the fees within 5 years of the deposit.

SB 1373 (Kamlager) Surplus land disposal

Status: Referred to the Senate Committee on Governance & Finance

Summary: Current law prescribes requirements for the disposal of surplus land by a local agency, as defined. Current law provides that certain dispositions of real property by local agencies are subject to surplus land disposal procedures as they existed on December 31, 2019, without regard to specified amendments that took effect on January 1, 2020, if those dispositions comply with specified requirements and the disposition is completed not later than December 31, 2022. Current law extends the date that the disposition must be completed by to December 31, 2024, for specified properties, including properties related to the Metro North Hollywood Joint Development Project. Current law further extends the dates



by which the disposition of property must be completed, as specified. This bill extends the date by which the disposition of property must be completed to December 31, 2024, if the property is located in a local agency with a population of over 2,000,000 persons and the local agency has either an option agreement duly authorized by the local agency's governing body to purchase the property from the former redevelopment agency, or an exclusive negotiation agreement with a private entity to develop the subject property for economic development or housing purposes.

Privacy & Security

AB 1711 (Seyarto) Privacy: breach

Status: Referred to the Assembly Committee on Privacy and Consumer Protection

Summary: Current law requires an agency or a person or business that conducts business in California that owns or licenses computerized data that includes personal information to disclose a breach of security of the system following discovery or notification of the breach in the security data to certain residents of California, as specified. This bill would require an agency to post a notice on the agency's internet website when a person or business operating a system on behalf of the agency is required to issue a security breach notification for that system pursuant to the above-described provisions, as specified.

Property Tax

AB 1206 (Bennett) Property taxation: affordable housing: welfare exemption

Status: Awaiting referral to committee in the Senate

Summary: Current property tax law, in accordance with the California Constitution, provides for a "welfare exemption" for property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. For the 2018–19 fiscal year through the 2027–28 fiscal year, in the case of an owner of property receiving a low-income housing tax credit under specified federal law, current property tax law requires that a unit continue to be treated as occupied by a lower income household for these purposes if the occupants were lower income households on the lien date in the fiscal year in which their occupancy of the unit commenced and the unit continues to be rent restricted, notwithstanding an increase in the income of the occupants of the unit to 140% of area median income, adjusted for family size. This bill, for the 2022–23 fiscal year through the 2027–28 fiscal year, would require that a unit continue to be treated as occupied by a lower income household, as described above, if the owner is a community land trust whose land is leased to low-income households, subject to a contract that complies with specified requirements.

AB 1707 (Boerner Horvath) Property tax postponement: Senior Citizens and Disabled Citizens

Property Tax Postponement Fund

Status: Referred to the Assembly Committee on Revenue & Taxation

Summary: Current law authorizes the Controller, upon approval of a claim for the postponement of ad valorem property taxes, to directly pay a county tax collector for the property taxes owed by the claimant, as provided. Existing law establishes the Senior Citizens and Disabled Citizens Property Tax Postponement Fund and continuously appropriates moneys in the fund to the Controller for specified purposes, including disbursements relating to the postponement of property taxes pursuant to the Property Tax Postponement Law. Current law requires the Controller to, on June 30, 2018, and on June 30 each year thereafter, transfer any moneys in the fund in excess of \$15,000,000 to the General Fund. The bill would require money to be transferred, on June 30, 2023, and on June 30 each year thereafter, from the General Fund to the Senior Citizens and Disabled Citizens Property Tax Postponement Fund when the balance in the latter fund is less than \$15,000,000. The bill would require the amount of money transferred each year to be equal to the sum needed to bring the balance of the Senior Citizens and Disabled Citizens Property Tax Postponement Fund to \$15,000,000.



AB 1839 (Choi) Property tax: tax-defaulted property sales

Status: Referred to the Assembly Committee on Revenue & Taxation

Summary: Current law governs the sale to certain entities of a property that has been tax defaulted for 5 years or more, or 3 years or more, as applicable, in an applicable county, including by authorizing the state, county, any revenue district the taxes of which on the property are collected by county officers, or a redevelopment agency created pursuant to the California Community Redevelopment Law, to purchase the property or any part thereof, as prescribed. Current law also authorizes a nonprofit organization to purchase, with the approval of the board of supervisors of the county in which it is located, a residential or vacant property that has been tax-defaulted for 5 years or more, or 3 years or more if the property is subject to a nuisance abatement lien, as prescribed. Current law requires the sales price of a property sold pursuant to the provisions described or referenced above to include certain amounts, including all defaulted taxes and assessments and all associated penalties and costs. This bill would require the sales price of a property sold pursuant to those provisions to additionally include, only if the property is exempt from property taxation, an amount sufficient to fairly compensate, for the equity lost, any person with title of record to all or any portion of the property before the recordation of the tax deed to the purchaser.

AB 1933 (Friedman) Property taxation: welfare exemption: nonprofit corporation: low- and moderate-income families

Status: Referred to the Assembly Committees on Revenue & Taxation and Housing and Community Development

Summary: Current property tax law, in accordance with the California Constitution, provides for a "welfare exemption" for property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities, if certain qualifying criteria are met. Current property tax law states that property is within that welfare exemption if the property is owned and operated by a nonprofit corporation, otherwise qualifying for the welfare exemption, that is organized and operated for the specific and primary purpose of building and rehabilitating single or multifamily residences for sale at cost to low-income families, with financing in the form of a zero interest rate loan and without regard to religion, race, national origin, or the sex of the head of household. This bill would also provide that property is fully exempt from property taxation and is also within that welfare exemption if that property is owned and operated by a nonprofit corporation, as described, that is organized and operated for the specific and primary purpose of building and rehabilitating single or multifamily residential units and the units meet specified requirements.

AB 2258 (Wood) Property Assessed Clean Energy program: wildfire safety improvements

Status: Referred to the Assembly Committees on Local Government and Banking & Finance

Summary: Would authorize a public agency that has established a PACE program, as specified, to enter into voluntary contractual assessments with property owners to finance the installation of wildfire safety improvements, as defined, that are permanently fixed to real property and would provide that wildfire resiliency and safety improvements that contribute to the defensible space Zones 1 and 2 of a property, as specified, are wildfire safety improvements for purposes of those provisions.

AB 2651 (Petrie-Norris) Property taxes: welfare exemption: community land trust

Status: Referred to the Assembly Committee on Revenue & Taxation

Summary: Current law provides that property is within the welfare exemption if that property is owned by a community land trust, as defined, otherwise qualifying for the welfare exemption, and specified conditions are met, including that the property is being or will be developed or rehabilitated as housing, as specified. Current law requires the exemption to apply for 5 lien dates, as provided. Current law requires the community land trust to be liable for property tax for the years for which the property was exempt if



the property was not developed or rehabilitated, or if the development or rehabilitation is not in the course of construction, within a specified timeframe, depending on when the community land trust acquired the property. Current law requires the community land trust to notify the assessor if property owned by the community land trust is not in the course of construction by these dates. Existing law repeals these provisions on January 1, 2025. This bill would extend the operation of these provisions until January 1, 2030.

Sales and Use Taxes

AB 1623 (Ramos) Personal income taxes: exclusion: uniformed services retirement pay: survivor benefit plan payments

Status: Referred to the Assembly Committee on Revenue & Taxation *Summary:* The Personal Income Tax Law imposes a tax on individual taxpayers measured by the taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax, including an exclusion for combat-related special compensation. This bill, for taxable years beginning on or after January 1, 2023, and before January 1, 2033, would exclude from gross income retirement pay received by a taxpayer from the federal government for service performed in the uniformed services, as defined, during the taxable year. The bill, for taxable years beginning on or after January 1, 2023, and before January 1, 2023, would also exclude from gross income annuity payments received by a qualified taxpayer, as defined, pursuant to a United States Department of Defense Survivor Benefit Plan during the taxable year. The bill would make related findings and declarations. This bill contains other related provisions and other existing laws.

AB 1702 (Levine) Sales and Use Tax Law: exemptions: COVID-19 prevention and response goods

Status: Referred to the Assembly Committee on Revenue & Taxation *Summary:* Current sales and use tax laws impose taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from the taxes imposed by those laws. This bill would exempt from those taxes, until January 1, 2025, the gross receipts from the sale of, and the storage, use, or other consumption of, COVID-19 prevention and response goods, as defined.

AB 1951 (Grayson) Sales and use tax: exemptions: manufacturing

Status: Referred to the Assembly Committee on Revenue & Taxation *Summary:* Current sales and use tax laws impose taxes on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including a partial exemption from those taxes, on and after July 1, 2014, and before July 1, 2030, for the gross receipts from the sale of, and the storage, use, or other consumption of, qualified tangible personal property purchased by a qualified person for purchases not exceeding \$200,000,000, for use primarily in manufacturing, processing, refining, fabricating, or recycling of tangible personal property, as specified; qualified tangible personal property purchased for use by a qualified person to be used primarily in research and development, as provided; qualified tangible personal property purchased for use by a qualified person to be used primarily to maintain, repair, measure, or test any qualified tangible personal property, as provided; and qualified tangible personal property purchased by a contractor purchasing that property for use in the performance of a construction contract for the qualified person, that will use that property as an integral part of specified processes. Current law, on and after January 1, 2018, and before July 1, 2030, additionally exempts from those taxes the sale of, and the storage, use, or other consumption of, qualified tangible personal property purchased for use by a qualified person to be used primarily in the generation or



production, as defined, or storage and distribution, as defined, of electric power. Current law does not apply this exemption to an apportioning trade or business, as specified. Existing law provides that qualified tangible personal property does not include consumables with a useful life of less than one year. This bill would recast and restate these provisions to clarify the application of the exemption provided and update certain definitions to correspond to current federal guidelines.

AB 2622 (Mullin) Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.

Status: Referred to the Assembly Committee on Revenue & Taxation *Summary:* Current state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes, including, until January 1, 2024, an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, specified zero-emission technology transit buses sold to specified public agencies that are eligible for specified incentives from the State Air Resources Board. This bill would extend the exemption for specified zero-emission technology transit buses until January 1, 2034.

AB 2835 (Fong) Sales and use taxes: exemptions: nonprofit blood centers

Status: Awaiting referral to committee

Summary: The Sales and Use Tax Law provides various exemptions from that tax. This bill would exempt, on and after January 1, 2023, from sales and use tax the sale of tangible personal property to, or the use of tangible personal property by, a nonprofit organization that recruits blood donors, and is a member of an organization promoting blood banking services, as specified.

ACA 5 (Voepel) Motor vehicles: fuel taxes, sales and use taxes, and fees: expenditure restrictions

Status: Referred to the Assembly Committee on Transportation

Summary: The California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law. This measure would explicitly restrict the expenditure of all interest earned and other increment derived from the investment of those tax revenues and any proceeds from the lease or sale of real property acquired using those tax revenues only for the purposes described above.

SB 542 (Limón) Sales and use taxes: exemption: medium- or heavy-duty zero-emission trucks

Status: Awaiting referral to committee in the Assembly

Summary: Current sales and use tax laws impose taxes on retailers measured by gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, measured by sales price. The Sales and Use Tax Law provides various exemptions from those taxes. This bill would provide an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, a qualified motor vehicle. The bill would define "qualified motor vehicle" as a specified zero-emission truck. The bill would disallow the exemption for sales or uses made on or after January 1, 2025, if the purchaser also received other specified benefits.



SB 771 (Becker) Sales and Use Tax Law: zero emissions vehicle exemption

Status: Awaiting referral to committee in the Assembly

Summary: Current state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes. This bill, on or after January 1, 2022, would provide an exemption from those taxes with respect to the sale in this state of, and the storage, use, or other consumption in this state of, a qualified motor vehicle, as defined, sold to a qualified buyer, as defined. The bill would provide that this exemption does not apply to specified state sales and use taxes from which the proceeds are deposited into the Local Revenue Fund, the Local Revenue Fund 2011, or the Local Public Safety Fund.

SB 1041 (Atkins) Sales and use taxes: general exemptions

Status: Awaiting referral to committee in the Senate

Summary: The Sales and Use Tax Law provides various exemptions from those taxes, including an exemption for the sale of, or the storage, use, or consumption of, tangible personal property sold by a thrift store located on a military installation and operated by a designated entity, as defined, that, in partnership with the United States Department of Defense, provides financial, educational, and other assistance to members of the Armed Forces of the United States, eligible family members, and survivors that are in need. Existing law provides that this exemption will remain in effect only until January 1, 2024. This bill would remove the exemption's expiration date.

SB 1312 (Ochoa Bogh) Marketplace facilitators: passenger vehicle rental companies: tax and fee liability relief

Status: Referred to the Senate Governance & Finance Committee

Summary: Current law, the Fee Collection Procedures Law, provides for the administration and collection of various fee programs and was originally administered by the State Board of Equalization. In 2017, the California Department of Tax and Fee Administration was established, and current law transferred many of the tax and fee administration duties, powers, and responsibilities of the board to the department. This bill would also relieve a marketplace facilitator of liability for the taxes or fees on a retail sale if the marketplace facilitator demonstrates to the satisfaction of the department that the marketplace seller is an unrelated passenger vehicle rental company and is registered to remit sales and use tax to the department.

Short-Term Rentals

AB 2328 (Flora) Local ordinances: home experience sharing

Status: Referred to the Assembly Committees on Local Government and Judiciary

Summary: Current law defines "hosting platform" as a marketplace that is created for the primary purpose of facilitating the rental of a residential unit, as specified. This bill would prohibit a city or county from prohibiting or effectively prohibiting the use of property as a home experience sharing unit. The bill would define "home experience sharing unit" as a privately owned, noncommercial property or residential dwelling unit that is rented partially for a fee for a period of fewer than 18 continuous hours and that does not provide sleeping accommodations to transients. The bill would authorize a city or county to reasonably regulate home experience sharing units to protect the public's health and safety, as specified.



Taxation

AB 1626 (Nguyen) Motor Vehicle Fuel Tax Law: limitation on adjustment

Status: Awaiting referral to committee

Summary: Existing law, the Motor Vehicle Fuel Tax Law, administered by the California Department of Tax and Fee Administration, imposes a tax upon each gallon of motor vehicle fuel removed from a refinery or terminal rack in this state, entered into this state, or sold in this state, at a specified rate per gallon. Existing law requires the department to annually adjust the tax imposed by increasing the rates based on the California Consumer Price Index, as specified. This bill would limit the above-described annual adjustment to a maximum of 2% for rate adjustments made on or after July 1, 2023.

AB 1638 (Kiley) Motor Vehicle Fuel Tax Law: suspension of tax

Status: Awaiting referral to committee

Summary: Would suspend the imposition of the tax on motor vehicle fuels for 6 months. The bill would direct the Controller to transfer a specified amount from the General Fund to the Motor Vehicle Fuel Account in the Transportation Tax Fund. By transferring General Fund moneys to a continuously appropriated account, this bill would make an appropriation.

AB 1708 (Kiley) Law enforcement: sharing data

Status: Referred to the Assembly Revenue & Taxation Committee

Summary: Current law prohibits a law enforcement official from cooperating with immigration authorities where individuals were arrested, detained, or convicted of misdemeanors that were previously felonies or were previously crimes punishable as either misdemeanors or felonies, as specified. Current law prohibits the Department of Corrections and Rehabilitation from taking into account an individual's citizenship or immigration status in regard to access to educational or rehabilitative programming or credit-earning opportunities or to determining an individual's custodial classification level. This bill would remove these restrictions on state and local law enforcement agencies.

AB 1729 (Voepel) Personal income taxes: gross income: exclusion: student loan assistance

Status: Referred to the Assembly Revenue & Taxation Committee

Summary: The Personal Income Tax Law excludes from the gross income of an employee amounts paid or incurred by an employer for educational assistance to the employee, as specified, up to \$5,250 during a calendar year. This bill would exclude from the gross income of an employee amounts, not exceeding an aggregate amount of \$5,250 per year, that are paid or incurred by an employer on or after January 1, 2021, and before January 1, 2026, for the payment of principal or interest on a qualified education loan, as defined, incurred by the employee.

SB 49 (Umberg) Income taxes: credits: California Fair Fees Tax Credit

Status: Awaiting referral to committee

Summary: The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. This bill would allow a credit against those taxes for each taxable year beginning on or after January 1, 2021, and before January 1, 2026, to a taxpayer that meets certain criteria, including that the taxpayer temporarily ceased business operations for at least 30 consecutive days during the taxable year in response to an emergency order, as defined. The amount of credit would vary based on the number of consecutive days the qualified taxpayer has ceased business operations during the taxable year, with a maximum amount of \$6,000 if the qualified taxpayer has temporarily ceased business operations for at least 180 consecutive days, as provided.