



2014 End-of-Session Legislative Update and Webinar

Dear Colleagues,

We are pleased to present our annual end-of-session legislative review, which is a succinct look at select legislation from the 2014 session. MuniServices' Government Relations team presented a comprehensive review of the measures reported during this week's California Municipal Revenue Tax Association's annual conference. The presentation also included a discussion on expanded topics relevant to local government and is available in the Government Relations section of our website at www.muniservices.com. Our team is available to speak with you, your agency staff, council, and others on policy issues.

In the coming weeks MuniServices will also host a 2014 State and Federal Legislative Review webinar. A notice is forthcoming. In the meantime, please contact a member of the Government Relations team or your Client Service Manager for further information.

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2014 END-OF-SESSION LEGISLATIVE UPDATE

Sales and Use Taxes/ District Taxes**AB 1324 (Skinner) Transactions and use taxes: City of El Cerrito: raising 2% cap**

AB 1324 allows the City of El Cerrito to adopt an ordinance proposing to impose a transaction and use tax that exceeds the statutory 2% limitation. Prior to 2003 (SB 566/ Scott) cities lacked the ability to place transactions and use taxes before their voters without first obtaining approval by the Legislature to bring an ordinance before the city council, and, if approved at the council level, to the voters. SB 566 contained provisions to increase a county's transactions and use tax cap to 2% because certain counties were going to run out of room under their caps if cities within those counties approved transactions and use taxes. An analysis raised the question of whether the Legislature should discuss whether the 2% transactions and use tax combined rate cap needs to be raised statewide, instead of having cities and counties come to the Legislature on a case by case basis. **Status:** Signed by the Governor - Chapter 795, Statutes of 2014.

AB 2119 (Stone) Local taxes: transactions and use taxes: county

AB 2119 allows county boards of supervisors to levy, increase, or extend a transaction and use tax within the entire county or within the unincorporated area of the county, if approved by the voters. This bill makes the approval process for county transactions and use taxes comparable to the process for approving city transactions and use taxes. *MuniServices supported the bill. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Signed by the Governor - Chapter 149, Statutes of 2014.

AB 2250 (Daly) Toll facilities: revenues administered by responsible agency

AB 2250 requires any revenue generated from a managed lane that is administered by a local agency on a state highway to be used in the corridor in which it was generated. The Self Help Counties Coalition assert that local county transportation agencies that deliver voter-approved transportation sales tax measures develop managed lanes to help address the state's transportation needs, and revenue allocation and tolling policies should rest with the agency assuming the project development and financing risk. **Status:** Signed by the Governor - Chapter 500, Statutes of 2014.

AB 2681 (Dababneh) Sales and use tax: retail sale includes the storage and use of a counterfeit mark

AB 2681 provides that a sale includes any sale of tangible personal property with a counterfeit mark by an individual convicted of selling counterfeit merchandise under state or federal law, regardless of whether it's for resale. Current law applies the sales tax to illegal sales, but doesn't apply to sales for resale. The Legislature added the use tax in 1935 in response to complaints from in-state retailers that California residents would evade the sales tax by purchasing property out-of-state, but use it in California. **Status:** Signed by the Governor - Chapter 477, Statutes of 2014.

Property Tax/ Parcel Tax**AB 1450 (Garcia) Local government: redevelopment: pension revenues from property tax override rates**

AB 1450 allows revenues from a voter-approved pension property tax to be allocated to, and when collected to be paid into, the fund of the city or county whose voters approved the tax. Some pension levies were approved as early as the 1920s, with some cities amending and increasing their levy through the late 1970s. The amounts of the levies also vary by city and range from 0.05% to 0.45% and levied in addition to the 1% general property tax rate. The Governor's veto message stated "The process laid out in this measure would put the state back on the hook, to the tune of \$20 million dollars, for erstwhile local decisions to allow property tax growth from voter approved tax levies for pension obligations to be used by the redevelopment agency for redevelopment activities." On a related note, City of San Francisco voters will consider Proposition D this November that would provide pension benefits to employees of former redevelopment agencies and successor agencies. **Status:** Vetoed.

**AB 1521 (Fox) and SB 69 (Roth) Local government finance: vehicle license fee adjustment**

AB 1521 and SB 69 would have changed the formulas for calculating annual vehicle license fee adjustments amounts to account for territory annexed to cities since 2004 and establish a foundation to support sustainable and compact growth policies. SB 69 specifically reinstates, via property tax shares, funding stripped from recently incorporated cities; and AB 1521 reinstates, via property tax shares, funding stripped from cities that annexed inhabited territories, and would provide similar funding going forward. SB 89 (2011) moved city VLF revenues to fund law enforcement grants that previously had been funded by the State leaving recently incorporated cities particularly harmed. *MuniServices supported the bills. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Vetoed.

AB 1760 (Chau) and SB 1203 (Jackson) Property taxation: payment in lieu of taxes agreement (PILOT)

AB 1760 prohibits a local government from entering into a PILOT agreement with a property owner of a low-income housing project. The bill would presume that any payments made under any PILOT agreement entered into before January 1, 2015, are used to maintain the affordability of, or reduce the rents otherwise necessary for, the units occupied by lower income households. SB 1203 prohibits an assessor from levying any escape or supplemental assessment as a result of the certification requirement, because of a property owner's certification concerning the use of funds that would have been necessary to pay property taxes and a PILOT agreement with a local government for which the assessor did not levy any assessment. **Status:** Signed by the Governor - Chapters 671 and 691, Statutes of 2014, respectively.

AB 2109 (Daly) Controller: reports: parcel taxes: transparency

AB 2109 requires the State Controller to report annually on the imposition of each locally assessed parcel tax including the amount of revenue received from the parcel tax; and the manner in which the parcel tax is being used. This bill provides transparency on parcel taxes especially since over the past several decades they have become an increasingly popular option of local entities to raise revenue for various programs. **Status:** Signed by the Governor - Chapter 781, Statutes of 2014.

AB 2211 (Ting) Counties: database: information on general ad valorem property tax revenues

AB 2211 would have required counties to make available on its internet website a graph visualization of how general ad valorem property tax revenues are allocated countywide at a summarized jurisdictional level. Specified information to be included is a brief summary of programs and services funded by property tax revenue. **Status:** Vetoed.

AB 2231 (Gordon) Controller: property tax postponement (senior citizens and disabled citizens)

AB 2231 reinstates the Senior Citizens and Disabled Citizens Property Tax Postponement (PTP) program to defer property taxes for seniors and disabled persons and allows income-eligible senior citizens and disabled persons to apply to the Controller to defer payment of property taxes, beginning on July 1, 2016. Though the funding for the previous program was eliminated in 2009, the statute remains. **Status:** Signed by the Governor - Chapter 703, Statutes of 2014.

AB 2372 (Ammiano) Property taxation: change in ownership ("split roll")

AB 2372 would have allowed a reassessment of commercial property for a "change in ownership/ control" for a legal (business) entity-owned real property when 90% or more of ownership interests cumulatively transfer within a 36-month period. AB 2372 attempts to treat transfer of ownership interest in legal entities more closely to the transfer of real property interest. This bill is commonly known as a "split roll" measure which means taxing various property types (e.g., residential vs. commercial) according to a different tax rate or value standard. **Status:** Died.

**AB 2618 (Perez) Property and business improvement areas: benefits assessments**

AB 2618 includes Proposition 218 requirements into the Property and Business Improvement District (PBID). Proposition 218 created confusion around issues such as district formation, the levying of assessments and the permissible functions of PBIDs. Consequently, cities throughout the state are using divergent methodologies to form PBIDs and impose assessments. Litigation arising from this lack of clarity threatens the viability of PBIDs. Business improvement districts are one model for how local governments use assessment financing to pay for projects to attract and retain businesses. The PBID Law allows property owners to petition a city or county to set up an "improvement district" and levy either property-based or business-based assessments on property or business owners to pay for promotional activities and physical improvements. **Status:** Signed by the Governor - Chapter 240, Statutes of 2014.

SB 871 (Committee on Budget) Property taxes: new construction exclusion: active solar energy systems

SB 871 extends the sunset from 2017 to 2025 for a solar tax exemption for new active solar energy systems on new construction. The bill should not result in an immediate reduction in ad valorem tax revenues in the 2014-15 budget year and thereafter reductions of \$5 million, per year, should occur. **Status:** Signed by the Governor - Chapter 41, Statutes of 2014.

Utility User Tax / AB 1717 – Implementation and Webinars**AB 1717 (Perea) Prepaid wireless and services: local charges/ collection of revenue**

AB 1717 protects existing and future state and local revenues by providing a collection mechanism for prepaid (non-contract) wireless services. The bill is important for cities and counties with a UUT as well as for those considering voter-approval for a UUT. In response to the Governor's veto of last year's bill, AB 300, MuniServices worked with stakeholders to explore options to address the Governor's concerns. AB 1717 met the concerns with appropriate safeguards, including a direct pay requirement by the wireless carriers, a 2020 sunset provision and a reporting requirement of the BOE that will allow stakeholders to assess the cost effectiveness of the program and recommend any needed adjustments. Several resources are available on our website at www.muniservices.com. MuniServices' October 1, 2014 Policy Update for example addresses not only the deadlines associated with AB 1717's implementation but also provides answers to frequently asked questions. MuniServices is also hosting webinars to help cities understand AB 1717 and what can be done to take advantage of what is considered a "landmark tool" for local government. Please contact Fran Mancia at Fran.Mancia@MuniServices.com or 559.218.7296 or Gary Grace at Gary.Grace@MuniServices.com or 800.800.8181 (5520) for further detail. *MuniServices supported the bill and a lead stakeholder. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Signed by the Governor - Chapter 885, Statutes of 2014.

Local Governance / Local Control**AB 1147 (Bonilla, Gomez, and Holden) Massage therapy**

AB 1147 makes changes to the Massage Therapy Act in the Business Professions Code (4600) including deleting the preemption of ordinances and local land use authority for "certified-only" massage establishments. AB 1147 reconstitutes the California Massage Therapy Council (CAMTC); reinforces local massage ordinances; raises professional and educational standards for massage therapists; expands the disciplinary authority of CAMTC; and specifies requirements for operators of massage businesses and establishments. AB 1147 includes a January, 2017 sunset. **Status:** Signed by the Governor - Chapter 406, Statutes of 2014.

**AB 1893 (Stone) Sharps waste and disposal of and costs to local government**

AB 1893 would have required sharps (hypodermic needles and other devices to penetrate the skin) sold to the general public to be sold with a sharps waste container meet specified criteria. Many local governments provide some level of service such as free sharps containers or free mail-back kits for sharps and supported the bill; a large number of sharps are still being disposed of in trash and recycling containers presenting a dangerous dilemma for thousands of public sector workers. The costs of associated with the (illegal disposal of) sharp wastes are costing municipalities and ultimately ratepayers. **Status:** Died.

AB 1965 (Yamada) Outdoor dining: pets

AB 1965 authorizes restaurants to allow dogs in outdoor dining areas provided the city or county does not prohibit the conduct by ordinance. AB 1965 is supported by the League of California Cities and California Restaurant Association. **Status:** Signed by the Governor - Chapter 234, Statutes of 2014.

AB 2188 (Muratsuchi) Solar energy: permits: local ordinance must be adopted

AB 2188 requires before September, 2015 that every city and county adopt an ordinance, in consultation with fire and utility officials, as specified, to streamline and expedite the permitting process for small, residential, rooftop, solar energy systems. **Status:** Signed by the Governor - Chapter 521, Statutes of 2014.

AB 2241 (Eggman) Local government: agricultural land

AB 2241 revises the fees charged when a Williamson Act or Farmland Security Zone contract is rescinded to place the property into a solar-use easement contract, and specify that 50% of the rescission fees would be retained by the county and not transmitted to the General Fund. The bill sunsets January, 2020, and rescission fees would return to the levels in current law and all fees would be deposited into the General Fund. The author's office indicates the bill is an incentive for more counties to rescind current contracts on marginally productive or physically impaired lands by allowing counties to retain 50% of rescission fee revenues. **Status:** Signed by the Governor - Chapter 582, Statutes of 2014.

AB 2719 (Bonta) Mobile retail operations and pop-up operations: model local ordinance

AB 2719 would have required the Office of Planning and Research to develop, in consultation with local governmental entities, a model local ordinance or resolution regulating mobile retail operations and pop-up operations within the jurisdiction of a city or county. The Governor in his veto message wrote: "I am not persuaded that requiring the Office of Planning and Research to develop a model local ordinance to regulate mobile retail operations is a wise use of state resources. This is a matter well within the competence of local officials." **Status:** Vetoed.

SB 270 (Padilla) Solid waste: single-use carryout bags

SB 270 prohibits stores from providing a single-use carryout bag to a customer. The bill also establishes requirements for reusable bags and prohibits stores from distributing reusable bags for less than 10 cents per bag. All moneys collected will be retained by the store and may be used for costs associated with complying with the requirements, the costs of providing recycled paper bags or reusable grocery bags, and costs associated with a store's educational campaign encouraging the use of reusable grocery bags. **Status:** Signed by the Governor - Chapter 850, Statutes of 2014.

**SB 893 (Hill) License plate recognition systems**

SB 893 died by way of a procedural move and in its final amended form did not pose dire consequences for local government. The bill as introduced had unintended consequences for cities, counties and other public parking authorities who rely on revenues collected through parking tickets to fund vital public safety programs and services. The bill would have had consequences with respect to how law enforcement uses Automated License Plate Recognition (ALPR) technologies in criminal matters (using photographs taken as evidence). SB 893 also proposed to define ALPR data as "personal information." ALPR data is information about a vehicle's location, not personal information. A new bill, focusing on what the usage of and a privacy policy will contain is expected in 2015. *MuniServices removed its opposition when the bill was amended May 29, 2014. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Died.

SB 962 (Leno) Advanced mobile communication devices (smart phones)

SB 962 requires smart phones manufactured after July, 2015, and sold in California to contain a solution to render the features of the phone inoperable when not in the possession of the authorized user, and also provides a civil penalty for violations and limits retail liability if the solution is circumvented. The bill's final language restricts the authority of local governments on matters unrelated to deterring theft. **Status:** Signed by the Governor - Chapter 275, Statutes of 2014.

SB 1274 (Hancock) Recycling: used mattresses: costs to local government and local control

SB 1274 is a clean-up bill addressing local government concerns regarding the adequate recovery of costs associated with collecting and disposing of illegally discarded used mattresses. Last year, locals worked on a bill by Senator Hancock that required manufacturers of mattresses to implement a plan to keep used mattresses out of the local landfill and lowering the amount of waste disposed of. Locals spend upwards of \$500 million annually managing products prohibited from landfills and those lawfully disposed of. **Status:** Signed by the Governor - Chapter 371, Statutes of 2014.

SB 1328 (Hill) Weights and measures: impose and additional fee to a local business license tax

SB 1328 would have allowed the Secretary of Food and Agriculture to impose an additional assessment of up to \$2 for the license of a business that uses a point of sale system. Our team spoke with the author's office on provisions in the bill which creates a "slippery slope" of adding state fees to local business tax; that many cities don't presently have lists of point-of-sale businesses; there are several localities that do not have business licenses and unfair to burden only cities that do; and programming, research, & printing costs with no vehicle for reimbursement, etc. We expressed that if the bill is reintroduced that the wording regarding B&P Code 13304 should be removed or amended in a way that does not require collecting a fee via the local business license. **Status:** Died.

SB 1462 (Committee on Governance and Finance) Local government: omnibus bill

SB 1462 is the Local Government Omnibus Act of 2014. This year's bill includes language related to: 1) County law libraries' real property management; 2) Sacramento County fictitious business names; 3) Local bond issuers determination of taxable bond maturity; 4) State Controller's property tax audits cross-reference; 5) Infrastructure Financing Districts (IFDs); 6) Special districts and securitized limited obligation notes; 7) Office of Noise Control; 8) Port or harbor infrastructure definition cross-reference; 9) California Assessors' Association; and 10) Property and Business Improvement Districts (PBID). **Status:** Signed by the Governor - Chapter 1462, Statutes of 2014.

HR 29 (Gomez) Public outsourcing

HR 29 is non-binding yet included a likely end result limiting options for government agencies to determine the best solution for providing services to the public. *MuniServices, the League, Cal Chamber and other local government entities opposed. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Adopted.



Post Redevelopment

AB 1963 (Speaker Atkins) Redevelopment

AB 1963 extends from January, 2015 until January, 2016, the date by which the Department of Finance (DOF) must approve a redevelopment successor agency's long-range property management plan. This measure repeals the requirement for the State Controller to review successor agencies' transfers of specified assets to cities or counties and provides for the return of improperly transferred assets. Successor agencies will have time to get the DOF approval and avoid a "fire-sale" of former RDA property. *MuniServices supported the bill. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Signed by the Governor - Chapter 146, Statutes of 2014.

AB 2493 (Bloom) Redevelopment bond proceeds: jobs, infrastructure & housing (2011 redevelopment bond proceeds)

AB 2493 would have allowed successor agencies flexibility for bond obligation proceeds issued between January 1, 2011 and June 28, 2011. AB 2493 provides assurances that successor agencies would only be able to use 2011 redevelopment bond proceeds for infrastructure and affordable projects that were actively being planned prior to January 1, 2011 and intended to be financed with bond proceeds. Approximately 39 successor agencies have similar redevelopment bond proceeds, totaling approximately \$750 million, which they are currently unable to use. The proceeds under the bill would generate an estimated 19,000 jobs, over \$130 million in new State and local tax revenues, and \$2.8 billion in statewide economic activity. *MuniServices supported the bill. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Vetoed.

SB 1129 (Steinberg) Redevelopment: successor agencies to redevelopment (2011 redevelopment bond proceeds)

SB 1129 would have made changes to the process of dissolving redevelopment agencies and disposing of their assets. The bill among other provisions clarified that successor agencies do not have to pay compensation to the other taxing entities for the real property assets they elect to retain, once they have received a finding of completion from DOF. Also, the bill would have allowed a successor agency to use 2011 bond proceeds if the use of bond proceeds is consistent with the agency's Sustainable Communities Strategy developed pursuant to SB 375 (2008). *MuniServices supported the bill. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Vetoed.

Infrastructure Financing/ Economic Development

AB 229 (Pérez) Local government: infrastructure and revitalization financing districts

AB 229 creates infrastructure and revitalization financing districts (IRFDs) modeled after infrastructure financing districts (IFDs) in existing law. The bill authorizes a military base reuse authority to form a district, and allows these districts to finance a broader range of projects and facilities to clean-up and develop former military bases. Military base closure and realignment creates significant adverse economic hardships on many California communities. Unlike cities and counties, military base reuse authorities do not have the financing tools necessary to respond to the infrastructure and economic development requirements of a post-redevelopment world. **Status:** Signed by the Governor - Chapter 775, Statutes of 2014.

**AB 2170 (Mullin) Joint powers authorities: common powers and raising revenues for projects**

AB 2170 clarifies that Joint Powers Agencies (JPAs) are able to raise revenue for projects consistent with the purposes for which the agency was formed. The bill makes clear that JPAs may increase revenue for community projects subject to all voter approval requirements under Proposition 218. JPA's are an important part of California governance, and it is helpful to clarify the law to ensure a common understanding of existing JPA powers to levy fees or taxes. *MuniServices supported the bill. Position letters and further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.* **Status:** Signed by the Governor - Chapter 386, Statutes of 2014.

AB 2280 (Alejo) Community revitalization authorities

AB 2280 would have allowed local government officials to establish a Community Revitalization and Investment Authority and use property tax increment revenues to finance the implementation of a community revitalization plan within a community revitalization and investment area. **Status:** Vetoed.

AB 2292 (Bonta) Infrastructure financing districts: broadband

AB 2292 allows infrastructure financing districts to finance projects to expand broadband and bring high-speed communications, jobs, and new businesses to local communities. **Status:** Signed by the Governor - Chapter 783, Statutes of 2014.

SB 614 (Wolk) Local government: jurisdictional changes: infrastructure financing

SB 614 allows a local agency, until January 1, 2025, to use tax increment financing in a newly formed or reorganized district to fund infrastructure improvements in disadvantaged unincorporated communities. Currently, cities and counties can create Infrastructure Financing Districts (IFDs) and issue bonds to pay for community scale public works. To repay the bonds, IFDs divert property tax increment revenues from other local governments for a period of 30 years. IFDs, however, are prohibited from diverting property tax increment revenues from schools. **Status:** Signed by the Governor - Chapter 784, Statutes of 2014.

SB 628 (Beall) Enhanced infrastructure financing districts: projects of community wide significance

SB 628 allows locals to create an Enhanced Infrastructure Financing District (EIFD) to finance public facilities/ projects of community-wide significance. EIFD's can be formed more easily than IFDs, can use an expanded range of financing tools, and can finance a broader array of local economic development activities. SB 628 ensures that EIFDs incorporate several important safeguards against problems that were associated with redevelopment agencies. SB 628 requires other local governments to consent and opt-in to an EIFD's formation; if an agency doesn't want to participate, its tax increment revenue shares aren't touched. EIFDs cannot divert property tax revenues from schools, thereby avoiding State General Fund costs. SB 628 requires 55% voter approval for issuing bonds and, as an additional safeguard, requires biennial, independent financial and performance audits. **Status:** Chapter 785, Statutes of 2014.

SB 1183 (DeSaulnier) Vehicle registration fees: surcharge for bicycle infrastructure

SB 1183 authorizes, until January 1, 2025, a local agency upon voter approval to impose a surcharge of up to \$5 on vehicles registered within its jurisdiction. The revenue is to be used for improvements to and maintenance of existing trails and bikeways, the creation of new trails and bikeways, and the development of other bicycle facilities, such as bike parking. The bill includes a local funding mechanism; the surcharge would be specified in an ordinance and the Department of Motor Vehicles would administer the collection of fees and the distribution of net revenues to the local agency. **Status:** Signed by the Governor - Chapter 516, Statutes of 2014.



Environmental Incentives/ Cap and Trade to Apply to Transportation Fuel in January

The State's cap and trade regulations governed by the State Air Resources Board (ARB) are going to begin to apply to transportation fuels like gas and diesel in January 2015. Transportation fuels account for roughly 40 percent of California's GHG emissions. Proposed AB 69 (Perea) was a major piece of legislation at the end of the 2014 session that would have delayed cap-and-trade on fuels until January 2018. Several oil and gas companies supported this legislation, which ultimately did not move through the process. Cap and Trade (AB 32) established the goal of reducing greenhouse gas (GHG) emissions state-wide to 1990 levels by 2020. The "cap" is a mandatory market-based mechanism for companies to lower GHG emissions. The Legislative Analyst Office in a letter to Assembly Member Perea regarding proposed AB 69 (www.lao.ca.gov) reported there is widespread agreement that including transportation fuels in the cap-and-trade program will increase the retail price of gasoline. However, the price increase could exceed 50 cents per gallon by 2020 and may depend on economic, technological, and regulatory factors. Reports suggest that gasoline / oil companies under the second phase of AB 32 will have to buy more permits to stay within the "cap" and ultimately pass increased costs through higher gas prices. See SB 1077 below related to a study to substitute the gas tax with a road usage surcharge.

SB 1275 (De León) Vehicle retirement and replacement: Charge Ahead California Initiative

SB 1275 sets a goal of placing at least 1 million zero-emission vehicles and near-zero-emission vehicles on the road in California by January, 2023. The bill provides assistance to car-sharing programs in low-income neighborhoods, and installing electric vehicle charging stations in apartment buildings in those communities. **Status:** Signed by the Governor - Chapter 530, Statutes of 2014.

AB 2013 (Muratsuchi) High occupancy vehicle (HOV) lanes: low-emission vehicles

AB 2013 raises the cap on the "green sticker program," which allows electric vehicles in carpool lanes regardless of occupancy, from 55,000 to 70,000 cars. Chapter 215, Statutes of 2010, established the "green sticker program," which allows certain single-occupant vehicles - generally, plug-in hybrid vehicles that meet the ARB's strictest emissions standard - to drive in carpool lanes. Yellow HOV stickers (expired) granted HOV lane access to certain single-occupant, hybrid or alternatively fueled vehicles. Chapter 330, Statutes of 1999, established the "white sticker program," which allows vehicles that meet certain strict emission standards to drive in carpool lanes with a single occupant. **Status:** Signed by the Governor - Chapter 527, Statutes of 2014.

SB 1204 (Lara) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program

SB 1204 establishes a program to fund technology for zero- and near-zero-emission trucks, buses and off-road vehicles. The Program will be funded from the Greenhouse Gas Reduction Fund (GGRF) and will prioritize projects located in disadvantaged communities. **Status:** Signed by the Governor - Chapter 525, Statutes of 2014.

State Administration

AB 1839 (Gatto) Income taxes: qualified motion pictures

AB 1839 extends the California Film Commission incentive program by five years, lifts the per-film budget tax credit limitation so that larger films may qualify, and offers new incentives to specific film and television production activities. **Status:** Signed by the Governor - Chapter 413, Statutes of 2014.

SB 1711 (Cooley) Administrative Procedures Act: economic impact assessment

SB 1711 requires an economic impact assessment to be included in the initial statement of reasons that a state agency submits to the Office of Administrative Law when adopting, amending, or repealing a non-major regulation. Under SB 1711 a "major regulations" will have an economic impact on California business enterprises and individuals in an amount exceeding \$50 million, as estimated by the agency. **Status:** Signed by the Governor - Chapter 779, Statutes of 2014.

Tax Reform**Issue update: Point of sale/ SB 983 (Hernandez)**

The following is an excerpt published in MuniServices' July 30, 2014 Policy Update: First, SB 983 (Hernandez) was amended on June 15, 2014 and now relates to high-occupancy toll (HOT) lanes. Readers may recall from earlier the introduced version of SB 983 would have, for the sale of fuel from a card lock system, shifted from the place where the sale was negotiated to the "point of delivery of fuel to the vehicle." The bill 'blindsided' many cities (with existing contracts in place) that stood to lose significant revenues bringing out a coalition of local government stakeholders on both sides of the issue and became the focus and symptom of a bigger problem in that California has an outdated local tax system. Bradley-Burns is a law put in place in 1955 that worked when shopping took place mostly in storefronts. The current sales tax structure only taxes 30% of the true tax base, which creates a challenge for true economic development and the maintenance of local control. MuniServices does not support many types of sales tax rebates, especially when the revenue from the sales tax is taken away from one jurisdiction and given to another, however we are strong proponents of local control and believe that these types of decisions are best left to each city, especially the flexibility and ability to retain and attract business which is a critical city decision.

Representatives from MuniServices were been invited to serve on the "League Sales Tax Working Group." Among the issues discussed is the tightening of SB 27 (2009) to: a) limit the exceptions in the law with all for sales tax agreements that divert funds from local agencies not participating in an agreement, b) changing thresholds with respect to use tax associated with major projects and the first use of machinery, so that an improved nexus between the location of a large project and allocation of taxes, and c) to continue to explore solutions to sales tax allocations (primarily from internet purchases by California residents that are shipped from an in-state location and received by the purchaser in their home office). We commend Senator Wolk, Chair of the Senate Governance and Finance Committee, for her leadership and expressing concern that SB 983 went beyond 'point of sale' issues with respect to card local fuel and that changes to the current system should be carefully weighed both for potential benefits as well as negative impacts on those agencies that have made decisions and rely on revenue based upon existing rules. We expect sales tax reform to be a forefront issue during the next Legislative Session. *MuniServices did not take a position on this bill and provided an advisory role to individual clients and cities across the state. Further detail is available at the Government Relations section of MuniServices' website at www.MuniServices.com.*

SB 1077 (DeSaulnier) Vehicles: road usage charge pilot program/ alternative to gas tax revenue study

This bill creates a Road Usage Charge (RUC) Technical Advisory Committee (Committee) to guide development and implementation of a pilot program to study the potential for RUC as an alternative to the gas tax. SB 1077 is modeled after legislation that guided Oregon's mileage based fee (MBF) pilot program. SB 1077 provides for a rigorous, independent review of a potential MBF system and would complement the work already begun by Caltrans and California State Transportation Agency (CalSTA). Last year as part of the Governor's proposed budget the Governor directed CalSTA to convene a workgroup consisting of state and local transportation stakeholders to, among other tasks, explore long-term, pay-as-you-go funding options. **Status:** Signed by the Governor - Chapter 835, Statutes of 2014.

SOURCES

California Contract Cities Association (*Partner Affiliate*)
California Municipal Revenue Tax Association (*Partner Affiliate*)
League of California Cities (*Partner Affiliate*)
California Legislature
State Board of Equalization
CalTaxletter