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June 26, 2018

To: All Senators and Assembly Members

From: Dan Carrigg, Deputy Executive Director/Legislative Director, League of California Cities

**RE: SB 872/AB 1838 (Budget) Grocery and Soda Tax-Local Preemption
(As Amended 6/25/18)
Notice of Opposition**

The League of California Cities respectfully **Opposes** SB 872/AB 1838 (Budget) which would preempt the ability of cities and other local agencies from levying any new tax, fee or assessment on groceries and soda for twelve years.

Many aspects of SB 872/AB 1838 are distasteful; yet we recognize that it must be compared with the potential passage of a more onerous ballot measure that would drastically limit the ability of local agencies to fund local services by requiring all local taxes to be subject to a two-thirds vote, retroactively repealing 25 measures approved in June by local voters and placing onerous conditions on the imposition of local fees.

That said, we must convey our opposition to SB 872/AB 1838 based upon the draconian penalty inserted in subdivision (f) of section 7284.12 (Page 5, lines 1-15). Under this provision, if a charter city is later determined by a Court -- under its constitutional municipal affairs authority -- to have validly enacted a local tax on soda, then the state would punish that agency by stopping the collection of all local sales taxes in the jurisdiction. This would have devastating effects on any community and its ability to deliver local services. Moreover, this massive penalty is completely disconnected from the soda tax issue: sales taxes cannot be applied to groceries.

Given SB 872/AB 1838's approach that would punish a charter city and their voters for exercising a constitutional right, with the devastating penalty of state withholding collection of all sales and use taxes, the League must respectfully oppose this measure. If you have any questions regarding the League's position on this bill, please do not hesitate to contact me at (916) 658-8222.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Carrigg".

Dan Carrigg
Deputy Executive Director, Legislative Director

cc: Camille Wagner, Legislative Affairs Secretary, Office of Governor Brown