

CITY COUNCIL  
Lori Wilson, Mayor  
Wanda Williams, Mayor Pro-Tem  
Jane Day  
Alma Hernandez  
Michael J. Hudson



CITY COUNCIL MEETING

First and Third Tuesday  
Every Month

## A G E N D A

### REGULAR MEETING OF THE GENERAL TAX OVERSIGHT COMMITTEE (MEASURE S)

WEDNESDAY, FEBRUARY 10, 2021

4:30 P.M.

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SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

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#### **NOTICE**

*Pursuant to Government Code Section 54953, Subdivision (b) and Executive Order released on March 12, 2020, the following General Tax and Oversight Committee includes participation via the application ZOOM.*

*PER CITY POLICY, MEMBERS OF THE PUBLIC ARE REQUIRED TO WEAR FACE MASKS WHILE IN CITY FACILITIES. IF YOU DO NOT HAVE A FACE MASK, ONE WILL BE PROVIDED FOR YOU.*

*DUE TO CORONAVIRUS COVID-19, CITY HALL IS CLOSED TO THE PUBLIC. RESIDENTS MAY ATTEND THE MEETING VIA THE ZOOM APPLICATION.*

#### **ZOOM MEETING INFORMATION:**

**WEBSITE:** <https://zoom.us/join>

**MEETING ID:** 835 6143 6525

**CALL IN PHONE NUMBER:** (707) 438-1720

*REMOTE PUBLIC COMMENT IS AVAILABLE FOR THE GENERAL TRANSACTIONS AND USE TAX OVERSIGHT COMMITTEE MEETING BY EMAILING [CLERK@SUISUN.COM](mailto:CLERK@SUISUN.COM) (PRIOR TO 12:00 NOON ON FEBRUARY 10, 2021) OR VIA WEBSITE OR THE ZOOM PHONE APPLICATION.*

*(If attending the meeting via phone press \*9 to raise your hand and \*6 to unmute/mute for public comment.)*

#### **ROLL CALL**

Committee Members

#### **PUBLIC COMMENT**

*(Oral participation from the audience is limited to 3 minutes to each speaker).*

#### **REPORTS: (Informational items only.)**

1. City Manager Update – (Folsom: [gfolson@suisun.com](mailto:gfolson@suisun.com)).

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320  
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340  
SUCCESSOR AGENCY 421-7309 FAX 421-7366

## **GENERAL BUSINESS**

1. Approval of Minutes of the General Transactions and Use Tax Oversight Committee Meeting held on September 10, 2020.
2. Update on Measure S Budget Status for FY 2020-21 - (Deol: [Ideol@suisun.com](mailto:Ideol@suisun.com)).
3. Discuss FY 2020-21 Mid-Year Budget Review Adjustments (Folsom/Deol: [gfolson@suisun.com](mailto:gfolson@suisun.com) / [Ideol@suisun.com](mailto:Ideol@suisun.com)).admin
4. Discussion of Future Agenda Items, Meeting Dates and Similar Administrative Matters – (Folsom: [gfolson@suisun.com](mailto:gfolson@suisun.com)).

## **REPORTS:** *(Informational items only.)*

## **ADJOURNMENT**

Agenda related writings or documents provided to a majority of the Committee less than 72 hours prior to a Committee meeting will be made available for public inspection during normal business hours. An agenda packet is also located at the entrance to the Council Chambers during the meeting for public review. Assistive listening devices may be obtained at the meeting.

CITY COUNCIL  
Lori Wilson, Mayor  
Wanda Williams, Mayor Pro-Tem  
Anthony Adams  
Jane Day  
Michael Segala



CITY COUNCIL MEETING

First and Third Tuesday  
Every Month

## MINUTES

### REGULAR MEETING OF THE GENERAL TAX OVERSIGHT COMMITTEE (MEASURE S)

THURSDAY, SEPTEMBER 10, 2020

4:00 P.M.

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SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

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#### NOTICE

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**MEETING ID:** 890 2791 3503

**CALL IN PHONE NUMBER:** (707) 438-1720

*REMOTE PUBLIC COMMENT IS AVAILABLE FOR THE GENERAL TRANSACTIONS AND USE TAX OVERSIGHT COMMITTEE MEETING BY EMAILING [CLERK@SUISUN.COM](mailto:CLERK@SUISUN.COM) (PRIOR TO 12:00 NOON ON SEPTEMBER 10, 2020) OR VIA WEBSITE OR PHONE APPLICATION, ZOOM.*

*(If attending the meeting via phone press \*9 to raise your hand and \*6 to unmute/mute for public comment.)*

#### ROLL CALL

Meeting called to order at 4:00 P.M.

Committee Members Present: Tamara Colden, Donald Peters, John Pierce, Barbara Pisching and Chair Ruth Forney.

#### ORGANIZATIONAL MATTERS

1. Welcome Lakhwinder Deol, Finance Director - (Folsom: [gfolson@suisun.com](mailto:gfolson@suisun.com)).

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320  
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340  
SUCCESSOR AGENCY 421-7309 FAX 421-7366

## **PUBLIC COMMENT**

*(Oral participation from the audience is limited to 3 minutes to each speaker).*

Steve Olry and George Guynn provided public comments.

## **REPORTS: (Informational items only.)**

2. City Manager Update – (Folsom: [gfolson@suisun.com](mailto:gfolson@suisun.com)).

## **GENERAL BUSINESS**

1. Approval of Minutes of the General Transactions and Use Tax Oversight Committee Meeting held on August 28, 2019.

**Motioned by Tamara Colden and Seconded by Donald Peters to approve minutes. The Motion Failed with 2 votes in favor and 3 votes against. Committee Members discussed the need for additional meetings.**

**Ayes: Committee Members: Tamara Colden, Ruth Forney**

**Noes: Committee Members: Barbara Pisching, Donald Peters, John Pierce**

2. Update on City Budget - (Folsom/Deol: [gfolson@suisun.com](mailto:gfolson@suisun.com) / [ldol@suisun.com](mailto:ldol@suisun.com)).

City Manager Folsom provided an update on the City Budget and responded to questions from Committee Members.

Public Comments: Budget: George Guynn, Tom Alder, Steve Olry  
Property Tax Assessments: Mona Gaines

3. Receive Measure S Update and Fiscal Year 2018-2019 Audit – (Folsom/Deol: [gfolson@suisun.com](mailto:gfolson@suisun.com) / [ldol@suisun.com](mailto:ldol@suisun.com)).

Finance Director Deol provided an update on Measure S and the Fiscal Year 2018-2019 Audit.

Public Comments: George Guynn

4. Discussion of Future Agenda Items, Meeting Dates and Similar Administrative Matters – (Folsom: [gfolson@suisun.com](mailto:gfolson@suisun.com)).

Meeting Dates: 2 times a year, April (Fiscal Year Budget Prep) and December/January (Mid-Year Update). Request was made to check if resolution was passed regarding quarterly meeting dates. Committee would like to meet at least 2 times per year at the junctions proposed.

**Motioned by Tamara Colden and Seconded by Barbara Pisching to meet at least 2 times per year at the junctions proposed. Motion carried by the following vote:**

**Ayes: Tamara Colden, Ruth Forney, John Pierce, Barbara Pisching**

**Absent: Donald Peters**

The Committee would like an update on Capital Projects and any new items that require Measure S Funds.

**ADJOURNMENT:**

**Motioned by Tamara Colden and Seconded by John Pierce to adjourn the meeting.  
Motion carried by the following vote:**

**Ayes: Tamara Colden, Ruth Forney, John Pierce, Barbara Pisching  
Absent: Donald Peters**

**Meeting was adjourned at 6:30 P.M.**

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# Measures Committee Meeting

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FEBRUARY 10, 2021





# Agenda

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Measure S  
Financial  
Analysis

FY 2020-21  
Mid-Year  
Budget Review

2019-2020  
Measure S  
Audit Report

Next Meeting  
Dates/Future  
Agenda Items

Questions/  
Comments



# Mid-Year Budget Review

## Summary of Significant Items

### Revenues:

- RDA Residual Revenue is \$395,419 higher than budgeted.
- General Sales Tax Revenue is \$220,347 higher than budgeted.
- Cannabis Sales Revenue is eliminated by **(\$200,000)**.
- Other Miscellaneous Revenue is \$80,800 higher than budgeted due to Engie Energy Savings Rebate Program.
- PPP Agreement with the County for ALS- Fire is \$66,712 new revenue added.
- Strike Teams Revenue of \$198,880 is new revenue.
- Building Permit Fee Revenue is \$107,900 higher than budgeted.
- Recreation Programs (various) Revenue is reduced by **(\$502,800)** due to COVID-19.
- Measure S Sales Tax Revenue is \$622,122 higher than budgeted.
- Street Improvement Rehab project (CIP) for \$510,300 is being added to Transportation CIP Fund (Fund 115) transfer from Measure S.

### Expenditures:

- COVID-19 Expenditures of \$154,800 are higher than budgeted.
- Strike Teams Expenditures of \$198,500 are new expenditures added.
- Recreation Programs (various) Expenditures of **(\$419,000)** are reduced.
- Type 5 (Wildland Fire Engine) Expenditure of \$183,465 is new added expense under Vehicle/Equipment Replacement (Fund 706) Fund.
- Dispatch Expenditures of \$334,305 are higher than budgeted.
- Unemployment Expenditures of \$60,000 are higher than budgeted due to COVID-19.

# Measure S Fund Summary

<b>FUND:012</b>	<b>Name :MEASURE S</b>	
<b>Revised Revenue</b>		
Adopted		5,846,278
Mid-Year Adjustments		622,122
Beginning Balance adj		(105,681)
<b>Revised Revenue</b>		<b>6,362,719</b>
<b>Revised Expenditures</b>		
Adopted		5,846,300
Mid-Year Adjustments		-
<b>Revised Expenditures</b>		<b>5,846,300</b>
<b>Surplus/(Shortfall)</b>		<b>516,419</b>



## Measure S Committee Meeting

### Measure S Fund Analysis

Fund	ACCT Id	DEPT Id	ACCT Description	FY 2019-20 Actual	FY 2020-21 Budget	FY 2020-21 Year-To-Date	Amended Budget	Mid-Year Adjustment
<b>FUND:012 Name :MEASURE S</b>								
12	70101	0000	Beginning Bal.	-	3,550,719	3,550,719	3,550,719	-
12	71240	1912	T&U-MEASURE S	2,652,616	2,184,878	1,144,456	2,807,000	622,122
12	75110	1912	Interest Earnings	105,469	5,000	-	5,000	-
12	81010	1912	From Gen Fund	3,086,183	-	-	-	-
<b>Total Revenue -----&gt;</b>				<b>5,844,268</b>	<b>5,740,597</b>	<b>4,695,175</b>	<b>6,362,719</b>	<b>622,122</b>
12	85010	1912	To General Fund	1,341,025	4,640,800	2,000,000	4,640,800	
12	85105	1912	To Gas Tax Fund	64,900	-	-	-	
12	85115	1912	To Trans CIP	10,208	10,300	-	510,300	500,000
12	85190	1912	To Storm Drain	-	250,000	-	250,000	
12	85312	1912	TO POLICE FACIL	728,564	385,000	-	385,000	
12	85314	1912	TO MUNI/VEHICLE	49,009	50,000	-	50,000	
12	85713	1912	To PW Maint	99,843	-	-	-	
12	93410	1912	Oper. Contingcy	-	510,200	-	10,200	(500,000)
<b>Total Expense -----&gt;</b>				<b>2,293,549</b>	<b>5,846,300</b>	<b>2,000,000</b>	<b>5,846,300</b>	-
<b>Ending Balance -----&gt;</b>				<b>3,550,719</b>	<b>(105,703)</b>	<b>2,695,175</b>	<b>516,419</b>	
<b>Comments:</b>								
Revenue Projections increased by \$622,122 higher than the original budget.								
\$500,000 is being proposed to be transferred from Operating Contingency account to Transportation Capital Program account for the Village Drive and the Whispering Bay Lane Projects.								

# Financial Analysis



# 2019-2020 Audit Report



Audit is pending.



Independent Auditor's Report on Internal Control



Compliance with Requirements Applicable to Measure S with City Ordinance No. 742



# Next Meeting Dates/Future Agenda Items

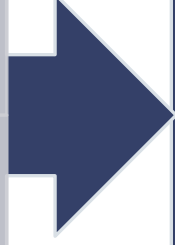
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Two times a year

**April - Fiscal Year Budget Prep**

**December/January - Mid-Year  
Update**



Future discussion items



# Questions/Comments:

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# Thank you!

# Sales Tax - What Just Happened & What to Expect

Details

January 6th, 2021

2020 was full of challenges across California and local governments are once again facing financial distress. Read on for sales tax behavioral shifts, the irony of AB147 and what may lie ahead.



Written by: Ken Nordhoff, HdL Principal

January 6, 2021

## Intro

The just concluded 2020 year was certainly full of challenges across California. Social unrest, the COVID-19 pandemic crisis, plus unprecedented wildfires across the Golden State posed significant strains in addressing community needs. Last January was generally trending in a positive direction, however, beginning in March, many city, county and special district budgets began to experience rapid declines in key general fund tax resources.

Local governments are once again facing financial distress. Acknowledging different agencies have unique primary funding sources, it is common for many communities to rely on sales taxes as a major resource necessary for delivery of public services. Given what has transpired, I thought it would be helpful to examine sales taxes; see if any unique patterns emerged; understand short and/or long-term implications.

For context purposes, readers know the California basic sales tax rate of 7.25% includes a 1% local Bradley Burns component along with designated county portions directed to transportation, Prop 172 public safety and realignment programs. Specifically, I want to draw attention to the 1% Bradley Burns sales tax nuances over the last twelve months while offering insights as to what may lie ahead in 2021.

## Behavioral Shifts

The Coronavirus calamity necessitated lifestyle adaptation; previously normalized shopping behaviors changed overnight. Fewer people in stores, reduced trip destinations and heightened internet buying modified spending patterns. When analyzing taxes remitted last year, the following trends emerged:

- Non-essential retailer restrictions, both access and operational, reduced customer spending at local businesses; general consumer goods, restaurants and hotels suffered significant declines in tax filings. Plummeting oil prices coupled with a lack of demand lessened fuel seller's receipts.
- Conversely, revenues grew from in-state fulfillment centers; essential businesses gains (e.g., building materials, grocers) captured housebound spending due to remote working and home improvement projects. The table below captures the top ten segments performance over the first nine months of 2020.

## TOP 10 SEGMENTS 2020 YTD

Rank	Business Type Description	2019 YTD	2020 YTD	YTD \$ Chg	YTD % Chg
1	New Motor Vehicle Dealers	\$481M	\$453M	-\$28M	-6%
2	Service Stations	403M	286M	-117M	-29%
3	Discount Dept Stores	279M	278M	-1M	0%
4	Building Materials	238M	260M	22M	9%
5	Quick-Service Restaurants	238M	205M	-32M	-14%
6	Casual Dining	289M	179M	-111M	-38%
7	Grocery Stores	132M	144M	12M	9%
8	Fulfillment Centers	62M	126M	64M	102%
9	Contractors	131M	124M	-7M	-5%
10	Medical/Biotech	88M	86M	-2M	-2%

**Decreases - SIP restrictions, shuttered locations, limited operations, lack of travel**

**Increases - Essential businesses, spike in online ordering, home improvements**

- Ecommerce sales escalated big time. Consumers dramatically increased online ordering through the holiday season, yielding significant growth in sales tax distributed through the county pools. For those who may not know, a long standing 'county pool' system was devised years ago by CDTFA (formerly the SBOE) to allocate each city or county's local share of use taxes. Contributors to the 58 county pools are primarily online purchases from out of state companies, remote sellers who ship merchandise to California destinations and private party vehicles sales.
- HdL's statewide data is organized into eight industry groups and several regions for analysis and forecasting purposes. Of note:
  - For January to September, county pool allocations rose higher by 33% over the comparable 2019 time and offset half of the 13% decline from brick-and-mortar locations.
  - Regions with a greater focus on tourism, hospitality, airports, (LA and Orange Counties, Bay Area) suffered much greater pandemic quarterly tax losses and weaker recovery when compared to inland or rural parts of the State.
  - Countywide pools, which were the fourth highest tax producing category in FY 2018-19; catapulted to the top spot in FY 2019-20.

### Irony Intersection

California's AB147 appeared after the 2018 U.S. Supreme Court ruled in favor of the State of South Dakota, thus, previously held physical nexus arguments were replaced with a 'virtual' presence standard. Full enactment of AB147, including the Marketplace Facilitators Act, occurred as of September 30, 2020.

For California, over \$1.9 billion in new statewide sales and use taxes (excluding add-on district levies) were remitted by marketplace facilitators during this implementation year; Bradley Burns captured \$260 million that was allocated to local jurisdictions. For those who desire to learn more facts and figures about AB147, click [HERE](https://www2.hdlcompanies.com/misc/Jan%202021%20Issue%20Update.pdf) (<https://www2.hdlcompanies.com/misc/Jan%202021%20Issue%20Update.pdf>) for our recent HdL Issue Update.

Ironically, while AB147 was adding new revenues in California, along comes the COVID-19 pandemic. State and local leaders mandated shelter in place for households which are ongoing as of this writing. Closures of restaurants/hotels/entertainment venues, dramatic reductions in air travel/tourism and numerous employees working remotely propelled sales taxes downward overnight. Uniquely, a random convergence occurred. The flow of new revenues prior to the onset of the pandemic induced economic freeze lessened what would have been even greater sales tax losses at all levels of government.



## What May Come – 2021 and Beyond

All are ready for this new year to be better, in so many ways. Questions come to mind as cities, counties and districts consider unique fiscal plights while implementing strategies to resolve budgetary concerns.

- The State LAO's fiscal outlook\* for FY 2021-22 stated a \$26 billion windfall is entirely one time in nature; operating deficits are forecast the subsequent three years. Voters rejected Proposition 13 in the last election which would have raised \$8 to \$12 billion per annum in commercial property taxes for schools, community colleges and local governments. Given this measure's failure and the looming State fiscal problems, is it likely the Sacramento tries to solve part of their monetary woes by raising revenues? When? How?
- The sales and use tax landscape evolved over the past decade, especially the expansive use of the internet. Unsuccessful attempts at reform/restructuring, such as SCA 20 and ACA 13, would have changed sales tax allocation formulas from a point of sale to a destination-based methodology, thereby redistributing the Bradley Burns 1% rate to local governments. Might similar types of legislation be introduced in this upcoming session and if so, how would it impact local governments?
- Taking matters into their own hands, many cities and counties have approved local district taxes. The November election saw 65 local add-on tax measures approved by voters; some imposed first time levies, others increased existing rates, extended, or eliminated sunset terms. Are you considering a local measure? General or special sales tax? Do you know the available transaction's tax cap space that could limit your options?

The 2020 sales tax outcomes tied to COVID-19 forces are going to carry into 2021 and beyond. Broader deployment of curbside pickup, at home delivery is here to stay. The mega-boost in online purchasing created a new baseline for countywide pool revenues; absent legislative changes or CDTFA rulings, this sector will remain a top tax generating category for most jurisdictions. Communities with high concentrations of hospitality, leisure venues and travel-reliant businesses are going to recover slowly.

Round two of stimulus checks are likely directed toward household basics – rent, utilities, food; probably will not move the needle in terms of taxable purchases. The shift to spending on 'goods' this past summer will likely return back into services and non-taxable areas once the economy reopens in a meaningful way. Most important - the timing and pace of economic rebound is influenced by several factors, notably each agency's local tax base composition and the successful deployment of Coronavirus vaccines.

Our experts at HdL do not expect the new year to be a return of "normalization"; sales tax spending, like human behaviors, evolves over time. However, we do believe future sales taxes should 'normalize' into new patterns that must be taken into consideration as agencies make critical decisions to address budgetary needs and long-term financial obligations.

\* State of California Legislative Analyst's Office Fiscal Outlook, 2021-22 Budget published November 18, 2020

**As the state leader in sales taxes, HdL's knowledge and experience provides meaningful analysis, support and insights on local government revenues including sales, transactions and use taxes. Would you like to optimize revenue capture, explore new resource alternatives (such as cannabis or economic development) or reduce operating costs? We're here to help. Contact us at [solutions@hdlcompanies.com](mailto:solutions@hdlcompanies.com) (<mailto:solutions@hdlcompanies.com>) or 714.879.5000.**



### AB 147 Marketplace Facilitator Act – Full Implementation

The California Marketplace Facilitator Act, carried out under AB 147 in response to the Supreme Court’s “Wayfair” decision in 2018, has now completed the initial four quarters of full implementation. Impacts from this legislation are discussed below.

The background and key provisions of this law can be found in our [April 2019 Issue Update](#).

## THE MARKETPLACE FACILITATOR ACT

Assembly Bill 147 required out-of-state retailers meeting specific requirements to collect and remit California’s sales, use and transactions taxes effective April 1, 2019; however, marketplace facilitators were not required to begin reporting until October 1, 2019.

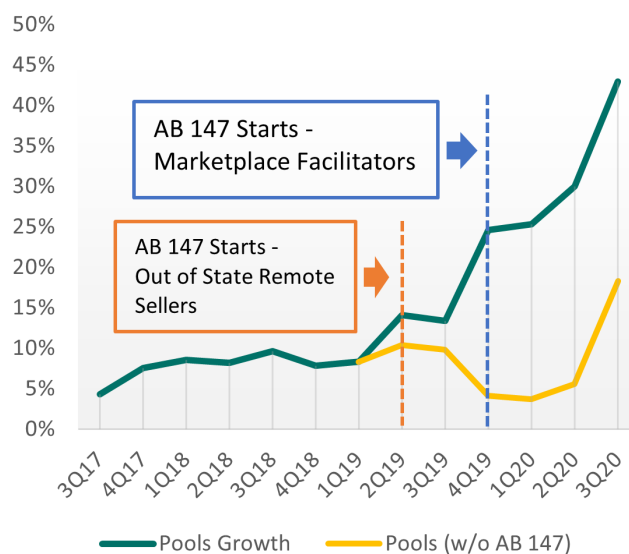
**Marketplace Facilitator Requirements:** Beginning October 1, 2019, the marketplace facilitator (who functions as the retailer) must obtain a state permit to collect and remit use tax on all sales of tangible personal property into California, including those sales made on behalf of its marketplace sellers, if the marketplace facilitator’s cumulative annual sales into California meet the \$500,000 economic nexus threshold. In determining cumulative sales, a marketplace facilitator shall include sales of tangible personal property made on its own behalf plus transactions processed through its marketplace on behalf of third-party sellers.

## LOCAL JURISDICTION REVENUE – COUNTY POOLS

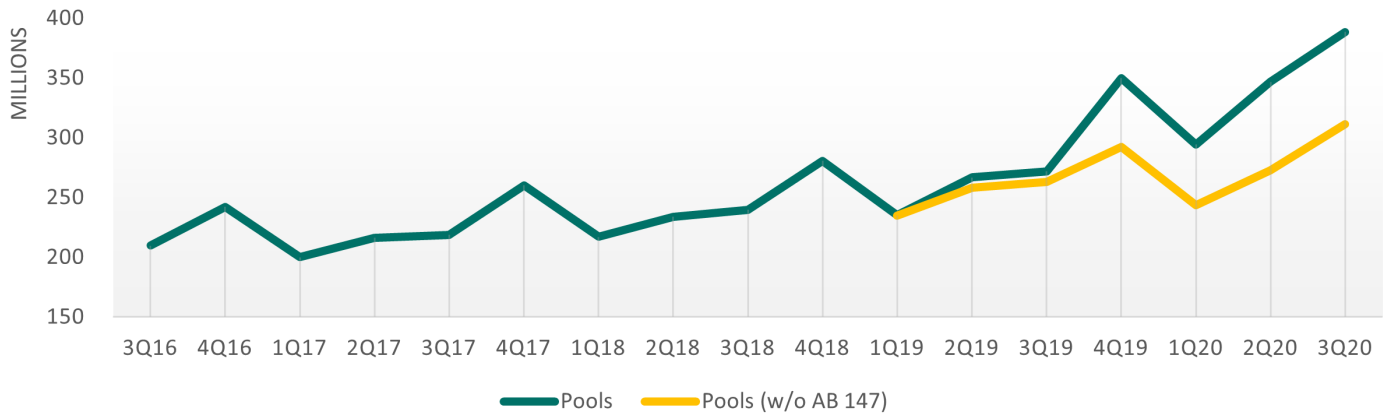
HdL has been reviewing new accounts in an effort to identify and track AB 147 impacts on city and county revenues across the state.<sup>1</sup> This new local tax revenue is allocated indirectly through the county-wide use tax pools system. With one year of Marketplace filings now completed, new taxes (the Bradley-Burns 1% rate) distributed through the county-wide pools were nearly \$260 million.

The four-quarter state & county pools totals beginning October 1, 2019 saw \$1.4 billion indirectly allocated to cities and counties with Wayfair based tax collections accounting for 19% of these receipts.

When measuring results from 4Q19 through 3Q20, the pools have averaged growth of 31% each quarter compared to the same period in the prior year. After removing revenue identified with AB 147, countywide pools averaged just 8% growth. The chart below illustrates the significant impact on pools revenues coming from new Wayfair taxpayers.



## State & County Pools Trend Line

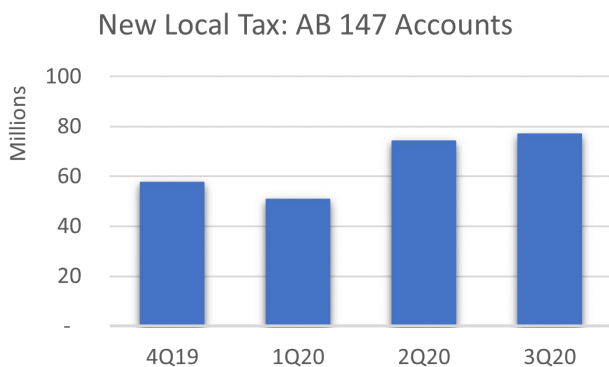


The vigorous gains spurred by current requirements on remote sellers has created a new baseline for pools allocations. Looking ahead, although recent acceleration to online buying should continue growing the pools, future gains in this sector are expected to subside to levels moderately better than pre-Wayfair historical levels.

## CORONAVIRUS AND THE ECONOMIC IMPACTS

There is no question that as California began its battle with the Coronavirus, local government revenues were expected to be negatively impacted. Contrary to early assumptions last spring, the decline of taxable sales and by extension the 1% tax receipts were not as severe despite statewide restrictions for most communities. As consumers were forced to adapt to buying through new channels, the shift to online shopping forged ahead at a record pace. Marketplace facilitators along with other direct to consumer retailers emerged as clear winners because both necessity and discretionary spending moved away from brick-and-mortar stores.

The following chart offers a recent quarterly breakdown of new local tax revenue that somewhat mitigated economic hardships on local agencies during the pandemic.



Typically, retail spending peaks in the fourth quarter of each year during the holiday shopping season. As shown in the above line graph, public health and safety restrictions combined with federal stimulus induced a more rapid shift in consumer shopping habits beginning in April 2020. Local tax reported by AB 147 accounts increased 29% and 34% in the second and third quarters of 2020 respectively compared to the initial filing quarter of October through December 2019. This elevated performance from new accounts is expected to wane as physical stores reopen and brick-and-mortar retailers regain lost momentum.

## CALIFORNIA FISCAL IMPACT

Based on local tax collections, HdL estimates over \$26 billion in taxable sales have been reported through new AB 147 accounts generating nearly \$1.9 billion in statewide sales and use tax revenue, not including add-on district taxes.

### California Fiscal Impact

#### AB 147 Marketplace Facilitator Act (4Q19 – 3Q20)

Taxable Sales	26 Billion
Statewide Sales & Use Tax (7.25%)	\$1.9 Billion

State General Fund (3.9375%)	\$1.02 Billion
County Public Safety (0.5%)	\$130 Million
County Realignment (1.5625%)	\$405 Million
Local Jurisdiction (1%)	\$260 Million
Local Transportation Fund (0.25%)	\$65 Million

*data is rounded*

Due to the size and market population, many major online retailers previously established nexus in California prior to AB 147 mandates. Therefore, portions of the revenue this law was designed to capture were already being collected.

## CONCLUSION

Although AB 147 captured taxes not previously collected, COVID-19 restrictions further boosted sales from remote sellers and marketplace facilitators which partially mitigated statewide declines in retail spending resulting from the pandemic crisis. Absent the implementation of the Marketplace Facilitator Act, local jurisdictions would be even more negatively impacted by economic pressures as the ongoing battle tied to the spread of and response to COVID-19 continues.

## TOP 25 IDENTIFIED AB 147 TAXPAYERS<sup>1</sup>

Below is a current list of the top 25 taxpayers that HdL identified as collecting and remitting new sales and use tax as a result of the Marketplace Facilitator Act.

1661, Inc (GOAT)	Groupe Atallah Inc (SSENSE)
Adorama Inc	Mercari App
Alibaba.com	Poshmark
Amazon.Com Services Inc	Reverb.com
Asos.com	Rockauto
Autosales, Inc	Savvas Learning Company
B&H Foto & Electronics	Sweetwater Sound
Blue Nile	The Tire Rack
Boxy Charm Inc	Wal-Mart.Com USA LLC
Etsy, Inc	Webstaurant Store
Facebook	Wish
Florists Transworld Delivery	Zoetop Business Co. (Shein)
Gilt Groupe LP	



<sup>1</sup>**HdL Identified Accounts:** HdL reviews data provided by the CDTFA to identify new taxpayers related to AB 147 using the following general criteria. Due to the volume of accounts the list is not exhaustive.

1. New local tax being allocated through the county pools beginning in 2Q-2019
2. Taxpayer account as an effective date of April 1, 2019 or later
3. Has an online store or eCommerce presence
4. Does not replace a prior California resale account

### Additional Resources

- [Use Tax Collection Requirements Based on Sales into California Due to the Wayfair Decision](#)
- [Tax Guide for Marketplace Facilitator Act](#)