

**REVENUE AND TAXATION POLICY COMMITTEE
HIGHLIGHTS**

Friday, April 16, 2021

Zoom

[Policy Committee Slides \(Linked\)](#)

ATTENDANCE

Members: Lisa Middleton (Chair); Norma Martinez-Rubin (Vice Chair); Waseem Ahmed; Paul Akinjo; Ronald Bates; Russell Betts; Bob Biery; Charles Bourbeau; Rolando Charvel; Marita Dorenbecher; Grace Espindola; Garg Gaurav; David Gassaway; John Gillison; Barbara Halliday; Lillian Harris-Neal; Loella Haskew; Stephanie Hellman; Mike Hennawy; Chris Hout; Brian Johnson; Linda Krupa; Mina Layba; Eric Levitt; Russ Melton; Brett Miller; Al Nagy; June Overholt; Laura Parisi; Michael Ponce; Roberta Raper; Sylvia Robles; Jose Rodriguez; Joel Rojas; Crystal Ruiz; Ed Sachs; David Sander; Fred Strong; Kuldip Thusu; Luis Uribe; Nicholas Walker; Bertral Washington; Holly Whatley; Jeff Wood; Ahmad Zahra

League Partners: Rob Braulik; Fran Mancina

Staff: Nick Romo, Legislative Representative; Johnnie Pena, Legislative Analyst

I. Welcome and Introductions

President Cheryl Viegas Walker, Mayor, El Centro, welcomed everyone to the April policy committee meeting and thanked members for their service to all California cities. She explained that policy committees are vitally important and directly connected to Cal Cities' core mission of advocating for the common interests of cities.

Mayor Viegas Walker emphasized this past year has been challenging for city officials, navigating a global pandemic while managing budget shortfalls that have forced cuts to local services. However, she explained that there is a light at the end of the tunnel. The supply of vaccine doses is growing, eligibility is expanding, and assistance for cities in the recently enacted American Rescue Plan is on the way.

With the legislative session in full swing, Mayor Viegas Walker stressed the role city leaders play in advancing Cal Cities advocacy efforts. She urged policy committee members to contact their lawmakers, so their voices are heard loud and clear. She closed by thanking everyone in attendance for their work as a policy committee member.

Mayor Viegas Walker then introduced Carolyn Coleman, Cal Cities Executive Director. Ms. Coleman welcomed committee members and thanked them for their work. She applauded the efforts of city leaders in pushing their members of Congress to pass the American Rescue Plan. Ms. Coleman explained that Cal Cities is working diligently to protect cities' interests not only in the State Legislature but also as a partner in implementing the American Rescue Plan. She explained that in the coming weeks, Cal Cities will be distributing resources so cities have the tools they need to utilize this funding in their communities. She thanked committee members again for serving on the committee and wished them a great meeting.

Chair Lisa Middleton, Mayor Pro-Tem, Palm Springs and Vice Chair Norma Martinez-Rubin, Mayor, Pinole welcomed committee members and provided an introduction.

II. Public Comment

Chair Middleton asked if there was any public comment. There was no public comment.

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. State Budget and COVID-19 Fiscal Impact Update

Nick Romo, Legislative Representative, briefed the committee on the state budget and the fiscal impact COVID-19 has had on cities across the state.

State Budget:

- Record-breaking \$227.2 billion budget:
 - \$164.5 billion General Fund and \$34 billion in total reserves and surplus.
- Urgent budget actions already taken:
 - \$536 million for wildfire and forest resiliency;
 - \$9.6 billion for direct COVID-19 impact support;
 - Golden State Stimulus - provide \$600 checks to 5.7 million lower-income Californians. ITIN holders are eligible;
 - \$2 billion to the California Small Business COVID-19 Relief Grant program — small businesses can receive a grant up to \$25,000;
 - Tax cuts allowing businesses to deduct up to \$150,000 in expenses covered by the federal Paycheck Protection Program and federal Economic Injury Disaster Loan funds;
 - Two years of fee relief for tens of thousands of restaurants, bars, hair salons, and other state license holders;
 - \$100 million in emergency financial aid for low-income community college students;
 - \$24 million in emergency aid for farm workers required to quarantine; and
 - \$400 million in federal aid for state-subsidized childcare and preschool providers.

COVID-19 Fiscal Impact Update:

- Cities face a \$6 billion general revenue shortfall throughout the pandemic and expected recovery period (March 2020 – June 2022). Additional details regarding the impact can be found in the [Policy Committee Slides \(Linked\)](#).

V. American Rescue Plan Update

Nick Romo, Legislative Representative, gave a brief update to the committee on the American Rescue Plan Act of 2021. A detailed summary of the American Rescue Plan can be found in the [Policy Committee Slides \(Linked\)](#).

VI. Legislative Agenda

Cal Cities staff briefed the committee on action items for consideration. The committee took the following actions:

- **SB 555 (McGuire) Local Agencies. Transient Occupancy Taxes. Short-Term Rental Facilitator. Collection. (Full Text)**

This bill would enact the Fair and Effective Collection of Due and Payable Transient Occupancy Taxes Derived from Short-term Rentals Arranged by the Short-term Rental Facilitators Act of 2021.

Staff recommended amendments to protect the option of voluntary collection agreements, ensure the California Department of Tax and Fee Administration (CDTFA) and contracting cities have access to adequate platform information to ensure proper collection, provide that registered platforms also support the costs of administration, clarify the protection of local tax rates, clarify that this measure does not pre-empt any local short term rental ordinances.

Committee Recommendation: The committee unanimously voted to take an oppose unless amended position.

- **SB 792 (Glazer) Sales and Use Tax: Retailer Reporting (Full Text)**

This bill would require retailers whose annual online sales exceeded \$1 million in the previous calendar year to track and report to the CDTFA the city or ZIP code where the purchaser resides for each sale within the state that is transacted online. The bill would direct retailers to report this information on the same schedule the retailer reports sales to the CDTFA.

Staff recommended a support position along with continuing working with the author, relevant policy committees, city managers, fiscal officers, and CDTFA to ensure the most adequate and least burdensome collection as possible. Additionally, continue to work with the City Managers Department of Cal Cities in furthering of actionable steps. Refer proposed action(s) of the Department back to the Revenue and Taxation Policy Committee.

Committee Recommendation: The committee unanimously voted to take a support position.

VII. Legislative Update

Cal Cities staff briefed the committee on key bills of importance to cities, and what to expect in this year's legislative session. Cal Cities staff discussed the following measures:

- AB 217 (Valladares) Sales and Use Taxes. Exemption. Tax Holiday. School Supplies.
- AB 607 (Arambula) Sales and Use Taxes: Exemptions: Blood Screening.
- AB 879 (Rubio) California Tax Amnesty and Revenue Recovery Act.
- AB 906 (Carrillo) Zero-emission Trucks: Tax and Fee Exemptions.
- AB 1121 (Rodriguez) Sales and Use Taxes: Emergency Preparation Items.
- SB 542 (Limon) Sales and Use Taxes: Heavy-Duty Zero Emission Trucks.
- SB 771 (Becker) Sales and Use Taxes: Zero Emission and Hybrid Vehicles Exemption.
- AB 1163 (Nazarian) Local Government: Taxation: Prohibition: Groceries.
- AB 1402 (Levine) Marketplace Facilitator: Fee Collection.
- SB 219 (McGuire) Property Taxation: Delinquent Penalties and Costs: Cancellation: Public Health Orders.

- SB 539 (Hertzberg) Proposition 19: Intergenerational Transfers.
- AB 1146 (Cervantes) Small Business Rent Forgiveness and Tax Relief.
- AB 1181 (Nguyen) Local Restaurant Fee Prohibition and Refunds.
- SB 60 (Glazer) Ordinance Violations.
- SB 696 (Allen) Enhanced Infrastructure Financing Districts (EIFDs) Powers.
- SB 780 (Cortese) EIFD and CRIA Improvements.

Additional bill information can be found in the [Policy Committee Slides \(Linked\)](#).

VIII. Sales Tax Briefing and Discussion (Part 2)

Michael Coleman, Cal Cities Fiscal Policy Advisor, provided an extensive overview of sales and use tax rules and allocation. Mr. Coleman's presentation can be found in the [Policy Committee Slides \(Linked\)](#).

IX. Next Meeting: Friday, June 4, 2021, 1:00 – 4:00