

California's Legislature has closed for the calendar year. Bills that have passed must be signed by Governor Newsom by October 10th. Governor Newsom has the authority to veto any bills passed through the Legislature. The list below will detail bills that are on his desk. HdL plans to publish a final legislative update in October which will highlight bills which were signed into law.

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



Sales and Use Tax Legislation

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

Current law authorizes the Department of Tax and Fee Administration to require the filing of reports by any person or class of persons with information relating to sales of tangible personal property, the storage, use, or other consumption of which is subject to the use tax, as specified. 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 qualified 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 a purchaser in that jurisdiction.

Status: Assembly amendments concurred in. (Ayes 31. Noes 4.) Ordered to engrossing and enrolling.

AB 1402 (LEVINE) MARKETPLACE FACILITATOR FEE COLLECTION

This bill would extend the requirements of a marketplace facilitator relating to registration pursuant to the Sales and Use Tax Law to a law, as specified, that imposes a fee administered pursuant to the Fee Collection Procedures Law. The 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: Enrolled and presented to the governor.



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 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: Senate amendments concurred in. Ordered to engrossing and enrolling.

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 MAUCRSA 3 years after the first date of discovery of the violation.

Status: Senate amendments concurred in. Ordered to engrossing and enrolling.

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: Enrolled and presented to the Governor.



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: Enrolled and presented to the Governor.



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: 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 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 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 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: Enrolled and presented to the Governor.