



REVENUE AND TAXATION POLICY COMMITTEE

Highlights

June 4, 2026

ATTENDANCE

Members: Cindy Silva (Vice Chair); Tess Albin-Smith; Jasmine Allen; Kevin Bash; Fernando Cabrera; Andrew Camacho; Michael Cao; Liang-Fang Chao; Ed Chen; Claire Coleman; Santino Danisi; Marc Donohue; Crag Eicher; Jorge Garcia; John Grass; George Harris; Susan Harvey; Matthew Hawkesworth; Jorge Herrera Avila; Chris Huot; Kevin Ingram; Launa Jimenez; Todd Juhasz; Brian Kalinowski; Sean Kelleher; Mina Layba; Rich Lee; Sylvia Lemus; Christine Marick; Thaddeus McCormack; Kris McDonald; Leroy Miller; Lisa Motoyama; Chris Pimental; Sara Ragsdale; Justin Raithel; Daniel Ramos; Ernie Reyna; Jonathan Royas; Scott Sakakihara; Marc Shaw; Dan Singer; Karina Solis; Nathan Steele; Erik Sund; Jordan Villwock; Jessica Voigt; Melissa Walker; Chantel Walker; Tommy Yu; Natalya Zernitskaya; Yan Zhao

Cal Cities Partners: Tom Adams; Kenneth Nordhoff

Staff: Ben Triffo, Legislative Advocate
Leila Romero, Policy & Legislative Affairs Analyst

I. Welcome and Introductions

Vice Chair Cindy Silva welcomed committee members and introduced herself and Cal Cities staff. Following opening remarks, the Vice Chair reviewed housekeeping notes and committee ground rules, including the use of the "raise your hand" feature, stating name and city before speaking, and being mindful of time to allow for member participation.

II. Public Comment

Vice Chair Silva opened the floor for public comment, and no comment was made.

III. Diagnosing Municipal Financial Health

Vice Chair Silva introduced guest speaker Michael Coleman, Senior Fiscal Advisor for the League of California Cities.

Mr. Coleman provided an overview of municipal financial health and discussed the importance of long-term financial planning, multi-year forecasting, strong financial policies, and early identification of fiscal risks. He explained that cities can face financial distress for a variety of reasons, including unsustainable ongoing commitments, limited budget flexibility, overreliance on one-time solutions, and failure to address structural issues early.

Mr. Coleman also emphasized that financial health is not only about avoiding bankruptcy. Cities should also evaluate cash solvency, budget-year solvency, long-term solvency, and whether service levels remain adequate. He encouraged cities to use financial health diagnostic tools and long-range forecasts to better understand fiscal trends and make informed policy decisions.

During discussion, members asked about fiscal forecasting, financial disclosures, use of artificial intelligence, and potential threats to local revenue. Mr. Coleman noted that cities should generally look at least five years ahead in financial forecasts and remain cautious about relying too heavily on AI tools without local context.

IV. State-Mandated Programs

Vice Chair Silva introduced guest speaker Andy Nichols, Founder and President of Nichols Consulting, who presented on SB 90 and state-mandated costs for California cities.

Mr. Nichols provided background on the origin of SB 90 and Proposition 4, explaining how they created the framework for reimbursing local governments for certain unfunded state mandates. He reviewed the roles of the Commission on State Mandates, State Controller's Office, Governor, Department of Finance, and Legislature in determining, funding, and processing mandate reimbursement claims.

Mr. Nichols noted that city participation in the state-mandated cost reimbursement process has increased significantly, with 332 cities filing claims for the annual February deadline for fiscal year 2024-25 costs. He explained that while some programs are funded, many post-2004 claims and suspended mandates remain unpaid or receive \$0 appropriations.

The presentation also highlighted current and emerging reimbursement issues, including stormwater claims, website and email transition costs for ".gov" or ".ca.gov" compliance, race-blind charging, local public employee vacant positions, Advanced Clean Fleets, and public employee organization notice requirements.

During discussion, members asked what qualifies as an unfunded state mandate. Mr. Nichols explained that reimbursement depends on several factors, including whether the requirement is mandatory, state-imposed, applies only to local agencies, and whether a fee mechanism is available. Members also asked about housing element costs and AB 1572 turf conversion requirements. Mr. Nichols explained that housing element costs generally are not reimbursable because of available fee authority, while AB 1572 may warrant further review.

V. Budget and Legislative Update

Vice Chair Silva introduced Cal Cities staff Jason Rhine, who provided the budget and legislative update on behalf of Ben Triffo.

Staff reviewed the Cal Cities bill search tool and the process for submitting city position letters through the Legislature's Position Letter Portal.

Staff provided an update on the Governor's May Revision, noting that revenues had improved since January but that the increase may not be sustainable due to broader economic uncertainty. Staff also discussed the revised budget proposal, including total spending, reserve levels, and the absence of new ongoing spending.

Staff highlighted a proposed new sales tax application for prewritten digital software and software as a service, which was estimated to generate more than \$1 billion in local tax revenues. Staff also provided updates on several revenue and taxation bills, including SB 922, SB 1005, SB 1172, and AB 2640.

The committee also received updates on the High-Speed Rail Authority's proposal related to tax increment financing districts near planned stations, which Cal Cities strongly opposes because of concerns about local revenues, land use authority, and precedent for state control of local tax increment.

Staff also provided an update on Initiative 25-0006A1, noting that the Cal Cities Board of Directors voted unanimously to oppose the measure.

VI. City-led Business Attraction

Vice Chair Silva introduced the City-Led Business Attraction panel, featuring Gurbax Sahota, President and CEO of the California Association for Local Economic Development; Jennifer McLain Hiramoto, Executive Director of Economic Development for the City of Ontario and CALED Chair; and Craig Schlatter, Community Development Director for the City of Ukiah and CALED Rural Exchange Chair.

The panel discussed the role of cities in supporting economic development and business attraction. Speakers provided background on CALED, described how economic development has evolved since the pandemic, and highlighted the importance of business retention, business creation, and attracting new businesses.

Panelists shared examples from Ontario and Ukiah and emphasized that economic development can support job creation, job retention, an enhanced tax base, economic stability, improved quality of life, and stronger local economies. They also emphasized that economic development is not one-size-fits-all and should reflect the needs and strengths of each community.

VII. Adjourn

Next Virtual Meeting: Staff will notify committee members by **August 7** if the policy committee meets in September. If you have any questions, please contact [Meg Desmond](#), Cal Cities Program Manager, Legislative Administration.