



Revenue and Taxation Policy Committee
Friday, March 17, 2023
10:00 a.m. – 2:00 p.m.

Register for this meeting:

[https://us06web.zoom.us/meeting/register/tZEqdOmrrj0tHd3XaOppfm3emvxO9dTLyYJ3](https://us06web.zoom.us/join/joinMeeting?zmt=62692836236&mt=62692836236&mt=62692836236)

Immediately after registering, you will receive a link and confirmation email to join the meeting.



AGENDA

- I. Welcome**
*Speakers: Chair Charles Bourbeau, Council Member, Atascadero
 Vice Chair Kuldip Thusu, Council Member, Dinuba
 Cal Cities President Ali Sajjad Taj, Council Member, Artesia
 Cal Cities Executive Director and CEO Carolyn Coleman*

- II. Public Comment** *Informational*

- III. General Briefing** *Informational*

- IV. Updated 2023 Policy Committee Work Plan (Attachment A)** *Informational*

- V. City Managers Sales Tax Working Group Update** *Informational*
 1. Timeline: Working Group Tasks and Deliverables
 2. [Sales Tax Sharing Agreements Statewide Survey](#)

Meeting Lunch Break – 12:00pm - 12:30pm

- VI. Cal Cities 2023 Legislative Advocacy Update** *Informational*
 1. [Advocacy Priorities](#)
 2. 2023-24 State Budget Priorities – [Sample Letter for Cities](#)
 3. California Business Roundtable Ballot Measure
 • [Sample Resolution](#), and [Sample Oppose Letter](#)
 4. Cal Cities 2023 Revenue and Taxation Bills (*Attachment B*)

- VII. CalPERS Update: A Conversation with the CIO** *Informational*
Speaker: Michael Cohen, Interim Chief Operating Investment Officer, CalPERS

- VIII. Adjourn**

Next Meeting: Friday, June 23, 10:00 a.m. – 2:00 p.m., Pomona

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

- 1) Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or*
- 2) A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.*

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.

**Revenue and Taxation Policy Committee
Work Program Report – January 2023**

Submitted By: Charles Bourbeau, Council Member, Atascadero
Cal Cities Staff: Jessica Sankus, Senior Policy & Legislative Affairs Analyst

1) Protect and expand investments to prevent and reduce homelessness.

- The Committee will defer to the Cal Cities Housing, Community, and Economic Development and Community Services Policy Committees to play the lead role in policy development associated with this advocacy priority. The Committee will remain informed and support Cal Cities advocacy efforts in this area.
- The Committee will partner with relevant committees to review, through a fiscal lens, state and federal legislation, budget proposals, and explore existing and new mechanisms for funding programs to prevent or reduce homelessness and assist individuals experiencing homelessness.

2) Increase the supply and affordability of housing while retaining local decision-making.

- The Committee will partner with the Cal Cities Housing, Community, and Economic Development Policy Committee to pursue financial tools to address the housing supply and affordability of housing.
- The Committee will defer to the Housing, Community, and Economic Development Policy Committee to play the lead role in policy development associated with this advocacy priority. The Committee will remain informed and support Cal Cities advocacy efforts in this area.
- The Committee will partner with relevant committees to review, through a fiscal lens, state and federal legislation, budget proposals, and explore existing and new mechanisms for funding housing development for all income levels.

3) Improve public safety in California communities.

- The Committee will defer to Cal Cities Public Safety Policy Committees to play the lead role in policy development associated with this advocacy priority. The Committee will remain informed and support Cal Cities advocacy efforts in this area.

4) Safeguard essential local revenues and support fiscal sustainability.

- The Committee will take the lead on policy development to protect, increase, and modernize revenue streams for local governments. The Committee will actively study and pursue new revenue sources for local governments. This includes supporting Cal Cities advocacy efforts and funding requests for the 2023-24 State Budget, including reimbursement of the nearly \$1 billion the state owes to cities, counties, and special districts for state-mandated programs.

- The Committee will remain informed and engaged with the work and progress of the City Managers Sales Tax Working Group.

Additional information:

The Revenue and Taxation Policy Committee will also focus on its work program to better understand and discuss the following issues:

- *Infrastructure Funding*
- *Sales Tax – the Committee will receive regular updates from the City Managers Sales Tax Working Group, including a timeline of events and deliverables.*
- *Streamlining of State Grant Funding Opportunities*
- *The Committee will partner with the Governance, Transparency, and Labor Relations Policy Committee to take an active role in addressing unfunded pension liabilities.*



**League of California Cities: Revenue and Taxation Portfolio Bills of Interest
as of Tuesday, March 07, 2023**

Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<p><u>AB 16</u> (<u>Dixon</u> R)</p>	<p>12/5/2022-A. PRINT</p>	<p>Motor Vehicle Fuel Tax Law: adjustment suspension.</p>	<p>This bill would authorize the Governor to suspend an adjustment to the motor vehicle fuel tax, scheduled on or after July 1, 2024, upon making a determination that increasing the rate would impose an undue burden on low-income and middle-class families. The bill would require the Governor to notify the Legislature of an intent to suspend the rate adjustment on or before January 10 of that year, and would require the Department of Finance to submit to the Legislature a proposal by January 10 that would maintain the same level of funding for transportation purposes as would have been generated had the scheduled adjustment not been suspended.</p>	<p>Watch</p>
<p><u>AB 26</u> (<u>Fong, Mike</u> D)</p>	<p>3/2/2023-A. REV. & TAX</p>	<p>Personal Income Tax Law: exclusion: federal student loan debt relief plan.</p>	<p>This bill would exclude from an individual's gross income, for taxable years beginning on or after January 1, 2022, any amount of qualified student loan debt, as defined, that is discharged under the federal student loan debt relief plan, as specified. The bill would specify that its provisions shall only become operative upon the enactment of legislation that would conform to specified federal law.</p>	<p>Watch</p>
<p><u>AB 28</u> (<u>Gabriel</u> D)</p>	<p>12/5/2022-A. PRINT</p>	<p>Firearms: gun violence protection tax.</p>	<p>This bill would state the intent of the Legislature to enact legislation that would enact a tax to fund measures to protect against gun violence on firearms and ammunition.</p>	<p>Watch</p>



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
AB 52 (Grayson D)	12/5/2022-A. PRINT	Sales and Use Tax Law: manufacturing equipment: research and development equipment.	This bill would express the intent of the Legislature to expand the sales and use tax exemption for manufacturing and research and development equipment to preserve California's status as a hub of innovation and technology and to encourage greater investment in California.	Pending Opposition.
AB 53 (Fong, Vince R)	12/5/2022-A. PRINT	Motor Vehicle Fuel Tax Law: suspension of tax.	Would suspend the imposition of the tax on motor vehicle fuels for one year. The bill would require that all savings realized based on the suspension of the motor vehicle fuels tax by a person other than an end consumer, as defined, be passed on to the end consumer, and would make the violation of this requirement an unfair business practice, in violation of unfair competition laws, as provided. The bill would require a seller of motor vehicle fuels to provide a receipt to a purchaser that indicates the amount of tax that would have otherwise applied to the transaction.	Watch
AB 84 (Ward D)	2/2/2023-A. H. & C.D.	Property tax: welfare exemption: affordable housing.	This bill, beginning with the 2024—25 fiscal year, would remove the requirement that an eligible owner of property receive a low-income housing tax credit and would instead require that a unit continue to be treated as occupied by a lower income household, as described above, if the property is subject to a legal restriction that provides that units designated for use by lower income households are continuously available to or occupied by lower income households, at rents not exceeding specified limits.	Watch



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
AB 362 (Lee D)	2/9/2023-A. REV. & TAX	Real property taxation: land value taxation study.	Would require the California Department of Tax and Fee Administration to conduct or commission a study on the efficacy of a statewide land value taxation system as an alternative to the current appraisal methods utilized for real property taxation. The bill would require the study to be provided to the Legislature by January 1, 2025. The bill would make related findings and declarations.	Watch
AB 445 (Essayli R)	2/17/2023-A. REV. & TAX	Property tax: tax-defaulted property sales.	This bill would prohibit a property or property interest from being offered for sale under specified provisions (tax defaulted properties) if that property or property interest has not been offered for sale under specified provisions.	Watch
AB 491 (Wallis R)	2/17/2023-A. REV. & TAX	Sales and use taxes: public hearings.	This bill would require the California Department of Tax and Fee Administration to ensure participation in the annual hearing for taxpayers to present their proposals on changes to the Sales and Use Tax Law may be virtual or remote.	Watch



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<p align="center"><u>AB 537</u> (<u>Berman D</u>)</p>	<p align="center">2/17/2023-A. B.&P.</p>	<p>Short-term lodging: advertising: rates.</p>	<p>Would prohibit a place of short-term lodging, as defined, from advertising or offering a room rate that does not include all taxes and fees required to book or reserve the short-term lodging. The bill would prohibit an internet website, application, or other similar centralized online platform whereby rental of a place of short-term lodging is advertised or offered from advertising or offering a room rate that does not include all taxes and fees required to book or reserve the short-term lodging. The bill would make a knowing violation of those provisions subject to a specified civil penalty not to exceed \$10,000 and would authorize an action to enforce those provisions to be brought by a city attorney, district attorney, or the Attorney General.</p>	<p align="center">Watch</p>
<p align="center"><u>AB 543</u> (<u>Gipson D</u>)</p>	<p align="center">2/17/2023-A. REV. & TAX</p>	<p>Sales and Use Tax Law: exemptions: petroleum products: water common carriers.</p>	<p>This bill would delete the January 1, 2024 expiration date for the sales and use tax exemption for the sale of fuel and petroleum products sold to a water common carrier for immediate shipment outside this state for consumption in the conduct of its business as a common carrier after the first out-of-state destination, thereby extending operation of this exemption indefinitely.</p>	<p align="center">Watch</p>



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<u>AB 590</u> <u>(Hart D)</u>	2/9/2023-A. PRINT	State-funded assistance grants and contracts: advance payments.	This bill would declare the intent of the Legislature to improve and expand the state's existing advance payment practices for state grants and contracts with nonprofits. The bill would authorize an administering state agency to advance a payment to a recipient entity, defined to mean a private, nonprofit organization qualified under federal law, subject to meeting specified requirements. The bill would require the administering state agency to prioritize recipient entities and projects serving disadvantaged, low-income, and under-resourced communities, and to ensure an advance payment to the recipient entity does not exceed 25% of the total grant or contract amount.	Watch
<u>AB 961</u> <u>(Dixon R)</u>	2/23/2023-A. L. GOV.	State mandates: claims.	This bill would change the minimum claim amount for state-reimbursable mandate claim from \$1,000 to \$800.	Watch



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<p align="center"><u>AB 1052</u> <u>(McCarty D)</u></p>	<p align="center">3/2/2023-A. L. GOV.</p>	<p align="center">Sacramento Regional Transit District: taxes.</p>	<p>Existing law authorizes the district to levy or collect a property tax within any city or the unincorporated area, or any part thereof, in the district, upon the approval by a 2/3 vote of the electorate, as provided. Current law authorizes the board of directors of the district to adopt a retail transactions and use tax ordinance, subject to the approval of 2/3 of the electors at a special election.</p> <p>This bill would revise and recast those provisions related to the imposition of property taxes and retail transactions and use taxes by the district, by, among other things, explicitly authorizing the district to impose a property tax or retail transactions and use tax in the entirety of, or a portion of, the incorporated and unincorporated territory. If the tax only applies to a portion of an area of the district, the bill would require the incorporated area of each city and of contiguous cities within the district to be either wholly included within or wholly excluded from that portion that is taxed and would require the entire unincorporated area of the district to be either wholly included within or wholly excluded from that portion that is taxed.</p>	<p align="center">Watch</p>
<p align="center"><u>AB 1093</u> <u>(Patterson, Jim R)</u></p>	<p align="center">3/2/2023-A. REV. & TAX</p>	<p align="center">Property taxation: manufactured homes: tax collection.</p>	<p>This bill would revise the procedures for issuing a tax clearance certificate and for the collection of unpaid, estimated taxes. The bill would authorize the tax certificate to also indicate that the county tax collector finds that property taxes are not yet payable, as described.</p>	<p align="center">Watch</p>



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<u>AB 1203</u> (<u>Bains</u> D)	3/2/2023-A. REV. & TAX	Sales and use taxes: exemptions: breast pumps and related supplies.	This bill, on or after January 1, 2024, and before January 1, 2029, would exempt the gross receipts from the sales and use tax in this state of, and the storage, use, or other consumption in this state of, breast pumps, breast pump collection and storage supplies, breast pump kits, and breast pads.	Watch
<u>AB 1249</u> (<u>Ta</u> R)	3/2/2023-A. REV. & TAX	Sales and use taxes: exemption: tax holiday: school supplies.	Would, on and after January 1, 2024, and before January 1, 2029, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified school supplies, as defined, for the two-day period beginning at 12:01 a.m. on the third Saturday of July of each year and ending at 11:59 p.m. on the following day.	Pending Opposition.
<u>AB 1492</u> (<u>Alvarez</u> D)	2/17/2023-A. PRINT	Taxation: welfare exemption.	This bill would state the intent of the Legislature to enact legislation that would expand the welfare tax exemption for housing developments.	Watch
<u>SB 1</u> (<u>Glazer</u> D)	1/18/2023-S. GOV. & F.	Personal Income Tax Law: exclusions: student loan forgiveness.	This bill would, for taxable years beginning on or after January 1, 2022, and before January 1, 2026, exclude from gross income any student loan amount waived, canceled, or otherwise forgiven by the United States Department of Education pursuant to a specified federal student debt relief plan.	Watch



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
SB 5 (Nguyen R)	1/18/2023-S. GOV. & F.	Motor Vehicle Fuel Tax Law: limitation on adjustment.	This bill would limit the Motor Vehicle Fuel Tax annual adjustment to a maximum of 2% for rate adjustments made on or after July 1, 2023. This bill contains other related provisions.	Watch
SB 96 (Portantino D)	1/18/2023-S. RLS.	Sales and Use Tax Law: live events: historic event venues.	This bill would state the intent of the Legislature to enact legislation that would expand the state sales and use tax exemption to transactions during live events at California historic event venues for reinvestment in historic preservation activities, as specified.	Watch
SB 243 (Seyarto R)	2/1/2023-S. GOV. & F.	Sales and Use Tax Law: exemption: gun safety systems.	Would, until January 1, 2028, exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, a gun safety system, as defined. This bill contains other related provisions and other existing laws.	Watch
SB 419 (Roth D)	2/22/2023-S. GOV. & F.	Property tax: exemptions: personal property used in space flight.	This bill would extend to January 1, 2034, the operation of the property tax exemption for qualified property used in space flight. By extending the operation of this exemption, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.	Watch



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<p align="center"><u>SB 520</u> (<u>Seyarto</u> R)</p>	<p align="center">2/22/2023-S. GOV. & F.</p>	<p align="center">Property taxation: homeowners' exemption.</p>	<p>This bill would provide that, if a person receiving the property tax exemption is not occupying the dwelling because they are confined to a hospital or other care facility, the person shall be deemed to occupy that dwelling as their principal place of residence, provided that the person would occupy the dwelling if they were not confined to the hospital or other care facility, the person intends to return to the dwelling when possible to do so, and the dwelling is not rented or leased to a third party.</p>	<p align="center">Watch</p>
<p align="center"><u>SB 532</u> (<u>Wiener</u> D)</p>	<p align="center">2/22/2023-S. GOV. & F.</p>	<p align="center">Ballot measures: local taxes.</p>	<p>Current law requires that the ballots used when voting upon a measure proposed by a local governing body or submitted to the voters as an initiative or referendum measure, including a measure authorizing the issuance of bonds or the incurrence of debt, have printed on them a true and impartial statement describing the purpose of the measure.</p> <p>If the proposed measure imposes a tax or raises the rate of a tax, current law requires the ballot to include in the statement of the measure the amount of money to be raised annually and the rate and duration of the tax to be levied. This bill would exempt from this requirement a measure that imposes or increases a tax with more than one rate or authorizes the issuance of bonds.</p>	<p align="center">Watch</p>
<p align="center"><u>SB 653</u> (<u>Archuleta</u> D)</p>	<p align="center">2/16/2023-S. RLS.</p>	<p align="center">Property taxation: exemptions.</p>	<p>This bill would state the intent of the Legislature to enact legislation that would allow individuals to claim both the homeowners' property tax exemption and the veterans' exemption.</p>	<p align="center">Watch</p>



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<p align="center"><u>SB 721</u> (<u>Becker</u> D)</p>	<p align="center">3/1/2023-S. GOV. & F.</p>	<p align="center">Special taxes: vacant land.</p>	<p>This bill would specify that, as used in those procedural requirements, a special tax includes a tax, levied by any city, including a charter city, county, or district on vacant sites included in the inventory on land suitable and available for residential development pursuant to the housing element of a county's or a city's long-term general plan, that meets the constitutional requirements.</p>	<p align="center">Pending Opposition.</p>
<p align="center"><u>SB 726</u> (<u>Archuleta</u> D)</p>	<p align="center">3/1/2023-S. GOV. & F.</p>	<p align="center">Property taxation: exemption: disabled veteran homeowners.</p>	<p>The California Constitution and existing property tax law provide various exemptions from property taxation, including, among others, a disabled veterans' exemption and a veterans' organization exemption. This bill would exempt from taxation, on that part of the full value of the residence that does not exceed \$863,790, as provided, property owned by, and that constitutes the principal place of residence of, a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, if the veteran is 100% disabled.</p> <p>The bill would provide an unmarried surviving spouse a property exemption in the same amount that they would have been entitled to if the veteran was alive and if certain conditions are met. The bill would require certain documentation to be provided to the county assessor to receive the exemption and would prohibit any other real property tax exemption from being granted to the claimant if receiving the exemption provided by the provisions of this bill. The bill would make these exemptions applicable for property tax lien dates occurring on or after January 1, 2024, but occurring before January 1, 2034.</p>	<p align="center">Watch</p>



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Measure/ Author	Location	Title	Brief Summary	Cal Cities Position
<p align="center"><u>SB 797</u> (<u>Padilla</u> D)</p>	<p align="center">3/1/2023-S. GOV. & F.</p>	<p align="center">Lithium Extraction Tax Citizens Oversight Committee.</p>	<p>Would establish the Lithium Extraction Tax Citizens Oversight Committee within the department for the purposes of ensuring that revenues from the lithium extraction excise tax are appropriately allocated and making recommendations on how to improve community engagement and maximize community benefits from the revenues. The bill would prescribe the composition of the committee and require the committee to report its findings and recommendations annually on December 1 to the Legislature, as specified.</p>	<p align="center">Watch</p>
<p align="center"><u>SB 798</u> (<u>Glazer</u> D)</p>	<p align="center">3/1/2023-S. GOV. & F.</p>	<p align="center">Elections: local bond measures: tax rate statement.</p>	<p>Current law requires local governments, when submitting a measure for voter approval for the issuance of bonds that will be secured by an ad valorem tax, to provide voters a statement that includes estimates of the tax rates required to fund the bonds. Under current law, the estimated tax rate is expressed as the rate per \$100 of assessed valuation on all property to be taxed to fund the bonds.</p> <p>This bill would instead require that the estimated tax rate in the statement be expressed as the rate per \$100,000 of assessed valuation on all property to be taxed to fund the bonds.</p>	<p align="center">Watch</p>