“Over the Counter” Transaction

Seller’s Place of Business  Buyer Receives at ...

Retail Store

City A

Sales Tax

Tr.Use Tax*

*Transactions and Use Tax, also called “District Tax” or “Add-on sales tax” ... varies.
Remote (Online) Sale Seller with *In-State* Presence

- **Seller’s Place of Business**
  - Sales Office: City A
  - Warehouse

- **Sales Tax**

- **Product Delivered**

- **Buyer Receives at ...**
  - Residence or Business: City B

Remote (Online) Sale Out-of-State Seller

- **Seller’s Place of Business**
  - Sales Office
  - Warehouse: Out of State

- **Use Tax**

- **Countywide pool**: City D [E, X, Y, Z]

- **Product Delivered**

- **Buyer Receives at ...**
  - Residence or Business: City B

- **Tr.Use Tax**
South Dakota v Wayfair, Inc.

✔️ Overrules *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  * Physical presence rule of *Quill* is outdated, unnecessary and puts businesses with physical presence at a competitive disadvantage.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

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

- Sales Tax
- Utility Users Tax
- Hotel Tax
- G.O. Bond
- Parcel Tax
- Cannabis Tax

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November 2018 Local Fiscal Measures
Results: School Bonds and Parcel Taxes

<table>
<thead>
<tr>
<th>Percentage Passing</th>
<th>55% Vote Bond</th>
<th>2/3 Vote Parcel Tax, Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since 2001</td>
<td>84% (92/107)</td>
<td>62% (14/19)</td>
</tr>
</tbody>
</table>

November 2018 Local Fiscal Measures
Results: City, County and Special Districts

<table>
<thead>
<tr>
<th>Percentage Passing</th>
<th>General Tax Majority Vote Measures</th>
<th>Special Tax 2/3 Voter Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Since 2001</td>
<td>73%</td>
<td>48%</td>
</tr>
<tr>
<td></td>
<td>90% (167/186)</td>
<td>54% (40/74)</td>
</tr>
</tbody>
</table>
November 2018 Local Fiscal Measures
Results: City, County and Special Districts

- Cannabis Tax: 72 Pass, 5 Fail
- Sales Tax: 52 Pass, 6 Fail
- Parcel Tax 2/3: 22 Pass, 19 Fail
- Hotel Occup Tax: 28 Pass, 3 Fail
- Sales 2/3Tax: 5 Pass, 5 Fail
- G.O.Bond 2/3: 5 Pass, 6 Fail
- Hotel Occup 2/3Tax: 7 Pass, 2 Fail
- BusnLic Tax Other: 7 -
- Prop Transf Tax: 5 Pass, 1 Fail
- Utility Users Tax: 2 Pass, 3 Fail
- Utility Transfer: 1 -
- Cannabis 2/3Tax: 2 -

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

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