

**REVENUE AND TAXATION POLICY COMMITTEE  
HIGHLIGHTS**

Sacramento Convention Center, Room 204, 1400 J Street, Sacramento

**ATTENDANCE**

Members: Lane, Randon (Chair); Halliday, Barbara (V.Chair); Adams, John; Arevalo, Paul; Barrows, Bruce; Biddle, Donald; Biery, Robert; Braulik, Rob; Cox, Cheryl; Davis, Paul; Gillison, John; Harvey, Susan; Henderson, Terry; Kasperzak, Michael; LaGrone, Bill; Lewis, Mary; Matsumoto, Michael; Miller, Glenn; Navazio, Paul; Nero, Alford; Noll, Michael; Olsen, W.F.; Parisi, Laura; Puckett, Marc; Rigby, Amanda; Saleh, Ali; Samario, Robert; Sanchez, James; Sander, David; Sarega, Andrew; Slowey, Jeff; Srivatsa, Niroop; Stanton, Susan; Stepper, Karen; Strong, Fred; Turner, Christina; Valentine, Olivia; Vanderpool, Jim; Vejvoda, Craig; Vesely, Tracy; Vinatieri, Joe; Voigts, Scott; Waterman, Richard; Wilson, David; Woolley, Robert

Staff: Dan Carrigg

**I. Special Order of Business- State Budget and Key Issues Briefing**

A general briefing session was held before individual policy committees to update members on the FY 2014-15 state budget and pending legislation of interest to local government.

League Executive Director Chris McKenzie welcomed attendees to Sacramento and directed attendee's attention to several handouts. The first document referenced was a list of four priority bills the League was currently lobbying on. Mr. McKenzie invited participants to use their time in Sacramento to lobby their Capitol representatives on these measures. Mr. McKenzie then highlighted the California Civic Leadership Institute (CCLI) program. He spoke about how the program serves as an educational resource to local government officials seeking state office, and is part of the League's effort to establish relations early with individuals who may soon be serving in the Legislature. He also gave special recognition to recent/former graduates of CCLI who either served or currently serve as elected state officials.

An update on the recently adopted FY 2014-15 state budget was provided by League Assistant Legislative Director Jennifer Whiting and Fiscal Policy Advisor Michael Coleman. Before introducing Mr. Coleman, Ms. Whiting stated that for the first time in many years, she was able to present good news for cities on the budget.

Mr. Coleman provided a general overview of the budget with an emphasis on local government issues/provisions providing \$100 million reimbursement to counties, cities and special districts for pre-2004 state mandate claims, \$40 million in municipal law enforcement grants and \$2.1 billion rainy day budget reserve.

Ms. Whiting focused on the expanded funding available to local governments for affordable housing, transit and disadvantaged communities under the \$872 million Cap and Trade program. She also updated members on transportation funding legislation, reporting that all bills relating to the shift in weight fees had been held. On federal issues, she indicated that little was happening, but that there was still hope for a fix for the upcoming deficiency in the Highway Trust Fund.

Legislative Director Dan Carrigg briefed members on the status of several key economic development bills moving through the Legislature and the Governor's Infrastructure Financing District (IFD) proposal. Mr. Carrigg also discussed League co-sponsored SB 1262 (Correa), which would establish a tighter local regulatory framework for medical marijuana, and how it is now the main legislative vehicle.

Kirstin Kolpitcke, League Legislative Representative, updated members on the status of League-supported AB 1147 (Bonilla, Gomez & Holden), the local massage therapy regulation measure and briefly described recent amendments to the bill. Alicia Lewis, League Legislative Representative, introduced herself as the newest member of the League's legislative team and updated members on AB 2126 (Bonta), which would undermine local agency collective bargaining authority. Jason Rhine, League Legislative Representative, briefed the members on the status of water bond discussions, including the recommendations of the League's Water Bond Taskforce.

Assistant Public Affairs Director Samantha Caygill focused her informational presentation on CCLI program opportunities, the League's new Take Action Center legislative advocacy tool and candidate questionnaires. Ms. Caygill gave a brief history of the CCLI program and encouraged local government officials exploring a run for the Legislature to consider participating in the program. Ms. Caygill provided members with a tutorial of the League's Take Action Center and highlighted its user-friendly features and efficiency in submitting legislative position letters to legislators. Ms. Caygill also spoke about the League's new candidate viewpoints questionnaire and its goal of providing members a way to better understand where legislative candidates stand on important local government issues.

## **II. Welcome and Introductions**

Members introduced themselves.

## **III. Public Comment**

None.

## **IV. Additional Discussion of State Budget**

None.

## **V. State Legislative Update**

Dan Carrigg, Legislative Director, League of California Cities, briefed committee members on several legislative proposals of fiscal interest to local governments currently moving through the Legislature, including:

- Governor Jerry Brown's enhanced Infrastructure Financing District (IFD) proposal.
  - The Governor's original IFD proposal, introduced in January with the budget, has a major distinction of retaining vote thresholds but at 55 percent. In the May Revise, the Governor altered his original IFD plan and has dubbed the new version the "Enhanced IFD Proposal." Mr. Carrigg suggested that members have city attorneys review the Governor's proposal and current IFD law. Mr. Carrigg also informed members that the League is working with the Governor's office/stakeholders on making the proposal more useful for cities.
- Redevelopment cleanup and local economic development bills. Specifically:
  - AB 2280 (Alejo): Authorizes the creation of a new entity at the local level, a Community Revitalization Investment Authority, to provide a redevelopment option for the most disadvantaged and poorest areas of the state. This measure had many co-authors, including incoming Speaker Toni Atkins.
  - SB 33 (Wolk): Provides major clarifications and improvements to Infrastructure Financing District Law, including removing a two-thirds vote threshold that has been an obstacle to the use of this law for nearly 30 years, enabling local agencies to use this tool for a wide variety of local infrastructure needs. This bill is still alive as a legislative vehicle, but has been politically eclipsed by the Governor's IFD proposal.

- AB 1839 (Gatto): Extends the existing California Film and Television Tax Credit Program by five years, lifting the per-film budget limitation on the tax credit so that larger films will be able to qualify, and offering additional incentives for specified film and television production activities.
- AB 1399 (Perez): Creates a California New Markets Tax Credit program to attract private capital as well as federal matching funds to spur investment and create jobs in low-income communities throughout California.
- Restoration of VLF revenues to recent incorporations or inhabited annexations legislation. Specifically:
  - SB 69 (Roth): Provides a city incorporating after January 1, 2004, and on or before January 1, 2012, with property tax in lieu of vehicle license fees (VLF).
  - AB 1521 (Fox): Changes the formulas for calculating annual vehicle license fee adjustment amounts to account for territory annexed to cities since 2004.

## VI. November Ballot Items and Legislative Action Items

- **Medical Injury Compensation Reform Act (MICRA) Ballot initiative: The Troy and Alana Pack Patient Safety Act of 2014.**
  - The committee heard from proponents and opponents of [The Troy and Alana Pack Patient Safety Act of 2014](#) and voted to take a position on the measure. The ballot measure recently qualified for the 2014 November general election ballot and seeks to:
    - Remove/increase the cap on noneconomic damages for medical negligence lawsuits;
    - Require reporting of suspected physician drug or alcohol impairment or failure to follow appropriate standard of care;
    - Require hospitals to conduct alcohol and drug testing on physicians; and,
    - Require health care practitioners and pharmacists to consult the [Controlled Substance Utilization and Review Evaluation System \(CURES\)](#).
  - After debate and discussion, the committee moved and seconded a position of **Oppose** on the measure. A voice vote was initially taken with a clear majority supporting the motion. At the request of the committee, however, a follow-up vote by a raise of hands was taken and resulted in a vote of 33-5. Committee members in favor of the measure argued that the subject of the measure was of questionable interest to the League and that the measure contained several provisions of merit worth considering.
- **Legislative Ballot Measure: ACA 1x2 State Reserve Policy**
  - The committee heard and took action on ACA 1 X2 State Reserve Policy (Proposition 44), which establishes new state budget reserve fund requirements and policies.
  - The committee moved and seconded a motion to **Support** the measure. The voice vote was unanimous with no one voting against the motion.
- **AB 2372 (Ammiano): Property taxation: change in ownership**
  - Mr. Carrigg briefed the committee on AB 2372 (Amminao) which seeks to clarify and expand the definition of "change in ownership" for property tax reassessment purposes to include occurrences when 90 percent or more of the ownership interests in a legal entity (defined to mean corporation, limited liability company, partnership), or other legal entity holding the property is sold or transferred in a single transaction

or in multiple transactions occurring over a period of up to three years, except for publicly-traded companies.

- After debate and discussion, the committee moved and seconded a position of **Support** on AB 2372. The voice vote originally taken was inconclusive so another vote was taken by a raise of hands. The committee voted to support the measure 23-20. Those who voted in opposition raised concerns regarding the economic impacts more frequent reassessments would have on local businesses and vague bill provisions relating to the 90% trigger and 3 year transaction period.

**VII. Update from League Sales Tax Working Group**

Committee members were briefed on policy recommendations from the League's Internal Sales Tax Working Group relating to sales tax agreements and sales tax allocation issue. Specifically, the committee was updated on discussions regarding amendments to current law under SB 27 (Hancock, 2009) regarding local retail sales tax agreements and issues surrounding if online sales tax should be distributed/based on the origin or destination of the transaction. The group will update the committee at its next policy committee meeting in 2015.

**VIII. SB 983 (Hernandez) Sales Tax Allocation: Card Lock Fuels**

This item was not discussed because the bill was gut-and-amended four days prior to the policy committee meeting to no longer pertain to card lock fueling stations.

**IX. Water Bond Update: Legislative Proposals and League Priorities**

Jason Rhine updated the committee on the status of legislative water bond proposals and discussions. Mr. Rhine briefly discussed the water bond proposals currently seeking to replace the existing bond that is currently scheduled to be on the November 2014 ballot.

**X. Next Meeting: Annual Conference, Los Angeles, September 3, 9:00 – 10:30 a.m.**

Staff will notify committee members after July 5<sup>th</sup> if the policy committee will be meeting in September.