

Legislature adjourned for the 21/22 season on August 31st. Bills that have passed must be signed by Governor Newsom by September 30th. Governor Newsom has the authority to veto any bills passed through the Legislature. HdL plans to publish a final legislative update in October which will highlight bills which were signed into law.

Reminder that “enrollment” means it has passed both houses and is waiting to be presented to the Governor for action. A bill is “chapters” by the Secretary of State after it has passed through both houses of the Legislature and has been signed by the Governor or becomes law without the Governor’s signature.

The following includes updates for 2022 statuses on legislation to watch and bills related to sales and use tax, medical and adult use cannabis taxation and regulation, property taxation and business licenses that HdL is currently tracking.



## Legislation to Watch

### CALIFORNIA TAX LIMITS AND VOTE REQUIREMENTS INITIATIVE (2022)

The California Tax Limits and Vote Requirements Initiative (No.21-0026) may appear on the ballot in California as an initiated constitutional amendment on November 8, 2022. The ballot initiative would define levies, charges, and extractions as taxes or exempt charges, with those classified as taxes requiring a two-thirds legislative vote and voter approval at an election.

*Status: Not on the November 8, 2022 ballot.*



## Sales and Use Tax Legislation

### AB 1951 (GRAYSON) MANUFACTURING SALES AND USE TAX EXEMPTIONS

Current sales tax law does not provide an exemption to an apportioning trade or business, as specified for electric power. Existing law provides that qualified tangible personal property does not include consumables with a useful life of less than one year. This bill would recast and restate these provisions to clarify the application of the exemption provided and update certain definitions to correspond to current federal guidelines. The latest version includes local jurisdiction’s loss of the Bradley-Burns portion of sales taxes collected on the types of personal property noted above.

*Status: Enrolled on August 29, 2022.*

### AB 2453 (BENNETT) TRANSACTIONS AND USE TAX FOR VENTURA COUNTY TRANSPORTATION COMMISSION

This bill would make a change to the existing Revenue and Taxation code. It would authorize the County of Ventura to impose a transactions and use tax for the support of countywide transportation programs at a rate of no more than 0.5% that would, in combination with other transactions and use taxes, exceed the above-described combined rate limit of 2%, if the ordinance proposing the tax is approved by the voters, subject to applicable voter approval requirements.

*Status: Enrolled on August 24, 2022.*

## **AB 2887 (GARCIA) SALES AND USE TAX EXCLUSION**

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority. The act prohibits the sales and use tax exclusions from exceeding \$100,000,000 for each calendar year. This bill would increase the limit on sales and use tax exclusions to \$150,000,000 for each calendar year.

*Status: Chaptered by Secretary of State on September 6, 2022.*

## **SB 1312 (OCHOA BOGH) TAX AND FEE LIABILITY RELIEF FOR PASSENGER VEHICLES RENTAL COMPLIANCE**

The Fee Collection Procedures Law provides for the administration and collection of various fee programs. This bill would also relieve a marketplace facilitator of liability for the taxes or fees on a retail sale if the marketplace facilitator demonstrates to the satisfaction of the department that the marketplace seller is an unrelated passenger vehicle rental company and is registered to remit sales and use tax to the department.

*Status: Chaptered by Secretary of State on August 29, 2022.*



## **Cannabis-Related Legislation**

### **AB 1656 (AGUILAR-CURRY) INDUSTRIAL HEMP PRODUCTS**

The Control, Regulate and Tax Adult Use of Marijuana Act of 2016 (AUMA) authorizes a person who obtains a state license under AUMA to engage in commercial adult-use cannabis activity pursuant to that license and applicable local ordinances. The Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) consolidates the licensure and regulation of commercial medicinal and adult-use cannabis activities and requires the Department of Cannabis Control to administer its provisions. This bill would state that MAUCRSA does not prohibit a licensee from manufacturing, distributing, or selling products that contain industrial hemp or cannabinoids, extracts, or derivatives from industrial hemp, if the product complies with all applicable state laws and regulations.

*Status: Ordered to inactive file on August 31, 2022.*

### **SB 1074 (MCGUIRE) CANNABIS EXCISE AND CULTIVATION TAX**

The Control, Regulate and Tax Adult Use of Marijuana Act (AUMA) imposes an excise tax on cannabis or cannabis products at the rate of 15% on any retail sale, and a separate cultivation tax on harvested cannabis that enters the commercial market. This bill would discontinue the cultivation tax on July 1, 2022 and increase, from July 1, 2025, until July 1, 2026, the excise tax by an additional percentage that will generate half the amount of revenue that would have been collected pursuant to the cultivation tax, and would, beginning July 1, 2026, increase the excise tax by an additional percentage estimated to generate the full amount of revenue that would have been collected pursuant to the cultivation tax.

*Status: Moved to Senate Inactive file.*

### **SB 1186 (WEINER) MEDICINAL CANNABIS PATIENTS' RIGHT OF ACCESS ACT**

This bill would enact the Medicinal Cannabis Patients' Right of Access Act, which, on and after January 1, 2024, would prohibit a local jurisdiction from adopting or enforcing any regulation that prohibits the retail sale by delivery within the local jurisdiction of medicinal cannabis to medicinal cannabis patients or their primary caregivers by medicinal cannabis businesses, as defined, or that has the effect of prohibiting the retail sale by delivery within the local jurisdiction of medicinal cannabis to medicinal cannabis patients or their primary caregivers in a timely and readily accessible manner and in types and quantities that are sufficient to meet demand from medicinal cannabis patients within the local jurisdiction, as specified.

*Status: Enrolled on September 2, 2022.*



## Property Tax Legislation

### **AB 1933 (FRIEDMAN) PROPERTY TAX WELFARE EXEMPTION FOR NONPROFIT CORPORATIONS BUILDING RESIDENTIAL HOUSING UNITS**

Current property tax law states that property is within that welfare exemption if the property is owned and operated by a nonprofit corporation, otherwise qualifying for the welfare exemption, that is organized and operated for the specific and primary purpose of building and rehabilitating single or multifamily residences for sale at cost to low-income families. This bill would also provide that property is fully exempt from property taxation and is also within that welfare exemption if that property is owned and operated by a nonprofit corporation that is organized and operated for the specific and primary purpose of building and rehabilitating single or multifamily residential units and the units meet specified requirements.

*Status: Enrolled on August 26, 2022.*

### **SB 1456 (STERN) LOW INCOME HOUSING PROPERTY TAX WELFARE EXEMPTION LIMITS**

The California Constitution partially exempts property used exclusively for rental housing and related facilities from property taxation, if specified criteria are met, including that 90% or more of the occupants of the property are lower income households whose rents do not exceed the rent limits prescribed by a specified law. Current law limits the total exemption amount allowed to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this criterion, to \$20,000,000 of assessed value. This bill would remove the above-described limit on the total exemption amount with respect to property tax lien dates occurring on and after the effective date of the bill.

*Status: Failed to meet policy deadline, July 12, 2022.*



## Business License Legislation

### **AB 2164 (LEE) ACCESS FOR DISABILITY FUNDING**

The bill would expand the existing Americans with Disabilities Act of 1990 and the California Building Standards Code. Existing law, until December 31, 2023, requires any applicant for an original or renewal of a local business license or equivalent instrument or permit to pay an additional fee of \$4 for that license, instrument, or permit for specified purposes related to disability access, including the CASp program. Commencing January 1, 2024, that fee is reduced to \$1. Existing law requires a portion of those fees to be deposited in the Disability Access and Education Revolving Fund. This bill would repeal the provision reducing the fee to \$1 commencing January 1, 2024, thereby extending the operation of this fee at the amount of \$4 indefinitely. By expanding the increased fee deposited into the Disability Access and Education Revolving Fund, this bill would make an appropriation.

*Status: Enrolled on August 24, 2022.*

### **SB 891 (HERTZBERG) BUSINESS LICENSE STORMWATER DISCHARGE COMPLIANCE**

Current law requires a person who conducts a business operation that is a regulated industry to demonstrate enrollment with the NPDES permit program by providing specified information on the application, including, among other things, the Standard Industrial Classification Code for the business. Current law requires the State Water Resources Control Board, on or before April 1, 2020, to post on its internet website a list of applicable Standard Industrial Classification Codes for the purpose of the determinations made by cities or counties, and requires the state board to update that list, as specified. This bill would make non-substantive changes to these provisions.

*Status: Enrolled on August 25, 2022.*