“Over the Counter” Transaction

Retail Store

City A

Sales Tax

Tr.Use Tax*

*Transactions and Use Tax, also called "District Tax" or "Add-on sales tax" ... varies.
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  - Physical presence rule of *Quill* is outdated, unnecessary and puts businesses with physical presence at a competitive disadvantage.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 58
- Hotel Tax 31
- G.O. Bond 11
- Sales Tax Special 11
- G.O. Bond Special 9
- Parcel Tax 41
- Cannabis Tax Special 2
- Cannabis Tax 77
- CBD Sales Tax 7
- Sales Tax 6
- Prop Transf Tax 2
- Utility User Tax 5
- CBD Sales Tax Other 7

Majority Vote 2/3

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

- **Schools**

55% Vote Bond
- Since 2001 84%
- 86% (92/107)

2/3 Vote Parcel Tax, Bond
- Since 2001 62%
- 74% (14/19)

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

- **Cities Counties SpDistricts**

General Tax Majority Vote Measures
- Since 2001 73%
- 90% (167/186)

Special Tax 2/3 Voter Measures
- Since 2001 48%
- 54% (40/74)
**November 2018 Local Fiscal Measures**

Results: City, County and Special Districts

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<th>Measure</th>
<th>Pass</th>
<th>Fail</th>
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<td>Sales Tax</td>
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<tr>
<td>Parcel Tax 2/3</td>
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- 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