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June 13, 2017

To: California Legislature

From: Brenda Narayan, Director of Government Relations  
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Subject: **SB 86 and AB 102 – Taxpayer Transparency and Fairness Act of 2017  
Comments**

MuniServices has reviewed the proposed budget trailer bills creating The Taxpayer Transparency and Fairness Act of 2017. We recognize the need for reform, particularly in response to the 2015 State Controller report findings that included material lack of internal controls and a misallocation of several different taxes, including sales tax, use taxes, and diesel fuel. Allocations of purely local revenues (Bradley-Burns, Transactions and Use Taxes and District Taxes) are not affected by the issues identified in the Controller's report.

MuniServices for nearly 40 years has worked *exclusively* as partner to California's local governments in developing thoughtful revenue enhancement programs that work in conjunction with existing public services. It is our position that municipal agencies are unique and must retain the flexibility to make decisions and adopt policies that best meet the respective service needs. Our policy team, tax experts and counsel for decades have been active BOE regulatory stakeholders; we know this is where the 'rubber meets the road.'

Our focus as the Legislature considers the measures is to assure that all local agencies continue to have the needed regulations and rules in place to ensure a process for ensuring local sales and use taxes are properly allocated and there is a process in place in cases when appeals become necessary. We actively participate in interested party meetings convened by the BOE staff for the drafting and adoption of any regulation involving or impacting our clients. We were a vocal advocate for our clients during the development of Regulation 1807 (Bradley Burns; Transactions and Use Tax) related to enhancing and expediting the appeals process for petitions for reallocation of local sales and use taxes. Our team provided extensive input for the adoption to the revisions to the Compliance Policy and Procedure Manual Chapter 9, related to local and district tax reallocations, including enhancements to the local tax reallocation process. We assisted in the development and supported Regulation 1684 related to the collection of use taxes (Amazon). MuniServices in 2016 also led the regulatory efforts to implement AB 1717 (prepaid wireless collection mechanism) at the BOE. The BOE routinely contacts MuniServices to obtain information on various issues from our expert team.

We have expressed concern with respect to whether this issue should be considered as part of Budget package but note that in conversations with the Leaderships staff we have been given the assurance that should the measures be adopted that local governments will be granted the continuation of the tools and processes to protect local revenues.

If you have any questions regarding MuniServices' comments on this bill please do not hesitate to contact me.

cc: Katie Kolitos, Assembly Speaker's Office  
Genevieve Morelos, Consultant, Assembly Budget  
Mark Ible, Consultant, Senate Budget and Finance  
Camille Wagner, Governor's Office