



**REVENUE AND TAXATION POLICY COMMITTEE**  
**Thursday, April 2, 2020**  
**1:30 p.m. – 4:30 p.m**  
**Webex Conferencing**

Instructions on how to participate in the meeting:

- Connect to the Meeting at:  
<https://cacities.webex.com/cacities/onstage/g.php?MTID=e3db1a4c4e77d90a2ccdd74e653e5d248>
- If asked, enter Event Number: 665 213 804
- Enter your Name and Email as indicated above
- Enter Event Password (case sensitive): LCCRTPCw
- Click: JOIN NOW
- The system will present you two audio options: through your computer or calling in on your phone. If you choose the phone option, please be sure to use your attendee ID that is provided by Webex so that we can unmute your phone line during debate.

## **AGENDA**

### **I. Welcome**

Speakers: Chair, Olivia Valentine, Council Member, City of Hawthorne  
Vice-Chair, Lisa Middleton, Council Member, City of Palm Springs

### **II. Public Comment**

### **III. General Briefing (Handout)**

*Informational Item*

Facilitator: Nick Romo, Legislative Representative, League of California Cities

- Written Update From Each League of California Cities Lobbyists

### **IV. COVID-19 Update & City Fiscal Challenges Discussion**

*Informational Item*

Facilitator: Nick Romo, Legislative Representative, League of California Cities

- League of California Cities Resources for Cities [Web page](#)
- 2020/2021 State Budget
- Federal Stimulus
- Supplemental Reading:
  - [How California Governments Respond to Disasters](#)
  - [COVID-19 and California's Evolving Fiscal Outlook](#)

### **V. Legislative Update (Attachment A)**

*Informational Item*

Facilitator: Nick Romo, Legislative Representative, League of California Cities

### **VI. Housing & Homelessness Update**

Speaker: Jason Rhine, Assistant Legislative Director, League of California Cities

**Next Meeting: Thursday, June 4, So. San Francisco Conference Center, 255 S. Airport Blvd, South San Francisco**

**NOTE:** Policy committee members should be aware that lunch is served at these meetings. The state's Fair Political Practices Commission takes the position that the value of the lunch should be reported on city officials' statement of economic interests form. Because of the service you provide at these meetings, the League takes the position that the value of the lunch should be reported as income (in return for your service to the committee) as opposed to a gift (note that this is not income for state or federal income tax purposes—just Political Reform Act reporting purposes). If you would prefer not to have to report the value of the lunches as income, we will let you know the amount so you may reimburse the League.

**Brown Act Reminder:** The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

1. Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (**Note:** If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or
  2. A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.
- A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.

**Informational Items:** Any agenda item listed for information purposes may be acted upon by the Policy Committee if the Chair determines such action is warranted and conforms with current League policy. If the committee wishes to revise League policy or adopt new policy for an item listed as informational, committees are encouraged to delay action until the next meeting to allow for preparation of a full analysis of the item.

# 2020 Revenue and Taxation Bills of Interest

As of March 27, 2020

**[AB 1959](#)** (**[Mayes I](#)**) **Property taxation: assessment appeals: deferral of tax payment.**  
**Current Analysis:** 03/06/2020 [Assembly Revenue And Taxation \(text 2/14/2020\)](#)  
**Status:** 3/9/2020-In committee: Hearing for testimony only.  
**Summary:** This bill would suspend the payment of property taxes in dispute if a taxpayer files an assessment appeal on their home's property assessment.

League Position  
**Watch**

**[AB 1962](#)** (**[Voepel R](#)**) **Sales and use taxes: exemption: senior housing.**  
**Current Analysis:** 03/06/2020 [Assembly Revenue And Taxation \(text 1/21/2020\)](#)  
**Status:** 3/9/2020-In committee: Hearing for testimony only.  
**Summary:** This bill, until January 1, 2026, would exempt from sales and use taxes building materials and supplies used in the construction of specified senior housing developments.

League Position  
**Watch**

**[AB 1977](#)** (**[Bonta D](#)**) **Property taxation: welfare exemption: museums.**  
**Current Analysis:** 03/13/2020 [Assembly Revenue And Taxation \(text 1/23/2020\)](#)  
**Status:** 3/16/2020-In committee: Hearing postponed by committee.  
**Summary:** This bill allows museums to occasionally make museum space available for private rentals as a community service without jeopardizing the museum's property tax exemption. Specifically, this bill prohibits the assessor from denying a claim for the welfare exemption for property that is used exclusively for the charitable purposes of museums on the basis that the property is occasionally made available for private rentals as a service to the community if specified conditions are met.

League Position  
**Watch**

**[AB 1978](#)** (**[Gipson D](#)**) **Sales and use taxes: exclusion: pawnbrokers: transfer of vested property.**  
**Current Analysis:** 03/06/2020 [Assembly Revenue And Taxation \(text 1/23/2020\)](#)  
**Status:** 3/9/2020-In committee: Hearing for testimony only.  
**Summary:** This bill would extend the sales tax exclusion of the transfer of vested property by a pawnbroker to the person who pledged it until January 1, 2027.

League Position  
**Watch**

**AB 2013**

**(Irwin D) Property taxation: new construction: definition.**

**Current Analysis:** 03/06/2020 [Assembly Revenue And Taxation \(text 1/29/2020\)](#)

**Status:** 3/9/2020-In committee: Hearing for testimony only.

**Summary:** This bill defines "substantially equivalent" for purposes of the new construction exclusion for reconstructed improvements after a misfortune or calamity to create a bright line of up to 120% of size or value of the pre-damaged improvements.

League Position  
**Watch**

**AB 2063**

**(Mullin D) Property taxation: welfare exemption: low-income housing.**

**Current Analysis:** 03/06/2020 [Assembly Revenue And Taxation \(text 2/4/2020\)](#)

**Status:** 3/9/2020-In committee: Hearing for testimony only.

**Summary:** This bill increases the welfare exemption cap from \$20 million to \$100 million in assessed value and decreases the minimum occupancy threshold from 90% to 50% that applies to certain low-income rental housing owned and operated by a non-profit organization that does not receive government financing or tax credits.

League Position  
**Watch**

**AB 2330**

**(Nazarian D) State Board of Equalization: California Department of Tax and Fee Administration: Franchise Tax Board: Office of Tax Appeals: transfer of duties.**

**Status:** 2/24/2020-Referred to Com. on REV. & TAX.

**Summary:** This bill, beginning January 1, 2023, would vest the powers, duties, and responsibilities of the Board of Equalization related to the administration of taxes imposed on property in the Franchise Tax Board.

League Position  
**Watch**

**AB 2570**

**(Stone, Mark D) False Claims Act.**

**Status:** 3/17/2020-In committee: Hearing postponed by committee.

**Summary:** This bill would expand the scope of the California False Claims Act (CFCA) to apply to tax fraud cases under the revenue and taxation code, giving state and local government an additional tool to recover owed taxes.

League Position  
**Pending Support**

[AB 2989](#) **(Arambula D)** **Sales and use taxes: exemptions: blood screening testing.**  
**Status:** 3/5/2020-Referred to Com. on REV. & TAX.  
**Summary:** This bill would provide a sales and use tax exemption for any reagents or chemicals, and lab equipment and supplies, used by a licensed blood bank to perform blood screening tests on donated human blood.

League Position  
**Watch**

[AB 3009](#) **(Mullin D)** **Redevelopment: successor agencies: administrative cost allowance.**  
**Status:** 3/16/2020-In committee: Hearing postponed by committee.  
**Summary:** This bill would change the formula for calculating a successor agency's administrative cost allowance by providing that the administrative cost allowance shall be up to 3% of the actual property tax the department *authorized* in the preceding fiscal year for payment of approved enforceable obligations, prior to any reductions made. The bill would also set a minimum of \$250,000 for the administrative cost allowance in any fiscal year, unless this amount is reduced by the oversight board or by agreement between the successor agency and the Department of Finance.

League Position  
**Watch**

[AB 3124](#) **(Lackey R)** **Sales and use tax: medicinal cannabis.**  
**Status:** 3/9/2020-Referred to Com. on REV. & TAX.  
**Summary:** This bill would allow a valid physician's recommendation to suffice, in lieu of a county issued medical card, to receive a sales and use tax exemption on the purchase of medicinal cannabis.

League Position  
**Watch**

[AB 3235](#) **(Chu D)** **Short-term lodging rates.**  
**Status:** 2/24/2020-Read first time.  
**Summary:** This bill would prohibit a place of short-term lodging from advertising a room rate that does not include all required fees.

League Position  
**Watch**

[SB 952](#) **(Nielsen R)** **Sales and use taxes: exemption: backup electrical resources: de-energization events.**  
**Status:** 2/20/2020-Referred to Com. on GOV. & F.  
**Summary:** This bill would provide a sales and use tax exemption to local governments for a backup electrical resource that is purchased for exclusive use by a city, county, special district, or other entity of local government during de-energization events (ex. power shut offs).

League Position  
**Watch**

[SB 988](#)

**(McGuire D) Aviation fuel.**

**Status:** 3/4/2020-Set for hearing March 18.

**Summary:** This bill would require an aviation fuel retailer to provide a quarterly information return and would subject a retailer who fails to file that information return or who files an inaccurate information return to a penalty of \$5,000. The bill would also require the Department of Tax and Fee Administration to collect and disseminate information from those returns and report corresponding tax revenue information to local tax entities.

League Position  
**Watch**

[SB 998](#)

**(Moorlach R) Local government: investments.**

**Status:** 2/27/2020-Referred to Com. on GOV. & F.

**Summary:** This bill would prohibit local agencies that have less than \$100,000,000 of investment assets under management from investing more than 25% of their moneys in eligible commercial paper.

League Position  
**Watch**

[SB 1067](#)

**(Moorlach R) Local agencies: refunding bonds: Pension Obligation Bonds.**

**Status:** 2/27/2020-Referred to Com. on GOV. & F.

**Summary:** This bill would revise the definition of “bonds” in connection with issuing refunding bonds to specify that it does not mean bonds to be issued, on and after January 1, 2021, for the purpose of funding pension obligations. In doing so, this measure would require a local vote before new bonds are issued. This bill would also require notice of the resolution providing for the issuance of new bonds be published on the municipality’s website for 30 days before issuance.

League Position  
**Watch**

[SB 1072](#)

**(McGuire D) Local agencies: transient occupancy taxes: online short-term rental facilitator**

**Status:** 2/27/2020-Referred to Coms. on GOV. & F. and JUD.

**Summary:** This bill would authorize a city or county to enact an ordinance exclusively delegating its authority to collect any transient occupancy tax imposed by that local agency on short-term rentals to the California Department of Tax and Fee Administration and to enter into a contract with the department to perform all functions incident to the collection and administration of any transient occupancy tax imposed on a short-term rental.

League Position  
**Take to Policy  
Committee**

**[SB 1319](#)**    **(Bates R)**    **Property taxation: change in ownership.**  
**Status:** 3/5/2020-Referred to Com. on GOV. & F.  
**Summary:** This bill would require any property to be reassessed if 90 percent of the ownership interest changes hands within any three-year period.

League Position  
**Pending Support**

**[SB 1389](#)**    **(Allen D)**    **Public investment authorities.**  
**Status:** 3/12/2020-Referred to Coms. on GOV. & F. and ED.  
**Summary:** This bill enacts significant changes, including a renaming, of the existing Enhanced Infrastructure Financing District (EIFD) law. This bill also provides explicit authorization for the financial and governance participation of educational institutions and the State of California in the authority.

League Position  
**Watch**

**[SB 1441](#)**    **(McGuire D)**    **Local Prepaid Mobile Telephony Services Collection Act.**  
**Status:** 3/12/2020-Referred to Com. on GOV. & F.  
**Summary:** This bill would extend operation of the local prepaid Mobile Telephony Services (MTS) act indefinitely providing for the collection of local utility user tax (UUT) collection on mobile telephony services.

League Position  
**Pending Support**

**[SCA 8](#)**    **(Archuleta D)**    **Property taxation: base year value transfers: persons with a severely disabled child.**  
**Status:** 2/18/2020-From printer. May be acted upon on or after March 19.  
**Summary:** This bill would authorize the Legislature to provide for a transfer of base year value of real property to a replacement dwelling for persons who are the parents or legal guardians of a severely disabled child and reside with that child. The measure would limit this provision to replacement dwellings purchased or newly constructed on or after its effective date.

League Position  
**Watch**