



MAYOR DARCY PAUL
dpaul@cupertino.org

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3195 • FAX: (408) 777-3366
CUPERTINO.ORG

October 4, 2021

The Honorable Gavin Newsom
California State Governor
State Capitol, First Floor
Sacramento, CA 95814

RE: SB 792 (Glazer) – Request for Veto

Dear Governor Newsom,

On behalf of the City of Cupertino, I am writing to request your veto on SB 792 for the reasons outlined in our correspondence, enclosed, to Assemblymember Burke opposing this legislation.

In 2019, you vetoed Senator Glazer's SB 531, which would have eliminated sales tax incentives between local governments and retailers, stating that the use of these tax incentives is "an important local tool that captures additional economic activity, particularly in rural and inland California." We ask that you exercise this same judgement when you approach this legislation and veto SB 792.

Sincerely,

Darcy Paul
Mayor
City of Cupertino

cc: Senator Dave Cortese
Assemblymember Evan Low
Assemblymember Marc Berman
Angela Pontes, Deputy Legislative Secretary, Office of Governor Newsom

Enc: Correspondence to Assemblymember Burke Opposing SB 792 (June 9, 2021)



MAYOR DARCY PAUL
dpaul@cupertino.org

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3195 • FAX: (408) 777-3366
CUPERTINO.ORG

June 9, 2021

The Honorable Autumn Burke
Assemblymember, 62nd District
State Capitol, Room 5150
Sacramento, CA 95814

RE: SB 792 (Glazer) – OPPOSE

Dear Assemblymember Burke,

On behalf of the City of Cupertino, I am writing to provide our reasons to oppose SB 792 (Glazer), which would require retailers whose annual online sales exceeds \$1 million in the previous calendar year to provide information for each local jurisdiction regarding the gross receipts from the sale of goods shipped or delivered to a purchaser in that jurisdiction. We believe that this policy seeks to advance an agenda that would undermine local governments' ability to incentivize economic activity through negotiating contracts with corporations that provide vital jobs and opportunities to residents in communities throughout the state.

The Bradley Burns Uniform Sales Tax Act provides an important tool that allows local agencies to collect revenue on the retail sale of goods or merchandise within their jurisdiction. The majority of the tax is used to fund important local programs at the discretion of the local agency, while a small percentage is transferred to local transportation funds within each county. The growing dependence on online transactions has led to the development of more warehouse and distribution centers, which in turn have led to an increase in sales tax revenues for the jurisdictions that harbor them.

Though this measure does not explicitly seek to modify the collection and distribution of Bradley Burns Sales Tax revenues, we believe it is the first step in doing so. The Legislature has previously considered numerous measures that have sought to legislate the collection of sales tax revenues by overriding local control and opportunities and implementing a "one size fits all" approach that diverts revenues from rural and industrial communities that have established important corporate contracts that their communities have established in order, on the one hand, to create favorable conditions at some cost to the communities themselves and, on the other hand, to incentivize those communities to create such conditions. This is a balance that should not be disrupted without considering a fair transition given the communities' sacrifices, and this does not seem to be contemplated here. In 2019, Governor Newsom vetoed SB 531 which would have eliminated sales tax incentives between local governments and retailers, stating that the use of these tax incentives are "an important local tool that captures additional economic activity, particularly in rural and inland California."

Moreover, this measure's promise to increase transparency through retailer reporting has already been accomplished. AB 485 (Medina, 2019) requires local agencies to inform the public before granting economic development subsidies of \$100,000 or more prior to accommodating warehouse distribution centers within their jurisdictions. The passage of this measure provides that prospective retailers disclose job and wage quality metrics and implement accountability measures that ensure that communities benefit from these agreements.

We understand that the growing dependence on online and remote transactions introduces a unique change to existing local tax structures and tax revenue opportunities. However, we believe that any attempt to remove local discretion as it pertains to tax incentives threatens the vitality of communities like ours that have worked to craft these contracts as fair considerations balanced between community sacrifices and economic incentives. As written, SB 792 does not demonstrate a need for extensive statewide analysis and burdensome retailer reporting requirements. The existence of tax incentives between local agencies and retailers provides a crucial economic development tool, particularly in California's vulnerable communities, but also for the sake of California's economy generally.

It is for these reasons that the City opposes SB 792.

Sincerely,



Darcy Paul
Mayor
City of Cupertino

cc: Senator Dave Cortese

Assemblymember Evan Low

Assemblymember Marc Berman

Assembly Committee on Revenue and Taxation:

Assemblymember Autumn R. Burke (Chair)

Assemblymember Janet Nguyen (Vice-Chair)

Assemblymember Adam C. Gray

Assemblymember Timothy S. Grayson

Assemblymember Marc Levine

Assemblymember Chad Mayes

Assemblymember Kevin Mullin

Assemblymember Cottie Petrie-Norris

Assemblymember Bill Quirk

Assemblymember Luz M. Rivas

Assemblymember Kelly Seyarto