



**2014 SUMMER RECESS – BACK TO SESSION POLICY REPORT**

Clients,

This report covers a spectrum of proposed state legislation with a particular focus on measures related to local revenues. Most of the measures referenced will be considered when the Legislature returns from Summer Recess on Monday, August 4<sup>th</sup>. In addition to the bills reported we are also mindful that local governments throughout our State are focused on the issues and proposals surrounding water and the drought. There are key dates to make note of including August 15 which marks the fiscal committee deadline, and August 31 which is when the 2013-14 Legislative Session wraps up and summer recess begins.

This session we have been in contact with many client cities on both State and Federal matters. The very recent Federal proposal and passage of HR 3086 (Goodlatte of Virginia), the Permanent Internet Tax Freedom Act, by the House, sent a very strong message to the Senate that a permanent ban on taxation of broadband internet access was politically appealing to both parties. Many California cities with a Utility User Tax (UUT) sent letters to Congress opposing HR 3086 and rather asked for an extension of the current moratorium and for the protection of revenues that are locally voter approved. Current law with respect to the moratorium on the taxation of broadband internet access expires on November 1, 2014. An alternative bill, S. 2609, Marketplace and Internet Fairness Act (MITFA), was also proposed by Senators Lamar Alexander of Tennessee and Durbin of Illinois, which would combine the Marketplace Fairness Act, which relates to taxation of internet sales and allow California (a non-Streamlined Sales and Use Tax Agreement State) to participate, with a 10 year extension of the Internet Tax moratorium (including the grandfathering of seven states, such as Tennessee) shortly after the HR 3086 vote. We anticipate additional proposals such as the July 28, 2104 MITFA amendment to a job creation bill, S. 2569 (Enzi of Wyoming). The viability of each proposal must be weighed.

At the time of print, it appears likely (but no guarantee) that there will be no action until after the November election. At that time the Senate will likely send a combination bill back to the House (with possible combinations of the Internet Tax Freedom and a Marketplace Fairness, job creations or other bills that are favoured in the House). MuniServices joined its local government Partner Affiliates including the League of California Cities and US Conference of Mayors and supported S. 2609. MuniServices in its July 18, 2014 letter to Senators Feinstein and Boxer suggested consideration to include protective language in any related legislation to ensure that voter-approved local taxes are exempt. Cities interested in sending a letter or calling California's U.S. Senators and their respective House Representative regarding the Internet Tax Freedom Act and/or Marketplace Fairness Act should do so as soon as possible. Please contact Fran Mancia or Brenda Narayan with MuniServices' Government Relations team and they can provide additional detail, including a sample draft letter that is tailored for your city perspective.

Clients with a UUT are also interested in AB 1717 (Perea) because the bill provides a much-needed mechanism for collecting existing and future revenues from prepaid wireless, a fast-growing new market. AB 1717 now includes a sunset provision which will allow the time needed to evaluate the effectiveness of the program, as well as a direct-pay requirement for the wireless carriers. This issue is discussed below in broader detail.

Please contact the Government Relations team or your Client Services Manager with any questions or comments regarding this report or other policy matters. MuniServices also looks forward to engaging with those of you planning to attend the League of Cities Annual Conference in Los Angeles. Previously published updates are available on our website at [www.muniservices.com](http://www.muniservices.com).



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- AB 919 (Williams) Sales and use taxes: veterans: itinerant vendors: repayment
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*Note: Refer to [www.leginfo.ca.gov](http://www.leginfo.ca.gov) for current detail and status updates regarding bills.*



## SALES AND USE TAXES / DISTRICT TAXES

**AB 43 (Bocanegra) Sales and use taxes: claim for refund: customer refunds**

AB 43 would authorize a retailer to make an irrevocable assignment to the right to receive a refund in excess tax reimbursement in the amount of \$50,000 or greater to a single customer. The Board of Equalization (BOE) would be able to make the direct refund to the customer under this bill. The retailer and customer would both need to sign an irrevocable assignment and submit it to the BOE with the retailers claim for refund. The effect of the bill is to issue a refund directly to the customer and shorten the refund process by two to three months, as there would be no additional processing time by the retailer. BOE Regulation 1700 (b) (3) governs current law with respect to the related refunds.

**Status:** Senate Appropriations.

**AB 919 (Williams) Sales and use taxes: veterans: itinerant vendors: repayment**

AB 919 would require the BOE to certify to the State Controller the amount of qualified repayments to be made to each qualified veteran, and would appropriate \$50,000 to make the payments of qualified repayments. The bill would limit the total amount of money available to make qualified repayments to not more than \$50,000. **Status:** Senate Appropriations.

**AB 1324 (Skinner) Transactions and use taxes: City of El Cerrito: County of Contra Costa**

AB 1324 would allow the City of El Cerrito and the County of Contra Costa to adopt an ordinance proposing to impose a transaction and use tax that exceeds the 2% limitation. The counties of Alameda, Contra Costa, and Los Angeles successfully sought an exception to the 2% limitation. The City of El Cerrito is the first city to request such authorization and sponsoring this bill in an effort to provide additional funding for essential services such as police, fire, and other city services. **Status:** Senate Floor.

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

AB 2119 would allow 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 of the entire county. This bill makes the approval process for county transactions and use taxes comparable to the current process for approving city transactions and use taxes. This bill would require the revenues derived from this tax to be used within the area for which the tax was approved by the qualified voters. *AB 2119 is a MuniServices supported bill.* **Status:** Signed by the Governor - Chapter 149, Statutes of 2014.

**AB 2681 (Dababneh) Sales and use tax: retail sale: storage use: counterfeit mark**

AB 2681 would provide 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 it enacted in 1933 by purchasing property out-of-state, but use it California. Revenue impact: The BOE estimates State revenue gains from the bill to be \$2.1 million annually. **Status:** Senate Appropriations.

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

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 for 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 have been invited to serve on the newly-formed “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.

**PROPERTY TAX/ PARCEL TAX****AB 1450 (Garcia) Local government: redevelopment: revenues from property tax override rates (pension)**

AB 1450 would prohibit any revenues that were voter-approved for payments in support of pension programs and levied in addition to the general property tax rate, from being allocated to a Redevelopment Property Tax Trust Fund. The bill would require these revenues to be allocated to, and when collected to be paid into, the fund of the city or county whose voters approved the tax. AB 1450 would apply unless following a written request with each ROPS cycle from the successor agency to the city or county whose voters approved the tax it rather authorizes the use of the revenues by the successor agency to pay any enforceable obligation. (See below SB 663 /Lara). **Status:** Senate Floor.

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

AB 1521 and SB 69 would change 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. *AB 1521 and SB 69 are MuniServices-supported bills.* **Status:** AB 1521 (Senate Appropriations); SB 69 (Assembly Appropriations).

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

AB 1760 would prohibit 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 would prohibit 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:** AB 1760 (Senate Floor); SB 1203 (Assembly Floor).

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

AB 2109 would require 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 seeks to provide 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:** Senate Appropriations.

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

AB 2211 would require counties to make available to the public 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 on the website includes a brief summary of programs and services funded by property tax revenue. **Status:** Senate Appropriations.

**AB 2372 (Ammiano) Property taxation: change in ownership**

AB 2372 would allow 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 often referred to a "split roll" measure. The term "split roll" means taxing various property types (e.g., residential vs. commercial) according to a different tax rate or value standard. "Split roll" is not possible without a constitutional amendment. **Revenue impact:** The BOE reports an estimated annual increase in property tax revenue of up to \$73 million, though estimating the revenue impact with any precision is difficult. **Status:** Senate Appropriations.

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

AB 2618 would include Proposition 218 requirements into the Property and Business Improvement District (PBID). Business improvement districts are one model for how local governments use assessment financing to pay for projects to attract and retain businesses. 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 all of California's PBIDs and the employment, public health and safety, and economic development benefits they create. Most assessments are levied against real property and are generally collected on the property tax roll, secured by a lien against the assessed property, and subject to Proposition 218. Assessments levied on businesses, not real property, are not subject to Proposition 218, and are usually collected along with business license taxes and are not secured by a lien against real property. **Status:** Senate Floor.

**SB 663 (Lara) Local government: redevelopment: revenues from property tax override rates (pension)**

SB 663 would require voter approved pension property tax revenues to be allocated to the fund of the city or county whose voters approved the tax, rather than the revenues being allocated to the Redevelopment Property Tax Fund pursuant to the redevelopment agency dissolution process. An analysis reports there are some cities throughout the state whose voters historically approved a tax for pension obligations for city staff, including 12 cities in Los Angeles County. 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 percent to 0.45 percent. These rates are levied in addition to the 1% general property tax rate. (See above AB 1450 /Garcia). **Status:** Assembly Appropriations.

**UTILITY USERS TAX / COLLECTION SOLUTION EXISTING AND FUTURE REVENUES FROM PREPAID WIRELESS****AB 1717 (Perea) Prepaid wireless services: local charges collection**

AB 1717 is especially important for cities and counties with a Utility Users Tax (UUT). AB 1717 would provide the mechanism for the collection of existing state and local revenues for prepaid wireless services. This year's AB 1717 is similar to AB 300 (2013/Perea). AB 1717 includes provisions for a pro rata sharing of costs among the state and local public agencies. The bill's sunset clause will also allow for analysis on the effectiveness of the program and detail on the revenues collected.

California agencies with an existing UUT need a mechanism to capture revenues from prepaid wireless as customer preferences move towards wireless services that are prepaid. Over 50% of all new wireless services are prepaid. Consumers across all income levels are purchasing prepaid phones. Local voter-approved UUT ordinances are technology-neutral and apply to all wireless customers. In some cases the loss to cities is as high as 25% in the last three years. The BOE estimates nearly \$73 million of local revenue will be collected as a result of the bill. There is currently about \$400 million of wireless UUT statewide, so as much as one-half or \$200 million could be at risk over time. AB 1717 is a reasonable solution to a difficult problem and reflects the work between stakeholders, and carries the intent of AB 300. AB 1717 is supported by numerous cities, the California State Association of Counties, Board of Equalization Members Runner and Horton, and other stakeholders. *AB 1717 is a MuniServices-supported bill.*

*Suggested clarifying amendments*

As part of our review of AB 1717's latest amendments we have provided the author's office with suggested clarifying amendments related to: 1) the sunset clause and the need to gather detail on the Board's implementation of the program, 2) the BOE's reimbursement of costs and being done so on a pro-rata basis, 3) direct sellers and BOE enforcement of local charges, and 4) the preemption being limited to the local tax on prepaid wireless.

*AB 1717 legislative history*

- **Next steps:** AB 1717 will be heard in the Senate Appropriations Committee on Monday, August 11. Procedurally, the bill is expected to go to the Committee's 'suspense file,' then voted on during the week of August 11th. The bill will be taken up for a vote on the Senate Floor, then back to the Assembly for concurrence by August 31st.
- **Committee History: Assembly:** Utilities and Commerce (9-0); Revenue and Taxation (9-0); Appropriations (15-0); and Floor (71-2). **Senate:** Energy, Utilities and Commerce (9-0); and Senate Governance and Finance (6-0).

*Suggested action for cities with a UUT*

First, many cities have expressed support for AB 1717, but more are needed. We recommend those cities interested in supporting AB 1717 (that have not already done so) to send the author and respective members a short letter of "conditional" support. Please contact Fran Mancina or Brenda Narayan with MuniServices' Government Relations team and they can provide a sample letter and the suggested clarifying amendments to AB 1717.



## INFRASTRUCTURE FINANCING/ ECONOMIC DEVELOPMENT

**AB 2170 (Mullin) Joint powers authorities: common powers**

AB 2170 would clarify that Joint Powers Agencies (JPAs) are able to raise revenue for projects consistent with the purposes for which the agency was formed. Proposition 218 (November 1996) established requirements for the imposition of, extension, or increase in local taxes, assessments and fees. This measure seeks to make clear that JPAs may increase revenue for community projects subject to all voter approval requirements. 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. *AB 2170 is a MuniServices-supported bill.* **Status:** Senate Floor.

**AB 2280 (Alejo) Community revitalization authorities**

AB 2280 would allow 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. AB 2280 avoids the impact to the state General Fund by explicitly prohibiting school participation. There are potentially substantial fiscal impacts to participating local governments, but all affected local governments' volunteer to participate. **Status:** Senate Appropriations.

**AB 2292 (Bonta) Infrastructure Financing Districts (IFD)**

AB 2292 would provide cities and counties with a tool to expand broadband projects that would bring high-speed communications, jobs, and new businesses to local communities. To form an IFD, the city or county must develop an infrastructure plan, send copies to every landowner, consult with other local governments, and hold a public hearing. Once the other local officials approve, the city or county must still get the voters' approval. In the wake of redevelopment agencies' dissolution, the Legislature has considered several recent proposals, including a component of Governor Brown's 2014 State Budget, to make it easier for local governments to use IFDs to finance local economic development projects. **Status:** Senate.

**AB 2517 (Daly) Economic development: taxation: credits**

AB 2517 would extend the deadline for local entities to issue Enterprise Zone employee eligibility vouchers to January 1, 2016. The bill would assist California businesses transitioning into a new business environment as a result of the recent Enterprise Zone reforms by allowing all businesses the opportunity to claim tax credits prior to the passage of AB 106 (2013). AB 106 (2013) made several changes to the Enterprise Zone repeal statute, including a requirement that all employees qualifying for the tax credit for hiring certain disadvantaged individuals to be issued a voucher by December 31st of 2014. **Status:** Senate Governance and Finance.

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

SB 614 allows a local agency 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, including highways, transit, water systems, sewer projects, flood control, child care facilities, libraries, parks and solid waste facilities. 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. The bill takes advantage of special districts' ability to provide services to address specific core local service needs and matches it with the utility of tax increment financing. **Status:** Assembly Floor.

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

SB 1183 authorizes a local agency upon voter approval to impose a surcharge of up to \$5 on vehicles registered within its jurisdiction. The bill allows the revenue 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 surcharge could be collected through January 1, 2025. The bill provides a local funding mechanism, not currently authorized in state law. The surcharge would be specified in an ordinance and the DMV would administer the collection of fees and the distribution of net revenues to the local agency. **Status:** Assembly Appropriations.

## POST REDEVELOPMENT

**AB 1582 (Mullin) Post-Redevelopment: Recognized Obligation Payment Schedules (ROPS)**

AB 1582 would help successor agencies by shifting the Recognized Obligation Payment Schedules (ROPS) process from every 6 months to once every year. Compiling and preparing the information needed for the ROPS is time consuming. Successor agencies have and are addressing issues relating to RDAs dissolving and nearly 300 local successor agencies have received "finding of completion" from the DOF. AB 1582 will help successor agencies come closer to knowing what its projected tax increment and enforceable obligations may be for the coming year since many former RDA debts will need to be repaid over several decades. *AB 1581 is a MuniServices-supported bill.* **Status:** Senate Floor.

**AB 1963 (Speaker Atkins) Redevelopment**

AB 1963 extends from January 2, 2015 until January 1, 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 have time to get the DOF approval and avoid a "fire-sale" of former RDA property. *AB 1963 is a MuniServices-supported bill.* **Status:** Signed by the Governor - Chapter 146, Statutes of 2014.

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

AB 2493 would allow successor agencies greater 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, totalling approximately \$750 million, which they are currently unable to use. The bond proceeds 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. *AB 2493 is a MuniServices-supported bill.* **Status:** Senate Appropriations.

**SB 1129 (Steinberg) Redevelopment: successor agencies to redevelopment**

SB 1129 would make changes to the process of dissolving redevelopment agencies and disposing of their assets. The bill was introduced in response to a number of complaints from local governments concerning their frustrations in dealing with DOF on the redevelopment dissolution process. The bill clarifies 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. The bill also requires DOF to get Oversight Board approval for the removal of items from a successor agency's Recognized Obligation Payment Schedule (RPOS) after DOF has issued a finding of completion to the successor agency. The bill would allow successor agencies to amend contracts in connection with enforceable obligations if the amendment does not commit new tax funds. And, the bill allows a successor agency to use 2011 bond proceeds if the Oversight Board, in consultation with the relevant Metropolitan Planning Organization, determines that the use of bond proceeds is consistent with the agency's Sustainable Communities Strategy developed pursuant to SB 375 (2008). SB 1129 is supported by many cities and the League of California Cities. **Status:** Assembly Appropriations.



## LOCAL GOVERNANCE

**AB 1147 (Bonilla, Gomez, and Holden) Massage therapy**

AB 1147 would return land use and zoning authority to local governments for purposes of regulating massage establishments. An analysis reports AB 1147 revises, recasts, rewrites and makes a number of substantive, clarifying, conforming and technical changes to the Massage Therapy Act as follows: deletes the preemption of ordinances and local land use authority for "certified-only" massage establishments; 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; specifies requirements for operators of massage businesses and establishment; and extends the sunset date until January 1, 2017. **Status:** Senate Appropriations.

**AB 1965 (Yamada) Outdoor dining: pets**

AB 1965 would authorize 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:** Senate Floor.

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

AB 2719 would require 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 bill would require the model ordinance to include the types of vehicles allowed to operate, used as mobile retailers, the types of structures to be used in pop-up operations, minimum qualifications for businesses operating in this manner, procedures for license renewal and revocation, and other provisions relevant to the operation of mobile retail and pop-up businesses. **Status:** Senate Appropriations.

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

SB 270 would prohibit stores from providing a single-use carryout bag to a customer. The bill would also establish requirements for reusable bags and prohibits stores from distributing reusable bags for less than 10 cents per bag. Over 77 cities and counties throughout California have adopted ordinances banning plastic bags. This bill does not pre-empt existing ordinances; however, it does provide uniformity moving forward by pre-empting any local ordinance adopted after September 1, 2014. The bill would appropriate \$2 million to provide loans and grants to manufacturers for machinery upgrades to produce reusable grocery bags. **Status:** Assembly Appropriations suspense file.

**SB 1262 (Correa) Medical marijuana: regulation**

SB 1262 is co-sponsored by the League and California Police Chiefs Association and acknowledges local regulatory authority by establishing a state licensing scheme that defers to local land use powers. Under SB 1262 it will not be possible for a prospective operator to obtain a state license to operate a dispensary or other facility until and unless that operator can produce evidence of local permitting approval. SB 1262 would require the Department of Consumer Affairs to license dispensing facilities, cultivation sites, and processing facilities that provide, process, and grow marijuana for medical use, including requiring a background check for license applicants. The bill would make licenses subject to the restrictions of the local jurisdiction in which the facility operates or proposes to operate and require licensees to implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at their facilities. **Status:** Senate Appropriations.

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

SB 1462 is the Local Government Omnibus Act of 2014 and proposes minor, non-controversial changes to state laws. Each year, local officials discover problems with the state statutes that effect local governments as well as laws on land use planning and development. Although the practice may violate a strict interpretation of the single-subject and germaneness rules, the Senate Governance and Finance Committee (Committee) insists on a very public review of each item. More than 100 public officials, trade groups, lobbyists, and legislative staffers see each proposal before it goes into the Committee's bill. Should any item attract opposition, the Committee will delete it. 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:** Senate Floor.

**Issue update: License plate recognition systems/ SB 893 (Hill)**

First, SB 893 because of procedural rule was moved to the Senate Inactive File and will no longer be pursued this session. SB 893 (as introduced and earlier versions of the bill) stood to have 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. SB 893 also proposed to define ALPR data as "personal information." ALPR data is information about a vehicle's location and should not be defined as personal information, as it does not include names, social security numbers, drivers' license numbers, financial accounts or medical information. SB 893 would have also prohibited an effective law enforcement practice that uses photographs taken as evidence such as characteristics and the vehicle (color, make model) and its location (public or private). Photographs are necessary, for example, to evidence that the license plate is associated with the vehicle of record. And, SB 893 would have prohibited vehicles equipped with ALPR technology from operating on private property. We commend Senator Hill and his staff for engaging stakeholders in the process – to finally make the bill focused on restrictions on the use of ALPR for both public and private sector users. MuniServices ultimately removed its opposition to SB 893 (as amended May 29, 2014). In the 2011-12 Legislative Session MuniServices also successfully fought to keep a similar bill, SB 1330 (Simitian), from moving through process.

**SOURCES**

California Contract Cities Association (*Partner Affiliate*)

Governance Finance Officers Association / California Municipal Finance Officers Association (*Partner Affiliate*)

California Municipal Revenue Tax Association (*Partner Affiliate*)

League of California Cities (*Partner Affiliate*)

US Conference of Mayors (*Business Council Affiliate*)

California Legislature

State Board of Equalization

*TaxAnalyst*

*CalTaxletter*