

**REVENUE AND TAXATION POLICY COMMITTEE
HIGHLIGHTS**

Thursday, January 19, 2012
Sacramento Convention Center

ATTENDANCE

Members: Cisneros, Jose (Chair); Cox, Cheryl (V.Chair); Allion, Dennis; Andrews, Neal; Arevalo, Paul; Avilla, Karen; Barrows, Bruce; Biery, Robert; Brock-Cohn, Holly; chambers, Jane; Chankin, Deborah; David, Fran; Donlevy, Jr., John; Duncan, Glenn; Genereux, Gloriette; Gillison, John; Goldstone, Jay; Halliday, Barbara; Hawkesworth, Matthew; Henderson, Terry; Holloway, Chip; Janney, Jim; Lane, Randon; Mallory, Suzanne; Miller, Glenn; Miller, Scott; Navazio, Paul; Nero, Alford; Noll, Michael; Palmer, Aaron; Parisi, Laura; Pastucha, Martin; Ponce, Michael; Richardson, Sepi; Rodrigues, Paul; Sander, David; Schaffner, Sheryl; Siebert, Gordon; Slowey, Jeff; Songstad, Jr., Allan; Srivatsa, Niroop; Stepper, Karen, Strong, Fred; Vejvoda, Craig; Vesely, Tracy; Vinatieri, Joe; Voigts, Scott; Wadle, Dane; Waterman, Rich

League Partners: Narayan, Brenda, Ovrom, Denise

Staff: Dan Carrigg

I. Special Meeting: Redevelopment, State Budget and Federal Update

Prior to each committee meeting, city officials were provided a joint briefing on a variety of issues of statewide importance. League Executive Director Chris McKenzie and California Redevelopment Association Interim Director Jim Kennedy provided background and outlined next steps related to the looming redevelopment dissolution deadline and SB 659 (Padilla), which seeks to postpone the redevelopment dissolution deadline until April 15. City officials were also encouraged to join the Coalition for Jobs and Neighborhood Renewal (http://www.cacities.org/resource_files/30419.SB659CoalitionList.pdf). McKenzie also updated committee members on the status the League's lawsuit regarding the sweep of \$130 million dollars in constitutionally protected vehicle license fees through SB 89.

League Fiscal Policy Advisor Michael Coleman provided a summary of the Gov. Jerry Brown's proposed FY 2012-13 Budget (<http://www.californiacityfinance.com/PolicyComm120118p.pdf>), while League Legislative Representative Jennifer Whiting gave an overview of federal issues (http://www.cacities.org/resource_files/30433.FederalUpdate1-19-12.pdf) including FY 2013 appropriations, the eighth reauthorization of SAFETEA-LU, and efforts to limit local taxation authority over mobile phones.

Following the general briefing each committee met to discuss items on their respective agendas.

II. Welcome and Introductions

Chair Cisneros welcomed everyone to the meeting and the committee members then introduced themselves.

III. Public Comment

There was no public comment.

IV. Overview of Parliamentary Procedure and Roberts Rules

Committee members were referred to the handout (available online at www.cacities.org/polcomm) that provides a summary review of Roberts Rules. The Committee also follows the Brown Act in spirit but the Committee is not technically a Brown Act body.

The Chair will stay with the agenda as best he can but may make changes to the agenda during the meeting as needed.

V. Committee Orientation

This Committee provides policy guidance and makes recommendations to the Board, acting as an advisory body that cannot take its own position on items. League legislative staff relies on the Existing Policy and Guiding Principles booklet as the main tool for taking action and lobbying. If legislative, budget or regulatory proposals are not clearly addressed by the booklet and your lobbyists have questions, they will present the item to the Committee and ask for direction and recommendations.

VI. League Strategic Goals for 2012

Attachment B in the packet lists the 2012 Strategic Goals, as adopted by the Board at their November 2011 meeting and developed as a result of the dialogue held at the League Leaders event in conjunction with the Board meeting.

VII. Review of Summary of Existing Policy & Guiding Principles

Every two years the League updates the Existing Policy & Guiding Principles document to reflect significant adjustments to League policies over the previous two years. The suggested draft changes, which only reflect previously adopted policy, are drafted by the applicable League lobbyist for committee review. Those changes are then reviewed and approved by the committee and forwarded to the board for final review and approval.

Dan Carrigg explained the suggested changes to reflect past actions in the Revenue and Taxation policy area. The Committee reviewed and approved the proposed changes.

Mayor Alan Songstad, Laguna Hills, asked that a review of the League's policies on revenue sharing be scheduled for the committee's next meeting. The committee agreed.

VIII. Committee Work Program

The committee reviewed the draft work program for the coming year (Attachment D). After some questions the committee passed the document unanimously with the proviso that the term "protect vital local revenue" be displayed in bold print in the document to highlight its importance.

IX. Review of California Forward Initiative: The Government Performance and Accountability Act

Jim Mayer, Executive Director and Fred Silva, Senior Fiscal Policy Advisor, California Forward, briefed the committee about their effort to put an initiative on the 2012 ballot that they argued would make California's government more transparent and accountable. The committee received a [staff analysis](#) of the measure. A [one-page memo](#) was also provided to the committee, which summarized the work of a group of managers and fiscal officers that reviewed the California Forward measure.

After a lengthy discussion, the policy committee took action to delay making a recommendation to the Board and asked that the measure be brought back in March with further information and answers to the many questions and concerns raised by the committee.

X. Use Tax Update – Pending Federal Legislation

Dan Carrigg distributed a handout to the committee which contained an update on use tax collection issues. He told the committee that as a result of the passage of AB 155 (Calderon) in 2011, that there was some renewed energy at the federal level in seeking a broader nationwide solution to the collection of use tax from remote sales, which have been occurring with increasing frequency over the internet. His handout contained description of two pending federal bills that would allow for the collection of use tax, S. 1832 and HR 3179. What was different about both of these bills is that they did not require, as a precondition, participation in the Streamlined Sales and Use Tax Agreement (SSUTA), which the League had already determined was unworkable for California cities. He asked for a small taskforce of the committee to be formed to review the two federal measures and help League staff identify any significant issues so that we could advise our federal lobbyist. After some discussion, a subcommittee was formed.

XI. Discussion: Update on Realignment Protection Proposals

Dan Carrigg provided a brief update on the efforts to improve the protection of state funding recently allocated to the counties to fund additional realignment of state programs. It was reported that the California State Association of Counties had recently suspended their effort to sponsor an initiative and were now inclined to support the Governor's tax measure which contained similar, but less robust, protections for county realignment funding.

XII. Pension Reform Update

Dwight Stenbakken, League Deputy Executive Director, gave a brief status update on pension reform. He said that the Governor's 12-point plan was similar to League policy, but one limitation was that when it came to cost sharing the Governor's plan was limited to "regular costs," and the League was seeking more flexibility to negotiate with employees on the cost sharing issue at the local collective bargaining table. Also revealed was that the two proposed ballot measures on pension reform likely lacked the funding to qualify.

XIII. Next Meeting: THURSDAY, March 29, 2012, Doubletree Hotel, Ontario