

City of Palo Alto

Sales Tax Digest Summary

Collections through May 2024

Sales January through March 2024 (2024Q1)

California Overview

For the year ending in the first quarter of 2024, cash receipts decreased 1.2% statewide and decreased 3.3% in S.F. Bay Area. However, when adjusted for non-period related payments, the overall economic sales tax activity for the year ending in first quarter of 2024 decreased by 3.8% statewide and decreased by 3.5% in S.F. Bay Area.

City of Palo Alto

For the benchmark year ending in the first quarter of 2024, sales tax cash receipts for the city increased by 8.9% from the prior year. However, when adjusted for non-period related payments, the overall economic sales tax activity in Palo Alto for the year ending in first quarter of 2024 increased by 7.8%. The most significant reasons for Palo Alto's increase during this period were the restaurants and new auto sales segments, respectively. Restaurants increased by 7.7%, which comprises 17.3% of the total sales tax for the city. New auto sales for the same period increased by 24.9%, which comprises 16.0% of the total sales tax.

Same quarter sales tax cash receipts increased by 0.7% in California from Q1 2023 to Q1 2024. The Palo Alto citywide sales tax cash receipts increased by 2.4% over the Q1 2023 to Q1 2024 period. Key reasons for the Palo Alto increase during this period were: 1) restaurants increased by 7.4%, which comprises 16.3% of the total sales tax for the city, and 2) new auto sales increased from Q1 2023 to Q1 2024 by 46.4%, which comprises 16.2% of the total sales tax for the city. According to the California New Car Dealers Association, 2024 Q1 California statewide new auto registrations reported a slight increase (0.7%) in new auto registrations from 428,561 in Q1 2023 to 431,638 in Q1 2024. The overall statewide new auto registrations are predicted to grow slightly (less 3%) in the remainder of the 2024 calendar year.

Regional Overview

The first chart on page two shows adjusted economic benchmark year amounts, which means that it shows the year ended first quarter of 2024 compared to the year ended first quarter of 2023 (benchmark years are rolling annual comparisons through the current quarter). The growth rates are different between the state and Palo Alto because the sales tax from businesses in Palo Alto performed better overall than the statewide average.

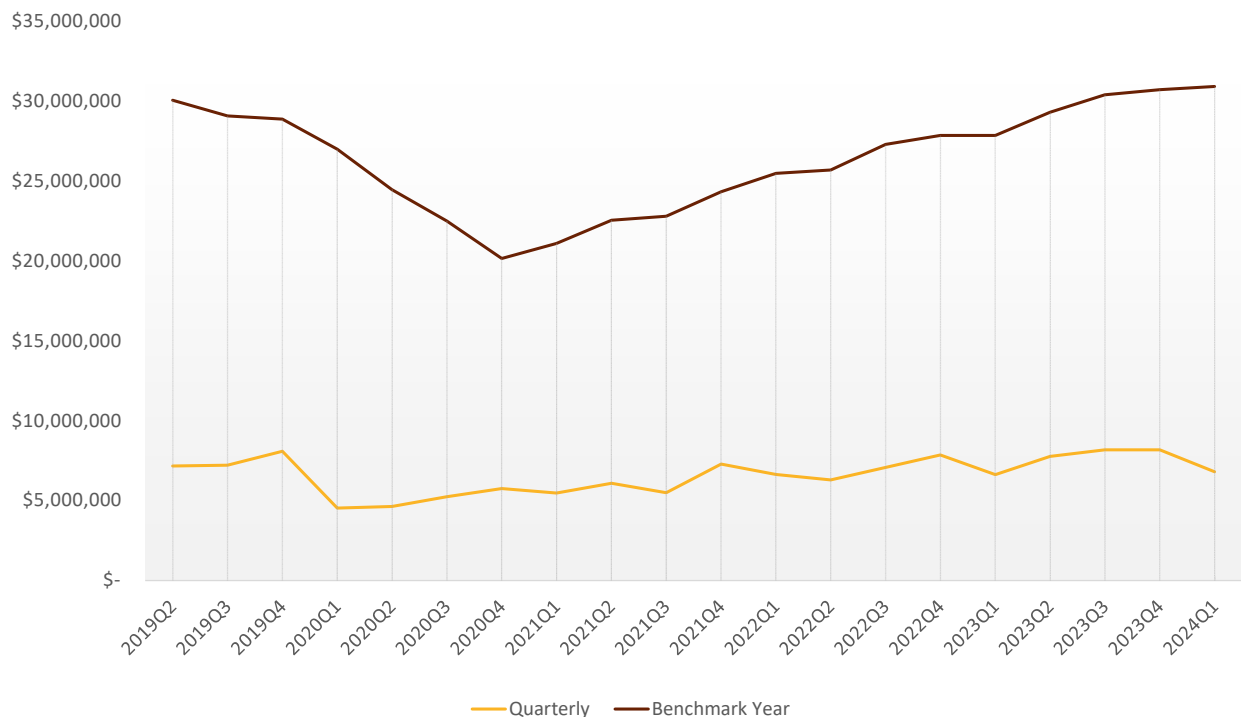
City of Palo Alto

Regional Overview Chart (Economic)

BENCHMARK YEAR 2024Q1 COMPARED TO BENCHMARK YEAR 2023Q1

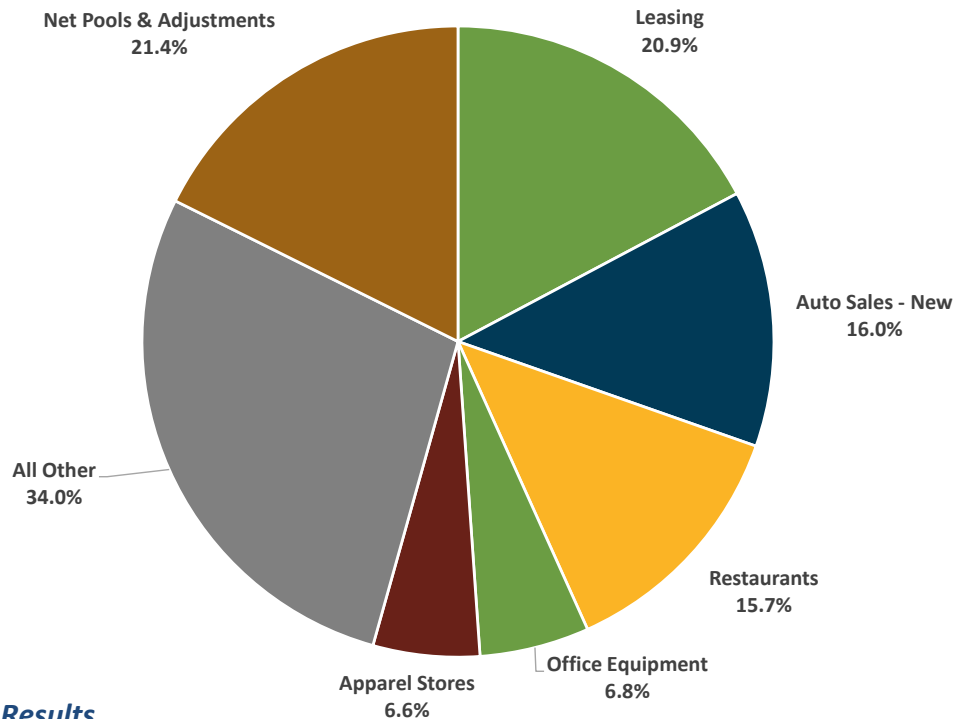
ECONOMIC CATEGORY ANALYSIS FOR YEAR ENDED 1st Quarter 2024								
% of Total / % Change	Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
General Retail	26.0 / 1.9	28.9 / -1.4	26.0 / -4.1	28.2 / -2.2	37.8 / 0.4	27.1 / 0.1	34.7 / -5.9	27.3 / 3.2
Food Products	17.3 / 6.6	21.2 / -0.6	22.4 / -0.2	16.8 / -1.7	14.6 / -4.1	23.3 / 1.0	17.9 / -9.0	18.3 / 1.5
Transportation	19.7 / 17.8	23.3 / -7.5	19.4 / -4.8	27.0 / -4.7	22.3 / -8.2	24.2 / -6.3	23.6 / -19.1	28.7 / -5.1
Business to Business	33.5 / 6.1	15.8 / -6.3	21.2 / -2.9	14.2 / -7.1	14.7 / -7.3	15.4 / -6.0	10.6 / -16.9	10.4 / 0.7
Misc/Other	3.5 / 26.7	10.8 / -3.9	11.0 / -7.4	13.7 / -4.5	10.5 / -7.7	10.0 / -0.3	13.2 / -9.2	15.3 / -1.1
Total	100.0 / 7.8	100.0 / -3.8	100.0 / -3.5	100.0 / -3.9	100.0 / -4.3	100.0 / -2.3	100.0 / -11.5	100.0 / -0.5
ECONOMIC SEGMENT ANALYSIS FOR YEAR ENDED 1st Quarter 2024								
	Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
Largest Segment	Leasing	Restaurants	Restaurants	Auto Sales - New	Miscellaneous Retail	Restaurants	Miscellaneous Retail	Restaurants
% of Total / % Change	20.9 / 5.3	15.3 / 0.7	16.7 / 0.8	11.6 / -0.2	15.9 / 13.5	17.2 / 2.1	17.5 / -0.9	11.7 / 2.9
2nd Largest Segment	Auto Sales - New	Auto Sales - New	Miscellaneous Retail	Restaurants	Department Stores	Auto Sales - New	Restaurants	Department Stores
% of Total / % Change	16.0 / 24.9	11.1 / -5.5	9.7 / -1.2	11.6 / -0.9	10.9 / -5.5	12.3 / -5.7	11.6 / -6.3	11.3 / 17.5
3rd Largest Segment	Restaurants	Miscellaneous Retail	Auto Sales - New	Miscellaneous Retail	Restaurants	Miscellaneous Retail	Auto Sales - New	Auto Sales - New
% of Total / % Change	15.6 / 7.7	10.8 / 6.0	9.4 / -3.5	11.0 / 1.0	9.8 / -2.7	9.0 / 9.4	10.9 / -11.6	11.1 / -1.2

Gross Historical Sales Tax Cash Receipts by Benchmark Year and Quarter (Before Adjustments)



Net Cash Receipts for Benchmark Year first Quarter 2024: \$37,042,335

**Benchmark year (BMY) is the sum of the current and 3 previous quarters (2024Q1 BMY is sum of 2024 Q1, 2023 Q4, 2023 Q3, 2023 Q2)*



County Pool Results

The California sales tax system is referred to as a 'sales and use tax' system which covers both sales tax and 'use tax'. The County Pool revenues largely reflect use tax from qualifying transactions that do not involve a California based point of sale. Businesses report their use tax quarterly based on business activity conducted throughout the county. The County Pool is distributed each quarter based upon a formula where the jurisdiction's quarterly percentage is based upon its total sales tax receipts for the quarter as a percentage of all sales tax receipts for all jurisdictions within the county. Thus, if local business activity (sales tax receipts) within Palo Alto increases in the quarter relative to the rest of the county, then the Palo Alto County pool percentage also will increase for the quarter compared to the rest of the county. The total county pool is multiplied by the city's quarterly percentage to determine the jurisdiction share each quarter.

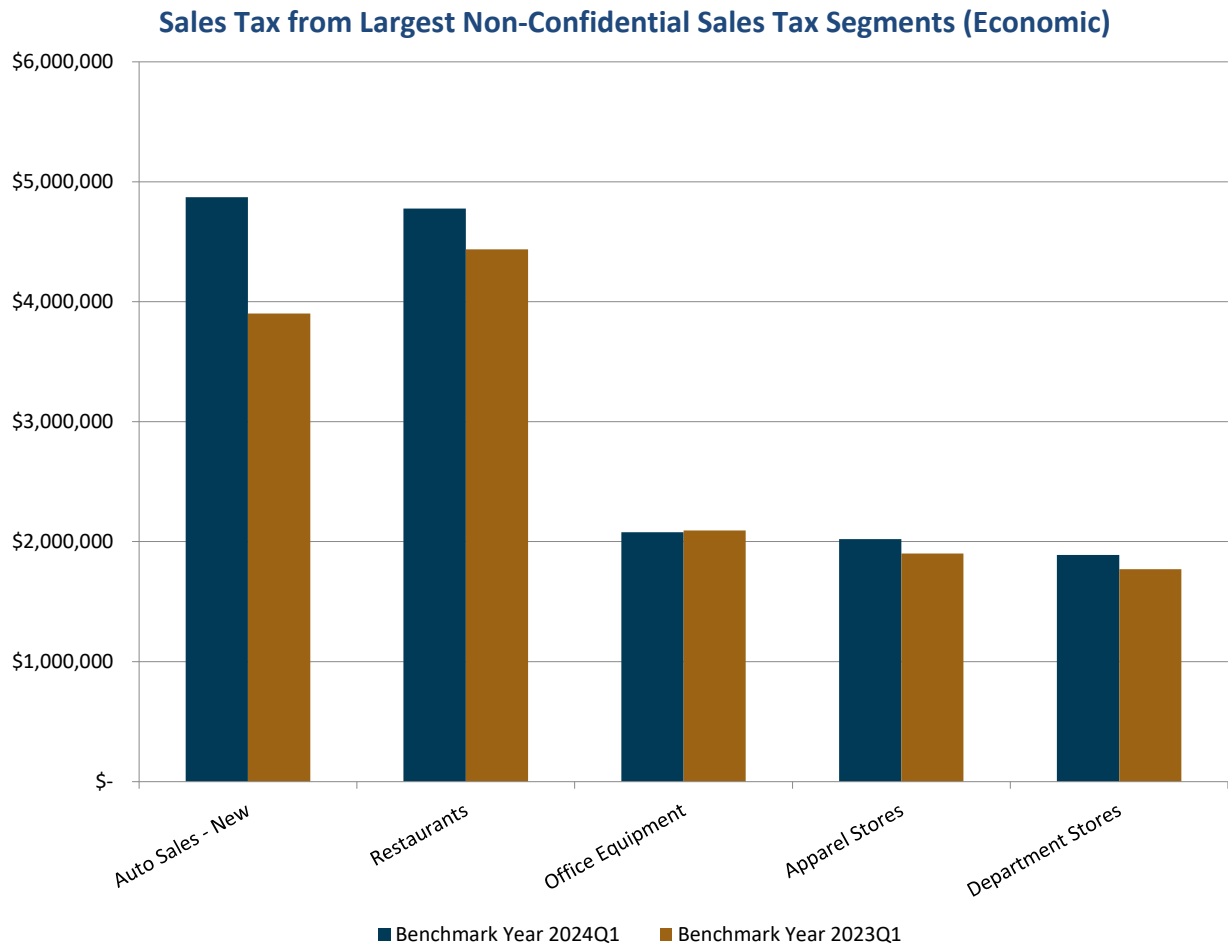
In the first quarter of 2024, cash receipts for the overall County Pool increased by 1.9% from the same quarter in the prior year. The City's share of the County Pool was unchanged from 6.0% to 6.0%. The City's revenues from the County Pool increased from \$1,499,631 in 2023Q1 to \$1,523,986 in 2024Q1.

	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1	Quarter Over Quarter
Total County Pool	25,583,271	26,833,527	29,997,846	25,393,878	25,989,159	28,701,701	29,548,556	24,937,663	27,690,772	22,345,960	24,427,230	25,411,165	1.9%
Jurisdiction Share	1,437,809	1,349,611	1,778,529	1,533,345	1,426,551	1,683,544	1,817,421	1,499,631	1,755,562	1,489,193	1,638,965	1,523,986	1.6%
Jurisdiction % of Total	5.6%	5.0%	5.9%	6.0%	5.5%	5.9%	6.2%	6.0%	6.3%	6.7%	6.7%	6.0%	

TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Palo Alto's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents the year ended first quarter of 2024. The Top 25 Sales/Use Tax contributors generate 61.2% of Palo Alto's total sales and use tax revenue.

Anderson Honda	Louis Vuitton	Shreve & Co.
Apple Stores	Macy's Department Store	Stanford Health Care
Archer Aviation	Magnussen's Toyota	Tesla
Arco Am/Pm Mini Marts	Neiman Marcus	Tesla Lease Trust
Audi Palo Alto	Nordstrom Department Store	Tiffany & Company
Bloomingdale's	Richemont	Union 76 Service Stations
Brilliant Earth	Rivian Automotive	Varian Medical Systems
Hermes	Shell Service Stations	Volvo Cars Palo Alto
HP Enterprise Services		



City of Palo Alto

Historical Analysis by Calendar Quarter

Economic Category	%	2024Q1	2023Q4	2023Q3	2023Q2	2023Q1	2022Q4	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3
Business To Business	28.7%	2,373,414	2,262,034	2,619,833	2,439,519	2,350,567	2,571,178	2,194,817	2,095,020	2,031,199	2,136,501	1,689,561
Miscellaneous/Other	20.9%	1,727,252	1,951,428	1,870,170	1,546,096	1,302,322	1,517,005	1,597,816	1,724,861	1,701,538	1,687,189	1,812,731
General Retail	21.0%	1,739,261	2,315,882	1,834,297	2,017,885	1,640,927	2,305,038	1,802,777	1,920,316	1,639,417	2,282,253	1,687,461
Food Products	15.6%	1,288,207	1,348,051	1,277,173	1,349,926	1,195,458	1,260,287	1,230,824	1,227,240	1,018,577	1,083,309	999,729
Subtotal Economic (Local Business)	86.2%	7,128,134	7,877,395	7,601,473	7,353,426	6,489,274	7,653,508	6,826,234	6,967,438	6,390,731	7,189,252	6,189,482
Net Pools & Adjustments	13.8%	1,143,798	1,867,172	1,986,175	2,084,763	1,586,938	1,935,580	1,862,181	686,044	1,721,924	1,806,328	584,508
Total Cash Receipts	100.0%	8,271,932	9,744,567	9,587,647	9,438,189	8,076,212	9,589,088	8,688,414	7,653,481	8,112,655	8,995,580	6,773,990

Economic Segment	%	2024Q1	2023Q4	2023Q3	2023Q2	2023Q1	2022Q4	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3
Miscellaneous/Other	49.7%	4,114,784	4,409,850	4,635,983	4,197,978	3,818,384	4,490,992	4,087,158	4,008,008	3,949,786	3,969,954	3,752,178
Restaurants	14.1%	1,162,863	1,214,598	1,154,189	1,214,502	1,073,621	1,114,637	1,102,248	1,093,944	902,707	947,771	884,911
Miscellaneous Retail	5.9%	489,040	689,939	480,649	512,077	448,322	545,797	381,616	479,710	432,956	679,381	412,016
Apparel Stores	5.3%	440,402	586,863	478,973	509,894	423,470	538,573	435,730	495,508	392,724	540,782	406,274
Department Stores	5.0%	411,345	549,893	435,388	492,374	356,626	533,032	423,601	454,349	367,144	525,295	388,703
Service Stations	2.4%	198,584	214,900	229,911	222,029	192,723	215,640	233,387	250,715	191,755	190,610	181,460
Food Markets	1.3%	107,031	112,372	103,251	111,465	101,978	116,810	99,811	104,253	91,634	108,203	90,773
Business Services	2.5%	204,085	98,980	83,130	93,106	74,150	98,027	62,683	80,950	62,025	227,256	73,169
Subtotal Economic (Local Business)	86.2%	7,128,134	7,877,395	7,601,473	7,353,426	6,489,274	7,653,508	6,826,234	6,967,438	6,390,731	7,189,252	6,189,482
Net Pools & Adjustments	13.8%	1,143,798	1,867,172	1,986,175	2,084,763	1,586,938	1,935,580	1,862,181	686,044	1,721,924	1,806,328	584,508
Total Cash Receipts	100.0%	8,271,932	9,744,567	9,587,647	9,438,189	8,076,212	9,589,088	8,688,414	7,653,481	8,112,655	8,995,580	6,773,990

The chart above shows the categories and segments in quarterly economic basis amounts. The total amount is the net cash receipts, and it was obtained by adding up the categories/segments with the “Net Pools & Adjustments” amount.

City of Palo Alto

Historical Analysis by Calendar BMY from 2015Q1 to 2024Q1

Economic Category	%	2024Q1	2023Q1	2022Q1	2021Q1	2020Q1	2019Q1	2018Q1	2017Q1	2016Q1	2015Q1
Business To Business	27.6%	10,222,577	9,631,298	7,896,075	7,611,571	8,308,564	6,943,096	6,184,439	5,317,252	4,919,417	4,159,698
Miscellaneous/Other	19.2%	7,095,324	5,953,026	6,558,902	5,918,263	6,876,494	7,953,725	6,545,872	6,320,172	5,805,795	5,357,777
General Retail	21.3%	7,897,514	7,658,078	7,381,386	4,346,606	7,343,919	8,114,526	8,396,707	8,408,295	8,036,424	8,083,498
Food Products	14.3%	5,290,982	4,965,161	4,063,916	2,409,724	4,766,327	4,866,749	4,739,636	4,604,281	4,550,695	4,267,423
Subtotal Economic (Local Business)	82.4%	30,506,397	28,207,563	25,900,278	20,286,163	27,295,304	27,878,096	25,866,655	24,650,000	23,312,331	21,868,395
Net Pools & Adjustments	17.6%	6,535,938	5,799,633	5,452,388	6,194,515	5,517,214	7,279,063	2,976,828	4,680,293	4,040,097	3,795,270
Total	100.0%	37,042,335	34,007,195	31,352,667	26,480,678	32,812,518	35,157,159	28,843,483	29,330,293	27,352,428	25,663,665

Economic Segment	%	2024Q1	2023Q1	2022Q1	2021Q1	2020Q1	2019Q1	2018Q1	2017Q1	2016Q1	2015Q1
Miscellaneous/Other	48.3%	17,879,880	16,605,550	15,180,847	14,226,962	16,180,511	15,895,019	14,279,387	12,726,704	11,702,670	10,658,693
Restaurants	12.9%	4,776,166	4,435,671	3,583,725	1,996,161	4,208,893	4,284,982	4,123,571	4,004,911	3,958,600	3,713,187
Miscellaneous Retail	5.8%	2,161,598	1,816,795	2,049,777	1,278,010	1,558,511	1,658,409	1,721,414	2,276,167	1,673,995	1,514,666
Apparel Stores	5.5%	2,021,082	1,899,828	1,737,094	964,830	1,812,400	2,018,832	1,756,806	1,678,614	1,629,174	1,659,577
Department Stores	5.1%	1,889,000	1,771,222	1,665,905	769,134	1,684,162	1,932,093	2,079,948	2,100,526	2,298,559	2,395,177
Service Stations	2.3%	865,218	899,477	721,214	406,403	687,514	693,763	629,651	573,919	618,471	732,864
Business Services	1.3%	474,673	355,787	581,268	321,146	718,091	940,138	765,322	786,093	925,420	711,989
Food Markets	1.2%	438,779	423,233	380,450	323,518	445,221	454,861	510,556	503,066	505,442	482,242
Subtotal Economic (Local Business)	82.4%	30,506,397	28,207,563	25,900,278	20,286,163	27,295,304	27,878,096	25,866,655	24,650,000	23,312,331	21,868,395
Net Pools & Adjustments	17.6%	6,535,938	5,799,633	5,452,388	6,194,515	5,517,214	7,279,063	2,976,828	4,680,293	4,040,097	3,795,270
Total	100.0%	37,042,335	34,007,195	31,352,667	26,480,678	32,812,518	35,157,159	28,843,483	29,330,293	27,352,428	25,663,665

The chart above shows the categories and segments in benchmark year economic basis amounts. The total amount is the net cash receipts, and it was obtained by adding up the categories/segments with the “Net Pools & Adjustments” amount. Benchmark year (BMY) is the sum of the current and 3 previous quarters (2024Q1 BMY is sum of 2024 Q1, 2023 Q4, 2023 Q3, 2023 Q2).

City of Palo Alto

Quarterly Analysis by Sales Tax Category: Change from 2023Q1 to 2024Q1 (Economic)

	General Retail	Food Products	Transportation	Business to Business	Misc/Other	2024/1 Total	2023/1 Total	% Chg	Largest Gain	Second Largest Gain	Largest Decline	Second Largest Decline
Campbell	-1.4%	0.5%	4.0%	28.8%	-0.2%	2,538,496	2,428,298	4.5%	I.T. Infrastructure	Office Equipment	Light Industry	Electronic Equipment
Cupertino	6.2%	5.2%	-0.9%	-5.5%	10.5%	7,255,522	7,535,507	-3.7%	I.T. Infrastructure	Restaurants	Office Equipment	Miscellaneous Retail
Gilroy	2.8%	1.7%	6.1%	-1.7%	-1.1%	3,826,805	3,724,834	2.7%	Auto Sales - New	Miscellaneous Retail	Misc. Vehicle Sales	Energy Sales
Los Altos	1.3%	0.9%	3.1%	11.6%	-16.1%	580,319	567,661	2.2%	Electronic Equipment	Recreation Products	Business Services	Heavy Industry
Los Gatos	-1.0%	9.4%	-18.7%	8.6%	-20.9%	1,292,731	1,342,494	-3.7%	Food Processing Eqp	Bldg.Matls-Retail	Miscellaneous Other	Auto Sales - New
Milpitas	20.5%	3.5%	-2.3%	-15.8%	3.8%	5,209,433	5,321,308	-2.1%	Miscellaneous Retail	Electronic Equipment	Office Equipment	Bldg.Matls-Whsle
Morgan Hill	5.9%	-0.9%	-3.3%	-18.0%	-4.3%	2,321,127	2,414,476	-3.9%	Service Stations	Miscellaneous Retail	Misc. Vehicle Sales	Heavy Industry
Mountain View	1.0%	3.9%	-3.5%	-36.4%	-10.1%	4,245,771	4,671,866	-9.1%	Restaurants	Leasing	Business Services	Office Equipment
Palo Alto	7.9%	6.9%	34.2%	5.5%	27.9%	7,253,317	6,481,040	11.9%	Auto Sales - New	Business Services	Leasing	Bldg.Matls-Whsle
San Jose	1.9%	4.6%	-9.2%	38.6%	2.2%	47,857,257	44,338,639	7.9%	Office Equipment	Restaurants	Green Energy	Auto Sales - New
Santa Clara	9.3%	7.9%	-13.3%	-4.4%	-30.4%	11,644,552	12,428,833	-6.3%	Restaurants	Electronic Equipment	Office Equipment	Bldg.Matls-Whsle
County of Santa Clara	-3.8%	-3.6%	9.1%	-41.8%	-16.6%	959,205	1,112,269	-13.8%	Restaurants	Food Markets	Leasing	Health & Government
Saratoga	-6.9%	-0.3%	1.5%	-10.1%	22.0%	232,850	234,760	-0.8%	Light Industry	Auto Parts/Repair	Business Services	Miscellaneous Retail
Sunnyvale	15.6%	7.6%	24.9%	16.3%	-13.7%	7,332,989	6,605,585	11.0%	Light Industry	Auto Sales - New	Bldg.Matls-Whsle	Heavy Industry

Unlike the chart on page one which showed a 'benchmark year' through the first quarter of 2024, the chart above shows a comparison of one quarter only – first quarter of 2024 to first quarter of 2023. This chart is for local 'brick and mortar' businesses, and it excludes county pools and adjustments.

City of Palo Alto

City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2023Q1 to 2024Q1 (Economic)

California Avenue	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
FOOD PRODUCTS	2.0%	92,380	90,606	60.4%	60.9%
GENERAL RETAIL	23.1%	21,954	17,827	14.4%	12.0%
ALL OTHER	-4.8%	38,511	40,465	25.2%	27.2%
TOTAL	2.7%	152,844	148,897	100.0%	100.0%

El Camino Real and Midtown	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
FOOD PRODUCTS	5.2%	156,412	148,644	32.4%	39.0%
GENERAL RETAIL	-4.0%	35,711	37,191	7.4%	9.8%
ALL OTHER	49.0%	290,716	195,113	60.2%	51.2%
TOTAL	26.7%	482,839	380,948	100.0%	100.0%

Greater Downtown	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
FOOD PRODUCTS	7.9%	516,354	478,353	61.5%	60.3%
GENERAL RETAIL	-5.6%	233,851	247,632	27.9%	31.2%
CONSTRUCTION	470.2%	45,632	8,003	5.4%	1.0%
BUSINESS TO BUSINESS	-26.3%	33,808	45,854	4.0%	5.8%
MISCELLANEOUS	-9.1%	6,872	7,561	0.8%	1.0%
TRANSPORTATION	-42.3%	3,092	5,362	0.4%	0.7%
TOTAL	5.9%	839,608	792,765	100.0%	100.0%

Stanford Shopping Center	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
GENERAL RETAIL	14.5%	1,294,515	1,130,136	78.3%	78.2%
FOOD PRODUCTS	-4.7%	145,028	152,251	8.8%	10.5%
ALL OTHER	31.1%	214,421	163,515	13.0%	11.3%
TOTAL	14.4%	1,653,964	1,445,902	100.0%	100.0%

City of Palo Alto

City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2023Q1 to 2024Q1 (Economic) Cont.

Town And Country Shopping Center	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
FOOD PRODUCTS	8.6%	112,845	103,872	63.0%	62.7%
GENERAL RETAIL	9.7%	63,695	58,041	35.6%	35.1%
ALL OTHER	-33.0%	2,440	3,639	1.4%	2.2%
TOTAL	8.1%	178,980	165,552	100.0%	100.0%

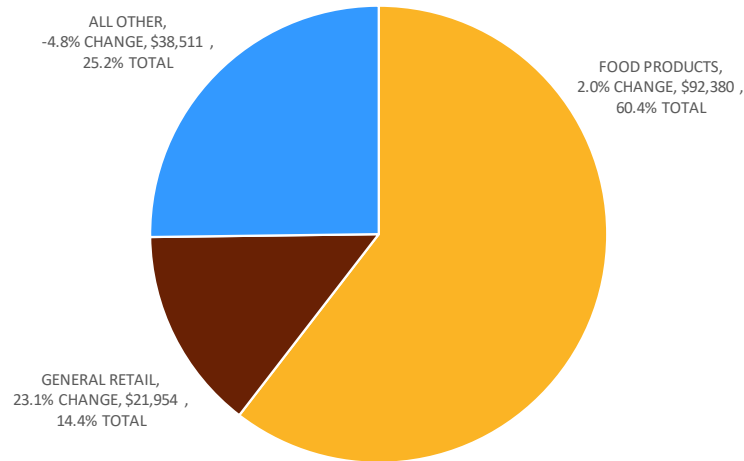
All Other Geos combined with Balance of Jurisdiction	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
BUSINESS TO BUSINESS	0.0%	2,248,812	2,248,217	34.1%	37.7%
GENERAL RETAIL	10.4%	1,708,428	1,547,799	25.9%	25.9%
TRANSPORTATION	34.3%	1,418,608	1,056,270	21.5%	17.7%
FOOD PRODUCTS	5.4%	1,107,512	1,050,429	16.8%	17.6%
CONSTRUCTION	152.8%	62,911	24,884	1.0%	0.4%
MISCELLANEOUS	2.7%	43,968	42,803	0.7%	0.7%
TOTAL	10.4%	6,590,238	5,970,403	100.0%	100.0%

All Geo Areas Total Comparison 24Q1 & 23Q1	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
Balance of Jurisdiction	8.1%	3,282,003	3,036,339	49.8%	50.9%
Stanford Shopping Center	5.9%	839,608	792,765	12.7%	13.3%
Greater Downtown	14.4%	1,653,964	1,445,902	25.1%	24.2%
El Camino Real and Midtown	26.7%	482,839	380,948	7.3%	6.4%
Town And Country Shopping Center	8.1%	178,980	165,552	2.7%	2.8%
California Avenue	2.7%	152,844	148,897	2.3%	2.5%
TOTAL	10.4%	6,590,238	5,970,403	100.0%	100.0%

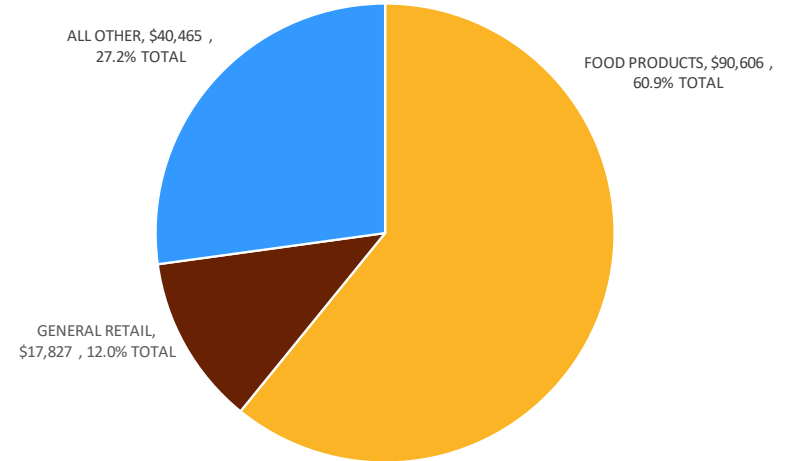
Palo Alto citywide QE 24Q1 & 23Q1	% CHANGE QoQ	2024Q1 QE	2023Q1 QE	24Q1 % OF TOTAL	23Q1 % OF TOTAL
BUSINESS TO BUSINESS	5.5%	2,489,517	2,359,186	34.3%	36.4%
GENERAL RETAIL	7.9%	1,739,261	1,611,626	24.0%	24.9%
TRANSPORTATION	34.2%	1,422,933	1,060,259	19.6%	16.4%
FOOD PRODUCTS	6.9%	1,288,207	1,204,882	17.8%	18.6%
MISCELLANEOUS	33.0%	243,266	182,882	3.4%	2.8%
CONSTRUCTION	12.7%	70,132	62,205	1.0%	1.0%
TOTAL	11.9%	7,253,317	6,481,040	100.0%	100.0%

City of Palo Alto Geo Area Pie Charts

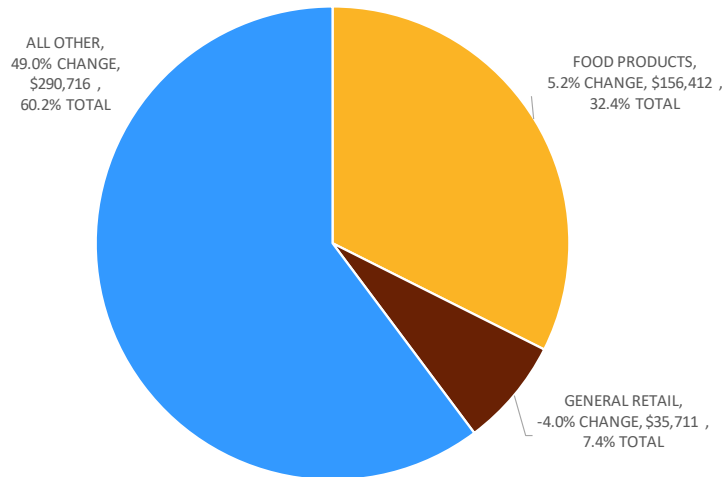
California Avenue 2024Q1 SALES TAX AMOUNTS



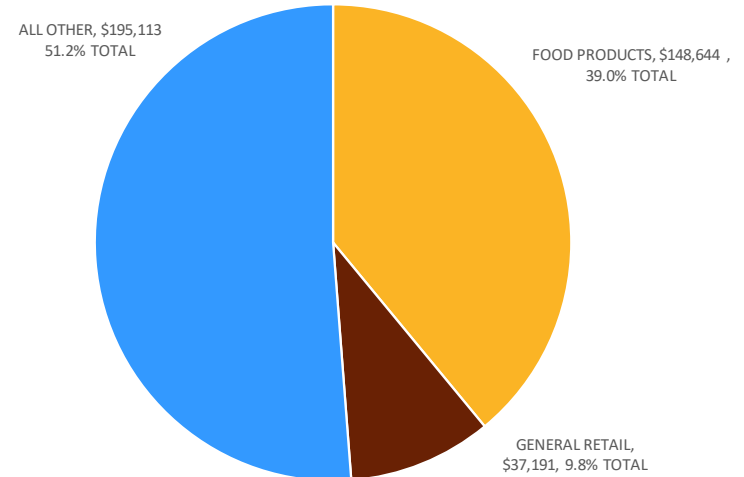
California Avenue 2023Q1 SALES TAX AMOUNTS



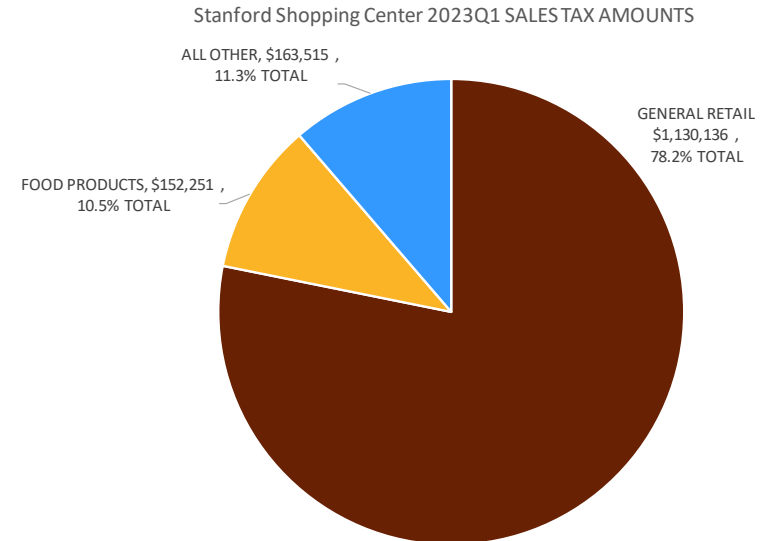
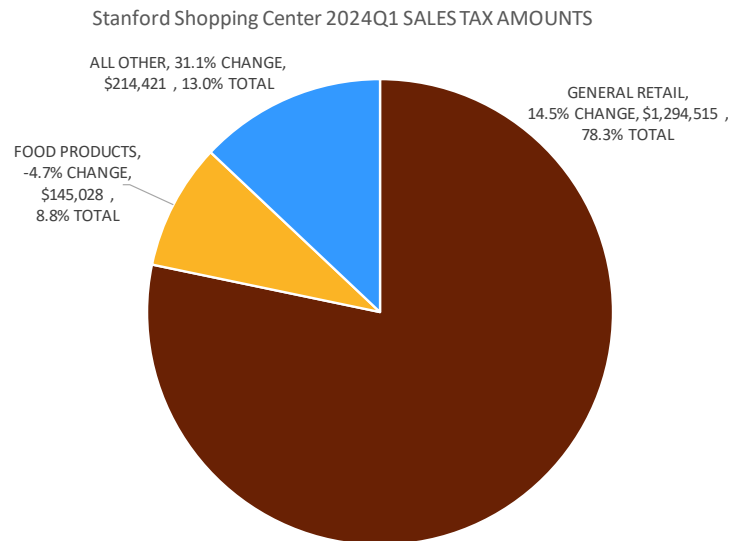
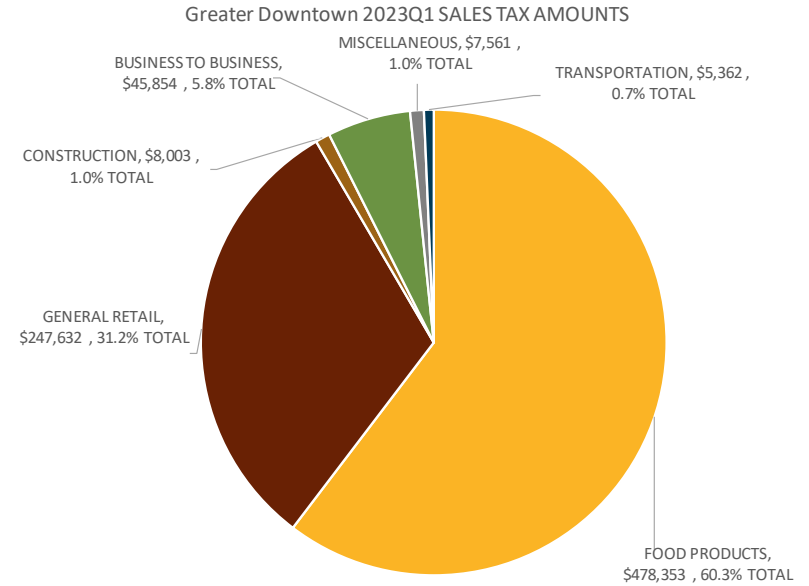
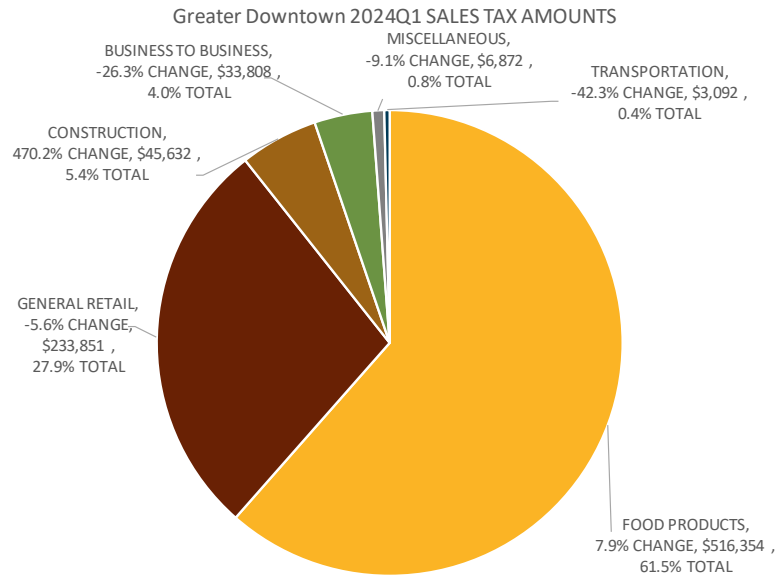
El Camino Real and Midtown 2024Q1 SALES TAX AMOUNTS



El Camino Real and Midtown 2023Q1 SALES TAX AMOUNTS

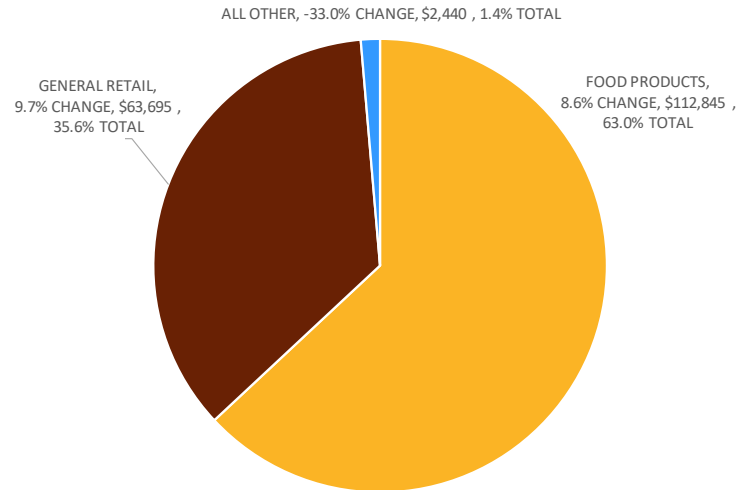


City of Palo Alto Geo Areas Pie Charts

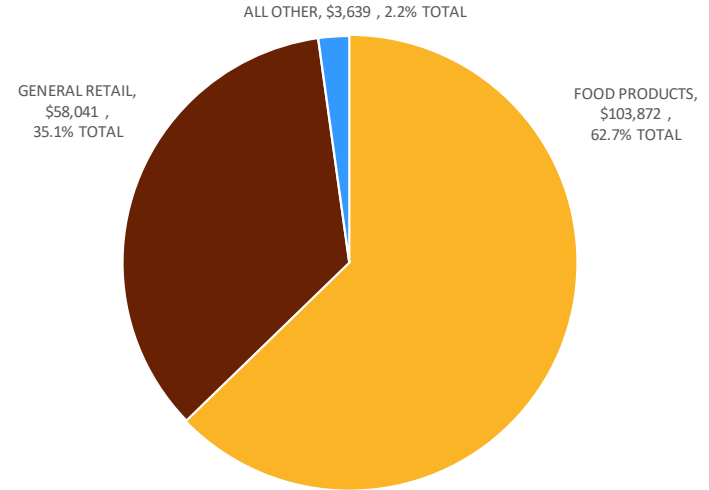


City of Palo Alto Geo Area Pie Charts

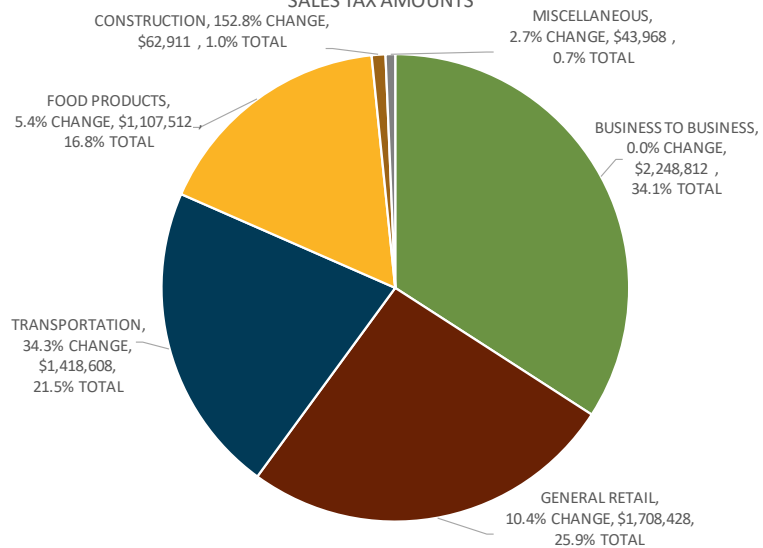
Town And Country Shopping Center 2024Q1 SALES TAX AMOUNTS



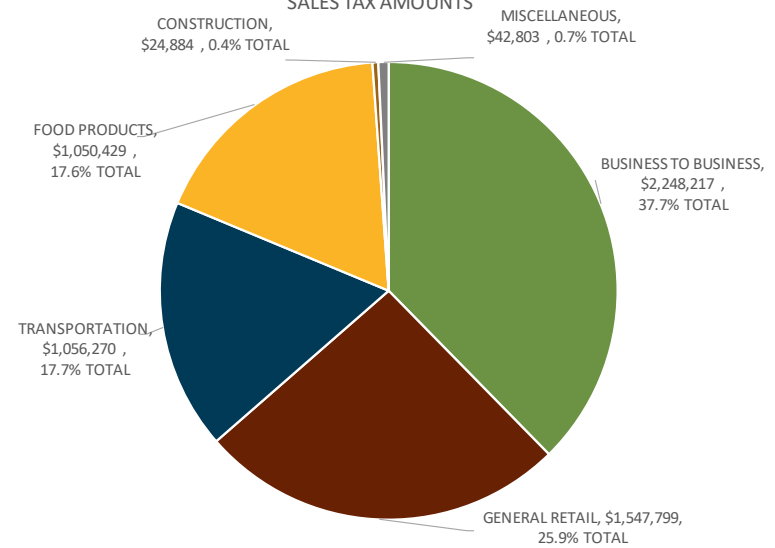
Town And Country Shopping Center 2023Q1 SALES TAX AMOUNTS



All Other Geos combined with Balance of Jurisdiction 2024Q1 SALES TAX AMOUNTS

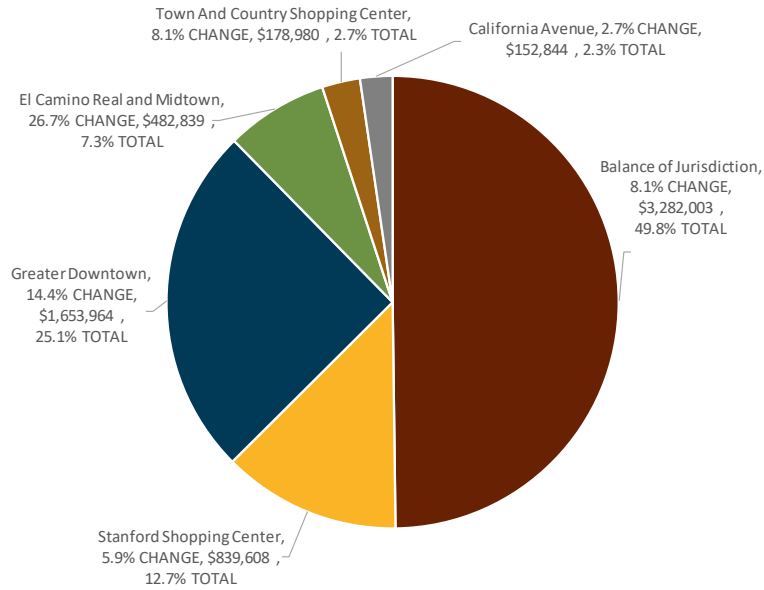


All Other Geos combined with Balance of Jurisdiction 2023Q1 SALES TAX AMOUNTS

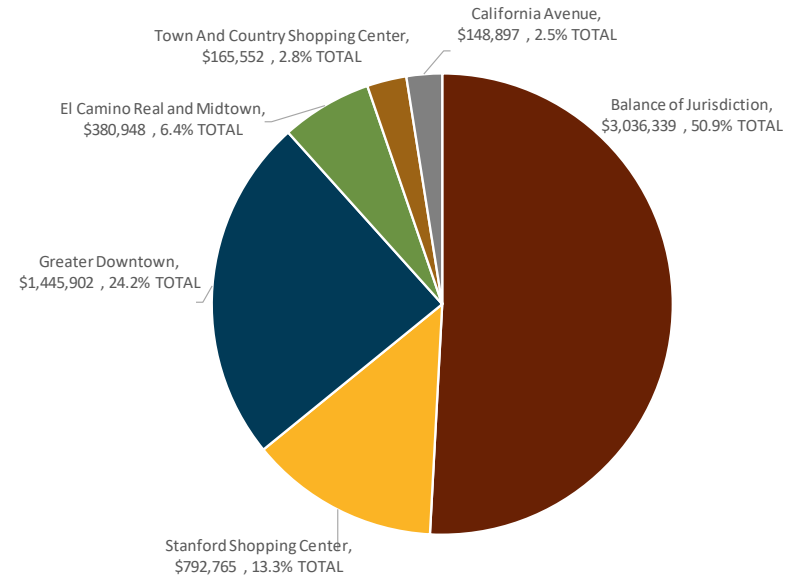


City of Palo Alto Geo Area & Citywide Pie Charts

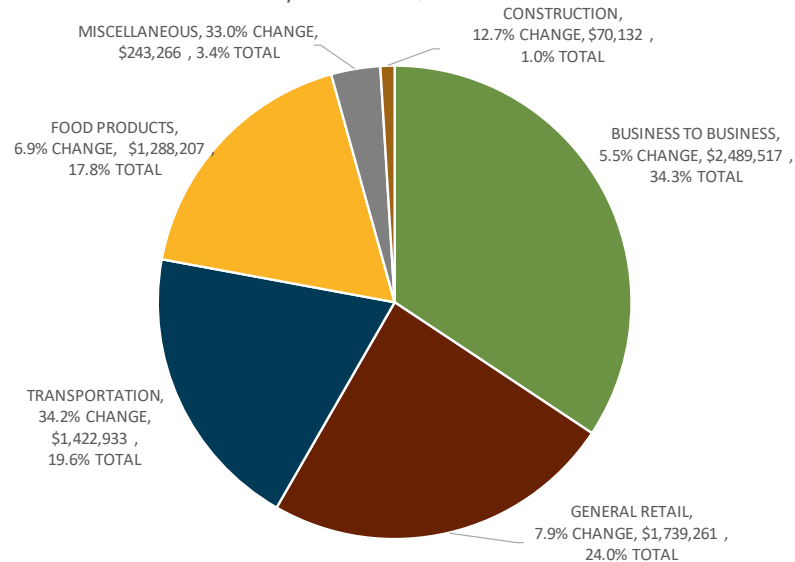
All Geo Area Totals 2024Q1 SALES TAX AMOUNTS



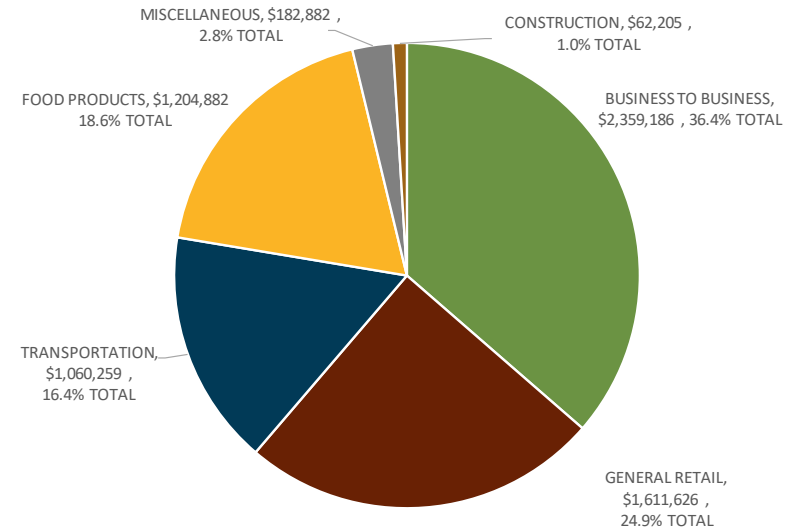
All Geo Area Totals 2023Q1 SALES TAX AMOUNTS



Palo Alto citywide 2024Q1 SALES TAX AMOUNTS

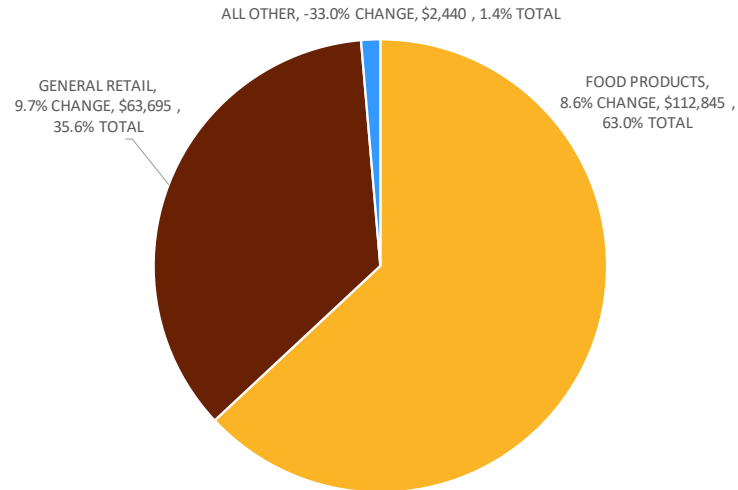


Palo Alto citywide 2023Q1 SALES TAX AMOUNTS

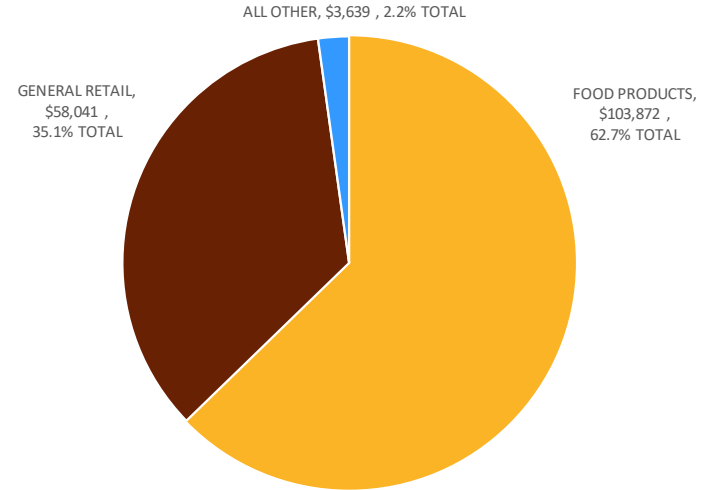


City of Palo Alto Geo Area Pie Charts

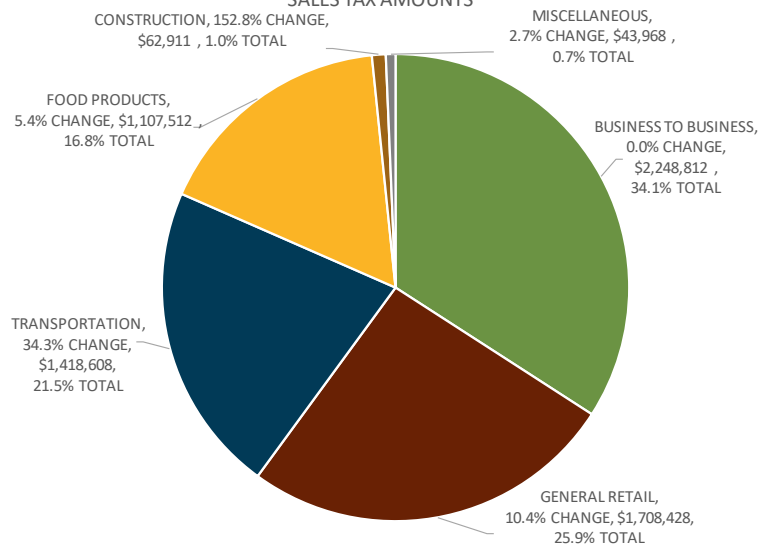
Town And Country Shopping Center 2024Q1 SALES TAX AMOUNTS



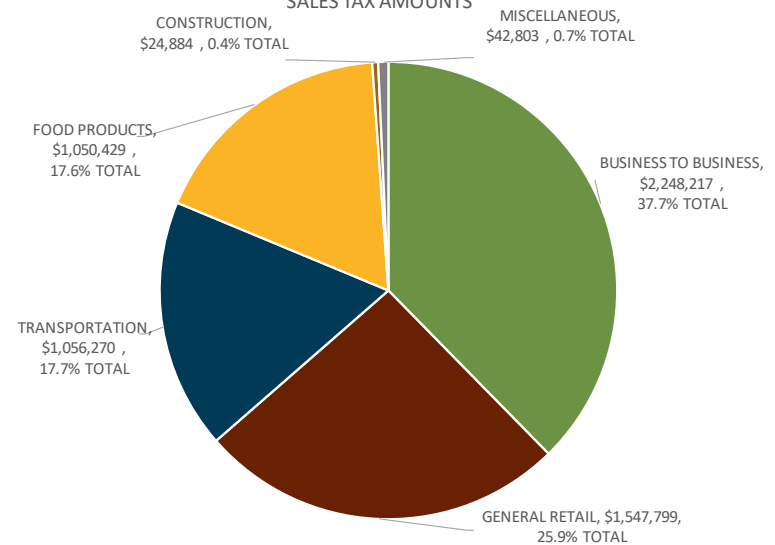
Town And Country Shopping Center 2023Q1 SALES TAX AMOUNTS



All Other Geos combined with Balance of Jurisdiction 2024Q1 SALES TAX AMOUNTS

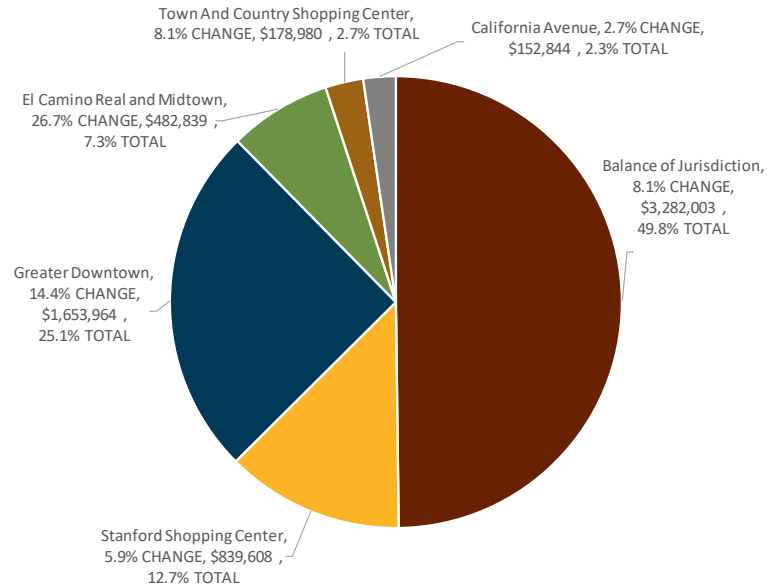


All Other Geos combined with Balance of Jurisdiction 2023Q1 SALES TAX AMOUNTS

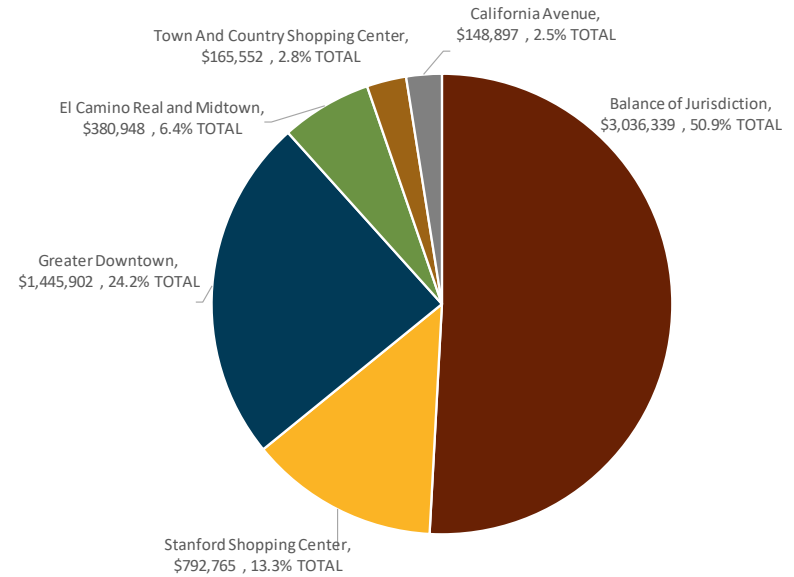


City of Palo Alto Geo Area & Citywide Pie Charts

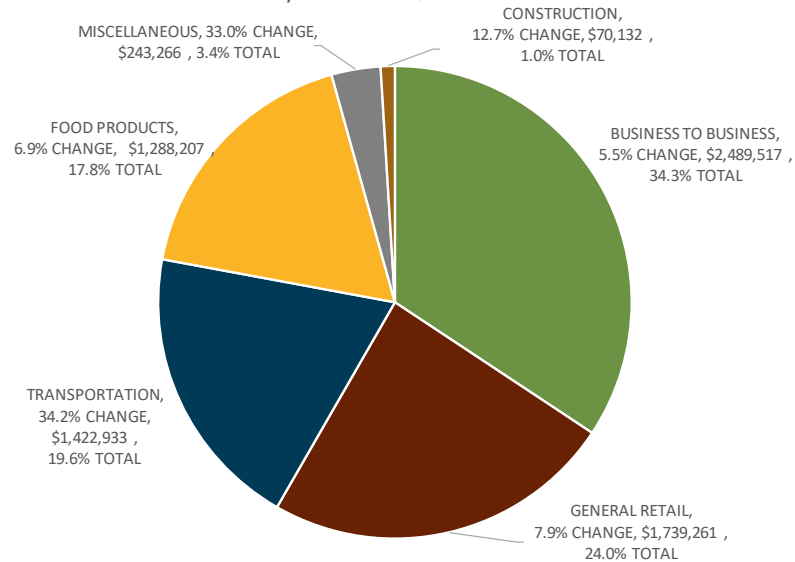
All Geo Area Totals 2024Q1 SALES TAX AMOUNTS



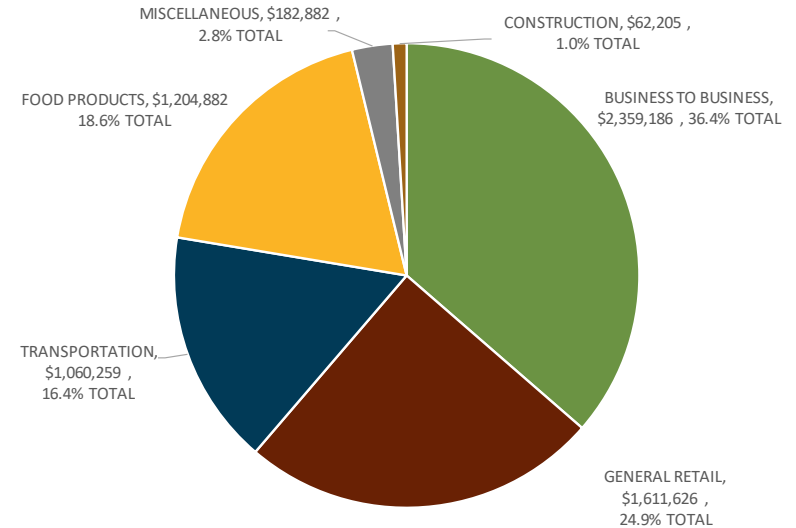
All Geo Area Totals 2023Q1 SALES TAX AMOUNTS



Palo Alto citywide 2024Q1 SALES TAX AMOUNTS



Palo Alto citywide 2023Q1 SALES TAX AMOUNTS



California Legislative Update June 4, 2024

May 24 was the house of origin deadline, requiring bills to pass out of their house of origin to remain active for this legislative session, which will end on August 31.

2,159 bills have been introduced in the legislature so far this year, 1520 in the Assembly and 639 in the Senate. Of those, 931 Assembly bills have passed off the Assembly floor, and in the Senate, 479 Senate bills have passed to the second chamber. Four Assembly bills and seven Senate bills have been signed into law by Governor Gavin Newsom so far this year.

The house of origin deadline was preceded by the appropriations suspense process, during which the Assembly and Senate appropriations committees took up their suspense files to decide which legislation would continue its journey through the legislative process this year and which would be held under submission. It appears that the tenuous state budget situation led to a higher number of bills being held in committee. Of the 1,009 total bills on the suspense files, 689 moved to the floors, while 320 were held (31.7%). Over the past decade, the average percentage of bills held on suspense is 25%.

Committee hearings have begun for second house legislation, and budget committees are wrapping up. Upcoming deadlines include June 15 for the legislature to pass the budget, June 27 for legislative measures to qualify for the November ballot, and July 3 for policy committees to consider legislation.

A summary of salient legislation is provided in this report. Of particular note, [SB 1494](#) (Glazer) which would have prohibited cities from entering a sales tax rebate agreement with a retailer starting next year and voided all existing agreements on January 1, 2030, failed passage on the Senate floor. The floor fight ended a successful opposition effort that included a broad coalition of cities and local government associations.

Bonds

[AB 247](#) (Muratsuchi) Education finance: school facilities: Transitional Kindergarten Through Community College Public Education Facilities Bond



Act of 2024. As amended 7/13/23. Authorizes a bond measure of \$14 billion for the construction and modernization of Transitional Kindergarten through community colleges public education facilities on an unspecified 2024 statewide ballot.

Status: Awaiting dispensation in the Senate Appropriations committee.

Cal Cities Position: Watch

[AB 305](#) (Villapudua) California Flood Protection

Bond Act of 2024. As amended 4/25/23. Places a \$4.5 billion flood protection and dam safety improvement bond before the voters on the November 5, 2024, General Election ballot.

Status: Referred to the Senate committee on Natural Resources.

Cal Cities Position: Watch

[AB 408](#) (Wilson) Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection

Bond Act of 2024. As amended 8/14/23. Would enact the Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$3.65 million pursuant to the State General Obligation Bond Law, to finance programs related to, among other things, agricultural lands, food and fiber infrastructure, climate resilience, agricultural professionals, including farmers, ranchers, and farmworkers, workforce development and training, air quality, tribes, disadvantaged communities, nutrition, food aid, meat processing facilities, and fishing facilities.

Status: Awaiting dispensation in the Senate Appropriations committee.

Cal Cities Position: Watch

[AB 1510](#) (Jones-Sawyer) Fighting Fentanyl Bond Act

of 2024. As amended 7/13/23. Would enact the Fighting Fentanyl Bond Act of 2024, which, if adopted, would authorize the issuance of bonds in an unspecified amount, for purposes of financing, among other things, substance use treatment, harm reduction programs, supportive services for students, programs targeting drug trafficking,

substance use treatment programs in prisons and juvenile facilities, and recovery housing and transitional housing for previously incarcerated individuals.

Status: Awaiting hearing in the Senate Appropriations committee.

Cal Cities Position: Watch

AB 1567 (Garcia) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024. As amended 5/26/23. Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$16 billion to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, clean energy, and workforce development programs.

Status: Awaiting hearing in the Senate Natural Resources and Water committee.

Cal Cities Position: Support if amended

AB 1657 (Wicks) The Affordable Housing Bond Act of 2024. As amended 3/4/24. This bill would enact the Affordable Housing Bond Act of 2024, which, if adopted, would authorize the issuance of bonds in the amount of \$10 billion pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance programs to fund affordable rental housing and homeownership programs, including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program.

Status: Awaiting dispensation in the Senate Appropriations committee.

Cal Cities Position: Support

AB 2208 (Zbur) California Ports Development and Offshore Wind Infrastructure Bond Act of 2024. As amended 3/21/24. Enacts the California Ports Development and Offshore Wind Infrastructure Bond Act of 2024, to authorize \$1 billion in general obligation bonds for offshore wind energy. Authorizes the bond act for the November 5, 2024, general election.

Status: Awaiting hearing in the Assembly Natural Resources committee.

Cal Cities Position: Track

SB 28 (Glazer) Education finance: school facilities: Public Preschool, K–12, and College Health and

Safety Bond Act of 2024. As introduced 12/5/22.

Authorizes a \$15 billion bond measure for the construction and modernization of public preschools, K–12, California Community College, University of California, and California State University facilities.

Status: Awaiting dispensation in the Assembly Appropriations committee.

Cal Cities Position: None

SB 638 (Eggman) Climate Resiliency and Flood Protection Bond Act of 2024. As amended 6/28/23. Would enact the Climate Resiliency and Flood Protection Bond Act of 2024 which, if approved by the voters, would authorize the issuance of bonds in the amount of \$6 billion for flood protection and climate resiliency projects.

Status: Awaiting hearing in the Assembly Water, Parks, & Wildlife committee.

Cal Cities Position: Support if amended

SB 867 (Allen) Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024. As amended 6/22/23. Would enact the Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$15.5 billion to finance projects for drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, park creation and outdoor access, and clean energy programs.

Status: Awaiting hearing in the Assembly Natural Resources committee.

Cal Cities Position: Support if amended

Broadband

AB 1588 (Wilson) Affordable Internet and Net Equality Act of 2024. As amended 1/22/24. Would, under the Affordable Internet and Net Equality Act of 2024, require the Department of Technology, in coordination with the Public Utilities Commission and the Department of General Services, to develop and establish the Net Equality Program. The bill would require the state and state agencies to only enter into a procurement

contract with an internet service provider offering affordable home internet service, which costs no more than \$40 per month and meets specified minimum speed requirements, to households participating in certain public assistance programs, or with an internet service provider participating in the federal Affordable Connectivity Program, or any other state or federal program that offers broadband affordability assistance for households that qualify for that program, and that offers to households that qualify for those programs internet service that costs no more than \$40 per month and meets specified minimum speed requirements.

Status: Referred to the Senate Governmental Organization and Energy, Utilities, & Communications committees.

Cal Cities Position: Watch

AB 1826 (Holden) Digital Equity in Video

Franchising Act of 2024. As amended 5/16/24. Makes various changes to the statutes governing state video franchises, known as the Digital Infrastructure and Video Competition Act of 2006, and recasts those statutes as the Digital Equity in Video Franchising Act of 2023.

Generally, these changes can be classified as broadening the authority of the California Public Utilities Commission over the issuance and renewal of state video franchises and over the quality-of-service franchise holders providing service to unserved households.

Status: Awaiting hearing in the Senate Energy, Utilities, & Communications committee.

Cal Cities Position: Track

AB 2708 (Patterson, Jim) Office of Broadband and

Digital Literacy: reports. As introduced 2/14/24. Would require additional information to be included in the annual report from the Office of Broadband and Digital Literacy to the budget committees of the legislature, including the total cost to complete the statewide open-access middle-mile broadband network, the total available funding for the statewide open-access middle-mile broadband network, and the projected completion date for the statewide open-access middle-mile broadband network.

Status: Awaiting hearing in the Senate Energy, Utilities, & Communications committee.

Cal Cities Position: Support

SB 1383 (Bradford) California Advanced Services

Fund: Broadband Public Housing Account. As amended 4/9/24. Would expand eligibility for the California Advanced Services Fund Broadband Public Housing Account, authorize the use of Public Housing Account funds for devices that improve existing

broadband service, and enable Public Housing Account recipients offering new broadband plans within low-income communities to provide a free or low-cost broadband plan to those communities as a condition of obtaining the grant.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Track

Corporation Tax

AB 1973 (Lackey) Personal Income Tax Law:

Corporation Tax Law: Bobcat Fire: exclusions. As amended 4/18/24. Would, for taxable years beginning on or after January 1, 2024, and before January 1, 2029, provide an exclusion from gross income for any qualified taxpayer, for amounts received in settlement for costs and losses associated with the 2020 Bobcat Fire in the County of Los Angeles.

Status: Awaiting hearing in the Senate Revenue & Taxation committee.

Cal Cities Position: None

AB 2128 (Ta) Income and corporation taxes: credits:

work opportunity credit. As amended 5/1/24. For taxable years beginning on or after January 1, 2025, and before January 1, 2030, would allow a tax credit in an amount equal to 40% of the qualified wages paid or incurred to a qualified employee employed during the taxable year. The bill would define a qualified employee as an individual that, among other things, has been convicted of a felony, and has a hiring date not more than one year after the date the individual was convicted or was released from prison.

Status: Dead - held on the Assembly Appropriations suspense file.

Cal Cities Position: None

AB 2294 (Schiavo) Personal Income Tax Law:

Corporation Tax Law: New Employment Credit. As introduced 2/12/24. The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including, for taxable years beginning on or after January 1, 2014, and before January 1, 2026, a credit for hiring qualified full-time employees, within a designated census tract or economic development area in an amount equal to 35% of the qualified wages, defined in part as those wages that exceed 150% of minimum wage but do not exceed 350% of minimum wage, paid to those employees multiplied by the applicable percentage for that taxable year. This bill would eliminate

the requirement that the new employment be located within a designated census tract or economic development area. The bill would expand the definition of qualified wages to include that amount of wages that exceeds 100% of minimum wage but does not exceed 350% of minimum wage. The bill would expand the definition of qualified employee to include an employee that is a member of a targeted group, as defined.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: None

AB 3160 (Gabriel) Insurance, income, and corporation taxes: credits: low-income housing. As amended 5/20/24. Provides that an allocation of \$500 million to the Low-Income Housing Tax Credit is not subject to an appropriation in the annual Budget Act for the 2025 through 2030 calendar years.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Watch

SB 370 (McGuire) Personal Income Tax Law:

Corporation Tax Law: wildfires: exclusions. As amended 3/28/23. Would, for taxable years beginning on or after January 1, 2020, provide an exclusion from gross income for any qualified taxpayer, as defined, for amounts received in settlements associated with the 2019 Kincade Fire in the County of Sonoma.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: None

SB 542 (Dahle) Personal Income Tax Law:

Corporation Tax Law: wildfires: exclusions. As amended 2/5/24. Would, for taxable years beginning on or after January 1, 2022, and before January 1, 2029, provide an exclusion from gross income for any qualified taxpayer, for amounts received in settlement for costs and losses associated with the 2021 Dixie Fire in the counties of Butte, Plumas, Lassen, Shasta, and Tehama, or the 2022 Mill Fire in the County of Siskiyou.

Status: Awaiting hearing in the Assembly Appropriations committee.

Cal Cities Position: None

SB 1102 (Nguyen) Personal Income Tax Law:

Corporation Tax Law: oil spill: exclusions. As amended 4/11/24. Would provide an exclusion from gross income for any qualified taxpayer for amounts received in settlements associated with the October 2,

2021, oil spill that occurred off the coast of the County of Orange near the City of Huntington Beach. The bill would repeal the provisions on January 1, 2029.

Status: Dead - held on the Senate Appropriations suspense file.

Cal Cities Position: None

Development Fees

AB 1820 (Schiavo) Housing development projects:

applications: fees and exactions. As amended 4/29/24. Would authorize a development proponent that submits a preliminary application for a housing development project to request a preliminary fee and exaction estimate and would require the local agency to provide the estimate within 30 business days of the submission of the preliminary application. Specifies that the preliminary fee and exaction estimate is for informational purposes only and does not affect the scope, amount, or time of payment of any fee or exaction.

Status: Referred to the Senate Local Government and Housing committees.

Cal Cities Position: Oppose unless amended

AB 2430 (Alvarez) Planning and zoning: density

bonuses: monitoring fees. As amended 4/18/24.

Prohibits a local jurisdiction from charging local monitoring fees on 100% affordable housing developments using Density Bonus Law (DBL) to ensure the continued affordability required under DBL and any applicable local inclusionary housing ordinance.

Status: Referred to the Senate Housing and Local Government committees.

Cal Cities Position: Track

AB 2433 (Quirk-Silva) California Private Permitting Review and Inspection Act: fees: building permits. As amended 5/20/24. Requires a local agency to complete plan check services for a building permit within 30 business days of a request from an applicant or employ a private professional to perform plan checking services.

Status: Referred to the Senate Local Government and Housing committees.

Cal Cities Position: Oppose unless amended

Cal Cities Position: Oppose unless amended

AB 2663 (Grayson) Affordable housing fees: reports.

As amended 5/2/24. This bill, commencing on January 1, 2026, would require a local agency that collects inclusionary housing in-lieu fees to annually post on its website information related to the amount of fees collected in the previous year and whether the affordable housing

fees are intended to be used for a project, if any. Beginning on January 1, 2026, this bill also requires a local agency that collects affordable housing fees to post on its website, every five years, information regarding the amount of fees collected in the past five years and the projects the fees were spent on.

Status: Referred to the Senate Housing and Local Government committees.

Cal Cities Position: Watch

AB 2729 (Patterson, Joe) Residential fees and charges.

As amended 4/25/24. Prohibits a local agency from requiring payment of fees or charges on a residential development before the date of final inspection or the issuance of a certificate of occupancy, whichever occurs first, except under specified conditions.

Status: Referred to the Senate Local Government and Housing committees.

Cal Cities Position: Oppose

AB 3177 (Carrillo, Wendy) Mitigation Fee Act: land dedications: mitigating vehicular traffic impacts. As amended 4/30/24. Would require a housing development to be located within 1/2 mile of a transit priority area for purposes of a local agency setting the rate for a mitigating vehicular traffic impacts fee to reflect a lower rate of automobile trip generation.

Status: Referred to the Senate Local Government and Housing committees.

Cal Cities Position: Track

SB 937 (Wiener) Development projects: permits and other entitlements: fees and charges. As amended 4/8/24. Extends development entitlements for certain housing development projects by two years and places restrictions on the fees and charges a local agency may impose on these projects.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Oppose unless amended

Economic Development

AB 1370 (Ta) California Community Colleges Economic and Workforce Development Program. As amended 3/28/2023. Would revise and recast several provisions of the California Community Colleges Economic and Workforce Development Program. The bill would extend the operation of the program indefinitely and would repeal the Job Development Incentive Training Program. The bill would revise and recast the principles

governing the Economic and Workforce Development Program, provisions on the duties and membership of the program's advisory committee, the decision criteria for allocating program funds to colleges, and the definitions that apply to the program's provisions.

Status: 2-year bill, awaiting dispensation on the Senate Appropriations suspense file.

Cal Cities Position: None

AB 1569 (Garcia) Salton Sea geothermal resource area: Lithium Valley Office of Development.

As amended 5/18/23. This bill would establish the Lithium Valley Office of Development in the Energy Commission, and require the office, in consultation with relevant state and local agencies, to coordinate activities related to funding, economic development, construction, manufacturing, technical development, and reclamation of lithium located in the Salton Sea geothermal resource area.

Status: 2-year bill, awaiting dispensation on the Senate Appropriations suspense file.

Cal Cities Position: Watch

AB 1819 (Waldron) Enhanced infrastructure financing districts: public capital facilities: wildfires.

As amended 5/2/24. This bill would authorize an enhanced infrastructure financing district that is at least partially in high or very high fire hazard severity zones designated by the State Fire Marshal, to finance heavy equipment to be used for vegetation clearance and firebreaks, undergrounding of local publicly owned electric utilities, as defined, against wildfires, and equipment used for fire watch, prevention, and fighting.

Status: Awaiting hearing in the Senate Local Government committee.

Cal Cities Position: Pending

AB 2922 (Garcia) Economic development: capital investment incentive programs. As amended 4/15/24. Reestablishes, until January 1, 2035, the authorization for the local agency Capital Investment Incentive Program, which expired January 1, 2024.

Status: Awaiting hearing in the Senate Local Government committee.

Cal Cities Position: Support

SB 517 (Gonzalez) Economic development: movement of freight. As amended 3/22/23. Would authorize the Governor's Office of Business and Economic Development (GO-Biz) to serve as the coordinating entity to steer the growth, competitiveness, and sustainability for freight and the supply chain across

the state and to promote and assess the continued economic vitality, economic competitiveness, and sustainability of the freight sector. Would also authorize GO-Biz to provide freight and supply chain economic competitiveness information.

Status: 2-year bill. Awaiting hearing in the Assembly Jobs, Economic Development, & the Economy committee.

Cal Cities Position: Watch

SB 720 (Stern) Aviation: airports: report: emissions: GO-Biz. As amended 7/10/23. Would require GO-Biz to create a stakeholder group to identify and pursue opportunities to attract and develop sustainable aviation fuel production and infrastructure in the state to help reach the goal of net-zero greenhouse gas emissions in California.

Status: 2-year bill. Awaiting hearing in the Assembly Natural Resources committee.

Cal Cities Position: None

SB 864 (Smallwood-Cuevas) Workforce development: workplace rights curriculum. As amended 7/3/23. Would require the California Workforce Development Board to assist the governor with partnering with the labor commissioner and other subject matter experts in developing a workplace rights curriculum to be provided to all individuals receiving individualized career services, supportive services, or training services through the California workforce system. The measure would require each local workforce development board to ensure the provision of workplace rights training consistent with that workplace rights curriculum. The bill would require the comprehensive 4-year local plan to include a description of how the local board plans to comply with this requirement.

Status: 2-year bill. Awaiting dispensation on the Assembly Appropriations suspense file.

Cal Cities Position: Watch

SB 1140 (Caballero) Enhanced infrastructure financing district. As amended 3/21/24. Would authorize a city or county official to electronically submit a copy of a city or county's resolution of intention to establish an infrastructure financing district to each affected taxing entity, rather than mailing a physical copy.

Status: In the Assembly, awaiting assignment to a policy committee.

Cal Cities Position: Watch

Online Sales

SB 1144 (Skinner) Marketplaces: online marketplaces.

As amended 5/16/24. Expands existing requirements for online marketplaces to collect certain information from high-volume third-party sellers on those platforms, and permits a district attorney, city attorney, or county counsel to enforce the requirements.

Status: In the Assembly, awaiting assignment to a policy committee.

Cal Cities Position: Support

Property Tax

AB 1093 (Patterson) Property taxation: manufactured homes: tax collection. As amended 7/13/23. This bill

would revise the Manufactured Home Property Tax Law procedures for issuing a tax clearance certificate or a conditional tax clearance certificate and for the collection of unpaid, estimated taxes. With respect to the collection of taxes that are not yet payable, the bill would require those taxes to be computed by a certificate or statement prepared by the tax collector, upon request by an escrow officer, as provided, giving their estimate of those taxes or assessments for the current fiscal year and one succeeding fiscal year.

Status: 2-year bill. Awaiting dispensation on the Senate Appropriations suspense file.

Cal Cities Position: Watch

AB 1868 (Friedman) Property taxation: assessments: affordable housing. As amended 4/18/24. Presumes,

rebuttably, that an assessor shall not include the value of the deed of trust that ensures compliance with affordability restrictions on a property developed consistently with the Habitat for Humanity model.

Status: Awaiting a hearing in the Senate Revenue & Taxation committee.

Cal Cities Position: Watch

AB 2353 (Ward) Property taxation: welfare exemption: delinquent payments: interest and penalties. As

amended 4/24/24. Creates a process for a developer building affordable rental housing that qualifies for the property tax welfare exemption to withhold property taxes, without penalty, while the county tax assessor determines if the development qualifies for the welfare exemption.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Watch

AB 2506 (Lowenthal) Property taxation: local exemption: possessory interests: publicly owned housing. As introduced 2/13/24. Authorizes a county board of supervisors to exempt from property taxation any possessory interest held by a tenant of publicly owned housing with a value so low that the total taxes and applicable subventions on the property would amount to less than the cost of assessing and collecting them.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: Watch

AB 2564 (Boerner) Property tax postponement: Senior Citizens and Disabled Citizens Property Tax Postponement Fund. As introduced 2/14/24. Would require money to be transferred, on June 30, 2025, and on June 30 each year thereafter, from the state General Fund to the Senior Citizens and Disabled Citizens Property Tax Postponement Fund when the balance in the latter fund is less than \$15 million.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Support

AB 2897 (Connolly) Property tax: welfare exemption: community land trusts. As amended 4/1/24. Expands the definition of a community land trust (CLT) to include a wholly owned subsidiary that is solely directed and managed by the CLT, and to provide that a CLT may sell a dwelling or unit to a qualified owner if that dwelling or unit is subject to a 99-year affordability restriction.

Status: Referred to the Senate Housing and Revenue & Taxation policy committees.

Cal Cities Position: Watch

AB 3134 (Chen) Property taxation: refunds. As amended 4/24/24. Would require the county auditor, if the cancellation of property taxes will result in a refund, to either process the refund to the payor of the tax or notify the payor in writing of the requirements for obtaining a refund. The bill would require that a claim for a refund under this provision be deemed timely filed if it is filed within 60 days of the notice. This bill would also authorize an order for refund of taxes or assessments to be paid to the assessee of a property, without a claim for refund filed, if certain conditions are met, including, among other requirements, that the amount of the refund is less than \$10,000.

Status: Awaiting hearing in the Senate Revenue & Taxation committee.

Cal Cities Position: Watch

AB 3277 (Committee on Local Government) Local agency formation commission: districts: property tax.

As introduced 2/27/24. Would require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes.

Status: Awaiting hearing in the Senate Appropriations committee.

Cal Cities Position: None

SB 726 (Archuleta) Property taxation: exemption: disabled veteran homeowners. As amended 4/13/23. Increases the disabled veterans' exemption from property taxation to \$863,790, and indexes the increased amount for inflation, for lien dates between January 1, 2024, and January 1, 2034.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: Watch

SB 871 (Archuleta) Property taxation: homeowners', veterans', and disabled veterans' exemptions. As amended 9/1/23. Amends the homeowners' exemption from property tax to allow a property that receives the homeowners' exemption to also receive the disabled veterans' or veterans' exemptions; and takes effect only if voters approve SCA 6 (Archuleta). SCA 6 is awaiting referral to a policy committee in the Assembly.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: Pending

SB 1072 (Padilla) Local government: Proposition 218: remedies. As amended 4/24/24. Would establish the Property Tax Assistance for Descendants of Enslaved Persons Program for purposes of making, upon appropriation by the legislature, moneys available to persons who meet specified criteria for purposes of providing financial assistance equal to the total amount of property taxes paid on a residential dwelling, as defined, or \$4,000, whichever is less, and as subject to specified limitations. The bill would, for purposes of determining a person's eligibility for monies under the program, require the person to provide an affidavit, under penalty of perjury, containing specified information, if the residential dwelling is owned by the person on property owned by a nonprofit incorporated association. By expanding the crime of perjury, the bill would impose a state-mandated

local program. The bill would require the Franchise Tax Board to develop and administer the program and to provide funds to eligible claimants. The bill would set forth procedures for administering the program.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Watch

SB 1164 (Newman) Property taxation: new construction exclusion: accessory dwelling units. As amended 5/16/24. Would enact a property tax new construction exclusion for the addition or construction of an accessory dwelling unit between January 1, 2025, and January 1, 2030.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Oppose

SB 1327 (Glazer) Income taxation: credits: local news media: data extraction transactions. As amended 5/16/24. Imposes a Data Extraction Mitigation Fee; enacts credits against the Personal Income and Corporation taxes for news media entities that pay wages for current or newly employed journalists or acquire freelance content; and directs fee revenue to specified purposes, including to reimburse foregone General Fund revenue resulting from the credits.

Status: Awaiting a vote by the full Senate.

Cal Cities Position: Watch

SCA 4 (Seyarto) Property taxation: principal residence and family home transfers. As amended 4/19/23. Would place a measure before voters that repeals Proposition 19's limitation on the parent-child and grandparent-grandchild exclusion from change in ownership of a principal residence to apply only if the property continues as the primary residence of the transferee. SCA 4 also reinstates the parent-child, grandparent-grandchild exclusion for up to \$1 million in aggregate value of all other types of property that is not the principal residence. Under the measure, both changes become effective on January 1, 2025, if approved by voters.

Status: Failed passage in the Senate Governance & Finance committee.

Cal Cities Position: Watch

SCA 6 (Archuleta) Property taxation: veterans' exemption. As amended 4/19/23. Would allow a dwelling that receives the veterans' exemption or the disabled veteran's exemption to also receive the

homeowners' exemption. Would authorize the legislature to exempt property eligible for the veterans' exemption in an amount up to the full value of the property. If the legislature increases the homeowners' exemption, the measure would require that the legislature provide the same increase in the veterans' exemption, except as limited by the full value of the property.

Status: Awaiting referral to a policy committee in the Assembly.

Cal Cities Position: Track

Revenue and Taxation

AB 2813 (Aguiar-Curry) Government Investment Act.

As amended 4/29/24. This bill, for purposes of ACA 1, would define "affordable housing" to include rental housing, ownership housing, interim housing, and affordable housing programs such as down payment assistance, first-time homebuyer programs, and owner-occupied affordable housing rehabilitation programs. The bill would require a local government to ensure that any project that is funded with ACA 1 bonded indebtedness or ACA 1 special taxes to have an estimated useful life of at least 15 years or 5 years if the funds are for specified public safety buildings, facilities, and equipment.

Status: Ordered to the Assembly Inactive file at the request of the author.

Cal Cities Position: Oppose

AB 3005 (Wallis) Motor Vehicle Fuel Tax Law:

adjustment suspension. As introduced 2/16/24. Would authorize the governor to suspend an adjustment to the motor vehicle fuel tax, scheduled on or after July 1, 2025, upon determining that increasing the rate would impose an undue burden on low-income and middle-class families. Would require the governor to notify the legislature of an intent to suspend the rate adjustment on or before January 10 of that year and would require the Department of Finance to submit to the legislature a proposal by January 10 that would maintain the same level of funding for transportation purposes as would have been generated had the scheduled adjustment not been suspended.

Status: Awaiting hearing in the Assembly Transportation committee.

Cal Cities Position: Oppose

ABX12 (Fong, Vince) Motor Vehicle Fuel Tax Law:

suspension of tax. Would suspend the imposition of the tax on motor vehicle fuels for one year. The bill would require that all savings realized based on the suspension of the motor vehicle fuels tax by a person other than an end

consumer, be passed on to the end consumer, and would make the violation of this requirement an unfair business practice, in violation of unfair competition laws. The bill would require a seller of motor vehicle fuels to provide a receipt to a purchaser that indicates the amount of tax that would have otherwise applied to the transaction.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: None

Sales and Use Taxes

AB 52 (Grayson) Income tax credit: sales and use taxes paid: manufacturing equipment: research and development equipment. As amended 6/15/23. The Bradley-Burns Uniform Local Sales and Use Tax Law, authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and current laws authorize districts, as specified, to impose transactions and use taxes in accordance with the Transactions and Use Tax Law, which generally conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are automatically incorporated into the local tax laws. This bill would allow, for a taxable year beginning on or after January 1, 2024, and before January 1, 2029, a credit against those taxes to a taxpayer in an amount equal to the amount of tax reimbursement paid during the taxable year for sales tax on gross receipts that would be exempt from taxation under the Sales and Use Tax Law pursuant to the sales and use tax exemption described above but for the provision that prohibits that exemption from applying with respect to any tax levied by a county, city, or district pursuant to, or in accordance with, the Bradley-Burns Uniform Local Sales and Use Tax Law or the Transactions and Use Tax Law, sales and use taxes imposed pursuant to certain provisions of the Sales and Use Tax Law, and sales and use taxes imposed pursuant to certain provisions of the California Constitution.

Status: Held on the Senate Appropriations suspense file.

Cal Cities Position: None

AB 2006 (Mathis) Sales and Use Tax Law: exemption: over-the-counter medication. As introduced 1/31/24. This bill would, until January 1, 2030, provide an exemption for the state portion of the sales and use tax imposed on the sale of, and the storage, use, or other consumption in this state of, over-the-counter medication.

Status: Held on the Assembly Revenue & Taxation committee suspense file.

Cal Cities Position: Watch

AB 2061 (Wilson) Sales and Use Tax: exemptions: zero-emission public transportation ferries. As amended 5/1/24. This bill, beginning January 1, 2025, and until January 1, 2030, provides a partial sales and use tax exemption for a zero-emission public transportation ferry. Status: Awaiting hearing in the Senate Revenue & Taxation committee.

Cal Cities Position: Support

AB 2274 (Dixon) Taxation: sales and use taxes: exemption: tax holiday. As amended 3/21/24. Would, on and after January 1, 2025, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, any tangible personal property purchased during the first weekend in August, beginning at 12:01 a.m. on Saturday and ending at 11:59 p.m. on Sunday.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: Oppose

AB 2647 (Low) Property taxation: disabled veterans' exemption: welfare exemption: housing for law enforcement and firefighters. As amended 4/10/24. Expands the disabled veterans' property tax exemption and would provide an unmarried surviving spouse a property tax exemption in the same amount that they would have been entitled to if the veteran was alive and if certain conditions are met.

Status: Awaiting hearing in the Assembly Revenue & Taxation committee.

Cal Cities Position: Pending

AB 2854 (Irwin) Bradley-Burns Uniform Local Sales and Use Tax Law. As amended 4/10/24. Requires a local agency to annually provide specified information to the California Department of Tax and Fee Administration (CDTFA) regarding the rebate of Bradley-Burns Uniform Local Sales and Use Tax Law revenues. Provides that, in any case where a local agency fails to provide the information above in a timely manner to the CDTFA or fails to post the information on its internet website, the department must notify the local agency that it has 30 days from receipt of the notice to provide or publish the required information. If a local agency fails to provide or publish the information within 30 days after receiving the notice, the department may impose a penalty in an amount equal to the greater of the following:

- 20% of any rebated SUT revenues during the applicable fiscal year; or,

- \$1,000 for each day the local agency fails to provide or publish the required information after receipt of the 30-day notice from the CDTFA.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Support if amended

AB 3259 (Wilson) Transactions and use taxes: County of Solano. As amended 5/7/24. Authorizes Solano County, or any city within Solano County, to impose a transaction and use tax for general or specific purposes that exceeds the 2% statutory limitation.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Watch

SB 243 (Seyarto) Sales and Use Tax Law: exemption: gun safety systems. As introduced 1/25/23. Would, until January 1, 2028, exempt from sales and use taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, a gun safety system, as defined. This bill contains other related provisions and other existing laws.

Status: Failed passage in the Senate Governance & Finance committee.

Cal Cities Position: Watch

SB 1086 (Seyarto) Sales and Use Tax Law: motor vehicle fuel tax: sales price: gross receipts. As introduced 2/12/24. The Motor Vehicle Fuel Tax Law imposes a tax upon each gallon of motor vehicle fuel removed from a refinery or terminal rack in this state, entered into this state, or sold in this state, at a specified rate per gallon. Existing sales and use tax laws provide a partial exemption from the taxes imposed by those laws for motor vehicle fuel that is subject to the taxes imposed by the Motor Vehicle Fuel Tax Law. This bill, beginning January 1, 2025, would exclude from the terms “gross receipts” and “sales price” under the Sales and Use Tax Law the amount of any motor vehicle fuel tax imposed pursuant to the Motor Vehicle Fuel Tax Law.

Status: Failed passage in the Senate Revenue & Taxation committee.

Cal Cities Position: Watch

Short-Term Rentals

AB 2202 (Rendon) Short-term rentals: disclosure: cleaning tasks. As amended 3/21/24. Current law, commencing July 1, 2024, prohibits a place of short-term lodging, an internet website, application, or other similar

centralized platform, or any other person from advertising, displaying, or offering a room rate that does not include all fees or charges required to stay at the short-term lodging, and requires that they include in the total price to be paid, all taxes and fees imposed by a government on the stay before the consumer reserves the stay. This bill would require a place of short-term lodging, an internet website, application, or other similar centralized platform, or any other person to also disclose any additional fees or charges that will be added to the total price to be paid, or other penalty that will be imposed, if the consumer fails to perform certain cleaning tasks at the end of the stay, and to explicitly describe the cleaning tasks in a written or electronic notice that is affirmatively acknowledged by the consumer before the consumer reserves the stay. The bill would make a violation of its provisions subject to the specified civil penalty and enforcement provisions described above.

Status: Awaiting hearing in the Senate Judiciary committee.

Cal Cities Position: Watch

SB 584 (Limón) Laborforce housing: Short-Term Rental Tax Law. As amended 5/18/23. This bill would enact the Laborforce Housing Financing Act of 2023, and define “laborforce housing” as housing that, among other things, is owned and managed by specified entities solely for the benefit of residents and households unable to afford market rent, and whose residents enjoy certain protections. The bill would establish the Laborforce Housing Fund in the State Treasury and would make moneys in the fund available to the department, upon appropriation by the legislature, for the creation of laborforce housing and other specified housing projects by public entities, local housing authorities, and mission-driven nonprofit housing providers, as provided.

Status: Awaiting hearing in the Assembly Housing & Community Development committee.

Cal Cities Position: Oppose unless amended

SB 683 (Glazer) Hotels and short-term rentals: advertised rates: mandatory fees. As amended 9/7/23. Would, beginning July 1, 2024, require a person or a website, application, or other similar centralized platform that advertises a hotel room rate or short-term rental rate before the public in this state, or from this state before the public in any state, to include in the advertised hotel room rate or short-term rental rate all mandatory fees, that will be charged in order for the consumer to stay in the hotel room or short-term rental and include in the total price to be paid, before the consumer reserves the stay, all taxes and fees imposed by a government on the stay.

Status: Inactive file.
Cal Cities Position: Watch

Transit

AB 1837 (Papan) San Francisco Bay area: public transit: Regional Network Management Council. As amended 3/21/24. Establishes in state law the Regional Network Management Council and directs the Metropolitan Transportation Commission to facilitate the creation of the council.

Status: Awaiting hearing in the Senate Transportation committee.

Cal Cities Position: Track

AB 1853 (Villapudua) San Joaquin Regional Transit District: meetings: surplus money investments. As amended 3/11/24. Would authorize the San Joaquin Regional Transit District board to provide, by ordinance or resolution, that each board member receive \$100 for each board meeting and committee meeting attended, not to exceed \$500 in a calendar month.

Status: Awaiting hearing in the Senate Transportation committee.

Cal Cities Position: Track

AB 1924 (Nguyen, Stephanie) Sacramento Regional Transit District. As amended 5/13/24. This bill allows the Sacramento Regional Transit District to expand its service area to any city within Sacramento County and any other portion of the unincorporated territory within the boundaries of Sacramento County where the county has declared a need for the district to operate.

Status: Awaiting a full vote of the Senate.

Cal Cities Position: Track

AB 2325 (Lee) San Francisco Bay Area Rapid Transit District: officers: designation and appointment. As amended 5/30/24. Would eliminate the treasurer and controller as specifically designated officers of the San Francisco Bay Area Rapid Transit District and as positions subject to appointment and removal by the board. The bill would also eliminate specified qualifications applicable to the controller.

Status: Awaiting hearing in the Senate Transportation committee.

Cal Cities Position: None

AB 2553 (Friedman) Housing development: major transit stops: vehicular traffic impact fees. As amended 4/15/24. The California Environmental Quality Act

(CEQA) exempts from its requirements residential projects on infill sites and transit priority projects that meet certain requirements, including a requirement that the projects are located within 1/2 mile of a major transit stop. CEQA defines “major transit stop” to include, among other locations, the intersection of 2 or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods. This bill would revise the definition of “major transit stop” to increase the frequency of service interval to 20 minutes.

Status: Referred to the Senate Local Government and Housing committees.

Cal Cities Position: Track

AB 2634 (McCarty) Sacramento Regional Transit District. As amended 5/30/24. Exempts the Sacramento Regional Transit (SACRT) District from a requirement that each transit operator that offers reduced fares to senior citizens must also offer reduced fares to disabled persons at the same rate established for senior citizens until January 1, 2027. This bill mandates that if SacRT offers reduced fares to senior citizens only, under this exemption, the district shall not increase fares for disabled persons or disabled veterans. This bill requires, under this exemption, that if SacRT offers reduced fares to senior citizens only, then SacRT is to submit a report to the legislature by January 1, 2026.

Status: Awaiting a full vote of the Senate.

Cal Cities Position: None

SB 904 (Dodd) Sonoma-Marín Area Rail Transit District. As amended 3/21/24. Current law authorizes the board of the Sonoma-Marín Area Rail Transit District to submit to the voters of the district a measure proposing a retail transaction and use tax ordinance. SB 904 would also authorize special district taxes to be imposed by a qualified voter initiative and require the board of supervisors of the counties of Sonoma and Marin to call a special election on a tax measure proposed by the district’s board of directors or a qualified voter initiative in their respective counties.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: None

SB 960 (Wiener) Transportation: planning: transit priority projects: multimodal. As amended 5/17/24. Directs Caltrans to develop a transit priority policy, requiring inclusion of bicycle, pedestrian, and transit priority facilities in the Transportation Asset Management Plan, the State Highway System Management Plan, and the

plain language performance report of the State Highway Operation and Protection Program (SHOPP). This bill requires any project in the SHOPP to include bicycle, pedestrian, and transit priority projects unless a specified exception applies.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Track

SB 1031 (Wiener) San Francisco Bay area: local revenue measure: transportation improvements. As amended 5/20/24. Authorizes the Metropolitan Transportation Commission to propose new taxes, allocate new revenue and issue bonds for specified transportation projects, and requires the State Transportation Agency to consider transit agency consolidation within the San Francisco Bay area.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Track

SB 1417 (Allen) Transit districts: prohibition orders. As introduced 2/16/24. This bill would provide that the Santa Monica Department of Transportation is also a transit district for purposes of provisions regarding prohibition orders.

Status: Awaiting hearing in the Assembly Transportation committee.

Cal Cities Position: None

Cannabis

Direct to Consumer

AB 1111 (Pellerin) Cannabis: small producer event sales license. As amended 5/22/23. This bill establishes a small producer event sales license for licensed small-scale cannabis cultivators in California, utilizing the existing state framework for cannabis events established under AB 2020. The bill limits license issuance to cultivators meeting specific cultivation size criteria and designated equity licensees. Licensees are required to sell only their own cultivated cannabis products and transport them to event venues through licensed distributors. Additionally, the bill mandates event organizers to provide a list of small producer event sales licensees to the Department of Cannabis Control (DCC) for temporary event applications and grants DCC authority to take disciplinary action for violations. Sponsored by the Origins Council.

Status: Held on the Senate Appropriations suspense file.

Cal Cities Position: Watch

Employment Discrimination

SB 1264 (Grove) Employment discrimination: cannabis use. As amended 4/29/24. Existing law prohibits employers from discriminating against individuals in hiring, termination, or employment conditions based on their off-the-job cannabis use or the presence of nonpsychoactive cannabis metabolites in drug screenings. Certain exemptions exist, such as for positions requiring federal background checks or security clearances. SB 1264 extends exemptions to additional applicants and employees within law enforcement agencies, including those involved in civil enforcement, animal control, or coroner functions.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Watch

Enforcement

AB 491 (Wallis) Local government: fines and penalties. As amended 9/13/23. Makes several changes to a local agency's ability to collect administrative fines or penalties, including changes that apply to all administrative fines and penalties, as well as changes that are specific to violations of cannabis-related ordinances.

Status: Awaiting hearing in the Senate Judiciary committee.

Cal Cities Position: Support

AB 1616 (Lackey) California Cannabis Tax Fund: Board State and Community Corrections grants. This bill amends the Board of State and Community Corrections (BSCC) [Prop 64 Public Health and Safety Grant Program](#) to expand the eligibility criteria so that all of California's 482 cities and 58 counties may apply for grant funding. The bill further directs the BSCC to prioritize the allocation of BSCC grants to programs addressing unlawful retail and cultivation activities.

Status: 2-year bill. Awaiting hearing in the Senate Public Safety committee.

Cal Cities Position: Support

SB 820 (Alvarado-Gil) Cannabis: enforcement: seizure of property. As amended 5/1/23. Sponsored by the Rural County Representatives of California, this bill empowers the Department of Cannabis Control or local jurisdictions, with an inspection warrant, to seize specified property used in unlicensed commercial cannabis activities, along with vehicles valued over \$5,000 used to conceal or transport cannabis products for those engaging in such

conduct. Specified property includes various equipment, materials, and currency exceeding \$40,000. The bill excludes limited unlicensed commercial cannabis activities involving fewer than 1,000 living cannabis plants and real property. It establishes notice requirements and forfeiture proceedings, with seized property sold at public auction and proceeds split between the local jurisdiction and the Cannabis Control Fund. Proceeds allocated to the state are designated for use exclusively under the California Cannabis Equity Act, subject to legislative appropriations.

Status: Awaiting hearing in the Assembly Business and Professions committee.

Cal Cities Position: Support

Industrial Hemp

AB 2223 (Aguilar-Curry) Cannabis: industrial hemp.

As amended 5/16/24. Allows for cannabis licensees to manufacture, distribute, or sell products that contain industrial hemp and places additional restrictions on industrial hemp products containing tetrahydrocannabinol (THC) or comparable cannabinoids.

Status: Referred to the Senate Business Professions and Economic Development and Health committees.

Cal Cities Position: Pending

Licensing Reform/Simplification

SB 508 (Laird) Cannabis: licenses: California

Environmental Quality Act. As amended 8/4/23. Establishes conditions under which the Department of Cannabis Control is not required to serve as a responsible agency under the California Environmental Quality Act (CEQA).

Status: Awaiting dispensation in the Assembly Appropriations committee.

Cal Cities Position: Support

SB 1064 (Laird) Cannabis. As amended 5/16/24. Co-sponsored by the Rural County Representatives of California and the California Cannabis Industry Association, this bill revises the current licensing framework for retail, distribution, processing and manufacturing of cannabis or cannabis products for commercial cannabis activity by creating a uniform operator license, a revised premises license, as specified, and transforming a cultivation or laboratory license into a unified license by January 1, 2028.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Support

SB 1109 (Bradford) Cannabis licensure. As amended 5/16/24. Requires the Department of Cannabis Control to collect demographic data about a person applying for a state license.

Status: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Pending

Onsite Consumption

AB 1775 (Haney) Cannabis: local control: cannabis consumption. As amended 4/25/24. This bill specifies that a local jurisdiction may allow a licensed retailer or microbusiness to prepare or sell pre-packaged non-cannabis-infused, nonalcoholic food or beverage products and to allow, and to sell tickets for, live musical or other performances on the premises by a licensed retailer or microbusiness in an area where the consumption of cannabis is allowed.

Status: Awaiting hearing in the Senate Business Professions and Economic Development committee.

Cal Cities Position: Pending

SB 285 (Allen) Cannabis: retail preparation, sale, and consumption of non-cannabis food and beverage products. As amended 4/11/23. Permits the preparation or sale of non-cannabis food or beverage products in compliance with all applicable provisions of the retail food code by a licensed cannabis retailer or microbusiness in the area where the consumption of cannabis is allowed. Specifies that the activities above must be authorized by a local jurisdiction, and only if access to the area where cannabis consumption is allowed is restricted to persons 21 years of age or older, if cannabis consumption is not visible from any public place or nonage-restricted area, and if the sale or consumption of alcohol or tobacco is not allowed on the premises. Authorizes a local jurisdiction to allow for the sale of prepackaged, non-cannabis-infused, nonalcoholic food and beverages by a licensed retailer.

Status: Awaiting hearing in the Assembly Governmental Organization committee.

Cal Cities Position: Watch

Cannabis Taxation

AB 2555 (Quirk-Silva) Sales and use tax: exemption: medicinal cannabis: donations. As amended 4/8/24. This bill ensures continued access to medicinal cannabis donations for low-income patients by extending indefinitely the sales and use tax exemption for medicinal

cannabis or medicinal cannabis products that are donated by cannabis licensees, also known as the Dennis Peron and Brownie Mary Act. The current exemption is set to expire at the end of 2024 and this bill would extend the sunset to Jan. 1, 2030.

Status: Awaiting assignment to a policy committee in the Senate.

Cal Cities Position: Watch

SB 1059 (Bradford) Cannabis tax: cannabis retailers.

As amended 4/24/24. Clarifies that the state's 15% excise tax is calculated based on gross receipts of cannabis products and does not capture any tax or fee imposed by a local jurisdiction. In some jurisdictions, including the City of Los Angeles, local cannabis taxes or fees are being calculated after the state excise tax is applied.

Status: Awaiting assignment to a committee in the Assembly.

Cal Cities Position: Pending

Testing Integrity

AB 1610 (Jones-Sawyer) Cannabis: Department of Cannabis Control. As amended 7/5/23. This bill aims to tackle the issue of illegal over-reporting of potency for price markups in the cannabis industry. The bill mandates the Department of Cannabis Control (DCC) to maintain a record of recall orders on its website, including details like date, location, licensee name, and license number. It also requires the DCC to establish a blind proficiency test method for testing laboratories to ensure consistent results, conduct biennial in-person audits of testing labs, set guidelines for audit procedures, and establish quality assurance standards for cannabis products available for retail sale.

Status: Awaiting hearing in the Senate Business, Professions, and Economic Development Committee.

Cal Cities Position: Watch