

LRC 4-06-2026

#4

Legislative Update

Written Communications

From: [Liang Chao](#)
To: [City Clerk](#)
Subject: Written Communication for the first LRC meeting
Date: Monday, April 6, 2026 1:11:10 PM
Attachments: [image.png](#)
[2026 Rev & Tax March Policy Committee Slides.pdf](#)

Please enter this into the written communication for the first LRC meeting.

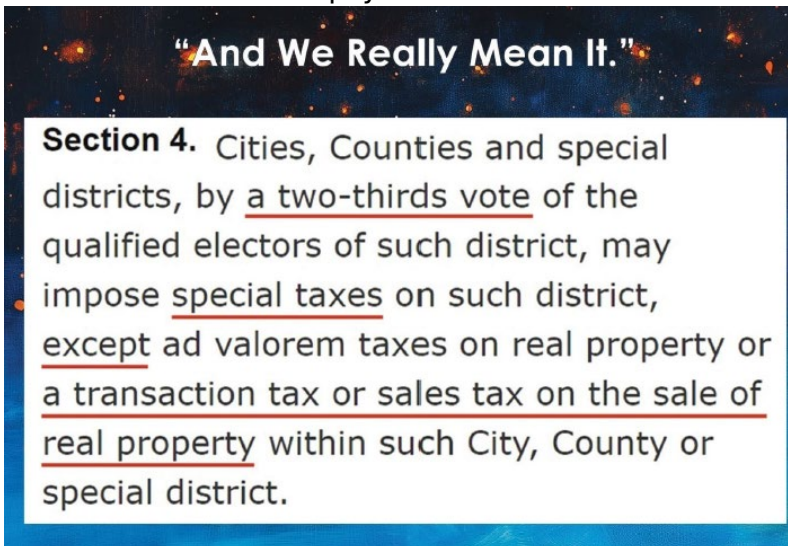
I attended the March 26 Cal Cities Revenue Taxation Policy Committee. There are the bills, including one upcoming ballot measure, considered by the committee.

Attached is the presentation slides for your reference.

=====

Initiative 25-0006 “Local Taxpayer Protection Act to Save Proposition 13” - voted to oppose

- The committee voted to oppose the "Taxpayer Protection Act" ballot measure with a big margin - 31 (oppose) 7 (support) 3 (abstain), even though the staff analysis/recommendation is pretty biased towards supporting it.
- Proponent Guest Speaker: Susan Shelley Vice President of Communications, Howard Jarvis Taxpayers



=====

SB 922 (Laird) Vehicles: local agency charges: use of streets or highways
This measure would clarify and reaffirm local authority related to the recovery of street maintenance and repair costs associated with providing essential public services.
Cal Cities Position: Sponsor

Payment rounding
SB 1005 (Caballero) Local agency: payment: rounding amount This measure would

provide clarity to public agencies following the end of penny production by the federal government.

Cal Cities Position: Co-Sponsor

SB 1349 (Gonzalez) Taxation: tax expenditures: California Tax Expenditure Review Board

This measure would establish the California Tax Expenditure Review Board as an independent advisory body to assess major tax expenditures and make recommendations to the Legislature.

Cal Cities Position: Support (letter pending)

SB 1172 (Hurtado) Sales and use taxes: local agencies: administration

This measure looks to limit the compensation that a consultant can receive for negotiating a sales tax sharing agreement between a local agency and a private retailer.

Cal Cities Position: Pending

AB 2192 (Gonzalez) Sales and use taxes: farm equipment and machinery.

This measure would exempt farm equipment and machinery from the Bradley Burns local sales tax, as well as any locally approved transaction and use tax. The bill appropriates \$200 million, one-time, to offset fiscal impacts to local agencies.

Cal Cities Position: Pending

SB 1415 (Arreguín) Real property tax: welfare exemption: moderate-income housing

This measure would create a new property tax welfare exemption for developers who build market-rate housing.

Cal Cities Position: Pending

AB 2214 (Jackson) Taxation: tax expenditures: California Tax Expenditure Review Board

This measure would require the State Treasurer to allocate 5-10% of the Local Agency Investment Fund to fund a community reinvestment account for financial institutions to fund specified projects.

Cal Cities Position: Pending

AB 1953 (Lowenthal) Short-term rentals: emergencies and special events

This bill seeks to raise the caps of allowed short-term rentals in areas impacted by natural disasters or other limited events (Olympics).

Cal Cities Position: Pending



Liang Chao

Vice Mayor
City Council
LChao@cupertino.gov
408-777-3192





LEAGUE OF
**CALIFORNIA
CITIES**

Strengthening California Cities
through Advocacy and Education

Revenue and Taxation

Ben Triffo

Legislative Affairs, Lobbyist

Leila Romero

Policy and Legislative Affairs Analyst

Welcome and Introductions

Strengthening California Cities through Advocacy and Education

 @calcities

 @calcities

 @calcities.org



Welcome and Introductions

- **Chair Joe Vinatieri**
Mayor, City of Whittier

Housekeeping

- Please raise your hand or tent card to ask a question or make a comment.
- A Cal Cities staff member will bring you a microphone.

Committee Ground Rules

- Please give a “thumbs-up” or use another silent indicator if you agree or want to emphasize a point someone else has made.
- Please be mindful of time to allow the opportunity for everyone to speak. Try to limit comments to three minutes where appropriate.
- As always, please remain respectful of one another over the course of the conversation.

Committee Ground Rules

- Remember to state your name and city when you first address the committee. This helps make sure everyone knows who you are and what city you represent.
- Wait for the Chair to recognize you to speak.

Agenda Overview

- Public Comment
- Initiative 25-0006
- Update on City Manager Sales Tax Working Group
- State Legislation and Budget Update and Roundtable
- Economic Development and Attracting New Businesses

Committee Introductions

Public Comment

Upcoming 2026 Events



LEAGUE OF
CALIFORNIA
CITIES

Registration Now
Open!

2026 CITY LEADERS SUMMIT

April 22-24 | Sacramento



Mark your calendars!

California



CITIES WEEK

April 19-25, 2026

This annual week-long celebration recognizes the work cities do for all Californians.

There will be opportunities to boost awareness about the value of cities, as well as honor the people — city officials like YOU — who work tirelessly to deliver essential services.

Keep an eye on the weekly *Cal Cities Advocate* newsletter for more information!





LEAGUE OF
CALIFORNIA
CITIES

Save the Date!

2026 CITY ATTORNEYS SPRING CONFERENCE

May 13-15 | Universal City





THE MUNICIPAL REVENUE SOURCES HANDBOOK

The definitive guide to navigating municipal finance in California.

Purchase your copy today!

\$100 for Cal Cities members

\$150 for nonmembers



New edition!

The California Municipal Revenue Sources Handbook

SIXTH EDITION

Michael Coleman



Copyright ©2025 League of California Cities.

All rights reserved. This publication, or parts thereof, may not be reproduced in any form without the permission of Cal Cities.

Initiative 25-0006

“Local Taxpayer Protection Act to Save Proposition 13”

Initiative 25-0006A1

- **Proposed Constitutional Amendment**
- **Titled:** Local Taxpayer Protection Act to Save Proposition 13
- **Sponsors:**
 - California Business Roundtable
 - Howard Jarvis Taxpayers Association
 - California Business Properties Association
 - Spent \$10+ million to qualify this measure; over \$70 million since 2018 sponsoring similar measures.
- **Status:** Proponents submitted 1.34 million signatures; pending qualification with the California Secretary of State for the November 2026 statewide ballot.

Key Terms

- **Real Property Transfer Tax (RPTT)**
 - 27 charter cities have adopted RPTTs.
 - A city that imposes a RPTT may not also impose a Documentary Transfer Tax (DTT).
 - There is currently no limit to the RPTT rate a charter city can charge.
 - General law cities cannot impose a RPTT.

Key Terms

- **Parcel Tax**

- “Special” non-ad valorem tax.
- Generally, either a flat per-parcel rate or a variable rate depending on the size, use and/or number of units on the parcel.

- **Citizens’ Initiative/“Upland Loophole”**

- Voter-initiated local special tax measure passed by a simple majority.

Provisions of Initiative 25-0006A1

- Requires special taxes adopted via citizens' initiative to pass with a 2/3 majority (closing the “Upland Loophole”).
- Prohibits Real Property Transfer Taxes.
- Requires all parcel taxes to pass with a 2/3 majority.
- Makes null and void taxes not in compliance with the measure on December 31, two years following the passage of this measure.

Statewide Impacts

- Annual loss of \$2 - 3 billion of local government revenues due to invalidated taxes.
- 27 cities and 2 counties directly impacted.
- Impacted charter cities could go to the ballot to adopt the Documentary Transfer Tax authorized by R&T Code 11911 (.11%).
- Any charter city could not impose a real property transfer tax going forward.

These taxes can vary...

City	City Rate per \$1000 value	County Rate per \$1000 value
Albany	\$ 15.00	\$ 1.10
Piedmont	\$ 13.00	\$ 1.10
Alameda	\$ 12.00	\$ 1.10
El Cerrito	\$ 12.00	\$ 1.10
San Leandro	\$ 11.00	\$ 1.10
Hayward	\$ 8.50	\$ 1.10
Palo Alto	\$ 3.30	\$ 1.10
Vallejo	\$ 3.30	\$ 1.10
Sacramento	\$ 2.75	\$ 1.10
Pomona	\$ 2.20	\$ 1.10
Redondo Beach	\$ 2.20	\$ 1.10
Petaluma	\$ 2.00	\$ 1.10
San Rafael	\$ 2.00	\$ 1.10
Santa Rosa	\$ 2.00	\$ 1.10
Riverside	\$ 1.10	\$ 1.10

These taxes can vary...

	Sale value	Rate	County Rate per \$1000 value
Berkeley	\$1.5 million or less*	1.5% of sale value	\$ 1.10
	over \$1.5 million*	2.5% of sale value	
	*Effective 1/1/2027 1.5% for properties valued at up to \$1.6M. 2.5% for properties valued at \$1.6M or more, 3% for properties valued at \$1.9M or more and from 3.5% for properties valued at \$3.0M or more. Brackets adjusted annually.		
Culver City		0.45% of sale value	\$ 1.10
	plus on amount over \$1.5m to \$3m	1.5% of sale value	
	plus on amount over \$3m to \$10m	3.0% of sale value	
	plus on amount over \$10 million	4.0% of sale value	
Emeryville	up to \$1 million	\$12.00 / \$1000 sale value	\$ 1.10
	over \$1 million to \$2 million	\$15.00 / \$1000 sale value	
	over \$2 million	\$25.00 / \$1000 sale value	
Los Angeles		\$4.50 / \$1000 sale value	\$ 1.10
	plus when total sale value \$5m to \$10m	4.0% of sale value	
	plus when total sale value \$10m or	5.5% of sale value	
Mountain View	up to \$6 million	\$3.00 / \$1000 sale value	\$ 1.10
	over \$6 million	\$15.00 / \$1000 sale value	
Oakland	up to \$300,000	1.0% of sale value	\$ 1.10
	\$300,000-\$2 million	1.5% of sale value	
	\$2 million-\$5 million	1.75% of sale value	
	over \$5 million	2.5% of sale value	
Richmond	under \$1 million	0.7% of sale value	\$ 1.10
	\$1 million-\$3 million	1.25% of sale value	
	\$3 million-\$10 million	2.5% of sale value	
	over \$10 million	3.0% of sale value	
San Jose		\$3.30 / \$1000 sale value	\$ 1.10
	plus when total sale value \$2m to \$5m	0.75% of sale value	
	plus when total sale value \$5m to \$10m	1.0% of sale value	
	plus when total sale value over \$10m	1.5% of sale value	
Santa Monica	under \$5 million	\$3.00 / \$1000 sale value	\$ 1.10
	\$5 million to \$8 million	\$6.00 / \$1000 sale value	
	\$8 million or more	\$56.00 / \$1000 sale value	
San Mateo	under \$10 million	0.5% of sale value	\$ 1.10
	\$10 million or more	1.5% of sale value	
San Francisco	over \$100 to \$250,000	\$5.00 / \$500 sale value	n/a
	over \$250k to \$1 million	\$6.80 / \$1000 sale value	
	over \$1 million to \$5 million	\$7.50 / \$1000 sale value	
	over \$5 million to \$10 million	\$22.50 / \$1000 sale value	
	over \$10 million to \$25 million	\$55.00 / \$1000 sale value	
	over \$25 million	\$60.00 / \$1000 sale value	

Impacted Cities

Table Three: Real Property Transfer Tax Loss Impact

Net or R&T 11911 DTT Adoption

City	County	Net Loss \$ Range		Net Loss % GenRevs	
		Low	High	Low	High
Alameda	Alameda	(10,326,380)	(20,924,820)	-8%	-18%
Albany	Alameda	(2,426,887)	(3,109,446)	-10%	-14%
Berkeley	Alameda	(25,197,581)	(63,100,623)	-9%	-22%
Emeryville	Alameda	(2,171,546)	(6,299,992)	-3%	-8%
Hayward	Alameda	(11,557,389)	(19,852,824)	-5%	-11%
Oakland	Alameda	(55,696,247)	(134,820,988)	-8%	-19%
Piedmont	Alameda	(3,913,609)	(5,728,107)	-13%	-20%
San Leandro	Alameda	(6,232,801)	(14,207,223)	-5%	-12%
El Cerrito	Contra Costa	(2,986,087)	(4,640,146)	-8%	-14%
Richmond	Contra Costa	(8,141,491)	(17,822,060)	-4%	-10%
Culver City	Los Angeles	(7,013,979)	(31,904,199)	-5%	-8%
Los Angeles	Los Angeles	(505,360,480)	(1,541,720,220)	-7%	-21%
Pomona	Los Angeles	(1,372,002)	(2,571,760)	-1%	-2%
Redondo Beach	Los Angeles	(1,678,643)	(2,808,952)	-2%	-3%
Santa Monica	Los Angeles	(9,360,488)	(15,773,802)	-3%	-5%
San Rafael	Marin	(1,037,123)	(1,792,692)	-1%	-2%
Riverside	Riverside	(983,961)	(2,653,557)	0%	-1%
Sacramento	Sacramento	(8,356,800)	(15,497,600)	-1%	-2%
San Francisco	San Francisco	(171,555,545)	(507,722,398)	-3%	-6%
San Mateo	San Mateo	(9,002,108)	(17,566,796)	-5%	-9%
Mountain View	Santa Clara	(7,820,374)	(17,938,148)	-3%	-6%
Palo Alto	Santa Clara	(4,792,125)	(9,991,740)	-3%	-7%
San Jose	Santa Clara	(83,167,821)	(164,317,920)	-7%	-10%
Vallejo	Solano	(1,640,223)	(3,204,336)	-1%	-3%
Petaluma	Sonoma	(799,947)	(1,702,968)	-1%	-3%
Santa Rosa	Sonoma	(2,479,156)	(4,147,355)	-1%	-3%
	TOTAL	(945,070,791)	(2,631,820,673)	-3%	-8%

Initiative 25-0006

Proponent Guest Speaker:
Susan Shelley
Vice President of
Communications, Howard Jarvis
Taxpayers

Protecting Taxpayers Since 1978



hjta.org

Howard Jarvis Taxpayers Association



Friendly Reminder

ARTICLE XX MISCELLANEOUS SUBJECTS [SEC. 1 - SEC. 23] (*Article 20 adopted 1879.*)

SEC. 3. Members of the Legislature, and all public officers and employees, executive, legislative, and judicial, except such inferior officers and employees as may be by law exempted, shall, before they enter upon the duties of their respective offices, take and subscribe the following oath or affirmation:

"I, _____, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.



The Constitution of the State of California

ARTICLE XIII A [TAX LIMITATION] [SECTION 1 - SEC. 7] (*Article 13A added June 6, 1978, by Prop. 13. Initiative measure.*)

Section 4. Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

(*Sec. 4 added June 6, 1978, by Prop. 13. Initiative measure.*)



“And We Really Mean It.”

Section 4. Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.



Initiative 25-0006

Opponent Guest Speakers:

Lisa Soghor, Assistant City Manager, City
of Culver City

Culver City Real Property Transfer Tax Measure RE

- Approved by voters Nov. 3, 2020
- Implemented a marginal tax rate with four tiers
- Allows City to adjust the tiers by CPI
- Special provisions for affordable and multi-family housing
- Effective April 1, 2021

Marginal Tax Rates

Tax Tiers approved by voters:

- 0.45% on amounts from \$0 to \$1,499,999*
- 1.5% on amounts from \$1,500,000 to \$2,999,999
- 3.0% on amounts from \$3,000,000 to \$9,999,999
- 4.0% on amounts \$10,000,000 and above

*Tax rate remains unchanged for properties sold below \$1.5 million

Special Provisions Affordable and Multi-Family Housing

The entire value of the sale is taxed at the pre-existing 0.45% rate in the following cases:

- 100% deed-restricted affordable housing
- First transfer of newly constructed multi-family housing

Local Development Activity Increased Post-Measure RE

Approval Level	Project Size	Housing Applications (2021)		Housing Applications (2025)	
		Number of Projects	Units Proposed	Number of Projects	Units Proposed
Ministerial	1-2 units	37	38	58	62
Administrative	3-9 units	3	12	17	81
	10-25 units	--	--	7	109
Discretionary	26-35 units	--	--	2	67
	36-50 units	--	--	1	40
	51-75 units	--	--	0	0
	76-100 units	--	--	4	346
	101+ units	2	334	8	3,826
	TOTAL	42	384	97	4,531

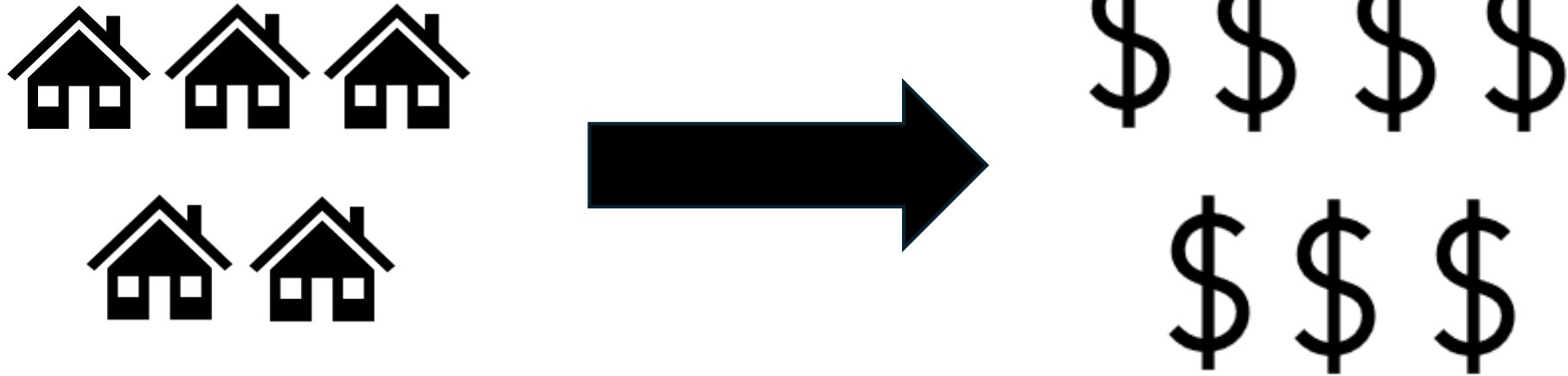
Housing applications have increased 1080% while Measure RE is in effect

City's Current Development Pipeline

There are currently 69 projects in development in Culver City:

- Residential
 - 41 Projects in Development
 - 4,473 Residential Units
 - 660 Affordable Housing Units
- Commercial
 - 28 Projects in Development
 - Over 1 million square feet of commercial space

Housing Increases Service Costs



As a result of Measure RE, the City's Real Property Transfer Tax revenue increased from \$3-4 million to \$8-9 million annually helping to off-set increased services costs

Initiative 25-0006

Opponent Guest Speakers:
Evan McLaughlin, Political Director, CA
Professional Firefighters

Update on City Manager Sales Tax Working Group

Board Action Overview

- **Overview:** After a robust discussion, the Cal Cities Board of Directors took the following actions on recommendations from the Revenue and Taxation Policy Committee which originated from the City Managers Sales Tax Working Group.
- **The Board rejected policy related to:**
 - A 50/50 split of Bradley-Burns sales tax revenues generated from ecommerce transactions.
 - A plus or minus 5% flexibility band.
 - Prospective application, excluding revenues from existing sales tax sharing agreements from any split.
 - Five-year phase-in following CDTFA implementation.
 - A plus or minus 20% volatility band shall be used when reallocating revenues, whereby revenues gained by a city in excess of 20% would be used to mitigate revenue losses greater than 20% for cities negatively impacted by the reallocation of the Bradley-Burns.

Next Steps/Ongoing Work

- **Board Direction:** Pursue statutory change to reallocate county pool use tax from out-of-state e-commerce transactions to destination cities.
 - Noted the need for additional data.
- **Ongoing Work:** Continue exploring broader tax reform to increase revenue for all cities.
 - This includes digital goods.

2026 Advocacy Priorities

Strengthening California Cities through Advocacy and Education

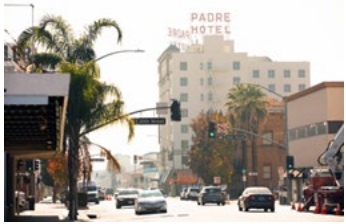
 @calcities

 @calcities

 @calcities.org



2026 Cal Cities Advocacy Priorities



1. Protect and enhance local revenues and expand economic development tools.
2. Strengthen partnerships with the state to improve public safety.
3. Secure investments to prevent and reduce homelessness and increase the supply of affordable housing.
4. Strengthen climate change resiliency and disaster preparedness.

Legislative and Budget Update/Roundtable

Strengthening California Cities through Advocacy and Education

 @calcities

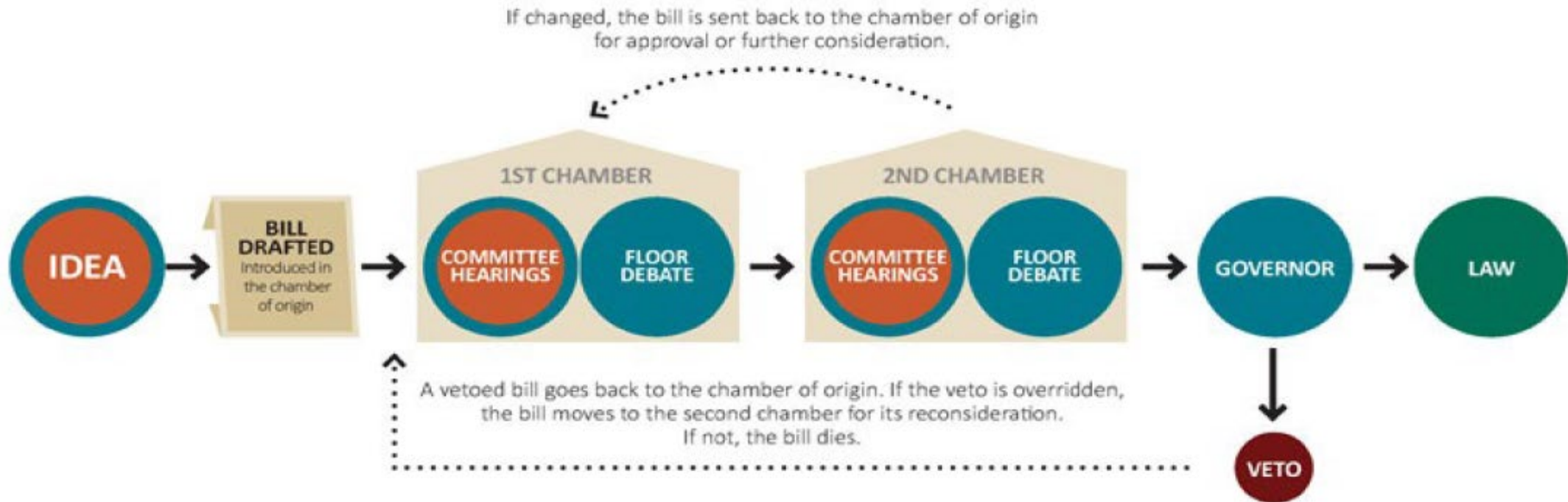
 @calcities

 @calcities.org



State Legislative Process

State Legislative Process



The Committees We Work With

Assembly Revenue and Taxation Committee

- Chair: Mike Gipson (Carson)
- Vice Chair: Kate Sanchez (Temecula)
- Asm. Michelle Rodriguez (Chino)
- Asm. Carl DeMaio (Valley Center)
- Asm. Robert Garcia (Colton)
- Asm. Tina McKinnor (Inglewood)
- Asm. Sharon Quick-Silva (Fullerton)

Senate Revenue and Taxation Committee

- Chair: Jerry McNerney (Pleasanton)
- Vice Chair: Marie Alvarado-Gil (Jackson)
- Senator Angelique Ashby (Sacramento)
- Senator Tim Grayson (Concord)
- Senator Thomas Umberg (Santa Ana)

The Committees We Work With

Assembly Local Government Committee

- Chair: Juan Carrillo (Palmdale)
- Vice Chair: Tri Ta (Westminster)
- Asm. Natasha Johnson (Lake Elsinore)
- Asm. Blanca Pacheco (Downey)
- Asm. James Ramos (Highland)
- Asm. Blanca Rubio (Baldwin Park)
- Asm. Catherine Stefani (San Francisco)
- Asm. Chris Ward (San Diego)
- Asm. Lori Wilson (Suisun City)

Senate Local Government Committee

- Chair: María Durazo (Los Angeles)
- Vice Chair: Steven Choi (Irvine)
- Senator Jesse Arreguín (Oakland)
- Senator Angelique Ashby (Sacramento)
- Senator Sabrina Cervantes (Riverside)
- Senator John Laird (Santa Cruz)
- Senator Kelly Seyarto (Murrieta)

FY 2026-27 State Budget

A trip down memory lane...

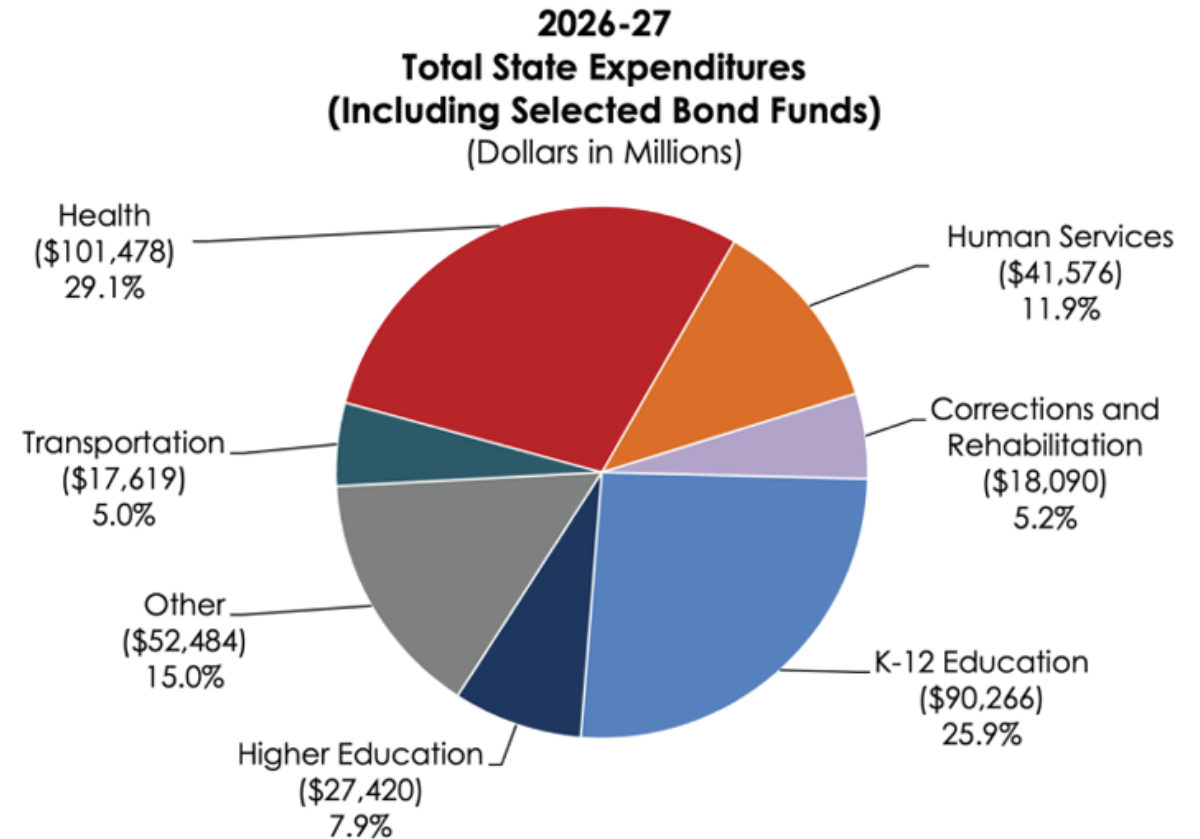
The last few years have been a rollercoaster:

- 2022 – \$90 billion surplus.
- 2023 – \$31 billion deficit.
- 2024 – \$47 billion deficit.
- 2025 - \$18 billion deficit

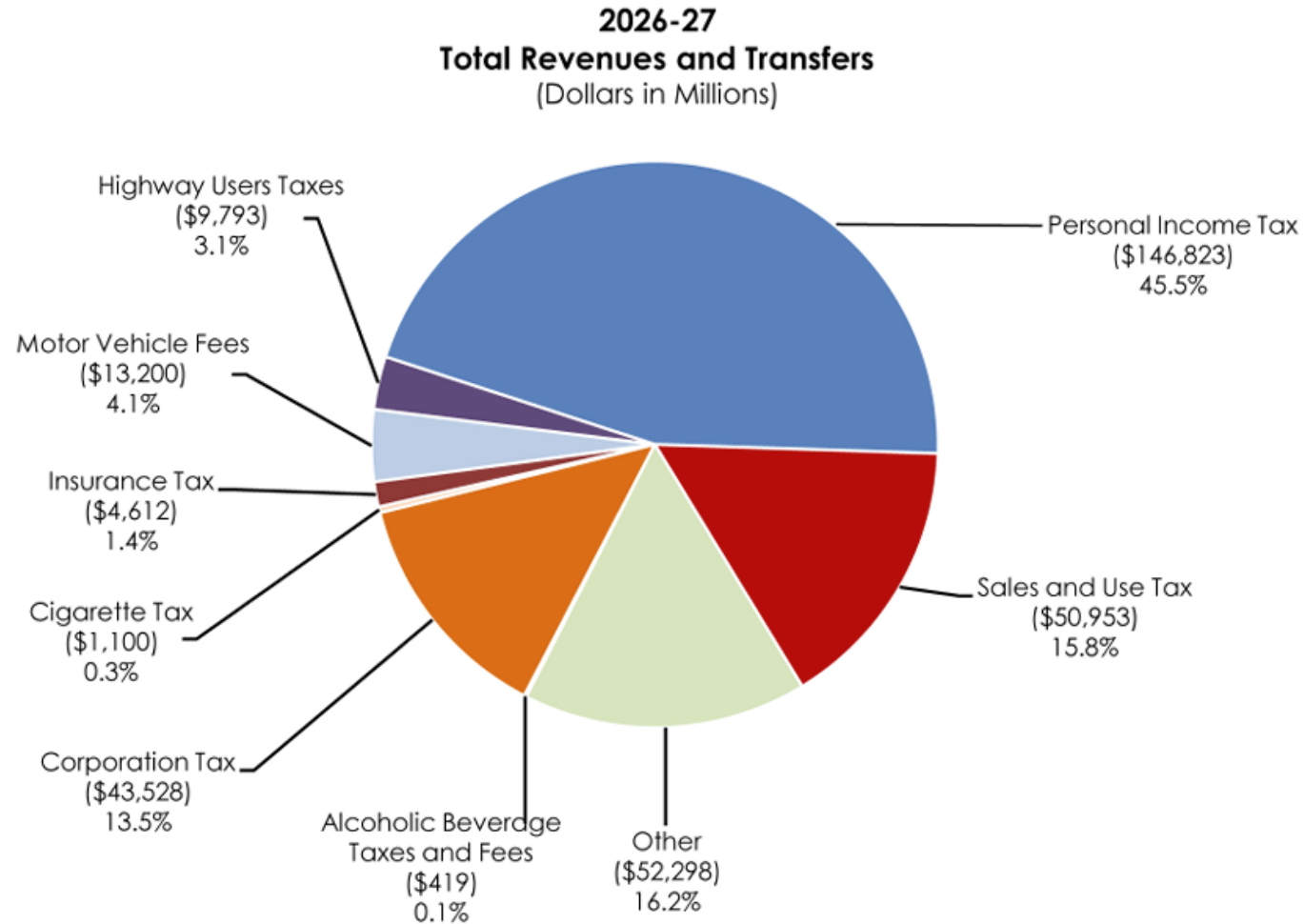


Governor's proposed budget

- \$348.9 billion balanced budget.
- \$23 billion in reserves.
- \$2.9 billion deficit.
- Outyear deficits north o \$20 billion.

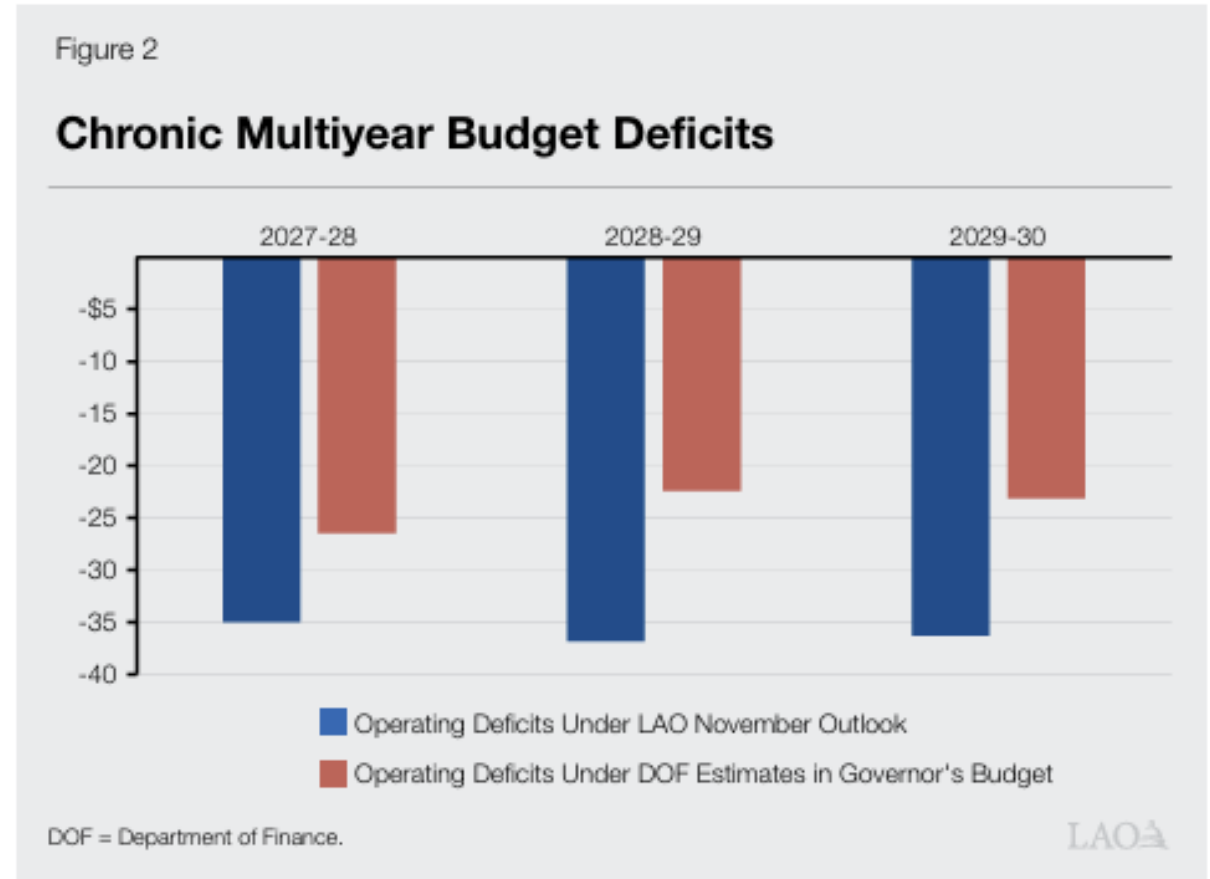


How are we paying for this?



But what does the LAO say?

- The LAO forecasts a \$18 billion deficit for FY 2026-27.
- Outyear deficits north of \$35 billion.
- Notes economic headwinds.
- Newsom Administration acknowledges challenges but doesn't address them.



Revenues have improved

- Up \$6.1 billion over January Budget assumptions (December through February).
- Potential surplus this year or next.
 - LAO notes AI boom unlikely to last.
- May Revision will contain additional solutions to solve for future deficits.

Uncertainty ahead...

- “Iran War” impact on the stock market.
 - Still up from a year ago.
- Worldwide oil shock.
- Short-term revenue surge continues.
 - Revenues lag the stock market by six to twelve months.
- Future structural deficits remain.

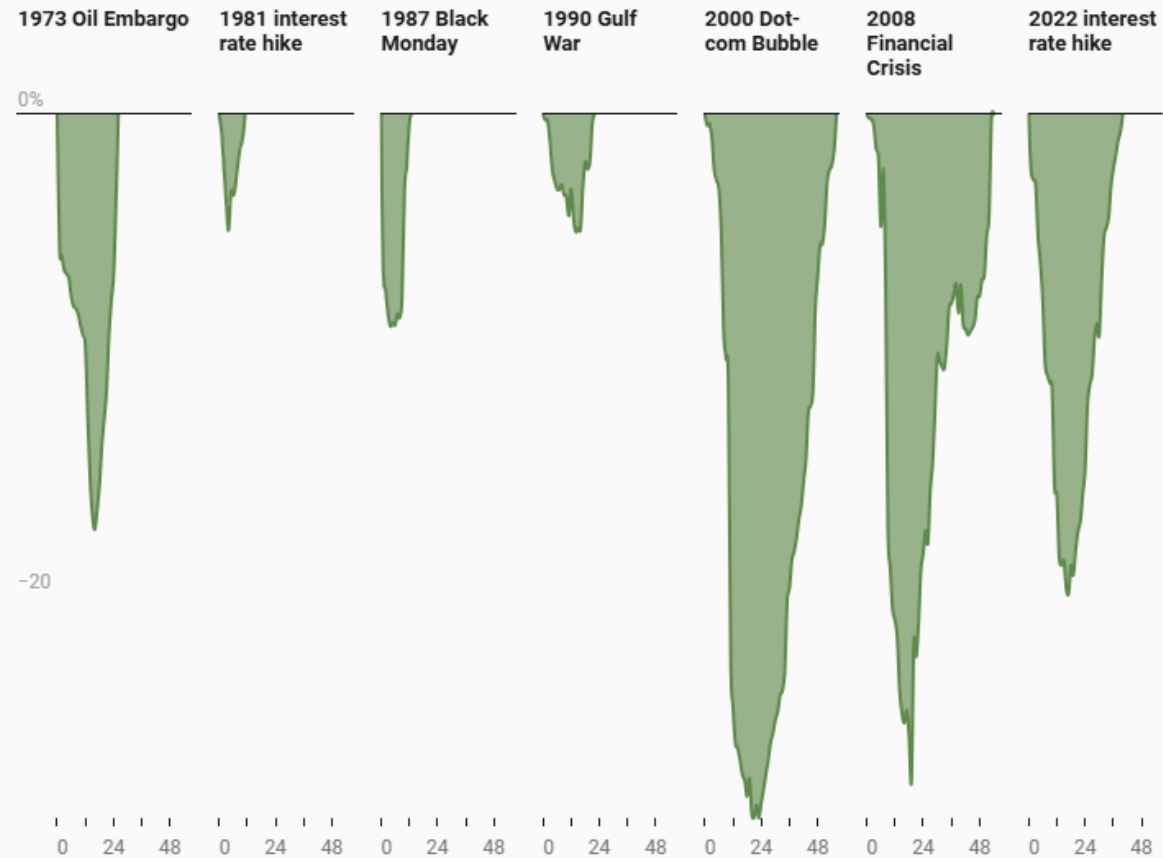
Uncertainty ahead...

- GDP growth seems to be slowing
 - 2025 Q4 revised down to 0.7%
- Inflation in California is greater than the national rate.
 - U.S. – 2.4%
 - CA – 3.2%
- Unemployment rate increased.
 - 4.4%, up 0.1%

Revenues and the stock market

How Did Income Tax Revenue Change Following Major Stock Market Downturns in the Past?

Percent change from income tax revenue peak that followed the stock market peak in each year.



Source: LAO

Strengthening California Cities through Advocacy and Education

f @calcities

🐦 @calcities

🌐 @calcities.org



Revenue and Taxation Bills

Road repair

SB 922 (Laird) Vehicles: local agency charges: use of streets or highways

This measure would clarify and reaffirm local authority related to the recovery of street maintenance and repair costs associated with providing essential public services.

Cal Cities Position: Sponsor

Payment rounding

SB 1005 (Caballero) Local agency: payment: rounding amount

This measure would provide clarity to public agencies following the end of penny production by the federal government.

Cal Cities Position: Co-Sponsor

Sales tax

SB 1172 (Hurtado) Sales and use taxes: local agencies: administration

This measure looks to limit the compensation that a consultant can receive for negotiating a sales tax sharing agreement between a local agency and a private retailer.

Cal Cities Position: Pending

Sales tax

AB 2192 (Gonzalez) Sales and use taxes: farm equipment and machinery.

This measure would exempt farm equipment and machinery from the Bradley Burns local sales tax, as well as any locally approved transaction and use tax. The bill appropriates \$200 million, one-time, to offset fiscal impacts to local agencies.

Cal Cities Position: Pending

Property tax

SB 1415 (Arreguín) Real property tax: welfare exemption: moderate-income housing

This measure would create a new property tax welfare exemption for developers who build market-rate housing.

Cal Cities Position: Pending

Taxes generally

SB 1349 (Gonzalez) Taxation: tax expenditures: California Tax Expenditure Review Board

This measure would establish the California Tax Expenditure Review Board as an independent advisory body to assess major tax expenditures and make recommendations to the Legislature.

Cal Cities Position: Support (letter pending)

Financial reporting

AB 2214 (Jackson) Taxation: tax expenditures: California Tax Expenditure Review Board

This measure would require the State Treasurer to allocate 5-10% of the Local Agency Investment Fund to fund a community reinvestment account for financial institutions to fund specified projects.

Cal Cities Position: Pending

Short-term rentals

AB 1953 (Lowenthal) Short-term rentals: emergencies and special events

This bill seeks to raise the caps of allowed short-term rentals in areas impacted by natural disasters or other limited events (Olympics).

Cal Cities Position: Pending

High Speed Rail Authority

HSRA Business Plan

- Gain authority to enter and lead a tax increment financing district.
 - Half mile radius of planned stations
 - Sales and property tax increment at risk
 - Land use authority
- Likely included in budget.
- Constitutional and legal concerns.

Property transfer tax reform

- Vehicle may be AB 698 (Wicks).
- Looking to modify transfer taxes:
 - Cap rates
 - Limit applicability
 - Convert to a “net” tax
 - Retroactive

Tax Exemptions

Local agencies and sales tax

- Should local agencies be exempt from paying sales tax?
- Currently, do not pay property tax.
- Precedent in other states.
- Are there risks?

LAO Tax Reform Report

Published on 3/24/26

- The LAO report “[Comparing Options to Raise and Lower Taxes](#)” put forward a range of options for the Legislature to consider:
 - Tax Increase Options
 - Major Tax Increase Options
 - Tax Decrease Options
- The report took into consideration:
 - Budgeting (Growth, Stability, and Predictability)
 - Economy
 - Taxpayer Experience
 - Progressivity
 - Fairness
- Many proposals had little to no direct impact on cities, other could result in dramatic change.

Tax Increase Options

- 13 options that raise taxes between \$1 and \$3 billion annually.
- Some proposals that could impact cities:
 - Quarter-cent sales tax increase
 - Tax digital goods
 - Soda tax

Major Tax Increase Options

- 8 options that raise taxes between \$10 and \$15 billion annually.
- Some proposals that could impact cities:
 - 1.25 percentage point sales tax increase
 - Increase “Big Three” Taxes (income, corporation, and sales taxes)
 - Tax consumer services
 - Eliminate tax expenditures and broaden the base
 - “Split Roll” property tax

Tax Decrease Options

- 9 options that lower taxes between \$1 and \$3 billion annually.
- Some proposals that could impact cities:
 - Quarter-cent sales tax decrease
 - Expand sales tax exemptions for business equipment
 - Reduce gas and diesel taxes
 - Exempt \$10,000 of value from vehicle license fee

Thoughts?

Economic Development and Attracting New Businesses

Guest Speaker:

Timothy Kelly, President, Imperial
Valley Economic Development
Corporation

THANK YOU!

The next Revenue and Taxation Policy Committee meeting is
June 4, 2026, • 9:30 am – 12:30 pm, Virtual.



LEAGUE OF
**CALIFORNIA
CITIES**

Strengthening California Cities
through Advocacy and Education

 @calcities

 @calcities

 @calcities.org

CONNECT

Ben Triffo

Legislative Affairs, Lobbyist

btriffo@calcities.org



LEAGUE OF
**CALIFORNIA
CITIES**

Strengthening California Cities
through Advocacy and Education

 @calcities

 @calcities

 @calcities.org