

## Notes from League of California Cities Revenue and Taxation Policy Committee

January 21, 2016

The first meeting of League Policy Committees convened on January 21, 2016 with a joint meeting of all Policy Committee Members.

An overview of the Governor's proposed budget was provided by Dan Carrigg and Michael Coleman. In general, budget news is positive with caution that the State is in an extended economic expansion and, therefore, the Governor is cautious in particular around adding new programs and is focused on adding to the rainy day fund and the "wall of debt". There are some policy choices between paying down higher interest rate debt versus tackling transporting projects with create jobs.

The League also shared information about a new ballot process which may affecting timing of having a full ballot measure for review by committees.

Materials for the Revenue and Taxation Committee can be found at:

<http://www.cacities.org/Resources-Documents/Policy-Advocacy-Section/Policy-Development/Policy-Committees/Revenue-and-Taxation/Agendas-and-Highlights/Rev-and-Tax-Agenda-1-21-16>

Additional details were provided about:

1. 3 Tax Increment Tools including
  - a. As part of annexation (SB 614)
  - b. Enhanced Infrastructure Finance Districts (EFID)
  - c. AB 2

With these tools, school funds are "walled off".

2. Revisions to Existing Policy and Guiding Principles were based on policy recommendations forwarded to the League of Cities Board of Directors and approved during the previous two years.
3. The Sales Tax issues generated significant discussion both as it relates to the Committee Policy and Guiding Principles, the Next Steps on Revenue Modernization Policy, and to the Work Program. (All attachments can be found in the link above.) Ultimately, the Committee recommended that the League take up all of the next steps recommended in the memo from Michael Coleman (found in link above) with the following priority: (1) analyze existing exemptions and digital goods, (2) analyze sales tax on services, and (3) analyze sourcing rules.

Respectfully Submitted,

DeAnna Hilbrants – Finance Director City of Sonoma representing MMANC