

City of Palo Alto

Sales Tax Digest Summary

Collections through February 2024

Sales October through December 2023 (2023Q4)

California Overview

For the year ending in the fourth quarter of 2023, cash receipts decreased 1.4% statewide, and decreased 2.4% in S.F. Bay Area. However, when adjusted for non-period related payments, the overall economic sales tax activity for the year ending in fourth quarter of 2023 decreased by 3.5% statewide and decreased by 3.9% in S.F. Bay Area.

City of Palo Alto

For the year ending in the fourth quarter of 2023, sales tax cash receipts for the city increased by 8.2% 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 fourth quarter of 2023 increased by 3.7%.

Same quarter sales tax cash receipts decreased by 2.6% in California from Q4 2022 to Q4 2023. Overall, the decline in sales tax cash receipts in California in Q4 2023 when compared to the same quarter in the prior year was due to a combination of factors, including consumer responses to higher prices and higher interest rates. While inflation rates have been declining, the cumulative impact of higher prices and economic uncertainty have started to impact consumer confidence and ultimately impacted consumer demand in Q4 2023. Interest rate increases made financing larger purchases, such as new autos, more expensive.

The Palo Alto citywide sales tax cash receipts increased by 1.6% over the Q4 2022 to Q4 2023 period. Palo Alto's growth bucked the overall statewide decreasing trend during the same period. Key reasons for the Palo Alto increase during this period (while the rest of the state was down) were a 10.8% increase in the auto leasing segment and a 3.7% increase in the restaurant segment.

Regional Overview

The first chart on page two shows adjusted economic benchmark year amounts, which means that it shows the year ended fourth quarter of 2023 compared to the year ended fourth quarter of 2022 (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.

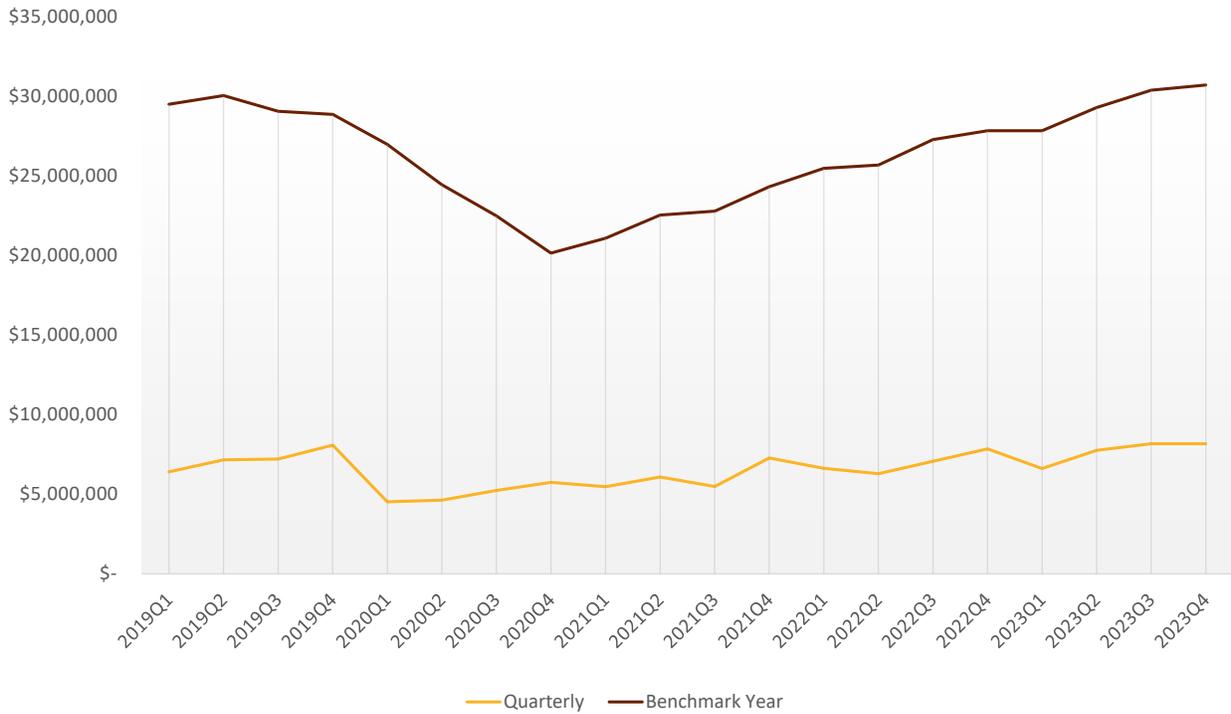
Regional Overview Chart (Economic)

BENCHMARK YEAR 2023Q4 COMPARED TO BENCHMARK YEAR 2022Q4

ECONOMIC CATEGORY ANALYSIS FOR YEAR ENDED 4th Quarter 2023								
% of Total / % Change	Palo Alto	California Statewide	S.F. Bay Area	Sacramento Valley	Central Valley	South Coast	Inland Empire	North Coast
General Retail	26.3 / -0.3	28.7 / -1.2	26.1 / -4.7	28.1 / -2.9	37.4 / 2.1	26.9 / 0.1	34.1 / -5.7	27.6 / 4.6
Food Products	17.5 / 8.0	21.0 / 0.9	22.3 / 2.0	16.7 / 0.1	14.7 / 1.1	23.1 / 1.8	17.8 / -7.5	18.3 / 0.5
Transportation	19.1 / 3.0	23.6 / -6.8	19.1 / -7.0	27.1 / -5.0	22.7 / -4.5	24.6 / -5.8	24.3 / -16.0	28.4 / -9.5
Business to Business	33.8 / 6.1	15.8 / -6.4	21.2 / -3.9	14.4 / -5.5	14.5 / -6.9	15.5 / -6.5	10.8 / -13.4	10.2 / -9.4
Misc/Other	3.3 / -4.5	10.8 / -5.4	11.2 / -7.5	13.7 / -8.8	10.7 / -6.3	9.9 / -2.3	13.1 / -11.4	15.5 / -4.9
Total	100.0 / 3.7	100.0 / -3.5	100.0 / -3.9	100.0 / -4.2	100.0 / -1.9	100.0 / -2.3	100.0 / -10.3	100.0 / -3.4
ECONOMIC SEGMENT ANALYSIS FOR YEAR ENDED 4th Quarter 2023								
	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	21.9 / 10.8	15.2 / 3.2	16.6 / 3.8	11.7 / 1.1	15.6 / 15.4	17.1 / 3.9	17.0 / -1.8	11.7 / 1.8
2nd Largest Segment	Restaurants	Auto Sales - New	Miscellaneous Retail	Restaurants	Department Stores	Auto Sales - New	Restaurants	Department Stores
% of Total / % Change	15.7 / 9.3	11.4 / -3.9	9.8 / -2	11.5 / 1.8	10.9 / -3.4	12.6 / -3.9	11.5 / -3.1	11.5 / 26.8
3rd Largest Segment	Auto Sales - New	Miscellaneous Retail	Auto Sales - New	Miscellaneous Retail	Restaurants	Miscellaneous Retail	Auto Sales - New	Auto Sales - New
% of Total / % Change	15.2 / 5.0	10.6 / 6.7	9.3 / -4.8	11.0 / 0.3	9.9 / 3.9	8.7 / 11.3	11.1 / -8.7	11.3 / -1.0

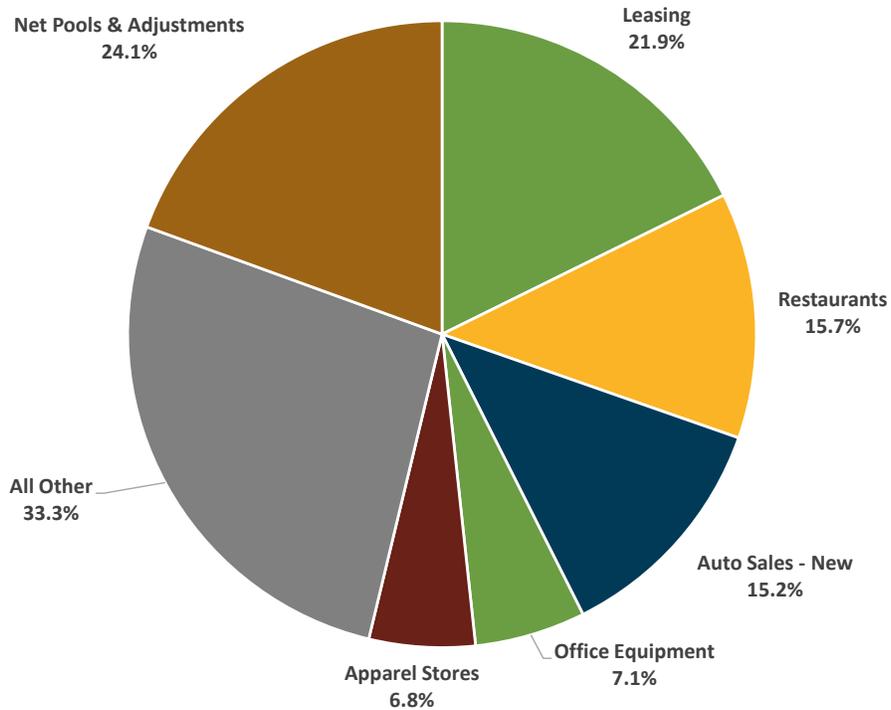
City of Palo Alto

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



Net Cash Receipts for Benchmark Year fourth Quarter 2023: \$36,846,615

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

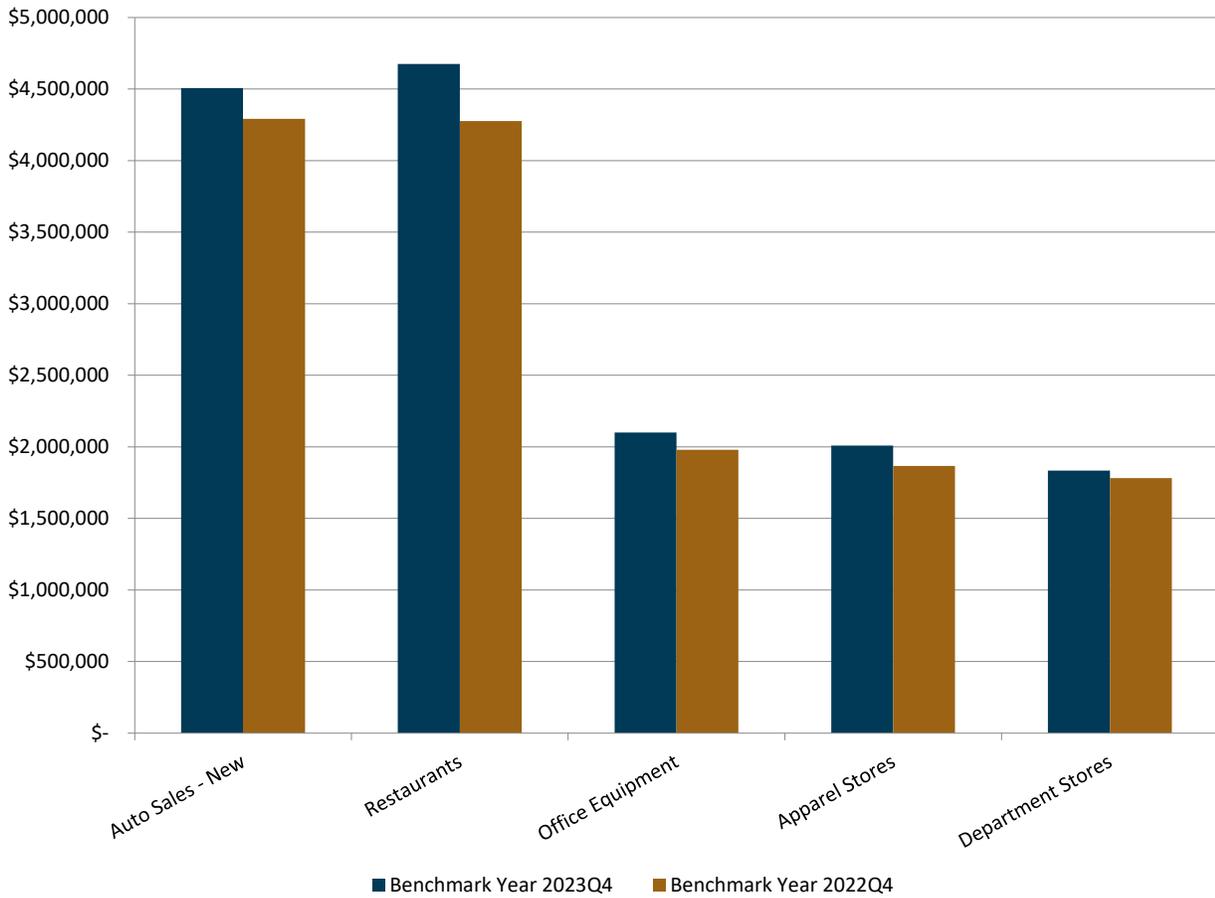


TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Palo Alto's Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents the year ended fourth quarter of 2023. The Top 25 Sales/Use Tax contributors generate 61.6% of Palo Alto's total sales and use tax revenue.

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

Sales Tax from Largest Non-Confidential Sales Tax Segments (Economic)



City of Palo Alto

Historical Analysis by Calendar Quarter

Economic Category	%	2023Q4	2023Q3	2023Q2	2023Q1	2022Q4	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3	2021Q2
Business To Business	23.2%	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	1,559,814
Miscellaneous/Other	20.0%	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	1,743,358
General Retail	23.8%	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	1,740,666
Food Products	13.8%	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	912,939
Subtotal Economic (Local Business)	80.8%	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	5,956,778
Net Pools & Adjustments	19.2%	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	1,513,663
Total Cash Receipts	100.0%	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	7,470,441

Economic Segment	%	2023Q4	2023Q3	2023Q2	2023Q1	2022Q4	2022Q3	2022Q2	2022Q1	2021Q4	2021Q3	2021Q2
Miscellaneous/Other	45.3%	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	3,570,610
Restaurants	12.5%	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	799,544
Miscellaneous Retail	7.1%	689,939	480,649	512,077	448,322	545,797	381,616	479,710	432,956	679,381	412,016	514,516
Apparel Stores	6.0%	586,863	478,973	509,894	423,470	538,573	435,730	495,508	392,724	540,782	406,274	398,447
Department Stores	5.6%	549,893	435,388	492,374	356,626	533,032	423,601	454,349	367,144	525,295	388,703	384,763
Service Stations	2.2%	214,900	229,911	222,029	192,723	215,640	233,387	250,715	191,755	190,610	181,460	157,268
Food Markets	1.2%	112,372	103,251	111,465	101,978	116,810	99,811	104,253	91,634	108,203	90,773	89,773
Business Services	1.0%	98,980	83,130	93,106	74,150	98,027	62,683	80,950	62,025	227,256	73,169	41,858
Subtotal Economic (Local Business)	80.8%	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	5,956,778
Net Pools & Adjustments	19.2%	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	1,513,663
Total Cash Receipts	100.0%	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	7,470,441

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 2014Q4 to 2023Q4

Economic Category	%	2023Q4	2022Q4	2021Q4	2020Q4	2019Q4	2018Q4	2017Q4	2016Q4	2015Q4	2014Q4
Business To Business	27.3%	10,069,198	9,470,030	7,429,716	7,892,339	8,552,385	6,449,047	5,784,574	5,070,338	4,815,757	4,204,609
Miscellaneous/Other	18.1%	6,663,630	6,544,315	6,808,975	5,644,772	7,305,572	7,675,512	6,512,034	6,341,684	5,725,186	5,279,140
General Retail	21.1%	7,767,128	7,695,732	6,884,490	4,446,793	7,707,933	8,242,149	8,243,228	8,405,459	8,150,481	8,046,622
Food Products	14.1%	5,184,711	4,799,545	3,653,946	2,792,288	4,927,015	4,836,530	4,691,143	4,623,448	4,476,455	4,202,500
Subtotal Economic (Local Business)	80.6%	29,684,668	28,509,623	24,777,127	20,776,192	28,492,905	27,203,238	25,230,978	24,440,930	23,167,878	21,732,871
Net Pools & Adjustments	19.4%	7,161,947	5,534,016	5,252,686	4,581,233	6,368,218	6,245,742	4,747,057	4,007,873	3,911,397	3,863,167
Total	100.0%	36,846,615	34,043,639	30,029,814	25,357,425	34,861,122	33,448,980	29,978,035	28,448,802	27,079,275	25,596,038

Economic Segment	%	2023Q4	2022Q4	2021Q4	2020Q4	2019Q4	2018Q4	2017Q4	2016Q4	2015Q4	2014Q4
Miscellaneous/Other	47.4%	17,457,055	17,021,481	14,955,112	14,224,570	16,848,675	15,322,569	13,781,407	12,398,374	11,601,816	10,579,941
Restaurants	12.7%	4,674,768	4,276,150	3,194,169	2,345,059	4,363,220	4,242,726	4,081,788	4,022,319	3,890,586	3,663,579
Miscellaneous Retail	5.6%	2,073,948	1,849,815	1,945,897	1,209,629	1,611,952	1,675,357	1,682,585	2,315,408	1,630,021	1,523,204
Apparel Stores	5.5%	2,008,961	1,866,535	1,610,034	1,005,415	1,912,604	1,979,846	1,741,358	1,659,929	1,657,179	1,660,838
Department Stores	5.0%	1,834,276	1,781,739	1,536,282	777,559	1,795,157	1,980,754	2,066,909	2,143,430	2,366,679	2,364,448
Service Stations	2.3%	865,278	892,331	645,596	436,436	700,254	697,083	613,070	551,153	644,027	768,488
Business Services	0.9%	338,309	408,864	526,824	420,433	817,597	834,834	759,131	843,203	872,811	704,647
Food Markets	1.2%	432,073	412,708	363,213	357,092	443,446	470,070	504,729	507,114	504,759	467,726
Subtotal Economic (Local Business)	80.6%	29,684,668	28,509,623	24,777,127	20,776,192	28,492,905	27,203,238	25,230,978	24,440,930	23,167,878	21,732,871
Net Pools & Adjustments	19.4%	7,161,947	5,534,016	5,252,686	4,581,233	6,368,218	6,245,742	4,747,057	4,007,873	3,911,397	3,863,167
Total	100.0%	36,846,615	34,043,639	30,029,814	25,357,425	34,861,122	33,448,980	29,978,035	28,448,802	27,079,275	25,596,038

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 (2023Q4 BMY is sum of 2023 Q4, 2023 Q3, 2023 Q2, 2023 Q1).

City of Palo Alto

Quarterly Analysis by Sales Tax Category: Change from 2022Q4 to 2023Q4 (Economic)

	General Retail	Food Products	Transportation	Business to Business	Misc/Other	2023/Q Total	2022/Q Total	% Chg	Largest Gain	Second Largest Gain	Largest Decline	Second Largest Decline
Campbell	-9.6%	-2.8%	7.8%	7.0%	-22.6%	2,799,078	2,826,459	-1.0%	I.T. Infrastructure	Service Stations	Recreation Products	Office Equipment
Cupertino	1.1%	1.9%	3.7%	5.0%	-6.5%	10,487,350	10,031,381	4.5%	Office Equipment	Light Industry	I.T. Infrastructure	Food Markets
Gilroy	-1.1%	-1.6%	13.2%	3.5%	43.5%	4,797,438	4,658,106	3.0%	Auto Sales - New	Heavy Industry	Misc. Vehicle Sales	Energy Sales
Los Altos	-16.9%	-3.6%	-13.1%	-8.3%	-77.2%	623,990	696,637	-10.4%	Auto Parts/Repair	Light Industry	Miscellaneous Retail	Service Stations
Los Gatos	-13.4%	-3.2%	-6.8%	20.6%	-0.3%	1,569,677	1,649,770	-4.9%	Biotechnology	Light Industry	Furniture/Appliance	Auto Sales - New
Milpitas	8.8%	0.3%	-7.2%	-33.4%	-30.6%	5,985,167	6,672,200	-10.3%	Miscellaneous Retail	Restaurants	Office Equipment	Heavy Industry
Morgan Hill	3.0%	-1.2%	-7.9%	2.4%	3.9%	2,587,362	2,672,320	-3.2%	Light Industry	Apparel Stores	Service Stations	Heavy Industry
Mountain View	2.0%	5.1%	-22.4%	-5.9%	-19.4%	5,174,314	5,388,721	-4.0%	Restaurants	Business Services	Auto Sales - New	Light Industry
Palo Alto	2.1%	6.1%	27.4%	-19.2%	4.6%	7,962,621	8,012,706	-0.6%	Auto Sales - New	Miscellaneous Retail	Office Equipment	Furniture/Appliance
San Jose	-2.4%	1.8%	-12.3%	-7.4%	189.3%	50,630,869	52,512,578	-3.6%	Office Equipment	Miscellaneous Other	Auto Sales - New	Green Energy
Santa Clara	0.1%	2.2%	-13.5%	-0.3%	23.6%	12,473,017	13,035,968	-4.3%	I.T. Infrastructure	Electronic Equipment	Office Equipment	Auto Sales - New
County of Santa Clara	-7.1%	0.9%	66.8%	-39.3%	9.0%	1,250,694	1,381,160	-9.4%	Light Industry	Auto Sales - Used	I.T. Infrastructure	Bldg.Matls-Whsle
Saratoga	-13.3%	-0.7%	-9.5%	-48.7%	-17.0%	274,941	299,738	-8.3%	Restaurants	Light Industry	Business Services	Service Stations
Sunnyvale	21.2%	2.2%	16.1%	3.6%	-19.1%	8,474,166	7,981,219	6.2%	Light Industry	Miscellaneous Retail	Office Equipment	Bldg.Matls-Whsle

Unlike the chart on page one which showed a 'benchmark year' through fourth quarter of 2023, the chart above shows a comparison of one quarter only – fourth quarter of 2023 to fourth quarter of 2022. 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 2022Q4 to 2023Q4 (Economic)

California Avenue	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
FOOD PRODUCTS	8.3%	93,308	86,121	61.2%	57.2%
GENERAL RETAIL	-26.4%	16,628	22,601	10.9%	15.0%
ALL OTHER	1.5%	42,438	41,826	27.9%	27.8%
TOTAL	1.2%	152,375	150,549	100.0%	100.0%

El Camino Real and Midtown	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
FOOD PRODUCTS	3.4%	162,711	157,368	28.6%	30.4%
GENERAL RETAIL	6.1%	41,645	39,239	7.3%	7.6%
ALL OTHER	13.3%	364,182	321,518	64.1%	62.1%
TOTAL	9.7%	568,538	518,125	100.0%	100.0%

Greater Downtown	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
FOOD PRODUCTS	7.9%	533,070	493,949	60.4%	52.1%
GENERAL RETAIL	-29.8%	271,697	386,928	30.8%	40.8%
CONSTRUCTION	283.3%	40,615	10,597	4.6%	1.1%
BUSINESS TO BUSINESS	-44.9%	25,303	45,910	2.9%	4.8%
MISCELLANEOUS	25.8%	8,034	6,386	0.9%	0.7%
TRANSPORTATION	-13.6%	3,240	3,750	0.4%	0.4%
TOTAL	-6.9%	881,959	947,519	100.0%	100.0%

Stanford Shopping Center	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
GENERAL RETAIL	10.8%	1,777,249	1,603,759	76.1%	78.1%
FOOD PRODUCTS	-7.6%	164,915	178,551	7.1%	8.7%
ALL OTHER	45.8%	394,298	270,413	16.9%	13.2%
TOTAL	13.8%	2,336,462	2,052,723	100.0%	100.0%

City of Palo Alto

City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2022Q4 to 2023Q4 (Economic) Cont.

Town And Country Shopping Center	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
FOOD PRODUCTS	6.5%	112,570	105,723	55.8%	57.4%
GENERAL RETAIL	15.6%	81,893	70,852	40.6%	38.5%
ALL OTHER	-1.9%	7,326	7,466	3.6%	4.1%
TOTAL	9.6%	201,789	184,041	100.0%	100.0%

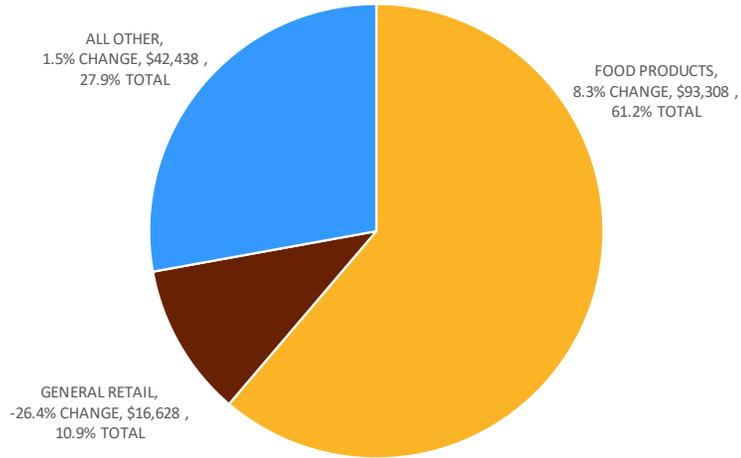
All Other Geos combined with Balance of Jurisdiction	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
GENERAL RETAIL	2.8%	2,249,091	2,187,385	30.8%	29.9%
BUSINESS TO BUSINESS	-18.1%	2,151,367	2,626,836	29.4%	35.9%
TRANSPORTATION	27.7%	1,656,983	1,297,935	22.7%	17.8%
FOOD PRODUCTS	5.0%	1,154,648	1,099,310	15.8%	15.0%
CONSTRUCTION	72.8%	57,220	33,117	0.8%	0.5%
MISCELLANEOUS	-31.9%	43,779	64,270	0.6%	0.9%
TOTAL	0.1%	7,313,088	7,308,852	100.0%	100.0%

All Geo Area Totals Comparison 23Q4 & 22Q4	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
Balance of Jurisdiction	-8.2%	3,171,966	3,455,895	43.4%	47.3%
Stanford Shopping Center	-6.9%	881,959	947,519	12.1%	13.0%
Greater Downtown	13.8%	2,336,462	2,052,723	31.9%	28.1%
El Camino Real and Midtown	9.7%	568,538	518,125	7.8%	7.1%
Town And Country Shopping Center	9.6%	201,789	184,041	2.8%	2.5%
California Avenue	1.2%	152,375	150,549	2.1%	2.1%
TOTAL	0.1%	7,313,088	7,308,852	100.0%	100.0%

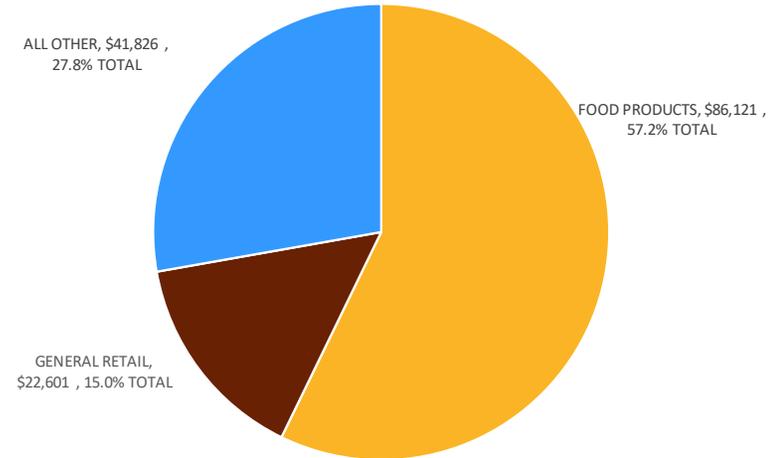
Palo Alto citywide QE 23Q4 & 22Q4	% CHANGE QoQ	2023Q4 QE	2022Q4 QE	23Q4 % OF TOTAL	22Q4 % OF TOTAL
BUSINESS TO BUSINESS	-19.2%	2,341,984	2,897,154	29.4%	36.2%
GENERAL RETAIL	2.1%	2,315,882	2,267,515	29.1%	28.3%
TRANSPORTATION	27.4%	1,659,937	1,303,260	20.8%	16.3%
FOOD PRODUCTS	6.1%	1,348,051	1,270,193	16.9%	15.9%
MISCELLANEOUS	0.0%	232,629	232,569	2.9%	2.9%
CONSTRUCTION	52.7%	64,138	42,015	0.8%	0.5%
TOTAL	-0.6%	7,962,621	8,012,706	100.0%	100.0%

City of Palo Alto Geo Area Pie Charts

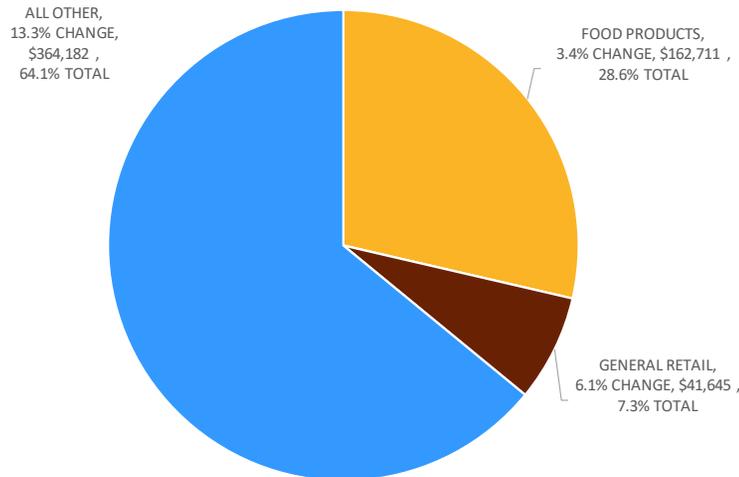
California Avenue 2023Q4 SALES TAX AMOUNTS



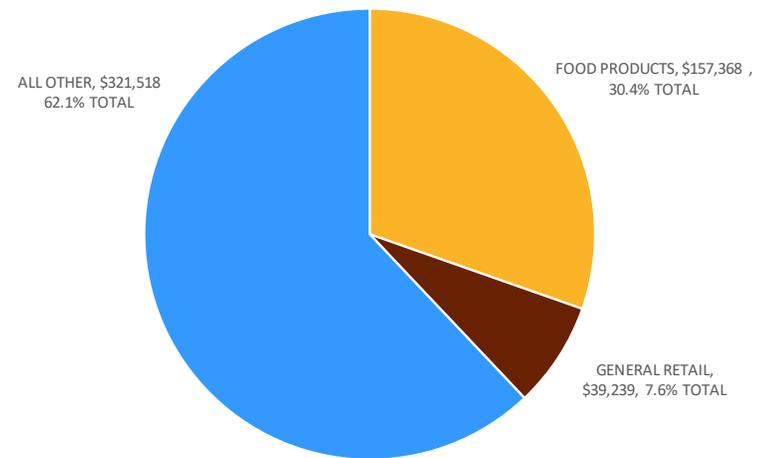
California Avenue 2022Q4 SALES TAX AMOUNTS



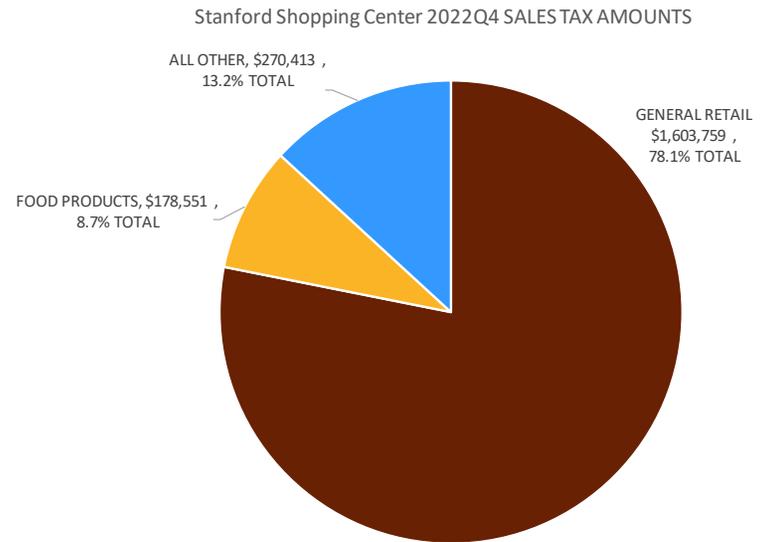
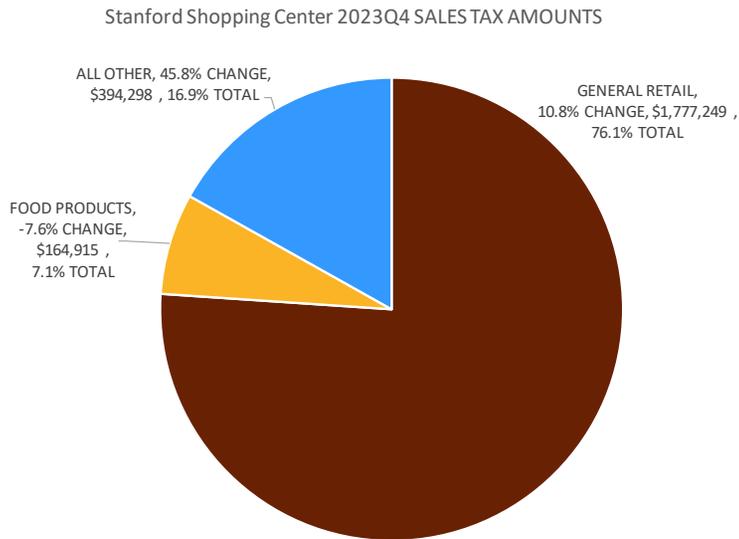
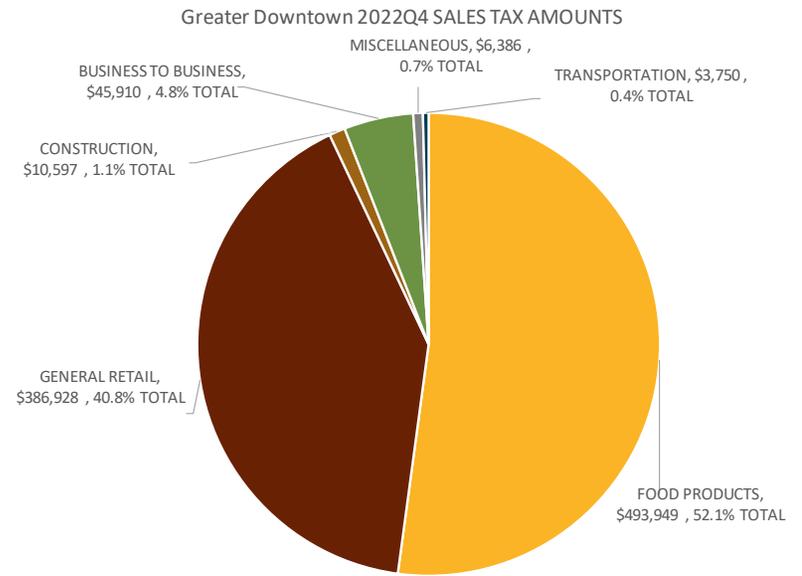
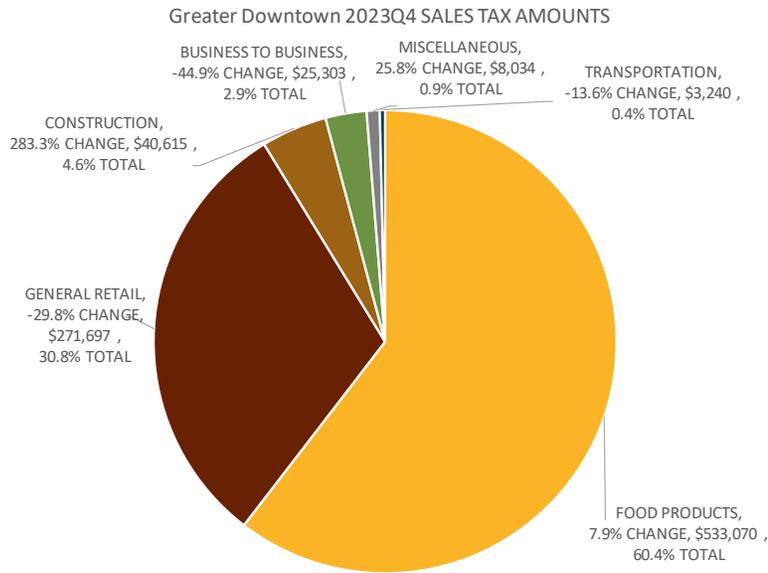
El Camino Real and Midtown 2023Q4 SALES TAX AMOUNTS



El Camino Real and Midtown 2022Q4 SALES TAX AMOUNTS

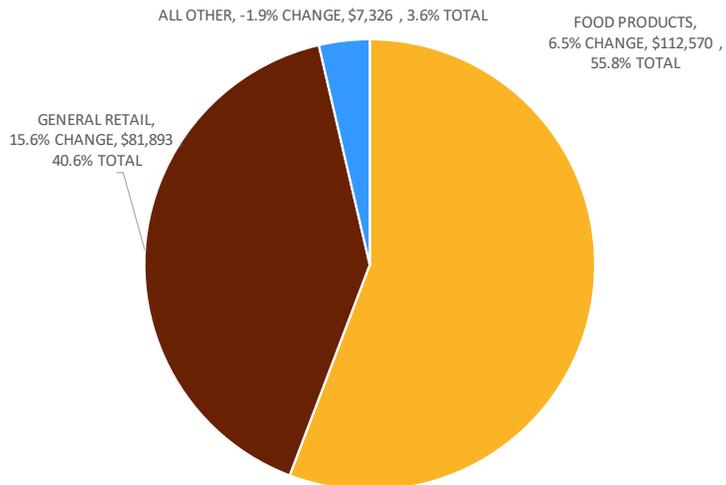


City of Palo Alto Geo Areas Pie Charts

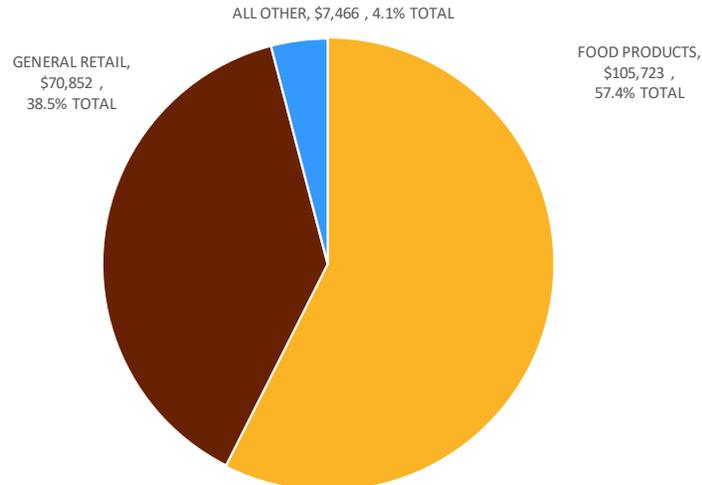


City of Palo Alto Geo Area Pie Charts

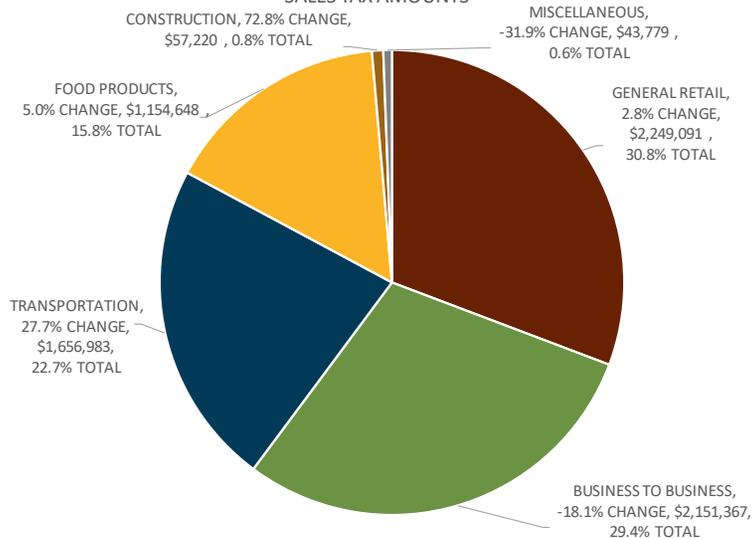
Town And Country Shopping Center 2023Q4 SALES TAX AMOUNTS



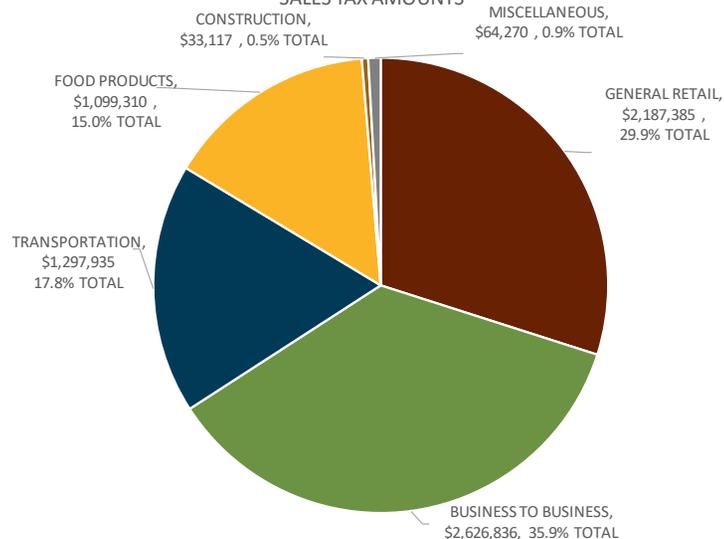
Town And Country Shopping Center 2022Q4 SALES TAX AMOUNTS



All Other Geos combined with Balance of Jurisdiction 2023Q4 SALES TAX AMOUNTS

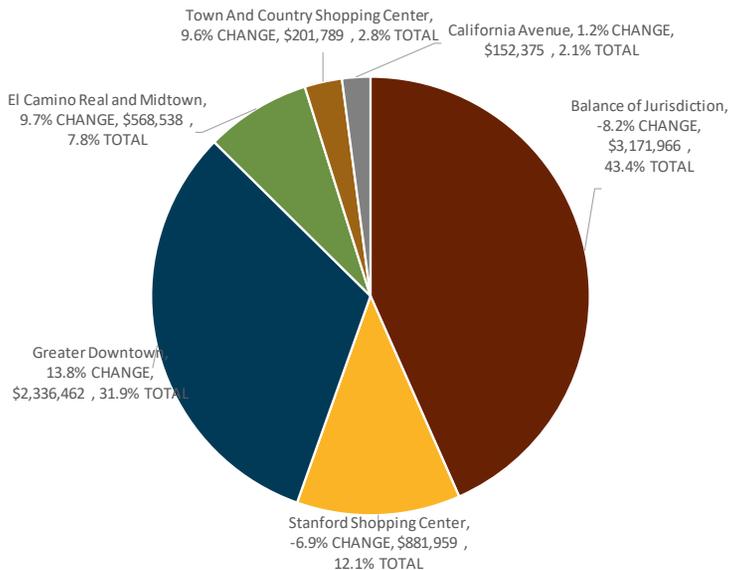


All Other Geos combined with Balance of Jurisdiction 2022Q4 SALES TAX AMOUNTS

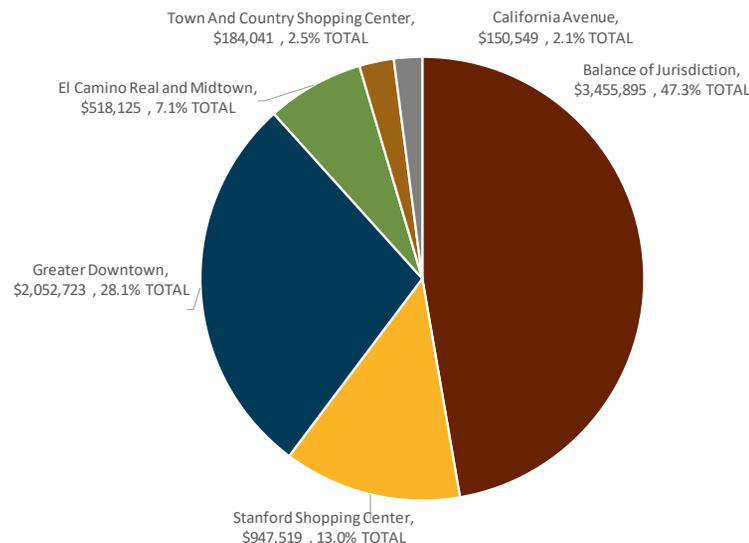


City of Palo Alto Geo Area & Citywide Pie Charts

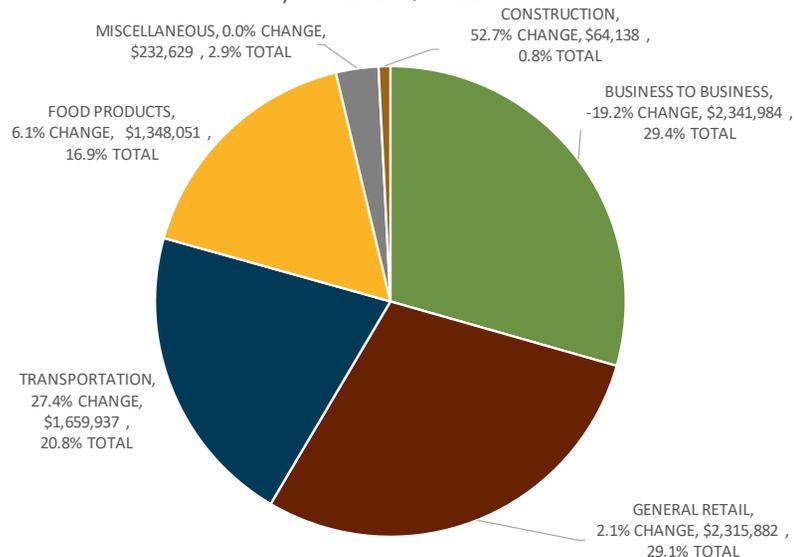
All Geo Area Totals 2023Q4 SALES TAX AMOUNTS



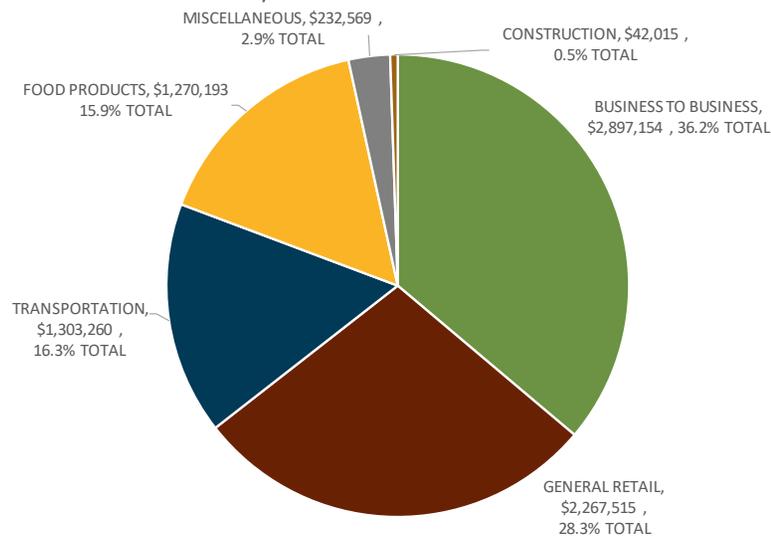
All Geo Area Totals 2022Q4 SALES TAX AMOUNTS



Palo Alto citywide 2023Q4 SALES TAX AMOUNTS



Palo Alto citywide 2022Q4 SALES TAX AMOUNTS



California Legislative Update March 11, 2024

The February bill introduction deadline for the 2024 legislative year has passed, with a summary of the salient legislation provided in this report. We will continue to keep you abreast of all pertinent discussions, including updates on the increasingly pressing budget situation, in future communications.

The Legislative Analyst's Office has revised its estimate of the state's revenue shortfall from \$68 billion in November to \$73 billion in February. This continued downward trajectory is anticipated to influence legislation, particularly bills entailing substantial fiscal implications. The evolving revenue situation is also poised to significantly impact both the governor's May budget revision and the legislature's response. Consequently, state agencies have been advised to remain vigilant of the deficit while prioritizing funding in the forthcoming months and years.

Meanwhile, budget subcommittees have commenced their hearings, scrutinizing each of the governor's budget proposals while actively engaging with stakeholders and legislators for feedback. Concurrently, legislative policy committees are convening legislative hearings this month to address policy bills.

Bonds

[AB 1567](#) (Garcia) Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024. If approved by 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: Referred to the Senate committees on Natural Resources & Water and Governance & Finance.

Cal Cities Position: Support if Amended

[SB 638](#) (Eggman) Climate Resiliency and Flood Protection Bond Act of 2024. If approved by 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. If approved by 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

[SB 986](#) (Seyarto) Ballot label: bond measure fiscal impact. This bill would require, for state bond measures and for local measures to approve the issuance of bonds that will be secured by an ad valorem tax, the ballot label to include a summary of the measure's fiscal impact in a specified form.

Status: Scheduled to be heard in the Senate Elections & Constitutional Amendments Committee on March 19.

Cal Cities Position: Watch

Broadband

[AB 1588](#) (Wilson) Affordable Internet and Net Equality Act of 2024. 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: Awaiting referral to a policy committee in the Senate.

Cal Cities Position: Watch

[AB 1826 \(Holden\) Digital Equity in Video](#)

Franchising Act of 2024. Would revise and recast the Digital Infrastructure and Video Competition Act of 2006 to, among other things, rename the act as the Digital Equity in Video Franchising Act of 2024, provide that the act does not authorize the California Public Utilities Commission (CPUC) to regulate the rates of video services, and authorize the CPUC to exercise the authority, jurisdiction, and powers authorized to be exercised by a franchise authority pursuant to certain federal law. The bill would require the CPUC to hold a public hearing related to each application for renewal of a state franchise, require the commission to issue a state franchise or a reject each application for a state franchise not more than 90 days after the public hearing, if required, or after the application is deemed complete, require a franchise applicant to submit a description of the households that are known to be unserved in the video service area footprint that the applicant proposes to serve, and extend deadlines related to the commission's review of applications for state franchises.

Status: Referred to the Assembly Committee on Communications & Conveyance.

Cal Cities Position: Watch

[AB 2369 \(Patterson, Jim\) Broadband: fixed wireless](#)

study: Little Hoover Commission. Would require the Little Hoover Commission to conduct a study on the use of fixed wireless and other technologies to bridge the digital divide. The bill would require the Little Hoover Commission, on or before January 1, 2027, to submit a report to the legislature with the commission's recommendations based on the study.

Status: Referred to the Assembly Committee on Communications & Conveyance.

Cal Cities Position: Support in Concept

[AB 2708 \(Patterson, Jim\) Office of Broadband and Digital Literacy: reports.](#)

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: Referred to the Assembly Committee on Communications & Conveyance.

Cal Cities Position: Support in Concept

[SB 1383 \(Bradford\) California Advanced Services](#)

Fund: Broadband Public Housing Account. Would make funds in the Broadband Public Housing Account in the California Advanced Services Fund available for grants and loans to finance projects to connect broadband networks that offer broadband service for residents of low-income communities and would eliminate the requirement that the broadband service be free.

Status: Referred to the Senate Committee on Energy, Utilities, & Communications.

Cal Cities Position: Track

Government Finance and Administration

[SB 908 \(Cortese\) Public records: legislative records:](#)

electronic messages. Would prohibit an elected or appointed official or employee of a public agency from creating or sending a public record using a nonofficial electronic messaging system unless the official or employee sends a copy of the public record to an official electronic messaging system.

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

Cal Cities Position: Watch

Economic Development

[AB 2922 \(Garcia\) Economic development: capital](#)

investment incentive programs. Prior law, until January 1, 2024, authorized a county, city and county, or city to establish a capital investment incentive program, pursuant to which the county, city and county, or city was authorized to pay, upon request, a capital investment incentive amount that does not exceed the amount of property tax derived from that portion of the assessed value of a qualified manufacturing facility, that exceeds \$150 million to a proponent of a qualified manufacturing facility for up to 15 years. This bill would reestablish the

authorization for capital investment incentive programs until January 1, 2035, and make conforming changes.

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

Cal Cities Position: Support

SB 517 (Gonzalez) Economic development: movement of freight. 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: Awaiting hearing in the Assembly Jobs, Economic Development, & the Economy Committee.

Cal Cities Position: Watch

SB 720 (Stern) Aviation: airports: report: emissions: GO-Biz. 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: Awaiting hearing in the Assembly Natural Resources Committee.

Cal Cities Position: None

SB 864 (Smallwood-Cuevas) Workforce development: workplace rights curriculum. 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. 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: Awaiting hearing in the Assembly Appropriations Committee.

Cal Cities Position: Watch

SB 1140 (Caballero) Enhanced infrastructure financing district. Would authorize a city or county official, as applicable, 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: Referred to the Senate committees on Local Government and Environmental Quality. Scheduled to be heard in the Senate Local Government Committee on March 20.

Cal Cities Position: Watch

Infrastructure

AB 2403 (Bonta) Enhanced infrastructure financing districts: allowable projects. Current law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance, including projects that implement a sustainable communities strategy. AB 2403 would additionally include, in the list of facilities and projects enhanced infrastructure financing district may fund, community food and climate resilience projects that increase local food production in and for disadvantaged communities, and are powered by renewable energy, including community gardens.

Status: Referred to the Assembly Committee on Local Government.

Cal Cities Position: None

SB 955 (Seyarto) Office of Planning and Research: Infrastructure Gap-Fund Program. Would require the Office of Planning and Research, upon appropriation by the legislature, to establish the Infrastructure Gap-Fund Program to provide grants to assist local agencies in developing and constructing infrastructure projects.

Status: Scheduled to be heard in the Senate Committee on Local Government on March 20.

Cal Cities Position: Support

Telecommunications

AB 2512 (Patterson, Jim) Telecommunications: automatic dialing-announcing devices: artificial voices. This bill would expand the definition of "automatic dialing-announcing device" under the Public Utilities Commission, to include calls made using an artificial voice.

Status: Referred to the Assembly Committee on Communications & Conveyance.

Cal Cities Position: Track

Revenue and Taxation

[AB 1781 \(Waldron\) State mandates: claims.](#) The California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, requires the state to provide a subvention of funds to reimburse the local government, unless an exception applies. Statutory provisions that establish procedures for making that reimbursement include a requirement that no claim shall be made or paid unless it exceeds \$1,000. This bill would change the minimum claim amount to \$800.
Status: Referred to the Assembly Committee on Local Government.

Cal Cities Position: Pending

[AB 2813 \(Aguiar-Curry\) Government Investment Act.](#) Would authorize a local government that imposes a tax under ACA 1 to commit revenues to affordable housing programs, including down payment assistance, first-time home buyer programs, and owner-occupied affordable housing rehabilitation programs. 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: Awaiting assignment to a policy committee in the Assembly.

Cal Cities Position: Pending

[AB 3005 \(Wallis\) Motor Vehicle Fuel Tax Law: adjustment suspension.](#) 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 assignment to a policy committee in the Assembly.

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 referral to a policy committee in the Assembly.

Cal Cities Position: None

Sales and Use Taxes

[AB 2006 \(Mathis\) Sales and Use Tax Law: exemption: over-the-counter medication.](#) 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: Scheduled to be heard in the Assembly Revenue & Taxation Committee on March 11.

Cal Cities Position: Watch

[AB 2061 \(Wilson\) Sales and Use Tax: exemptions: zero-emission public transportation ferries.](#) This bill, beginning January 1, 2025, and until January 1, 2030, provides an exemption for the state portion of the sales and use tax imposed on a zero-emission public transportation ferry. This bill intends to offset the cost to eligible public transportation providers associated with purchasing zero-emission public transportation ferries.

Status: Scheduled to be heard in the Assembly Revenue & Taxation Committee on March 11.

Cal Cities Position: Support

[AB 2274 \(Dixon\) Taxation: sales and use taxes: exemption: tax holiday.](#) 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: Scheduled to be heard in the Assembly Revenue & Taxation Committee on March 11.

Cal Cities Position: Pending Opposition

[AB 2366 \(Ta\) Sales and use tax: administration: settlements.](#) Would decrease the number of days in which the California Department of Tax and Fee Administration director is required to either approve or disapprove a

recommendation for settlement to 30 days, down from 45 days.

Status: Scheduled to be heard in the Assembly Revenue & Taxation Committee on April 1.

Cal Cities Position: Watch

AB 2400 (Rivas, Luz) California Alternative Energy and Advanced Transportation Financing Authority Act. The California Alternative Energy and Advanced Transportation Financing Authority Act authorizes, until January 1, 2026, the authority to provide financial assistance to a participating party in the form of specified sales and use tax exclusions for projects, including those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption. This bill would extend the authorization to provide financial assistance in the form of a sales and use tax exclusion for qualifying projects to January 1, 2031, and would extend the sales and use tax exclusion to January 1, 2031.

Status: Referred to the Assembly committees on Revenue & Taxation and Transportation.

Cal Cities Position: Watch

AB 2647 (Low) State of emergency: extensions. Under the Sales and Use Tax Law, if the governor issues a state of emergency proclamation, the California Department of Tax and Fee Administration (CDTFA) is authorized to extend the time, for making any report or return or paying any tax required under its provisions for any person in an area identified in the state of emergency proclamation. The Sales and Use Tax Law authorizes CDTFA to make the extension only during the first 12 months following the issuance of the state of emergency proclamation or the duration of the state of emergency, whichever is less. This bill would expand the authorization for the CDTFA to make the extension to the first 12 months and one day following the issuance of the state of emergency proclamation or the duration of the state of emergency, whichever is less.

Status: Referred to the Assembly Revenue & Taxation Committee.

Cal Cities Position: None

SB 1086 (Seyarto) Sales and Use Tax Law: motor vehicle fuel tax: sales price: gross receipts. 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: Referred to the Senate Committee on Revenue & Taxation.

Cal Cities Position: Watch

SB 1494 (Glazer) Local agencies: Sales and Use Tax: retailers. This bill would prohibit, on or after January 1, 2024, a local agency from entering into, renewing, or extending any form of agreement that would result, directly or indirectly, in the payment, transfer, diversion, or rebate of Bradley-Burns local tax revenues to any retailer, in exchange for the retailer locating or continuing to maintain a place of business that serves as the place of sale, as defined, within the territorial jurisdiction of the local agency if that place of business would generate revenue, from the sale of tangible property delivered to and received by the purchaser in the territorial jurisdiction of another local agency, for the local agency under the Bradley-Burns Uniform Local Sales and Use Tax Law. The bill would make those forms of agreements existing before January 1, 2024, void and unenforceable on January 1, 2030. The bill would require a local agency to post those forms of agreements existing before January 1, 2024, on the local agency’s internet website until the form of agreement expires or is made void and unenforceable by these provisions.

Status: Referred to the Senate committees on Local Government and Revenue & Taxation.

Cal Cities Position: Taking to Policy Committee

Online Sales

SB 1144 (Skinner) Marketplaces: online marketplaces. Would revise the types of transactions that qualify a third-party seller as a “high-volume third-party seller.” Specifically, the bill would remove the conditions that the transactions be made through an online marketplace and that the online marketplace process the payment and, instead, would add the condition that the transactions were made utilizing an online marketplace.

Status: Referred to the Senate committees on Judiciary and Public Safety.

Cal Cities Position: Pending

Corporation Tax

[AB 1973](#) (Lackey) Personal Income Tax Law:

Corporation Tax Law: Bobcat Fire: exclusions. Would, for taxable years beginning on or after January 1, 2020, 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: Referred to the Assembly Committee on Revenue & Taxation.

Cal Cities Position: None

[AB 2128](#) (Ta) Income and corporation taxes: credits:

work opportunity credit. For taxable years beginning on or after January 1, 2024, and before January 1, 2029, 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: Scheduled to be heard in the Assembly Revenue & Taxation Committee on April 1.

Cal Cities Position: None

[AB 2294](#) (Schiavo) Personal Income Tax Law:

Corporation Tax Law: New Employment Credit. 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 the 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: Scheduled to be heard in the Assembly Revenue & Taxation Committee on April 1.

Cal Cities Position: None

[SB 370](#) (McGuire) Personal Income Tax Law:

Corporation Tax Law: wildfires: exclusions. Would, for taxable years beginning on or after January 1, 2020, provide an exclusion from gross income for any qualified taxpayer, 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. 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. 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 these provisions on January 1, 2029.

Status: Referred to the Senate Revenue & Taxation Committee.

Cal Cities Position: None

Property Tax

[AB 1868](#) (Friedman) Property taxation: assessments:

affordable housing. Current law requires the county assessor to consider, when valuing real property for property taxation purposes, the effect of any enforceable restrictions to which the use of the land may be subjected. Under current law, these restrictions include, among other enumerated items, a recorded contract with a nonprofit corporation that meets prescribed requirements, including requirements that the nonprofit corporation has received a welfare exemption for properties intended to be sold to low-income families who participate in a special no-interest loan program, and that the contract includes a restriction on the use of the land for at least 30 years to owner-occupied housing available at affordable housing cost. This bill would, for purposes of valuing property by

the county assessor, establish a rebuttable presumption that, at the time of purchase, the value of real property subject to a recorded contract that meets the above-described requirements is no greater than the sum of the value of the first mortgage and any applicable down payment.

Status: Referred to the Assembly Committee on Revenue & Taxation.

Cal Cities Position: Watch

AB 2353 (Ward) Property taxation: welfare exemption: delinquent payments: interest and penalties. Would provide that a taxpayer is not liable for interest or penalties imposed by the county tax collector, and would prohibit the county tax collector from taking or continuing any collection action, with respect to any delinquent installments of property taxes levied upon a property for which the taxpayer has submitted to the county assessor an application for an exemption pursuant to a partial welfare exemption, except as provided.

Status: Referred to the Assembly committees on Revenue & Taxation and Housing & Community Development.

Cal Cities Position: Watch

AB 2506 (Lowenthal) Property taxation: local exemption: possessory interests: publicly owned housing. Would authorize 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. Would provide that there is a rebuttable presumption that the property taxes and applicable subventions on a possessory interest held by a tenant in publicly owned housing are less than the costs of assessing and collecting those taxes and applicable subventions. Would provide that the board shall be deemed to have agreed with the rebuttable presumption and the exemption shall be deemed granted if the board does not take any action, if the board agrees, by a majority vote, to grant the exemption at a public hearing, or if the board fails to reach a majority vote for or against the exemption at the public hearing.

Status: Referred to the Assembly Committees on Revenue & Taxation and Housing & Community Development.

Cal Cities Position: Watch

AB 2564 (Boerner) Property tax postponement: Senior Citizens and Disabled Citizens Property Tax Postponement Fund. 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: Referred to the Assembly Committee on Revenue & Taxation.

Cal Cities Position: Watch

AB 2897 (Connolly) Property tax: welfare exemption: community land trusts. Would eliminate specified requirements of a lease agreement between a lower income household and a community land trust in order for the unit to continue to be treated as occupied by a lower income household.

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

Cal Cities Position: Watch

AB 3134 (Chen) Property taxation: refunds. Would require the county auditor, if the cancellation of 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. 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 referral to a policy committee in the Assembly.

Cal Cities Position: Watch

AB 3277 (Committee on Local Government) Local agency formation commission: districts: property tax. 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 referral to a policy committee in the Assembly.

Cal Cities Position: None

SB 726 (Archuleta) Property taxation: exemption: disabled veteran homeowners. Would exempt from taxation, on that part of the full value of the residence that does not exceed \$863,790, property owned by, and that constitutes the principal place of residence of, a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly if the veteran is 100% disabled. The bill would provide an unmarried surviving spouse a property

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: Watch

SB 871 (Archuleta) Property taxation: homeowners', veterans', and disabled veterans' exemptions. Would provide that if Senate Constitutional Amendment 6 is approved by the voters at the statewide general election scheduled for November 5, 2024, then commencing January 1, 2025, notwithstanding that prohibition, the homeowners' exemption also applies to property on which an owner receives the veterans' exemption or the disabled veterans' exemption.

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

Cal Cities Position: None

SB 964 (Seyarto) Property tax: tax-defaulted property sales. Would update California code to match a 2023 Supreme Court ruling where a county is not allowed to keep profits from the sale of an auctioned property, if the property was seized and auctioned because of defaulted property taxes. Any profits made from such an auction would be restored to the owner.

Status: Referred to the Senate Revenue & Taxation Committee.

Cal Cities Position: Watch

SB 1013 (Bradford) Housing: property tax relief: grant program. Would establish the Property Tax Assistance for Descendants of Enslaved Persons Program for purposes of making, upon appropriation of the legislature, grants available to persons who currently live in a formerly redlined neighborhood in the state and are descendants of a person enslaved in the United States. The bill would require the Department of Housing & Community Development to develop and administer the program and to provide grants to qualified applicants it selects to receive the grant.

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

Cal Cities Position: Watch

SB 1072 (Padilla) Local government: Proposition 218: remedies. Would require, if a property-related fee or charge creates revenues more than the local government's reasonable cost of providing the specific benefit or specific government service, that the excess revenues be used only

to reduce the subsequently adopted and following property-related fee or charge.

Status: Referred to the Senate Local Government Committee.

Cal Cities Position: Watch

SB 1164 (Newman) Property taxation: new construction exclusion: accessory dwelling units. This bill would exclude an accessory dwelling unit, until 15 years have passed since construction on the accessory dwelling unit was completed or there is a subsequent change in ownership of the accessory dwelling unit from property taxes.

Status: Referred to the Senate Revenue & Taxation Committee.

Cal Cities Position: Oppose

SCA 4 (Seyarto) Property taxation: principal residence and family home transfers. 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. 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: Watch

Development Fees

AB 1820 (Schiavo) Housing development projects: applications: fees and exactions. 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 10 business days of the submission of the preliminary application.

Status: Referred to the Assembly Committee on Housing & Community Development.

Cal Cities Position: Pending

AB 2430 (Alvarez) Planning and zoning: density bonuses: monitoring fees. Would prohibit a city, county, or city and county from charging a monitoring fee on Density Bonus Law types of housing developments if certain conditions are met. The bill would provide that, beginning on January 1, 2025, any housing development that is currently placed in service, is subject to monitoring fees, and meets those conditions shall no longer be subject to those fees.

Status: Referred to the Assembly committees on Housing & Community Development and Local Government.

Cal Cities Position: Track

AB 2433 (Quirk-Silva) California Private Permitting Review and Inspection Act: fees: building permits.

Current law authorizes the governing body of a county or city to prescribe fees for permits, certificates, or other forms or documents required or authorized under the State Housing Law, and fees to defray the cost of enforcement required by the law to be carried out by local enforcement agencies. This bill, the California Private Permitting Review and Inspection Act, would require a building department of the county or city to prepare a schedule of the above-described fees and post the schedule on the county or city's internet website if the city or county prescribes the fees.

Status: Referred to the Assembly committees on Local Government and Housing & Community Development.

Cal Cities Position: Watch

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

Current law prohibits a local agency that imposes fees or charges on a residential development for the construction of public improvements or facilities from requiring the payment of those fees or charges until the date of the final inspection or the date the certificate of occupancy is issued, whichever occurs first, except that the payment may be required sooner if the local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate

of occupancy, or if the fees or charges are to reimburse the local agency for expenditures previously made. This bill would delete the above-described authorization for a local agency to require payment of fees or charges prior to the date of final inspection or issuance of the certificate of occupancy, whichever occurs first.

Status: Referred to the Assembly committees on Local Government and Housing & Community Development.

Cal Cities Position: Pending

AB 3177 (Carrillo, Wendy) Mitigation Fee Act: land dedications: mitigating vehicular traffic impacts.

Current law requires a local agency that imposes a fee on a housing development for the purpose of mitigating vehicular traffic impacts to set the rate for the fee to reflect a lower rate of automobile trip generation if the housing development satisfies specified characteristics, including that the housing development is located within a 1/2 mile of a transit station. Current law defines a transit station for these purposes to mean a rail or light-rail station, ferry terminal, bus hub, or bus transfer station. This bill would instead require the housing development to be located within a 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. The bill would define "transit priority area" as an area within 1/2 mile of a major transit stop that is existing or planned, if the planned stop is scheduled to be completed within the planning horizon included in a Transportation Improvement Program or applicable regional transportation plan.

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

Cal Cities Position: Track

SB 937 (Wiener) Development projects: permits and other entitlements: fees and charges. Would extend by 18 months the period for the expiration, effectuation, or utilization of a housing entitlement that was issued before January 1, 2024, and that will expire before December 31, 2025, except as specified. The bill would toll this 18-month extension during any time that the housing entitlement is the subject of a legal challenge.

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

Cal Cities Position: Pending

Short-Term Rentals

SB 584 (Limón) Laborforce housing: Short-Term Rental Tax Law. This bill requires a 15% state short-term rental occupancy tax to be collected, and allocates the

funds for the construction, acquisition and rehabilitation of affordable housing and renter protection programs.

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. 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: Awaiting an Assembly floor vote.

Cal Cities Position: Watch

SB 1424 (Glazer) Hotel and private residence rental

reservations: cancellation: refunds. Would expand provisions requiring a hotel, third-party booking service, hosting platform, or short-term rental, to allow a reservation for a hotel accommodation or a short-term rental located in California to be canceled without penalty for at least 24 hours after the reservation is confirmed if the reservation is made 72 hours or more before the time of check-in, to also apply to a reservation for a hotel accommodation or short-term rental that is advertised in California. Would also expand provisions requiring consumer refunds for all amounts paid to the hosting platform, hotel, third-party booking service, or short-term rental to the original form of payment within 30 days of the cancellation of the reservation to also apply to a reservation for a hotel accommodation or short-term rental that is advertised in California.

Status: Referred to the Senate Judiciary Committee.

Cal Cities Position: None

Cannabis

Direct to Consumer

AB 1111 (Pellerin) Cannabis: small producer event

sales license. 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.

Status: Awaiting hearing in the Senate Appropriations Committee.

Cal Cities Position: Watch

Employment Discrimination

SB 1264 (Grove) Employment discrimination:

cannabis use. While currently a spot bill, according to the author's office, this bill is being sponsored by the law enforcement community and seeks to undo provisions in [SB 700](#) (Bradford, 2023) and [AB 2188](#) (Quirk, 2022), which make it unlawful for an employer to request information from an applicant for employment relating to the applicant's prior use of cannabis and for an employer to discriminate against a person in hiring or termination because of the person's use of cannabis off the job and away from the workplace. Both bills took effect January 1, 2024.

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

Cal Cities Position: Watch

Enforcement

AB 491 (Wallis) Local government: fines and

penalties. Provides additional tools for addressing illicit land use activities, including unlicensed cannabis operations. Specifically, AB 491 establishes: (1) streamlined judicial reviewed for minor administrative penalties (under \$25,000) imposed for unpermitted cannabis activities; (2) efficient collection of final penalty order (i.e., after administrative/judicial review is complete), in the same manner presently used for pesticide enforcement fines; (3) clarifies that priority of real property liens used to collect administrative penalties for these violations, by providing that such liens have the same priority as a judgment lien.

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

Cal Cities Position: Watch

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: Awaiting hearing in the Senate Public Safety Committee.

Cal Cities Position: Support

AB 2296 (Villapudua) Enhancements: concentrated cannabis. This bill aims to amend existing laws related to controlled substances, particularly focusing on concentrated cannabis. Under existing law, certain activities related to controlled substances including manufacturing or possession can lead to felony charges. There are also sentencing enhancements if these crimes involve methamphetamine or phencyclidine and occur in a place where a child under 16 is present or gets seriously injured. This bill seeks to extend this sentencing enhancement provision to cases involving concentrated cannabis.

Status: Referred to the Assembly Public Safety Committee.

Cal Cities Position: Pending

AB 2846 (Lackey): Controlled substances: synthetic cannabinoid compound or derivative. This is a spot bill, sponsored by the law enforcement community to address the proliferation of intoxicating synthetic cannabinoids, which are chemical compounds designed to mimic the effects of naturally occurring cannabinoids, such as THC found in cannabis. These synthetic compounds are often sprayed onto dried plant material and sold under various brand names as "synthetic cannabis" or "herbal incense." They are typically smoked or vaporized for their psychoactive effects.

Status: Awaiting referral to an Assembly policy committee.

Cal Cities Position: Pending

AB 2850 (Rodriguez): Cannabis. This is a spot bill, which will be amended to incorporate provisions previously contained in [AB 1725](#) (Smith, 2022), which stalled in the Assembly Public Safety Committee. AB 1725 made it a felony, punishable by 16 months or 2 or 3 years in county jail, for a person over 21 years of age to plant, cultivate, harvest, dry, or process more than 6 living cannabis plants. For persons under 21 years of age, the bill made it an infraction accompanied by a requirement to participate in drug education, counseling, and community service. While unconfirmed, it is assumed that the introduction of this bill is in reaction to the January 2024 mass murder in San Bernardino County linked to an illicit cannabis cultivation operation in the Mojave Desert.

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

Cal Cities Position: Pending

SB 820 (Alvarado-Gil) Cannabis: enforcement: seizure of property. Sponsored by the Rural County Representatives of California, this bill empowers the DCC 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 referral to a policy committee in the Assembly.

Cal Cities Position: Support

Industrial Hemp

AB 2223 (Aguiar-Curry) Cannabis: industrial hemp. This bill aims to integrate hemp into the cannabis supply chain, allowing hemp products to be sold in licensed cannabis dispensaries. The bill reinforces enforcement provisions established in AB 45, which regulates hemp cannabinoids in various products.

Status: Referred to the Assembly Business & Professions and Judiciary committees.

Cal Cities Position: Pending

Licensing Reform/Simplification

AB 2540 (Chen) Cannabis: license transfers.

Authorizes the DCC to transfer, assign, or reassign licenses for commercial cannabis activity.

Status: Referred to the Assembly Business & Professions Committee.

Cal Cities Position: Pending

SB 1064 (Laird) Cannabis. Co-sponsored by the Rural County Representatives of California and the California Cannabis Industry Association, this is a spot bill aimed at incorporating recommendations outlined in the "California Cannabis Report: Licensing and Market Access" by Cannabis Policy Lab. The bill proposes enhancements to

the regulatory framework for licensed cannabis businesses, addressing complexities hindering effective oversight and viability. While amendments are still being drafted, the bill seeks to establish a new commercial cannabis state/local licensing framework for retail, distribution, and manufacturing activities, with cultivation phased in over time.

Status: Pending referral in the Senate.

Cal Cities Position: Pending

SB 1109 (Bradford) Cannabis licensure. This is currently a spot bill, which is intended to incorporate additional recommendations outlined in Cannabis Policy Lab's report, "California Cannabis Report: Licensing and Market Access."

Status: Pending referral to policy committee in the Senate.

Cal Cities Position: None

Onsite Consumption

AB 1775 (Haney) Cannabis: local control: cannabis consumption. 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: Referred to the Assembly committees on Business & Professions and Governmental Organization.

Cal Cities Position: Pending

SB 285 (Allen) Cannabis: retail preparation, sale, and consumption of non-cannabis food and beverage products. 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. 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. This exemption is set to expire at the end of 2024.

Status: Scheduled to be heard in the Assembly Revenue & Taxation Committee on April 1.

Cal Cities Position: Watch

SB 1059 (Bradford) Cannabis tax: cannabis retailers.

This is currently a spot bill, which will be amended to incorporate provisions contained in SB 512 (Bradford, 2023) and AB 725 (Ward, 2021). SB 512, which was held in the Assembly Revenue & Taxation Committee, sought to reduce the tax burden on licensed cannabis businesses by clarifying 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. AB 725, which also stalled in the Assembly Revenue & Taxation Committee, eliminated the mandatory 50% penalty currently imposed by the Department of Tax and Fee Administration on late filings or delinquent payments of state cannabis taxes.

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

Cal Cities Position: Watch

Testing Integrity

AB 1610 (Jones-Sawyer) Cannabis: Department of Cannabis Control. This bill aims to tackle the issue of illegal over-reporting of potency for price markups in the cannabis industry. The bill mandates the DCC 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 Committee on Business, Professions, & Economic Development.

Cal Cities Position: Watch

Transit

[AB 1853 \(Villapudua\) San Joaquin Regional Transit District: meetings: surplus money investments.](#) 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: Scheduled to be heard in the Assembly Local Government Committee on March 20.

Cal Cities Position: Track

[AB 1924 \(Nguyen, Stephanie\) Sacramento Regional Transit District.](#) Would authorize the Sacramento Regional Transit District to also comprise the cities of Galt and Isleton, and the unincorporated portions of the county of Sacramento where the county has declared a need for the district to operate, provided the cities and county agree to annexation.

Status: Scheduled to be heard in the Assembly Local Government Committee on March 20.

Cal Cities Position: Track

[AB 2325 \(Lee\) San Francisco Bay Area Rapid Transit District: officers: designation and appointment.](#)

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: Referred to the Assembly Committee on Local Government.

Cal Cities Position: None

[AB 2553 \(Friedman\) Housing development: major transit stops: vehicular traffic impact fees.](#) 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. The bill would additionally define “major transit stop” to include a site in an urbanized area that is being served by an on-demand transit service at least 12 hours a day, 7 days a week.

Status: Awaiting assignment to policy committee in the Assembly.

Cal Cities Position: None

[AB 2634 \(McCarty\) Sacramento Regional Transit District.](#) Would exempt the Sacramento Regional Transit District from the requirement for each transit operator that offers reduced fares to senior citizens to also offer reduced fares to disabled persons, and disabled veterans, at the same rate established for senior citizens, as specified.

Status: Referred to the Assembly Local Government Committee.

Cal Cities Position: None

[AB 2719 \(Wilson\) Vehicles: commercial vehicle inspections.](#) Would authorize a public transit agency, as defined, to request the California Highway Patrol (CHP) to conduct an annual inspection and certification of its fleet. The bill would authorize the Commissioner of the CHP to issue stickers or other devices as evidence of certification. The bill would exempt any public transit agency vehicle that has been certified through that inspection from the requirement to stop at a roadside inspection.

Status: Referred to the Assembly Transportation Committee.

Cal Cities Position: Pending Support

[SB 904 \(Dodd\) Sonoma-Marin Area Rail Transit District.](#) Current law authorizes the board of the Sonoma-Marin 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: Scheduled to be heard in the Senate Transportation Committee on April 9.

Cal Cities Position: None

[SB 960 \(Wiener\) Transportation: planning: transit priority projects: multimodal.](#) Would require all transportation projects funded or overseen by the Department of Transportation to provide comfortable, convenient, and connected complete streets facilities unless an exemption is documented and approved.

Status: Scheduled to be heard in the Senate Transportation Committee on April 9.

Cal Cities Position: Track

SB 1417 (Allen) Transit districts: prohibition orders.

This bill would provide that the Santa Monica Department of Transportation is also a transit district for purposes of provisions regarding prohibition orders.

Status: Scheduled to be heard in the Senate Transportation Committee on April 9.

Cal Cities Position: None