

**REVENUE AND TAXATION POLICY COMMITTEE
HIGHLIGHTS**

Friday, January 15, 2021

Zoom

[Revenue and Taxation Policy Committee Slides](#)

ATTENDANCE

Members: Lisa Middleton (Chair); Norma Martinez-Rubin (Vice Chair); Waseem Ahmed; Paul Akinjo; Tess Albin-Smith; Paul Arevalo; Mike Barbanica; Russell Betts; Charles Bourbeau; Lorrie Brown; Michael Brownrigg; Rolando Charvel; Marita Dorenbecher; Grace Espindola; Rachel Fonseca; David Gassaway; John Gillison; Ryan Hallett-Hinton- Barbara Halliday; Carla Hansen; Lillian Harris-Neal; Loella Haskew; Stephanie Hellman; Mike Hennawy; Chris Huout; Brian Johnson; Linda Krupa; Mina Layba; Eric Levitt; Russ Melton; Brett Miller; Joe Muller; Al Nagy; Laura Parisi; Dan Parra; Michael Ponce; Roberta Raper; Douglas Robertson; Sylvia Robles; Jose Rodriguez; Joel Rojas; Crystal Ruiz; Ed Sachs; David Sander; Fred Strong; Kuldip Thusu; Luis Uribe; Olivia Valentine; Jim Vanderpool; Joe Vinatieri; Nicholas Walker; Bertral Washington; Holly Whatley; Jeff Wood; Ahmad Zahra

League Partners: Rob Braulik; Fran Mancina

Staff: Nick Romo, Legislative Representative; Johnnie Pina, Legislative Policy Analyst

I. Welcome and Introductions

Immediate Past President John Dunbar, Mayor, Yountville, welcomed everyone to the first policy committee meeting of the year and thanked members for their service to all California cities. Mayor Dunbar explained that policy committees are vitally important and are directly connected to Cal Cities' core mission of advocating for the common interests of cities. Mayor Dunbar explained that this year has been challenging for city officials, as cities are facing public health and economic challenges due to the pandemic and the shutdown of local economies. Cities are also responding to nationwide calls for equity and justice and endeavoring to root out discrimination and racism in their communities.

Mayor Dunbar emphasized that Cal Cities, now more than ever, is committed to providing resources and information to help cities make informed decisions for their communities during these challenging times. Mayor Dunbar closed by thanking everyone in attendance for their work as a policy committee member.

Mayor Dunbar then introduced Carolyn Coleman, Cal Cities Executive Director. Ms. Coleman thanked committee members for all their work. She explained that at a time when cities needed help, they have stepped up and have been problem solvers.

Ms. Coleman said that the work of the policy committees is central to Cal Cities advocacy, which is at the heart of the organization. She thanked committee members again for serving on the committee and wished them a great meeting.

Chair Middleton, and Vice Chair Martinez-Rubin, welcomed committee members and provided an introduction.

All committee members then had an opportunity to introduce themselves, indicate the city they are from, and the number of years they have served on the committee.

II. Public Comment

Chair Middleton asked if there was any public comment. No public comment was received.

III. General Briefing

In accordance with the customary practice of convening all policy committee members for a general briefing prior to the start of policy committee meetings, the Cal Cities advocacy team compiled a [General Briefing Update Document](#), which includes the latest on legislative and budgetary matters affecting cities.

IV. Overview of Parliamentary Procedure and Robert's Rules

Nick Romo briefly reviewed Parliamentary Procedures and Robert's Rules. This document is designed to provide examples of common procedural matters encounter by Cal Cities policy committees. This includes how to make a motion, vote on a motion, and determine if there is a quorum. Members were directed to the informational packet for more comprehensive detail.

V. Committee Orientation

Nick Romo provided a brief overview of the purpose of policy committees and the appointment process. This document details key committee roles and responsibilities such as adding agenda items, taking positions on bills, and the committee schedules and processes, among other things. Members were directed to the informational packet for more comprehensive detail.

VI. Existing Policy and Guiding Principles

Nick Romo explained the importance of the guiding principles. This document contains Cal Cities policies that reflect positions taken by the policy committee and Cal Cities Board and is used as a reference tool for Cal Cities staff when reviewing legislation. Members were directed to the informational packet for more comprehensive detail.

VII. Cal Cities 2021 Strategic Priorities

The committee was updated on the Cal Cities 2021 strategic priorities. Nick Romo discussed the virtual League Leaders retreat and explained the process by which strategic priorities are established. The Cal Cities 2021 strategic priorities are as follows:

1. **Secure state and federal funding for local COVID-19 public health response and economic recovery for all.** Secure direct and flexible funding and resources for cities of all sizes so they can continue to protect residents from the pandemic, deliver essential services, support small businesses, and lead the recovery in our communities. Improve communication and coordination with regional, state, and federal governments on public health orders and programs to stimulate equitable economic recovery.
2. **Secure funding to increase the supply and affordability of housing and resources to assist individuals at risk of – or already experiencing – homelessness while preserving local decision making.** Secure additional resources to increase construction of housing, particularly affordable housing, workforce housing, and permanent supportive housing, and ensure cities retain

flexibility based on the land use needs of each community. Increase flexibility and resources to provide navigation assistance and emergency shelters, and strengthen partnerships and collaboration with stakeholders to ensure mental health, substance abuse treatment, and wraparound services are available for adults and youth at risk of – or already experiencing – homelessness in our communities.

3. **Improve state-local coordination and planning to strengthen community disaster preparedness, resiliency, and recovery.** Pursue additional resources and support to mitigate the effects of climate change, sea level rise, catastrophic wildfires, and flooding in our communities. Promote community disaster preparedness, resiliency, and recovery in collaboration with the state and federal governments. Increase availability and access to the National Flood Insurance Program to include other natural disasters.
4. **Protect and modernize critical infrastructure.** Seek increased state and federal resources for critical and sustainable local infrastructure projects including roads, public transit, active transportation, water availability, and broadband deployment that enhance workforce and economic development and improve quality of life.

VIII. Adoption of 2021 Work Program

In order to produce the committee's work program, committee members were asked to respond to an online survey illustrating the top priorities for the committee to focus on in the coming year. The committee built the work plan within the framework of the Cal Cities Strategic Priorities.

Committee members spoke in support of the draft work program and provided additional suggestions that included, assisting landlords (residential and commercial) with lost rent and/or mortgage relief and property tax forgiveness, containing CalPERS costs, ensuring all cities get equitable access to COVID-19 relief funds, providing greater support to English learners, providing additional funds to underground utility lines, assisting homeowners with fire hardening, and including flood prone areas in natural disaster planning.

The work program, as revised, was unanimously approved by the committee.

The committee adopted the following as their work program:

1. **Secure state and federal funding for local COVID-19 public health response and economic recovery for all.**
 - Study and report on COVID-19 impacts to city budgets and services.
 - Use report to inform a strong advocacy campaign for direct local assistance.
 - Use information to ensure fair and equitable allocation of relief funding.
 - Support direct assistance to small businesses.
 - Support relief from evictions and foreclosures including support for small landlords. Provide the committee with information on related economic impacts.
 - Support expeditious distribution of vaccines and encourage state-county-city coordination.
 - Coordinate a briefing and explore mitigation efforts on CalPERS costs with the Governance, Transparency and Labor Relations committee.

2. **Secure funding to increase the supply and affordability of housing and resources to assist individuals at risk of – or already experiencing – homelessness while preserving local decision making.**
 - Support measures that expand incentives to cities and developers for housing construction.
 - Support efforts to reduce state-mandates costs of housing construction.
 - Sponsor materials and briefings on available funding for housing and homelessness.
 - Ensure fair and equitable allocation of housing related funding.
 - Support funding of HomeKey and Project RoomKey to house individuals and families experiencing homelessness.
 - Identify costs projections for addressing homelessness and providing related services statewide to inform Cal Cities' funding requests.
 - Support restoration of Property Tax in-Lieu of VLF for annexations to support the availability of adequate housing sites.
 - Coordinate all efforts with the Housing, Community and Economic Development Committee.

3. **Improve state-local coordination and planning to strengthen community disaster preparedness, resiliency, and recovery.**
 - Support funding for updated local emergency response plans, study of forestry management in the wildland urban interface (WUI), and notification systems with emphasis on state-county-city coordination.
 - Ensure cities are eligible for state and federal grant dollars aimed at strengthening emergency communications and response. These dollars should be allocated in a fair and equitable manner.
 - Providing information on the costs of climate disasters.
 - Support policies that provide incentives to cities to procure emergency supplies and training.
 - Support robust financing for undergrounding of power lines.
 - Support set-aside of resiliency funds for pandemic preparedness.
 - Continue education programs for local officials on community disaster preparedness, resiliency, and recovery.
 - Coordinate efforts with the Environmental Quality committee on advocacy efforts for funding and improved intergovernmental coordination.

4. **Protect and modernize critical infrastructure.**
 - Protect existing transportation funding, support improved oversight of state administration, and advocate for additional, direct state and federal funding for critical infrastructure such as roads, bridges, and broadband.
 - Ensure fair and equitable allocation of state and federal infrastructure monies.
 - Support efforts to improve and expand broadband including new funding sources. Include a push for technical assistance to support deployment.
 - In coordination with the Transportation, Communications, and Public Works committee, review the Digital Infrastructure and Video Competition Act of 2006 (DIVCA) for areas in need of modernization.
 - Explore an improved local funding mechanism for infrastructure projects.

IX. Amendment to Existing Policy and Guiding Principles – Fair and Equitable Distribution of State and Federal Aid

Nick Romo provided an overview of the amendments to existing policy regarding fair and equitable distribution of state and federal aid. Committee members asked questions about who will objectively define the process and allocation of funds; and what factors will be included and under what circumstances.

The amendments to existing policy, as revised, was unanimously approved by the committee and will be considered by the board of directors.

Approved Changes:

Amend page 52 of the Cal Cities “Summary of Existing Policy and Guiding Principles” [May 2020 version], “Revenue and Taxation”, “Additional Revenue” section as follows:

“When disasters **or emergencies** occur **statewide or** in various areas of the state , state government has traditionally stepped in to assist with recovery efforts through various means, including the passage of legislation to provide income and property tax relief to affected individuals and businesses, and reimbursing local governments for their losses. ~~The League~~ **Cal Cities** supports disaster recovery legislation that includes mitigation for losses experienced by local governments. **Cal Cities supports this aid being allocated to cities through a process that objectively accounts for the impacts that a disaster or emergency has had on a city’s residents, infrastructure, economy, and revenues. In the event that aid is provided solely on a per-capita basis, Cal Cities supports that it be done equally per resident.**

~~The League~~ **Cal Cities** also supports establishing a federal debt guarantee program that supports state catastrophe insurance programs for post-event debt that they incur as a result of paying for insured losses caused by major natural catastrophes.”

X. Legislative and Budget Update

Nick Romo provided an overview of legislation that has been introduced and what legislation is expected to be introduced in this year’s legislative session.

The committee was also updated on the Governor’s record-breaking \$227.2 billion budget proposal for the 2021-22 fiscal year. The proposed budget includes a \$164.5 billion General Fund and projects \$34 billion in total reserves and surplus. The budget significantly restores the state’s rainy day fund and economic support reserves that were diminished last year. A surplus of \$15 billion, largely in one-time funds, is available for spending to address COVID-19 and support resilience and recovery. Additional information on the budget can be found in the [General Briefing document](#).

XI. Sales Tax Briefing

Michael Coleman, Cal Cities Fiscal Policy Advisor, provided an extensive overview of sales and use tax collections over the last few decades.

Next Virtual Meeting: Friday, April 16, 2021, 1:00 pm – 4:00 pm