

Governor Gavin Newsom finalized the 2021 legislative session deciding to veto some important bills while signing others. SB 792 was a particularly interesting bill which was vetoed. The bill would have tracked jurisdictional online sales creating more transparency in where goods are shipped throughout California. Governor Newsom's reasoning for the veto was that this bill would have been burdensome to retail businesses when that information is readily available from the CDTFA.

SB 9 was passed and will allow homeowners to divide their property into two lots thereby expanding housing units in California. This bill is intended to allow denser single-family home construction in areas where zoning did not permit previously. The effects of this bill will not be seen for some time, but a change like this could have major impacts on neighborhoods.

Governor Newsom's summary of bill actions can be found [here](#).

The following includes final outcomes for 2021 legislative session bills related to sales and use tax, medical and adult use cannabis taxation and regulation, property taxation, economic development, that HdL has been tracking.



## Sales and Use Tax Legislation

### SB 792 (GLAZER) SALES AND USE TAX: REPORTING FOR RETAILERS

Current law requires a retailer or purchaser subject to the sales and use tax to file, on or before the last day of the month following each quarterly period, a return for the preceding quarterly period. This bill, for reporting periods beginning on or after January 1, 2022, would require a qualified retailer, defined as a retailer whose annual sales of tangible personal property transacted online exceeded \$50,000,000 for the previous calendar year, to include with each tax return a schedule that reports for each local jurisdiction the gross receipts from the qualified sale of tangible personal property shipped or delivered to purchasers in that jurisdiction.

**Status:** Vetoed.

### AB 1402 (LEVINE) MARKETPLACE FACILITATOR FEE COLLECTION

This bill would treat a marketplace facilitator that is registered or required to register with the department under the Fee Collection Procedures Law, and who facilitates a retail sale of tangible personal property by a marketplace seller, as the retailer or dealer or both for purposes of collecting and remitting fees imposed upon the consumer in relation to that retail sale. The bill would further require a marketplace seller to register with the department for purposes of taxes or fees administered pursuant to the Fee Collection Procedures Law for sales made on its own behalf and not facilitated by a registered marketplace facilitator. This bill contains other existing laws.

**Status:** Approved; Chaptered by Secretary of State - Chapter 421, Statutes of 2021.



## Cannabis-Related Legislation

### AB 45 (AGUIAR-CURRY) INDUSTRIAL HEMP PRODUCTS

Current law requires a person who manufactures pet food in California to obtain a license from the State Department of Public Health. Existing law also prohibits the manufacture, sale, or delivery of a pet food ingredient or processed pet food that is adulterated and defines 'adulterated' for this purpose. This bill would require a manufacturer of dietary supplements and food that includes industrial hemp to be able to demonstrate that all parts of the plant used come from a state or country that has an established and approved an industrial hemp program, as defined which inspects or regulates hemp under a food safety program or equivalent criteria to ensure safety for human or animal consumption and that the industrial hemp cultivator or grower is in good standing and compliance with the governing laws of the state or country of origin.

*Status: Approved; Chaptered by Secretary of State - Chapter 576, Statutes of 2021.*

### AB 1138 (RUBIO) UNLAWFUL CANNABIS ACTIVITY ENFORCEMENT

This bill would impose a civil penalty on persons aiding and abetting unlicensed commercial cannabis activity of up to 3 times the amount of the license fee for each violation, but in no case more than \$30,000 for each violation. The bill would prohibit filing an action for civil penalties brought against a person pursuant to Medicinal and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) 3 years after the first date of discovery of the violation.

*Status: Approved; Chaptered by Secretary of State - Chapter 530, Statutes of 2021.*

### AB 1302 (QUIRK) COMMERCIAL CANNABIS BILLBOARD RESTRICTIONS

Current law prohibits a licensee, under the Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA), from advertising or marketing on a billboard or similar advertising device located on an Interstate Highway or on a State Highway which crosses the California border. This bill, instead, would prohibit a licensee from advertising or marketing on a billboard or similar advertising device located within a 15-mile radius of the California border on an Interstate Highway or on a State Highway which crosses the California border. This bill would declare that its provisions further the purposes and intent of AUMA.

*Status: Vetoed.*



## Property Tax Legislation

### SB 9 (ATKINS) HOUSING DEVELOPMENT - PROPOSALS

The bill would set forth what a local agency can and cannot require in approving the construction of 2 residential units, including, but not limited to, authorizing a city or county local agency to impose objective zoning standards, objective subdivision standards, and objective design standards, as defined, unless those standards would have the effect of physically precluding the construction of up to 2 units or physically precluding either of the 2 units from being at least 800 square feet in floor area, prohibiting the imposition of setback requirements under certain circumstances, and setting maximum setback requirements under all other circumstances.

*Status: Approved; Chaptered by Secretary of State. Chapter 162, Statutes of 2021.*



## Economic Development

### **AB 726 (GARCIA, E) QUALIFIED MANUFACTURING FACILITY**

Current law, until January 1, 2024, authorizes a county, city and county, or city to establish a capital investment incentive program. Current law requires a county, city and county, or city that has so elected, to pay a capital investment incentive amount to the proponent of a qualified manufacturing facility for up to 15 years, upon request by a proponent in writing. Current law defines “qualified manufacturing facility” for these purposes. This bill would add a business engaged in manufacturing of fuels, electrical parts, or components used in the field of clean transportation or the production of alternative fuel vehicles or electric vehicles to the list of business that may operate a qualified manufacturing facility.

*Status: Approved; Chaptered by Secretary of State - Chapter 121, Statutes of 2021.*

### **SB 87 (CABALLERO) ESTABLISHMENT OF CALIFORNIA SMALL BUSINESS COVID-19 RELIEF GRANT PROGRAM WITHIN CALOSBA**

This bill would establish the California Small Business COVID-19 Relief Grant Program within California Office of the Small Business Advocate (CALOSBA) to assist qualified small businesses affected by COVID-19 through administration of grants. The bill would require CalOSBA to provide grants to qualified small businesses, as defined, in accordance with specified criteria, including geographic distribution based on COVID-19 restrictions, industry sectors most impacted by the pandemic, and underserved small businesses. The bill would repeal these provisions on January 1, 2024.

*Status: Approved; Chaptered by Secretary of State. Chapter 7, Statutes of 2021.*

### **SB 314 (WEINER) COVID-19 ALCOHOL PERMIT EXTENSION**

This bill would prohibit the authorization of a catering permit for use at any one premise for more than 52 events in one calendar year, except as specified. The bill would, until July 1, 2023, authorize the Department of Alcoholic Beverage Control to, for 365 days from the date the COVID-19 state of emergency order is lifted, (or longer if the licensee has a pending application for permanent expansion of their premises), allow licensees to continue to exercise license privileges in an expanded licensed area authorized pursuant to a COVID-19 temporary catering permit, as provided.

*Status: Approved; Chaptered by Secretary of State. Chapter 656, Statutes of 2021.*