REVENUE AND TAXATION POLICY COMMITTEE
Highlights
March 26, 2026

ATTENDANCE

Members: Joe Vinatieri (Chair); Tom Adams; Tess Albin-Smith; Jasmine Allen; Kevin Bash; Andrew Camacho; Claudia Camarena; Michael Cao; Liang-Fang Chao; Ed Chen; Santino Danisi; Jack Ding; Will Fuentes; John Grass; George Harris; Susan Harvey; Matthew Hawkesworth; 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; Marc Shaw; Dan Singer; Nathan Steele; Erik Sund; Jordan Vilwock; Jessica Voigt; Melissa Walker; Tommy Yu; Natalya Zernitskaya

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

I. Welcome and Introductions

Chair Joe Vinatieri welcomed committee members and introduced himself and Cal Cities staff. Following opening remarks, the Chair invited committee members who were not present at the January policy committee meeting to introduce themselves and share their city affiliation.

II. Public Comment

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

III. Initiative 25-0006

Chair Vinatieri introduced Cal Cities staff Ben Triffo, who provided background on Initiative 25-0006 before introducing the panel of speakers. The committee heard from Susan Shelley, Vice President of Communications for the Howard Jarvis Taxpayers Association, in support of the initiative, and from Lisa Soghor, Assistant City Manager for the City of Culver City, and Evan McLaughlin, Political Director for California Professional Firefighters, in opposition.

Ms. Shelley provided an overview of the measure and discussed its intended effect on local special taxes, including voter-approved special taxes placed on the ballot through citizen initiatives. She explained how the initiative interacts with transfer taxes and shared the proponents perspective on how it aligns with existing constitutional provisions governing local taxation. Committee members asked several questions regarding the initiative's application to charter cities, transfer taxes, and the timeline for implementation if approved by voters.

Opposition speakers highlighted the potential fiscal impacts of the initiative on cities, special districts, and local public services. Ms. Soghor discussed Culver City's experience since adopting its transfer tax measure, noting that local development activity has increased and that the city currently has 69 development projects in the pipeline, including 41 residential projects. She explained that while new housing is necessary, it also increases the cost of providing ongoing city services. She emphasized that local revenue tools help cities meet these growing service demands.

Mr. McLaughlin discussed the initiative's potential effect on special districts and public safety funding, noting that many agencies rely on special taxes to fund critical services. He pointed to examples of local measures that received majority voter support but would not have passed under a two-thirds threshold and warned that the loss of those revenues could lead to significant service reductions. He also noted that some cities have no more firefighter positions today than they did decades ago, despite substantial growth in service demands.

Committee members engaged in a robust discussion regarding the potential impact of the initiative on local services, housing obligations, and revenue stability. Members raised concerns that cities are being asked to take on increasing responsibilities, including planning for housing growth and providing services to larger populations, while facing ongoing fiscal pressures and limited revenue flexibility. Several members also shared examples from their own communities, including concerns about the loss of funding for public safety, homelessness response, schools, and general city operations.

Members also discussed the implications of the initiative for cities that do not currently have access to the same local revenue tools as charter cities, as well as the broader structural inequities in local finance. Several members emphasized the importance of cities remaining united in opposition to the measure, including cities that may not be directly affected by all of its provisions.

A motion to recommend an "Oppose" position on Initiative 25-0006 was made and seconded. The motion passed with 31 in favor, 7 opposed, and 4 abstentions.

IV. Update on City Manager Sales Tax Working Group

Chair Vinatieri introduced Cal Cities staff Ben Triffo, who provided an update on the City Managers Sales Tax Working Group and the recommendations that were recently considered by the Cal Cities Board of Directors.

Mr. Triffo explained that following a robust discussion, the Board rejected the working group's proposed policy framework related to the allocation of Bradley-Burns sales and use tax revenues generated from e-commerce transactions. This included rejecting a proposed 50/50 split of revenues, a plus or minus 5% flexibility band, prospective application excluding existing sales tax sharing agreements, a five-year phase-in following CDTFA implementation, and a plus or minus 20% volatility band intended to mitigate significant revenue gains and losses among cities.

The Board instead directed Cal Cities staff to pursue a narrower statutory approach focused on reallocating county pool use tax revenues from out-of-state e-commerce transactions to destination cities. The Board also noted the need for additional data to better understand the statewide impacts of any proposed changes.

Mr. Triffo further shared that Cal Cities will continue exploring broader tax reform options aimed at increasing revenue for all cities, including issues related to digital goods.

Committee members asked questions about whether more complete statewide data will be available moving forward and emphasized the importance of clearly understanding and communicating the impacts of any proposed changes before pursuing legislation. Staff confirmed that efforts are underway to procure additional data to inform future discussions. Members also asked whether a legislative author had been identified for this issue, and staff noted that while the concept has been discussed, no author has been identified at this time.

V. State Legislation and Budget Update and Roundtable

Revenue and Taxation Bills with Positions

Chair Vinatieri introduced Cal Cities staff to provide a legislative and budget update, followed by a roundtable discussion on tax exemptions and strengthening local economies and attracting new business in California.

Staff provided updates on revenue and taxation bills with Cal Cities positions and highlighted several measures that have the potential to impact local revenues and city fiscal authority. Committee members discussed concerns related to legislation affecting local tax structures, exemptions, and broader tax reform proposals.

The committee also held a roundtable discussion on tax exemptions, including whether local governments should pay sales tax on purchases. Members discussed the fiscal and policy implications of such an approach, including whether it would create an undesirable precedent for the state and how similar policies operate in other states. Several members expressed concern about pursuing additional tax exemptions without first understanding the broader impacts on local government finance.

Cal Cities staff also provided an overview of a recent Legislative Analyst's Office report on tax reform options and highlighted several proposals that could affect cities. Members discussed the range of options included in the report, including both tax increase and tax reduction proposals, and noted the importance of carefully evaluating how broader tax reform conversations could affect local revenues.

Additional discussion topics included Local Agency Investment Fund (LAIF) concerns, franchise fee-related legal issues, and the need for continued policy development around revenue and taxation issues that affect cities.

VI. Economic Development and Attracting New Businesses

The committee had been scheduled to hear from Timothy Kelly, President of the Imperial Valley Economic Development Corporation, on economic development and attracting new businesses. However, the speaker was unable to attend the meeting.

VII. Adjourn

Chair Vinatieri thanked members for their participation and adjourned the meeting.

Next Meeting (Virtual): Thursday, June 4, 9:30 a.m. – 12:30 p.m.