



Parliamentary Procedure Basics Relating to Cal Cities Policy Committees

(adapted from Robert's Rules of Order Newly Revised¹)

Note: This document is designed to provide practical examples of common procedural matters encountered by Cal Cities policy committees. It strives to provide guidance to foster productive and efficient meetings; it is not meant to be an exhaustive or comprehensive discussion of Robert's Rules. As always, it is the role and discretion of the chair to provide helpful guidance to individuals that may digress from the appropriate form and substance related to the conduct of meetings and the presentation of motions and other procedural matters set forth below.

I. COMMON MOTIONS

1. Main Motions

Purpose: To introduce items to the committee for their consideration.

Example: "I move the staff recommendation to support AB 123."

2. Motion to Amend

Purpose: Retains the main motion under discussion, but changes it in some way.

Example: "I move to amend the (presented main) motion to support AB 123 if amended."

"Friendly" Amendments

Purpose: To offer an amendment to the main motion that is still supportive of the main motion.

Example: If there is currently a motion to support AB 123 on the floor and a committee member makes a "friendly" amendment to support AB 123 and also request that staff report back after contacting the sponsor for clarification on specific language.

Note: This is commonly mishandled procedurally. Often the individual that seeks to offer the "friendly" amendment will inquire if the maker of the original motion will "accept" the amendment, and if so the chair will treat the motion as amended. This is not the proper way to handle such an amendment. It is not the discretion of the mover of the original motion (or the chair) to accept or decline the amendment, rather it must be adopted by the committee.

However, if it appears to the chair that an amendment (or any other motion) is uncontroversial, it is proper for the chair to ask if there is "any objection" to adopting the amendment. If no objection is made, the chair may declare the amendment adopted. If even one member objects, however, the amendment is subject to debate and vote like any other, regardless of whether its proposer calls it "friendly" and regardless of whether the maker of the original motion endorses its adoption.

3. Substitute Motion

Purpose: Removes the motion under discussion and replaces it with a new motion.

¹ Additional information relating to Robert's Rules of Order is available at: www.robertsrules.com.

Example: When there is a main motion on the floor to support a bill, a substitute motion would be, "I move a substitute motion that the committee oppose AB 123."

Addressing Multiple Motions

The following examples provide guidance relating to how multiple motions are handled, and the impact failed substitute motions have on original (main motions) and any proposed amendments. The last motion presented should be considered first.

Note: Substitute motions commonly occur during policy committee meetings, yet Robert's Rules does not make a distinction between motions to amend and substitute motions. However, motions to amend must be considered prior to a main motion. Because the use of "substitute" motions is fairly widespread, the label as it is reflected in practice is used in the examples below. Rosenberg's Rules of Order² do reference substitute motions and their impact is also reflected below.

Example 1

Committee Member 1: "I move that we support AB 123."

Committee Member 2: "I move that we support AB 123, if amended."

Committee Member 3: "I move a substitute motion that we oppose AB 123."

Characterizing the Motions:

In the above example:

Committee Member 1 has made a (main) motion.

Committee Member 2 has made an *amendment* to Committee Member 1's motion.

Committee Member 3 has made a *substitute* motion to Committee Member 1's motion.

Order for Consideration and the Possible Outcomes

Committee Member 3's motion is considered first. If Committee Member 3's motion *fails*, Committee Member 2's motion will be considered next. If Committee Member 2's motion *fails*, Committee Member 1's motion will be considered. If Committee Member 2's motion *passes*, there is no need to consider Committee Member 1's motion.

If Committee Member 3's motion *passes*, there is no need to consider Committee Member 1's motions because Committee Member 3's motion replaces Committee Member 1's original motion. There is also no need to consider Committee Member 2's motion since it is an amendment to Committee Member 1's motion that has been replaced by Committee Member 3's substitute motion.

Example 2

Committee Member 1: "I move that we support AB 123."

Committee Member 2: "I move a substitute motion that we oppose AB 123."

Committee Member 3: "I move that we oppose AB 123 unless amended."

Characterizing the Motions

In the above example:

Committee Member 1 has made a (main) motion.

Committee Member 2 has made a substitute motion to Committee Member 1's motion

² Additional information relating to Rosenberg's Rules of Order is available at:
http://www.cacities.org/resource_files/22486.ParliamentaryRevised.pdf

Committee Member 3 has made an amendment to Committee Member 2's substitute motion (sometimes referred to as a substitute to a substitute motion).

Reviewing the Possible Outcomes

Committee Member 3's motion should be considered first. If the motion *fails*, Committee Member 2's motion is considered.

If Committee Member 2's motion *passes*, it is not necessary to consider Committee Member 1's motion because Committee Member 2's motion substitutes for it.

If Committee Member 3's motion *fails*, Committee Member 2's motion is considered. If Committee Member 2's motion *fails*, the substitute motion for Committee Member 1's motion fails, and Committee Member 1's motion is considered.

If Committee Member 3's motion *passes*, it is not necessary to consider Committee Member 1's motion because Committee Member 3's motion substitutes for it.

Example 3

Committee Member 1: "I move that we support AB 123."

Committee Member 2: "I move a substitute motion that we oppose AB 123."

Committee Member 3: "I move a substitute to the substitute motion that we take no position on AB 123."

Characterizing the Motions

In the above example:

Committee Member 1 has made a (main) motion.

Committee Member 2 has made a substitute motion to Committee Member 1's motion

Committee Member 3 has attempted to make a substitute to Committee Member 2's substitute motion (sometimes referred to as a substitute to a substitute motion).

Reviewing the Possible Outcomes

While procedurally permissible, in an effort to avoid confusion Committee Member 3's motion should *not* be entertained by the chair until Committee Member 1 and Committee Member 2's motions have been discussed and voted upon.

Committee Member 2's motion should be considered first. If the motion *fails*, Committee Member 1's motion is considered. If Committee Member 1's motion *fails*, then Committee Member 3's may make the motion to "take no position on AB 123."

If Committee Member 2's motion *passes*, it is not necessary to consider Committee Member 1's motion because Committee Member 2's motion substitutes for it.

4. Motion to Withdraw

Purpose: To withdraw an item from discussion.

Making the Motion to Reconsider: Only the individual that made the initial motion can make a motion to withdraw an item from discussion. The individual may interrupt a speaker (after being recognized by the chair) to withdraw the motion under discussion at any time.

Note: This type of motion typically occurs following some debate by the committee that may provide additional information that influences the mover to reconsider

continued debate on the original motion presented. Another member may subsequently make the same motion after it has been properly withdrawn.

Example: "Madame Chair, I move to withdraw my motion to support AB 123."

5. **Motion to Reconsider**

Purpose: To revisit discussion of an issue.

Making the Motion to Reconsider: A motion to reconsider must be made by an individual that previously voted in the majority of the original motion. A motion to reconsider made by an individual that previously voted in the minority must be characterized as out of order.

Timing: A motion to reconsider must be made at the same meeting where the original motion was discussed, or the next meeting of the body. Motions for reconsideration following the next meeting are out of order.

Example: "I move to reconsider the committee's position to support AB 123."

6. **Motion to Table**

Purpose: This motion is often used in the attempt to "kill" a motion by setting it aside. The option is always present, however, to "take from the table," for reconsideration by the committee.

Note: This type of motion should be reserved to temporarily set an item aside if agreed upon by a majority of the committee to take up an item of immediate urgency. However, in practice it is sometimes used as an option to end debate and prevent a vote, and not typically to take up an item of immediate urgency. This is technically improper procedure (or out of order) under Robert's Rules.

Example: "I move that the committee table the motion to support AB 123."

7. **Call for the Question**

Purpose: To refocus the committee on the agenda in the event there is sentiment that the discussion has drifted. The individual seeking to end debate must first be recognized by the Chair, make the motion and the motion must receive a second. The motion must be adopted by a 2/3 vote or unanimous consent.

Example: "I move the previous question."

Note: The above procedure is consistent with Roberts Rules, however, in practice when an individual calls for the question a vote is not usually taken. The motion simply serves as an indicator to the chair that the debate may have drifted from the agenda, and the chair should remind the committee to return to the agenda. If there is a sense that the current discussion is productive the chair may elect to ask for a vote relating to the motion to call for the question, or the chair may propose continued discussion for some short period to allow individuals that wish to speak the opportunity.

8. **Motion to Appeal**

Purpose: To appeal a ruling made by the chair. A committee member may move to appeal a ruling by the Chair, but it must be seconded and receive a majority vote to be reversed.

Example: "I move to appeal the Chair's ruling that the committee approved support of AB 123."

9. **Adding an Item to the Agenda for Consideration**

Purpose: To have the committee discuss an item that is not on the prepared agenda before them. Because the Cal Cities is committed to complying with the legal requirements and spirit of the Brown Act additional agenda items may be considered only if they fall within any of the below exceptions:

- An item may be added to the agenda by circulation to the committee members and posting on the Cal Cities website at least 72 hours prior to the meeting.
- An item may be placed on the agenda at the meeting if the majority decides that it is an "emergency situation." An emergency situation includes work stoppage, crippling disaster, or any other activity that impairs public health safety or both.
- Two-thirds of the committee members present (or all of the members if less than two-thirds are present) must determine that there is a need for immediate action, and the need to take action arose subsequent to the circulation of the agenda.

If an item does not fall within one of these exceptions it may not be discussed and acted upon, but may be added to a subsequent agenda.

Note: This procedure is typically used when there is a supplemental agenda that is distributed at the meeting that was not mailed to the committee prior to the meeting.

II. **OTHER ITEMS**

1. **Point of Privilege**

Purpose: To draw attention to an item that interferes with the comfort of the meeting.

Example:

Committee Member: "Point of privilege."

Chair: "State your point."

Committee Member: "Madame Chair, may we inform the hotel staff that the room is uncomfortably hot and request that the air conditioning be adjusted."

2. **Point of Order**

Purpose: To draw attention to inappropriate conduct at the meeting.

Example:

Committee Member: "Point of order."

Chair: "State your point."

Committee Member: "Madame Chair, the motion was approved without opportunity for debate."

3. **Public Comment**

In the spirit of the Brown Act an opportunity for public comment is included on all agendas. The chair should exercise discretion in determining the appropriateness and extent of public comment during committee meetings setting reasonable limits as needed.

III. HOW TO PRESENT A MOTION

1. Obtain the floor by raising your hand and wait to be recognized by the chair.
2. Make your motion.
 - a. Speak clearly and concisely.
 - b. Always state a motion affirmatively. For example, "I move the staff recommendation that we support AB 123..." rather than, "I move that we do not take a position ...".
 - c. Avoid comments unrelated to the subject of the motion.
 - d. Avoid making any arguments supporting your motion at this time, simply state the motion.
3. Wait for someone to second your motion.
4. Another member will second your motion or the chair will call for a second.
5. If there is no second to your motion it is lost and no vote will be taken by the committee.
6. If there is a second to your motion the chair should re-state the motion, or ask Cal Cities staff to re-state the motion.
 - a. The chair will say, "it has been moved and seconded that we ..." This places the motion before the committee for consideration and action.
 - b. The committee then either debates the motion or may move directly to a vote.
 - c. Once a motion is presented to the committee by the chair it becomes "committee property," and cannot be changed by the maker of the motion without the consent of the committee.
7. At this point the individual making the initial motion (the mover) may elect to expand on the motion. For example, this would be the appropriate time for the mover to present an argument in support of the motion.
8. The chair should always recognize the mover first.
 - a. All comments and debate must be directed to the chair.
 - b. Keep to the time limit (if any) for speaking that has been established.
 - c. The mover may speak again only after other speakers are finished, unless called upon by the chair.
9. Putting the Question to the Committee
 - a. The chair asks, "Are you ready to vote on the question?"
 - b. If there is no more discussion, a vote is taken on the motion.
 - c. If the motion passes, the committee moves on to the next item on the agenda.
 - d. If the motion fails, and no other motion is on the floor, then a new motion is in order.

Note: If a motion to support AB 123 fails, this does not mean that there is opposition to AB 123 by default. A separate motion to oppose AB 123 or some other formal motion must be made and voted on by the committee.

IV. VOTING ON A MOTION

1. Voting is Conducted by Voice

The chair asks those in favor to say, "aye," those opposed to say "no." If the outcome is unclear by voice, a hand vote may be taken. Any member may move for an exact count. Following the vote, the chair should announce the outcome.

Example:

Chair: There is a motion and a second to support AB 123. All those in favor say, "aye." All those opposed say, "no." If the outcome by voice is clearly in support the chair would announce that, "The motion to support AB 123 passes." If the outcome results in opposition to the motion, the chair would announce that, "The motion to support AB 123 fails." If the outcome is unclear the chair, or another member may ask for a hand count.

V. QUORUM

1. Presumption of a Quorum

The presence of a quorum is *presumed* unless the issue is raised.

Note: It is not necessary, and is disfavored for the chair to routinely begin a meeting inquiring about the presence of a quorum.

2. Calculating the Presence of a Quorum

If the issue of whether a quorum is present is raised, a quorum consists of a majority of all appointed, voting members of a policy committee. A majority simply means more than half, not fifty percent plus one.

3. Votes Taken Prior to the Question of Whether a Quorum is Present Are Valid

If a vote(s) is taken prior to the question of whether a quorum was present is asked, and it is later determined that a quorum was not present when the vote(s) was taken, the action taken is still valid.

4. Votes Taken in the Absence of a Quorum are Advisory

A vote may be taken on matters *even if a quorum is not present*, but all votes taken by that body will be *advisory* to the Cal Cities Board or the General Resolutions Committee, and the Board or the General Resolutions Committee must be advised that a quorum of the body was not present. The vote count should also be noted and communicated.

HOW CAL CITIES POLICY COMMITTEES WORK

Role and Responsibility of Committee Members

The strength of Cal Cities policy process and ability to effectively engage in the legislative process is based on the active involvement of and the expertise of city officials. We rely on your technical and policy knowledge, thoughtfulness, strategic thinking, and political savvy. Your role is to engage in thoughtful discussions at the meeting. Members should review the agenda and background material prior to the meetings, attend each meeting, and stay for the entire duration of the meeting.

Cal Cities has seven (7) policy committees, each with their own subject matter jurisdiction. Each policy committee plays a role in directing Cal Cities engagement at the local, state, federal, and regulatory levels by adopting positions on relevant policy. These recommendations are then referred to Cal Cities Board of Directors. Once approved, these positions are adopted as formal League policy and become part of Cal Cities compilation of existing policy entitled, “*Summary of Existing Policy and Guiding Principles*” (Summary). This document will be updated in April 2020 and every two years thereafter. The Summary, in its entirety, is located on Cal Cities Web site at www.cacities.org/advocacy. Individual sections are located on each policy committee’s Web page, which are available at www.cacities.org/polcomm.

Policy Committee Legislative Agenda Items

League policy committees review bills or regulatory proposals on issues for which Cal Cities does not have existing policy, or for which staff members feel a policy discussion needs to occur for greater clarity or background on an issue. Staff will lobby legislation, funding proposals, or regulatory changes where existing policy provides clear direction.

Committee Recommendations on Positions on Bills

The committee’s actions or positions are a recommendation to Cal Cities Board of Directors for a formal League position. Possible committee recommendations can be:

- Support
- Oppose
- Support-if-amended (as appropriate, specific amendments may be requested)
- Oppose-unless-amended (as appropriate, specific amendments may be requested)
- No position
- Neutral

There are nuanced differences between some of these positions. For example, “*support-if-amended*” sends a very different message than “*oppose-unless-amended*.” Both positions might seek the same change but the support-if-amended position means that Cal Cities would be listed with the “supporters” of the bill in most legislative analysis. In addition, “*no position*” and “*neutral*” have different meanings and require different actions from staff. Selection of one or the other depends in part upon what type of message or political posture Cal Cities needs to take. Staff will advise the committee about the implications of each on a case-by-case basis.

Approval by League Board Needed for All Committee Recommendations

All committee actions are recommendations to Cal Cities Board, which has the final say on all positions. Under no circumstances are individual committee members nor the committee itself authorized to speak on behalf of Cal Cities. When a committee action is supported by a large majority (e.g., 32 to 3), the recommendation is placed on the Board's consent calendar. When the committee vote is split (e.g., 15-13), the item will be presented as an action item for the Board's discussion. Staff will also provide information about the reasons behind the committee's recommendation to the Board.

Most of the time, the Board adopts the recommendation of the policy committee. When the Board adopts a different position, staff will notify the committee members of the reason for the different position.

Some issues cut across more than one committee. When this occurs, staff will coordinate and bring a bill to more than one committee for review and recommendation. The recommendations are then forwarded to Cal Cities Board and if there is a different recommendation, Cal Cities Board resolves the difference.

Role of the Committee Chair

The chair's role is to balance the often competing needs of the membership to have a full and thoughtful discussion on the issues within the very real time constraint. The chair will often limit debate – either in the number of speakers or the amount of time each speaker has – in order to ensure that we can move ahead on our agenda and cover the items included. We ask that when you make comments on issues before the committee that you be brief and concise and that you not repeat what has already been stated. Also, if you have already spoken on an issue, the chair may ask you to hold your comments until after new speakers are able to share their comments.

Committee Schedule and Process

Committees generally meet three times a year (January in Sacramento, April in Anaheim, and So. San Francisco in June), plus an abbreviated meeting at the Annual Conference (October in Long Beach) to review resolutions if any are assigned to it. (The October meeting schedule will be announced in mid-August). Meetings begin at 10:00 a.m. and conclude by 3:00 p.m. and are scheduled on Thursdays and Fridays. **Please note that each policy committee will rotate which day it will occur on a yearly basis, so plan accordingly prior to submitting future applications.**

Agendas/Disseminating Information

A meeting notice is emailed to committee members about a month to six weeks in advance of the meeting, containing travel and logistical information. An agenda packet is emailed at least one week before a meeting and also sent via e-mail. Highlights that summarize committee actions are prepared by staff and provided to committee members about two to three weeks after the meetings. All materials are also available on Cal Cities Website:

www.cacities.org/polcomm.

We encourage you to visit Cal Cities Web site: www.cacities.org. In addition to containing committee materials, the Website contains information on Cal Cities priorities and a link to track individual bills and Cal Cities position on them. You should also subscribe to Cal Cities electronic newsletter [CA Cities Advocate](#).

For meetings that are heavy in legislative review (generally in April and June), staff will try to find a balance between getting the agenda packet out early and the need to delay finalizing the agenda packet in order to include as many legislative items as possible and in their most current version. At some meetings, staff may use a supplemental agenda for last minute legislative issues. We will use e-mail as appropriate to send out late-breaking information or to gather committee input throughout the year. It is important that we have your preferred e-mail.

How to Get an Item on the Agenda

Because staff prepares background material in advance of the meeting, and prepares the agenda in consultation with the Chair and Vice Chair, it is difficult to add items at the last minute. In addition, Cal Cities tries to comply with the spirit of the Brown Act in its meetings. If you wish to have the committee discuss an item, you should contact staff well in advance of the meeting in order to determine the feasibility of including it on the agenda, and if so, allow staff time to prepare the appropriate background material. Because of time constraints and a full work program before the committee, it may not always be possible to respond to such requests.

Issues Should Have Statewide Impact

Although some of you may represent your division, your department, your affiliate organization, or simply yourself, we should all keep in mind that Cal Cities must address issues of statewide impact and interest. Thus, while an issue or bill may be of interest to your city or region, if it does not have broader, statewide implications, Cal Cities likely will not engage in that policy discussion or take a position. You should keep this in mind if you wish to suggest an item for discussion.

Brown Act and Roberts Rules of Order

Cal Cities tries to comply with the spirit of the Brown Act. Thus, when the committee discusses items not already on the agenda (e.g., supplemental legislative agenda), the Chair will ask for a vote of approval to add that item to the agenda. Cal Cities also follows Roberts Rules of Order and provides a brief overview of key procedural steps in Roberts Rules as they apply to committees.

Staffing for Committee

Each committee has a staff lobbyist assigned to it. This individual is your main point of contact for logistics or questions about the agenda. Generally, each lobbyist has a “main” committee and will remain with the committee throughout the meeting. Occasionally he/she may leave the meeting to make guest appearances in other committees to discuss issues or bills. Additional staff may also be present to support the committee’s work.

League Partners and Other Guests

Cal Cities Partners have the ability to appoint up to two non-voting representatives to each policy committee and are seated at the table with other committee members. In addition, city officials, other members of Cal Cities Partners Program, and interested members of the public are welcome to attend the meetings. We provide an opportunity for our League Partners and other members of the public to offer comment on items before the committee during the designated public comment period on the agenda.

Revenue and Taxation

Scope of Responsibility

The Committee on Revenue and Taxation reviews issues related to finance administration, taxation reform, revenue needs, and revenue sources at the federal, state and local levels.

Summary of Existing Policy and Guiding Principles

Cities and the League

Preamble

Inherent in these recommendations is the underlying principle that meaningful fiscal reform should allow each level of government to adequately finance its service responsibilities, with each being accountable to taxpayers for its own programs.

Efficiency

Cities and the League should continue to emphasize efficiency and effectiveness, encouraging and assisting cities to achieve the best possible use of city resources.

Authority and Accountability

Cities must locally achieve political authority and accountability for revenues raised and services provided. For accountability, revenues should be logically linked to traditional and emerging responsibilities. Cities must effectively communicate the good news about city programs and operations, as well as information concerning financial conditions and city responsibilities.

Alliances

Cities should seek alliances with counties, schools, other cities, employee organizations, other local agencies, and business and professional organizations to support cooperation, sound financial policies and joint action.

Initiative

Cities and the League are prepared to use the statewide initiative process, if necessary, to secure fiscal independence and a sound intergovernmental financial structure. Initiative efforts should, to the extent feasible, incorporate and, in no case violate, the principles developed by the Fiscal Reform Task Force as follows:

- Cities require a greater share of the property tax and other reliable, discretionary revenues in order to finance local services to property.
- Cities require constitutional protection of their revenue sources in order to provide insurance against diversion by the state of these revenues in the future for non-municipal purposes.
- Major reforms in the unfunded mandate reimbursement process should be enacted to make it more workable and meaningful.

Legislature or the Voters

Local Authority and Accountability

To preserve local authority and accountability for cities, state policies must:

- Ensure the integrity of existing city revenue sources for all cities, including the city share and situs allocation, where applicable, of property tax, sales tax, vehicle license fees, etc.
- Protect the authority of local governments to collect revenues from telecommunications providers and ensure that any future changes are revenue neutral for local governments.
- Oppose any state or federal legislation that would pre-empt or threaten local taxation authority including but not limited to Utility User's Taxes.
- Allow every level of government to enjoy budgetary independence from programs and costs imposed by other levels of government.
- Authorize a simple majority of the voters in a city or county to establish local priorities, including the right to increase taxes or issue general obligation bonds.
- Offer incentives to reward cities achieving program goals rather than withhold or reduce revenues to accomplish targets.

State Legislative and Budget Reforms.

To stabilize state funding and programs and reverse the trend of the state's reliance on local revenues to solve the state's fiscal crises, the state should implement fiscal and legislative reforms which may include for consideration the following:

- A two-year spending plan with the first session focused on expenditures over the period.
- Oversight hearings that review programs for savings, duplication or gaps in services.
- Limits on the number of bills that legislators may introduce.
- A prudent reserve fund.
- Official records kept of all Assembly and Senate official meetings.
- A balanced deficit reduction approach, which could include temporary revenue increases dedicated solely to retiring short-term debt, spending cuts, short-term borrowing and multi-year spending limitations.
- Long term restructuring measures, including increased local government property tax shares to create balanced growth and separate budget detail of all state expenditures at local level.

State Mandates

The state must provide full and prompt reimbursement to all local agencies for all state-mandated programs and/or infractions and losses associated with local revenue shifts.

Local agencies must be authorized to petition the Commission on State Mandates immediately after legislation is chaptered for determination of eligibility for reimbursement and reserve the right to directly pursue court intervention without an administrative appeals process.

Reforms are needed in the mandate approval and reimbursement process.

The State should be prohibited from deferring mandate payments.

Unless specifically requested by a city, no new duties, responsibilities or obligations should be assigned to a city or cities under state realignment.

Additional Revenue

Additional revenue is required in the state/local revenue structure. There is not enough money generated by the current system or allocated to the local level by the current system to meet the requirements of a growing population and deteriorating services and facilities.

When disasters occur in various areas of the state, state government has traditionally stepped in to assist with recovery efforts through various means, including the passage of legislation to provide income and property tax relief to affected individuals and businesses, and reimbursing local governments for their losses. The League supports disaster recovery legislation that includes mitigation for losses experienced by local governments. The League also supports establishing a federal debt guarantee program that supports state catastrophe insurance programs for post-event debt that they incur as a result of paying for insured losses caused by major natural catastrophes.

The League supports legislation that would make adjustments to the vehicle license fee-property tax swap of 2004 to ensure that the formula appropriately accounts for city incorporations and annexations of inhabited territory.

The League supports legislation that would bolster existing local efforts to enforce local ordinances and revenue collection associated with short-term rentals.

Reduce Competition

Revenue from new regional or state taxes or from increased sales tax rates should be distributed in a way that reduces competition for situs-based revenue. (Revenue from the existing sales tax rate and base, including future growth from increased sales or the opening of new retail centers, should continue to be returned to the point of sale.)

The existing situs-based sales tax under the Bradley Burns 1% baseline should be preserved and protected.

Tax proceeds collected from internet sales should be allocated to the location where the product is received by the purchaser.

Restrictions should be implemented and enforced to prohibit the enactment of agreements designed to circumvent the principle of situs-based sales and redirect or divert sales tax revenues from other communities, when the physical location of the affected businesses does not change. Sales tax rebate agreements involving online retailers are inappropriate because they have the effect of encouraging revenue to be shifted away from numerous communities and concentrated to the benefit of one. Any type of agreement that seeks to lure a retailer from one community to another within a market area should also be prohibited going forward.

Funding for Counties

Counties require additional funding if they are to fulfill their state-mandated and traditional roles.

As legal agents of the state, county expenditures in that capacity should be funded by the state. Their local programs should be financed locally.

The concept of "self-help" for counties should be expanded. An example might be that counties could receive certain state funding if they raise a specified level of revenue locally.

To alleviate competition among cities and counties, funding for counties should be accompanied by agreements on new development in undeveloped areas within the cities' sphere of influence.

Regional Revenues

Local government issues, programs, and services do not always recognize local government jurisdictional boundaries. In cases where regional issues, programs, and services are identified, multi-jurisdictional revenues should then be identified and implemented. As an example, the sales tax has been considered and used by many countywide areas to address multi-jurisdictional transportation issues.

Support regional cooperation on common interests and goals by providing access to share incremental growth in ERAF property tax.

Revenue Modernization

Property Tax

The League supports legislation which would clarify and improve the definition of “change of ownership” for property tax reassessment purposes to include when more than 90 percent of direct or indirect ownership interests in a legal entity are cumulatively transferred in one or more transactions. Such changes would reduce the use of complicated strategies employed to evade reassessment of property upon changes of ownership.

Sales Tax

- Sales and Use Tax Base: The League supports modernization to the sales tax through measures that would either broaden the tax base on goods, which includes reviewing existing exemptions on certain goods and expanding to digital forms of goods that are otherwise taxed, and expanding the sales tax base to services, such as those commonly taxed in other states. Specific proposals in these areas should be carefully reviewed so that the impacts of any changes are fully understood.
- Sales Tax Sourcing Rules: Support as League policy that point of sale (situs) is where the customer receives the product. Specific proposals in this area should be carefully reviewed so that the impacts of any changes are fully understood.

The League supports as policy allowing more direct reporting of use taxes related to construction projects to the jurisdiction where the construction activity is located by reducing existing regulatory threshold from \$5 million to \$100,000.

- County Pool Use Tax Allocations: Support the League working with the state California Department of Tax and Fee Administration to update the county pool allocation process to ensure that more revenues are allocated to the jurisdiction where the purchase or first use of a product occurs (usually where the product is delivered). Use Tax collections from online sales, including from the *South Dakota v Wayfair* Decision, should be shifted out of county pools and allocated to the destination jurisdiction whose Bradley Burns tax applies and not throughout the entire county.
- State Sales Tax Exemptions: The League opposes state legislation that proposes to grant exemptions for specific products that fails to protect those portions of the sales tax that are dedicated to local government.

Federal Streamlined Sales and Use Tax Agreement (SSUTA)

There are more questions than answers for California cities about potential state participation in the SSUTA. The SSUTA offers many more risks for California cities than benefits. Thus, the League should:

- Continue to monitor developments of the SSUTA and related federal legislations, but not support any additional efforts that would lead to California joining the agreement. This position can always be revisited at a future point if events change.
- Strongly oppose any federal effort that attempts to force California to conform to the Agreement, or amendments to federal legislation that would directly undermine California's utility user tax structure.
- Work with the California Department of Tax and Fee Administration and other parties on alternative efforts to increase the collection of use taxes within California. Share the League's analysis of the SSUTA with interested parties, exchange information on use tax collection issues with municipal Leagues in other states, including those states with tax structures similar to California.

Federal Legislation Requiring Use Tax Collection

The League supports federal legislation that would require the collection of use tax from internet or "remote sales" that meets the following conditions:

- Is limited to the collection of sales and use taxes.
- Does not require states to participate in the SSUTA.
- Requires remote sellers to collect the full destination rate (combination of state and local rate at location the product will be delivered).
- Exempts intrastate (non-remote sales within California) from the destination rule.
- Provides sufficient flexibility to accommodate California's tax structure. (There are instances where the state, for policy reasons, has opted not to collect the state's share of sales taxes on an item, but the local rates on those items are still collected).

State regulatory actions and possible legislation may be needed to address issues raised by the collection of new revenue from remote sales. Implementation by the California Department of Tax and Fee Administration would likely require appropriate software for remote sellers to implement the new system.

Note: The League will review new legislation to determine how it relates to existing League policies and guiding principles. In addition, because this document is updated every two years to include policies and guiding principles adopted by the League during the previous two years, there may be new, evolving policies under consideration or adopted by the League that are not reflected in the current version of this document. However, all policies adopted by the League Board of Directors or the League's General Assembly become League policy and are binding on the League, regardless of when they are adopted and whether they appear in the current version of "Summary of Existing Policies and Guiding Principles."

LEAGUE OF CALIFORNIA CITIES

2021 Strategic Advocacy Priorities

City leaders throughout the state work hard every day to improve the quality of life for their residents, and create an equitable and just future for all Californians. In 2020, city leaders displayed remarkable resilience in their commitment to serving their communities, taking action to protect their residents from a global pandemic, leading in the recovery of their local economies, responding to calls for equity and justice, and combating one of the worst wildfire seasons in history.

In setting the League of California Cities annual strategic advocacy priorities, cities remain committed to resiliency, response, and recovery to strengthen our cities and move our communities forward. We stand ready to work collaboratively with the state and federal governments and other stakeholders to accomplish our strategic advocacy priorities in 2021.

1. **Secure state and federal funding for local COVID-19 public health response and economic recovery for all.** Secure direct and flexible funding and resources for cities of all sizes so they can continue to protect residents from the pandemic, deliver essential services, support small businesses, and lead the recovery in our communities. Improve communication and coordination with regional, state, and federal governments on public health orders and programs to stimulate equitable economic recovery.
2. **Secure funding to increase the supply and affordability of housing and resources to assist individuals at risk of – or already experiencing – homelessness while preserving local decision making.** Secure additional resources to increase construction of housing, particularly affordable housing, workforce housing, and permanent supportive housing, and ensure cities retain flexibility based on the land use needs of each community. Increase flexibility and resources to provide navigation assistance and emergency shelters, and strengthen partnerships and collaboration with stakeholders to ensure mental health, substance abuse treatment, and wraparound services are available for adults and youth at risk of – or already experiencing – homelessness in our communities.
3. **Improve state-local coordination and planning to strengthen community disaster preparedness, resiliency, and recovery.** Pursue additional resources and support to mitigate the effects of climate change, sea level rise, catastrophic wildfires, and flooding in our communities. Promote community disaster preparedness, resiliency, and recovery in collaboration with the state and federal governments. Increase availability and access to the National Flood Insurance Program to include other natural disasters.
4. **Protect and modernize critical infrastructure.** Seek increased state and federal resources for critical and sustainable local infrastructure projects including roads, public transit, active transportation, water availability, and broadband deployment that enhance workforce and economic development and improve quality of life.

REVENUE & TAXATION COMMITTEE
Proposed Amendment to Cal Cities Existing Policy and Guiding Principles –
Fair and Equitable Distribution of State and Federal Aid
January 15, 2021

Staff: Nicholas Romo, Legislative Representative (916) 658-8232
 Johnnie Pina, Legislative Policy Analyst (916) 658-8214

Proposed Amendment to Cal Cities Existing Policy and Guiding Principles – Fair and Equitable Distribution of State and Federal Aid

Summary:

Chair Middleton proposes a policy statement that affirms Cal Cities' commitment to ensure fair and equitable distribution of emergency state and federal aid to all California cities. The proposed amendment would be to the Cal Cities "Summary of Existing Policy and Guiding Principles" which encapsulates the policy positions adopted by the Board of Directors and guides the organization's state and federal advocacy.

Proposed Changes:

Amend page 52 of the Cal Cities "Summary of Existing Policy and Guiding Principles" [May 2020 version], "Revenue and Taxation", "Additional Revenue" section as follows:

"When disasters or emergencies occur statewide or in various areas of the state, state government has traditionally stepped in to assist with recovery efforts through various means, including the passage of legislation to provide income and property tax relief to affected individuals and businesses, and reimbursing local governments for their losses. ~~The League~~ Cal Cities supports disaster recovery legislation that includes mitigation for losses experienced by local governments. Cal Cities supports emergency state and federal aid being allocated to cities through a process that objectively accounts for the impacts that a disaster or emergency has had on a city's residents, infrastructure, economy, and revenues. In the event that aid is provided solely on a per-capita basis, Cal Cities supports that it be done equally per resident.

~~The League~~ Cal Cities also supports establishing a federal debt guarantee program that supports state catastrophe insurance programs for post-event debt that they incur as a result of paying for insured losses caused by major natural catastrophes."

Staff Recommendation:
 Support

Committee Recommendation:

Board Action: