



REVENUE AND TAXATION POLICY COMMITTEE

Highlights
January 22, 2026

ATTENDANCE

Members: Joe Vinatieri (Chair); Cindy Silva (Vice Chair); Tess Albin-Smith; Kevin Bash; Fernando Cabrera; Andrew Camacho; Claudia Camarena; Michael Cao; Liang-Fang Chao; Ed Chen; Claire Coleman; Santino Danisi; Jack Ding; Marc Donohue; Craig Eicher; Will Fuentes; Jorge Garcia; George Harris; Susan Harvey; Matthew Hawkesworth; Chris Huot; Kevin Ingram; Launa Jimenez; Todd Juhasz; Sean Kelleher; Mina Layba; Rich Lee; Sylvia Lemus; Jessie Lopez; Thaddeus McCormack; Kris McDonald; Lisa Motoyama; Sara Ragsdale; Justin Raithel; Daniel Ramos; Ernie Reyna; Scott Sakakihara; Elizabeth Shavelson; Marc Shaw; Dan Singer; Erik Sund; Kuldip Thusu; Elizabeth Vallejo; Jordan Villwock; Jessica Voigt; Melissa Walker; Tommy Yu; Yan Zhao

League Partners: Tom Adams; Ken Nordhoff

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

I. **Welcome, Opening Remarks, and Introductions**

Chair, Joe Vinatieri and Vice-Chair, Cindy Silva welcomed committee members and introduced themselves and Cal Cities staff. Following opening remarks, the Chair invited committee members to introduce themselves and state their city.

II. **Public Comment**

Chair Vinatieri opened the floor for public comment. Speakers from the cities of Tracy, Eastvale, and Lathrop raised concerns regarding the City Manager Sales Tax Working Group's proposals, particularly potential impacts on cities reliant on e-commerce revenues and the precedent such changes could set for inter-city competition and long-term fiscal stability. Speakers emphasized concerns related to revenue loss, equity impacts on newer and growing cities, and implications for public services, including public safety.

III. **Committee Orientation & Overview of Parliamentary Procedure**

Cal Cities staff provided an overview of the role and purpose of the Revenue and Taxation Policy Committee, as well as the parliamentary procedures governing committee actions.

IV. **Cal Cities 2026 Advocacy Priorities**

Cal Cities staff, Ben Triffo, provided an overview of [Cal Cities 2026 Advocacy Priorities](#):

1. Protect and enhance local revenues and expand economic development tools.
2. Strengthen partnerships with the state to improve public safety.
3. Secure investments to prevent and reduce homelessness and increase the supply of affordable housing.
4. Strengthen climate change resiliency and disaster preparedness.

V. Adoption of 2026 Policy Committee Work

Committee members were asked to identify priority issue areas through an online survey. Staff presented survey results and the proposed work plan. Following discussion, the committee unanimously voted to adopt the following focus areas for 2026:

- Sales and Use Tax
- Economic Development and Attracting New Businesses
- Unfunded State Mandates
- Maintaining Fiscal Sustainability Amid Budget Challenges

Members discussed opportunities for future working groups, particularly around state mandates and implementation challenges. A motion to adopt the work plan was made and seconded and passed unanimously.

VI. Amendments to Existing Policy and Guiding Principles

Staff presented a proposed amendment relocating existing policy language related to tax increment tools from the Housing, Community, and Economic Development policy section into the Revenue and Taxation policy framework. The committee approved the amendment without opposition.

VII. Sales Tax Allocation Fundamentals

Chair Vinatieri introduced guest speaker Ken Nordhoff, Principal, [HdL Companies](#), who provided an overview of municipal revenue sources, including sales and use tax trends, county pool allocations, and broader shifts following the Wayfair decision. Discussion included distinctions between fulfillment centers and warehouses, the treatment of business-to-business transactions, and evolving taxation models related to software and services.

VIII. 2026 Economic Forecast and Trends

Chair Vinatieri introduced guest speaker, Thomas Adams, Director of Sales and Use Tax Audits with [Neumo Insights & Analytics](#), who presented a 2026 economic forecast and trends. Thomas provided an economic outlook and discussed trends affecting local revenues, including inflation, technological shifts, and changes in consumer behavior. Recommendations emphasized the need to modernize sales tax structures, plan for emerging technologies, and evaluate sustainable revenue models. The committee received an economic outlook and discussed trends affecting local revenues, including inflation, technological shifts, and changes in consumer behavior. Recommendations emphasized the need to modernize sales tax structures, plan for emerging technologies, and evaluate sustainable revenue models.

IX. City Manager Sales Tax Working Group's Proposed Changes

Cal Cities staff presented the City Manager Sales Tax Working Group's recommendations related to e-commerce sales tax allocation. The committee discussed equity considerations, fiscal impacts to cities with and without fulfillment centers, CDTFA data modeling, constitutional and statutory pathways, and potential risks of state intervention if local governments do not proactively address sales tax allocation issues.

Thaddeus McCormack, Immediate Past President of the Cal Cities City Managers Department (and current Revenue and Taxation Committee member) discussed

educational efforts undertaken by the City Managers Department regarding the recommendations. Thaddeus mentioned that he and a cohort of his peers presented at 26 city manager area group meetings, discussed the process in which the recommendations were developed, and solicited feedback. Thaddeus noted that consistent feedback included a desire to change or remove the plus or minus 10 percent flexibility band, and to consider the idea of a volatility band which could cap the amount of gains or losses of sales tax a city would incur under a 50/50 split. He noted that from cities that stand to gain a significant amount under the proposed reform, revenues in excess of a certain amount could be set aside to offset losses from cities that stand to lose a significant amount of sales tax revenue. Thaddeus compared the idea to insurance risk pools.

With 43 members present, multiple motions were made to advance and amend the City Manager Sales Tax Working Group's recommendations. The following motion ultimately passed on a vote of 25 Aye – 15 No – 3 Abstentions:

Strike from Cal Cities' Policy the existing Equity Statement related to the allocation of Bradley-Burns e-commerce revenues, and replace with:

- A 50/50 split of Bradley-Burns sales and use tax revenues generated from e-commerce transactions.
- A plus or minus 5% flexibility band.
- Prospective application, excluding revenues from existing sales tax sharing agreements from any split.
- Five-year phase-in following CDTFA implementation.
- A plus or minus 20% volatility band shall be used when reallocating revenues, whereby revenues gained by a city in excess of 20% would be used to mitigate revenue losses greater than 20% for cities negatively impacted by the reallocation of the Bradley-Burns.

Request the Board of Directors separately consider the following item, recognizing that this change could proceed through a regular legislative process and would not require a constitutional amendment:

- County pool use tax dollars from out-of-state e-commerce transactions reallocated from the county pools to destination cities.

X. Legislative and Budget Update and Roundtable

This agenda item was not covered due to time constraints.

XI. [Howard Jarvis Taxpayers Association Measure](#)

This agenda item was not covered due to time constraints.

XII. Closing Remarks and Adjourn

Chair Vinatieri thanked committee members and staff for attending. The meeting was adjourned.

Next Meeting: Thursday, March 26, Hilton Orange County/Costa Mesa, 10:00am – 2:00pm