

April 30, 2021 was the policy committee deadline for fiscal bills. Bills deemed to cost the state any amount must be heard in a policy committee from the introductory house or be transitioned to a “2-year bill”. Those that repositioned to this status will be voted on in January 2022. This is commonplace for many bills at the beginning of the legislative session, but this years’ abridged capacity for hearings has exacerbated the occurrence.

Five bills monitored by HdL were placed on the “Suspense File” and are estimated to cost the state more than \$150,000 in the Assembly and more than \$50,000 in the Senate. Legislators are asked to think of ways to lower the bills cost. Legislation in the suspense file will only move forward if the committee chair approves the legislation later this year.

Governor Gavin Newsom recently announced the California Comeback Plan. This plan is a part of the May Budget revisions and includes individual stimulus checks, rental relief and utility bill relief. All budget proposals will need legislative approval.

The following includes updates for 2021 legislative statuses on bills related to sales and use tax, business licenses, medical and commercial cannabis taxation and regulation, property taxation, economic development and constitutional amendments that HdL has been tracking.



Sales and Use Tax Legislation

SB 792 (GLAZER D) SALES AND USE TAX - REPORTING FOR RETAILERS

This bill would require a retailer whose annual sales of tangible personal property transacted online exceeded \$1,000,000 for the previous calendar year to track and report to the department the city or ZIP code where the purchaser resides for each sale within the state that is transacted online, as specified.

Status: Passed out of Senate Governance and Finance Committee and placed on Senate Appropriations Suspense file.

AB 1163 (NAZARIAN D) LOCAL GOVERNMENT TAXATION GROCERY PROHIBITION

Current law, until January 1, 2031, prohibits the imposition, increase, levy and collection, or enforcement by a local agency of any tax, fee or other assessment on groceries, except as provided, and allows a local agency to continue to levy and collect, enforce, or reauthorize any tax, fee or other assessment on groceries imposed, extended or increased on or before January 1, 2018. Current law also requires the California Department of Tax and Fee Administration to cease administering the Bradley-Burns local sales and use tax of a local agency that is found by a court, as provided, to have violated the grocery tax prohibition. This bill would repeal the prohibition on the imposition, increase, levy and collection, or enforcement by a local agency of any tax, fee or other assessment on groceries, including the requirement that the department cease administering a local sales and use tax.

Status: Not heard in policy committee. 2-year bill.

AB 1402 (LEVINE D) MARKETPLACE FACILITATOR FEE COLLECTION

Current law treats any marketplace facilitator that is registered or required to register with the State under the Sales and Use Tax Law and who facilitates a retail sale of tangible personal property by a marketplace seller, as defined, as the retailer selling or making the sale of the tangible personal property sold through its marketplace for purposes of paying any sales taxes and collecting any use taxes.

Current law requires a marketplace seller to register with the department for purposes of sales and use taxes for sales made on its own behalf and not facilitated by a registered marketplace facilitator. Current law grants marketplace facilitators relief from liability for the tax on a retail sale in specified circumstances. This bill would extend the requirements of a marketplace facilitator relating to registration pursuant to the Sales and Use Tax Law to any law that imposes a fee administered pursuant to the Fee Collection Procedures Law.

Status: Pending committee referral in the Senate.

SB 415 (MELENDEZ R) MOTOR VEHICLE FUEL TAX

The Community Services District Law authorizes the formation of community services districts for various specified purposes including acquiring, constructing, improving, and maintaining streets, roads and any incidental works. Current law grants a district that acquires, constructs, improves and maintains streets, roads, and any incidental works the powers, duties and authority of a county for those works. This bill would require a county that forms a community services district to maintain public roads within the district to report the mileage of the roads maintained by the district to the Department of Transportation as maintained county highways. The bill would require the Controller to deem those roads reported by a county, and certified by the department, to be maintained county roads for purposes of apportioning funds from the Highway Users Tax Account and the Road Maintenance and Rehabilitation Account.

Status: Not heard in policy committee. 2-year bill.

SB 771 (BECKER D) ZERO EMISSIONS VEHICLE EXEMPTION

Existing state sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state or on the storage, use or other consumption in this state of tangible personal property purchased from a retailer for storage, use or other consumption in this state. The Sales and Use Tax Law provides various exemptions from those taxes. This bill, on or after January 1, 2022, would provide an exemption from those taxes with respect to the sale in this state of, and the storage, use or other consumption in this state of, an electric or a hybrid electric vehicle for which the final listing price is not greater than \$25,000.

Status: Set to be heard in Senate Governance & Finance Committee May 6.



Business License Legislation

AB 1181 (NGUYEN) BUSINESS LICENSE FEES

This bill would prohibit cities and counties, including charter cities and counties, from imposing or collecting license fees from restaurants from January 1, 2020, to December 31, 2021, as provided, and would require the city or county to refund to a restaurant any license fees collected during that period. By imposing new duties on cities and counties with respect to imposing or collecting specified license fees, and by requiring that the fees be refunded, this bill would impose a state-mandated local program.

Status: Not heard in policy committee. 2-year bill.

SB 555 (MCGUIRE) SHORT TERM RENTAL FACILITATOR

This bill would authorize a local agency, defined to mean a city, county, or city and county, including a charter city, county, or city and county, to enact an ordinance exclusively delegating its authority to collect any transient occupancy tax imposed by that local agency on short-term rentals to the California Department of Tax and Fee Administration and to enter into a contract with the department for purposes of registration, rate posting, collection, and transmission of revenues necessary to collect and administer any transient occupancy tax imposed on a short-term rental as specified in this bill.

Status: Passed out of Senate Judiciary Committee and placed on the Senate Appropriations Suspense File.



Cannabis-Related Legislation

AB 45 (AGUIAR-CURRY D) INDUSTRIAL HEMP PRODUCTS

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 industrial hemp program, as defined, that 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: Passed out of Assembly Health Committee and is pending hearing date in Appropriations Committee.

AB 273 (IRWIN D) CANNABIS ADVERTISEMENTS ON HIGHWAYS

Current law places various advertising and marketing restrictions on licensees, including prohibiting a licensee from publishing or disseminating advertising or marketing that is attractive to children, from advertising or marketing cannabis or cannabis products on an advertising sign within 1,000 feet of a day care center, school or youth center, and from advertising or marketing on a billboard or similar device visible from an interstate highway or on a state highway within California. This bill would remove the existing reference to advertising or marketing on a billboard or similar device visible from an interstate highway or on a state highway within California, and would specify that a licensee seeking to advertise or market through broadcast, cable, radio, print and digital communications is required to obtain reliable up-to-date audience composition data demonstrating that at least 71.6 percent of the audience viewing the advertising or marketing is reasonably expected to be 21 years of age or older.

Status: Hearing canceled. 2-year bill.

AB 1138 (RUBIO D) UNLAWFUL CANNABIS ACTIVITY ENFORCEMENT

This bill would impose a civil penalty on persons aiding and abetting unlicensed commercial cannabis activity of up to \$30,000 for each violation. The bill would prohibit filing an action for civil penalties brought against a person pursuant to MAUCRSA 3 years after the first date of discovery of the violation by a licensing authority or a participating agency, whichever is earlier or earliest.

Status: Passed out of Assembly Judiciary Committee and set for hearing in the Assembly Appropriations Committee.

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: Passed out of Assembly Business and Professions. Pending hearing date in Assembly Appropriations Committee.

SB 59 (CABALLERO) CANNABIS PROVISIONAL LICENSES

MAUCRSA, until January 1, 2022, authorizes a licensing authority, in its sole discretion, to issue a provisional license if the applicant has submitted a completed license application to the licensing authority, including evidence that compliance with the California Environmental Quality Act (CEQA) or local cannabis ordinances is underway, if applicable, as specified.

This bill would prohibit a licensing authority from issuing a new provisional license to an applicant on or after July 1, 2022, unless the applicant is a qualified equity applicant, as defined by the California Cannabis Equity Act, and would authorize a licensing authority to reinstate a provisional license issued prior to July 1, 2022, to an applicant for the same activity previously licensed at the location. The bill would extend the repeal date of these provisional license provisions to July 1, 2028.

Status: *Passed out of Senate Business, Professions and Economic Development Committee and Senate Environmental Quality Committee and set to be heard in Senate Appropriations Committee.*



Property Tax Legislation

AB 119 (SALAS D) COUNTY ASSESSORS - DIRECT LEVIES INFORMATION

Current law requires each county to have certain offices, including the office of auditor who is designated to perform certain duties, including apportioning property tax revenue to each jurisdiction according to tax rate area. Current law defines tax rate areas for the purpose of property tax allocation. This bill would require the county auditor, or other county officer designated by the county, to make publicly available on their website information about direct levies, as defined, including the range of combined direct levies assessed on real property. The bill would require a website posting that identifies contact information for each direct levy assessed within their jurisdiction, to also include the range of fees assessed on individual parcels of real property subject to the special district's assessment.

Status: *Not heard in policy committee. 2-year bill.*

SB 9 (ATKINS) HOUSING DEVELOPMENT - PROPOSALS

The bill would set forth what a local agency can and cannot require in approving the construction of two 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: *Placed on Senate Appropriations Suspense file.*



Economic Development

AB 726 (GARCIA, E D) QUALIFIED MANUFACTURING FACILITY

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: *Passed off of the Assembly Floor and pending committee referral in the Senate.*

SB 87 (CABALLERO D) 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 CalOSBA to assist qualified small businesses affected by COVID-19 through administration of grants. It 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 by the Governor. 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 premises 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: Placed on Senate Appropriations Suspense file.

SB 793 (WEINER) MUSIC VENUE AND ENTERTAINMENT ZONE ALCOHOL CONSUMPTION ORDINANCE

This bill would authorize a licensed beer manufacturer, a licensed winegrower and any on-sale licensee to sell certain alcoholic beverages for consumption on the premises and off the premises within an entertainment zone, which the bill would define as a zone created by a city, county, or city and county ordinance on or after January 1, 2022, that authorizes consumption of one or more types of alcoholic beverages on public streets, sidewalks or public rights-of-way in that zone.

Status: Placed on Senate Appropriations Suspense file.



Constitutional Amendments

ACA 1 (AGUIAR-CURRY D) AFFORDABLE HOUSING AND PUBLIC INFRASTRUCTURE WITH VOTER APPROVAL

The California Constitution prohibits the ad valorem tax rate on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions. This measure would create an additional exception to the 1% limit that would authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure, affordable housing, or permanent supportive housing, or the acquisition or lease of real property for those purposes, if the proposition proposing that tax is approved by 55% of the voters of the city, county, or city and county, as applicable, and the proposition includes specified accountability requirements.

Status: Referred to Assembly Local Government.

ACA 5 (VOEPEL) FUEL TAXES, SALES AND USE TAXES, AND FEES EXPENDITURE RESTRICTIONS

The California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. These restrictions do not apply to revenues from taxes or fees imposed under the Sales and Use Tax Law or the Vehicle License Fee Law. This measure would explicitly restrict the expenditure of all interest earned and other increment derived from the investment of those tax revenues and any proceeds from the lease or sale of real property acquired using those tax revenues only for the purposes described above.

Status: Not heard in policy committee. 2-year bill.