

2020 Playbook for Developments in Law and Elections

Michael G. Colantuono
Colantuono, Highsmith & Whatley, PC

Michael Coleman
Fiscal Policy Advisor
League of California Cities / CSMFO

CaliforniaCityFinance.com
The California Local Government Finance Almanac



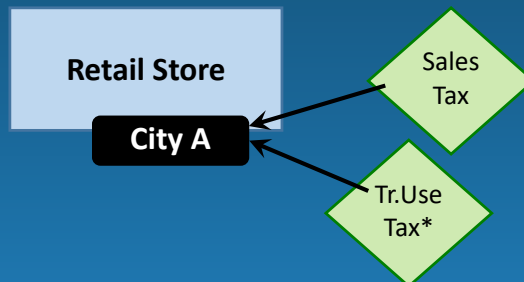
1



“Over the Counter” Transaction

**Seller's
Place of
Business**

**Buyer
Receives
at ...**



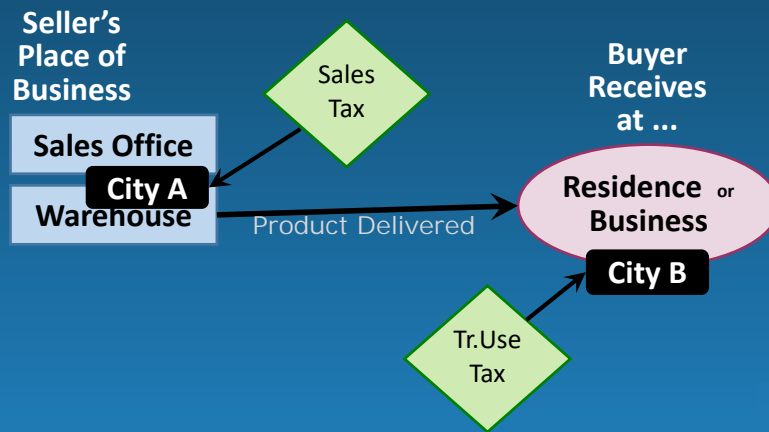
*Transactions and Use Tax, also called “District Tax” or “Add-on sales tax” ... varies.



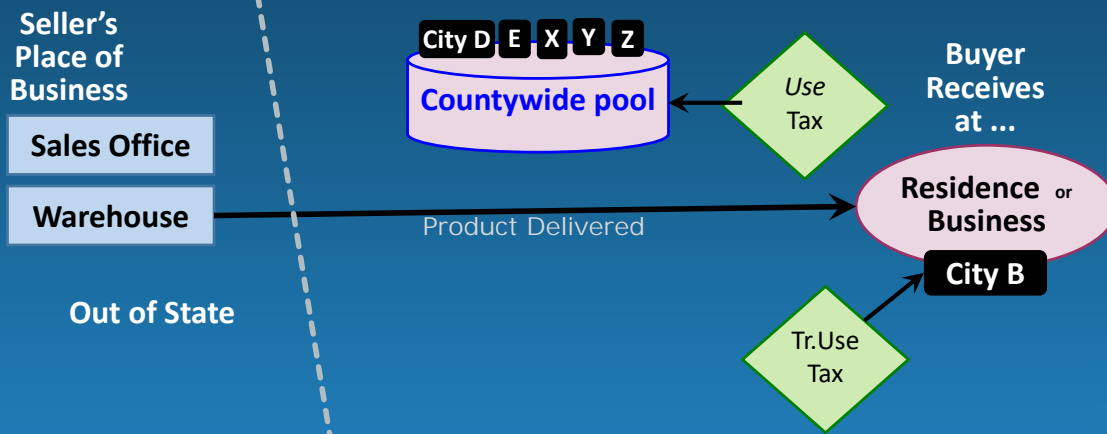
2



Remote (Online) Sale Seller with *In-State* Presence



Remote (Online) Sale Out-of-State Seller



South Dakota v Wayfair, Inc.

- ✓ Overrides *Quill Corp. v. North Dakota* - which held that a state cannot require seller with no physical presence in state to collect/remit taxes on goods the seller ships to consumers in state.
 - Physical presence rule of *Quill* is outdated, unnecessary and puts businesses with physical presence at a competitive disadvantage.
- ✓ Sellers with significant business within a state may be required to collect/remit taxes, despite not having physical presence in the state.
- ✓ Kennedy: South Dakota's system provides
 1. Safe harbor for limited business in state (\$100,000 or 200 transactions)
 2. Not retroactive
 3. Streamlined Sales & Use Tax Agreement: uniform administration, definitions, rates, rules and free software.



AB147 (Burke) re South Dakota v Wayfair, Inc.

- ✓ Any retailer must register with CDTFA and collect California Sales (Use) Tax except if:
 - \$500,000 or less of combined taxable sales for delivery in California during the preceding year.
- ✓ Marketplace sellers (who must register) must collect for all transactions.
- ✓ Any retailer who is required to register must also collect applicable local **transactions and use taxes** on all sales.



Economic Development Subsidies

SB 531 (Glazer) Prohibits future sales tax agreements between local agencies and retailers with a warehouse, sales office, or fulfillment center that results in a shift of sales taxes from another jurisdiction.

Vetoed.

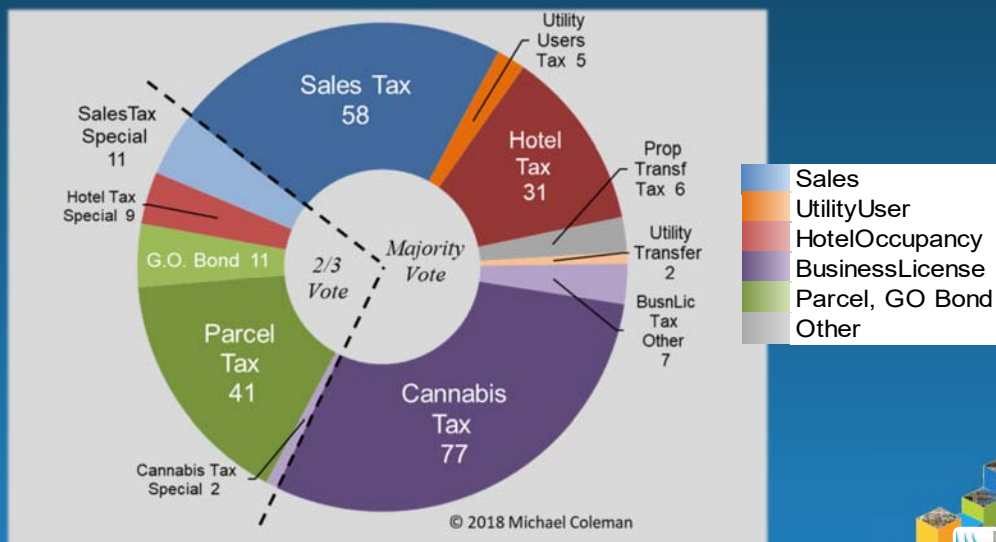
AB 485 (Medina) Requires important transparency and information regarding agreements between local governments and businesses that public tax dollars.

Signed.



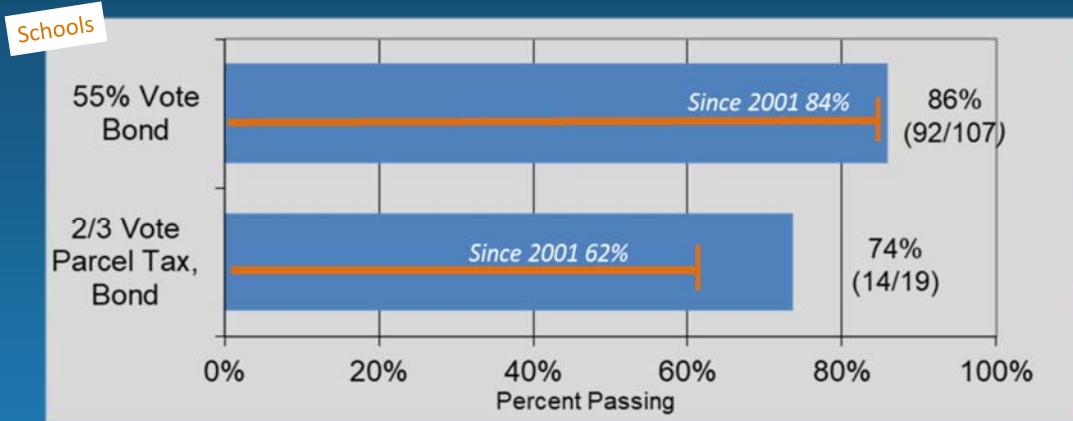
Nov 2018 Local Fiscal Measures

Proposed Measures: City, County and Special Districts



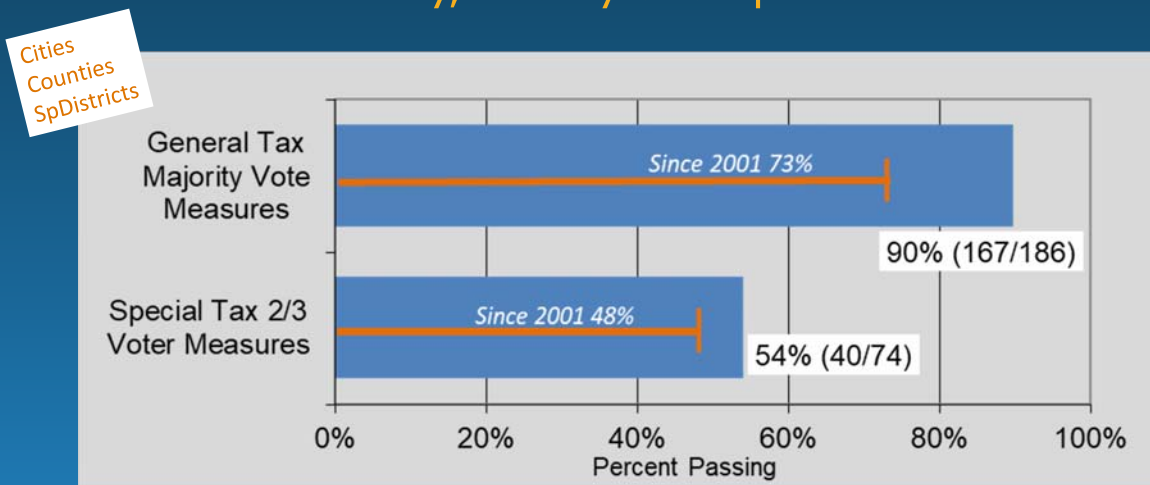
November 2018 Local Fiscal Measures

Results: School Bonds and Parcel Taxes



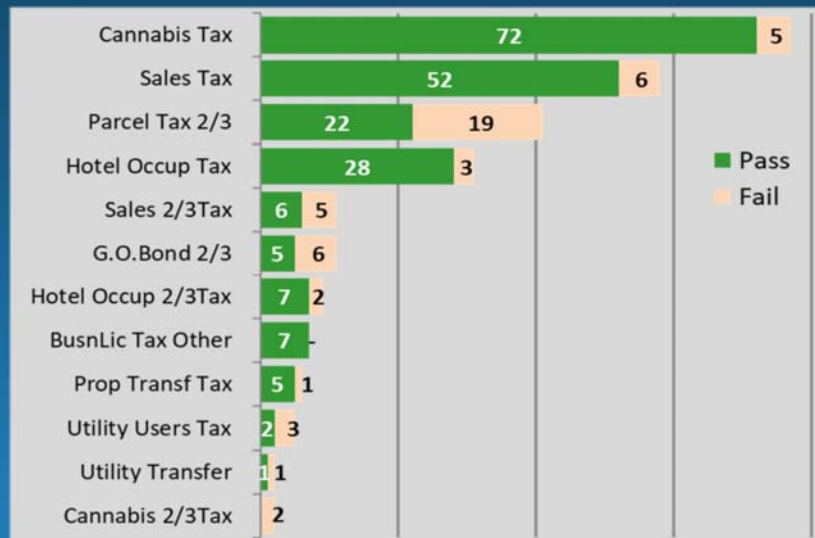
November 2018 Local Fiscal Measures

Results: City, County and Special Districts



November 2018 Local Fiscal Measures

Results: City, County and Special Districts

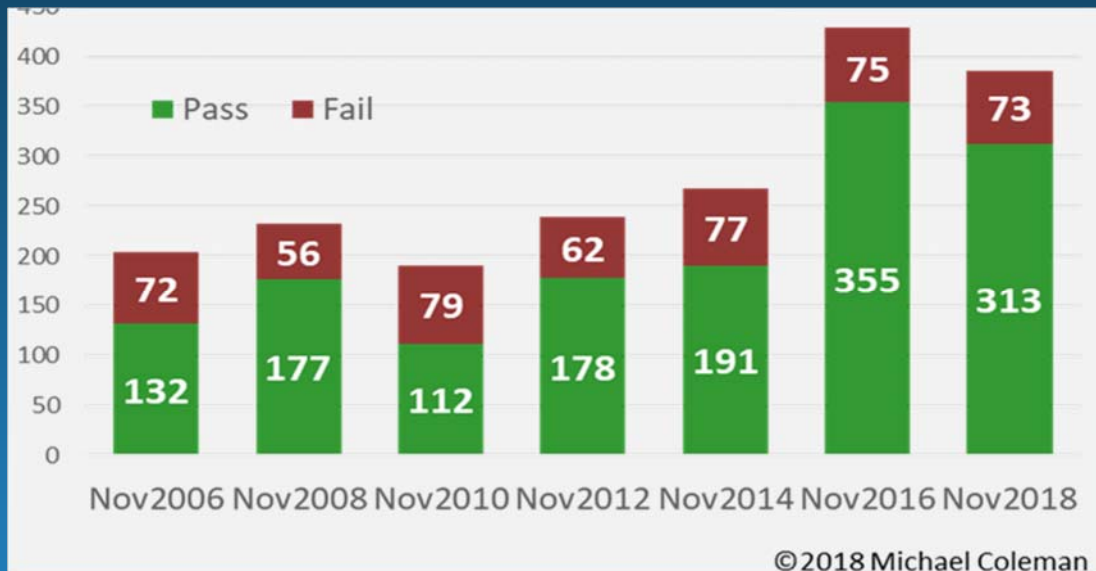


Local Tax Measures – Best Practices

- ✓ Majority-vote general tax
- ✓ Open, inclusive citizen engagement: budget/financial plans
- ✓ Compare with your neighbors
- ✓ Pick one – avoid same-ballot pile-on
- ✓ High turnout elections (even year November) are best
- ✓ Get good advice: legal, polling, prep, campaign



California Local Tax and Bond Measures



CaliforniaCityFinance.com

December 11, 2019

©2018 Michael Coleman



13

Michael G. Colantuono

MColantuono@chwlaw.us

213.542.5737 530.432.7357

Colantuono, Highsmith & Whatley, PC

Michael Coleman

coleman@muniwest.com

530.758.3952 @MuniAlmanac

CaliforniaCityFinance.com

The California Local Government Finance Almanac

14