



# Tax Revenue Sharing Agreement

REPORTING AND PUBLICATION REQUIREMENTS

# Overview

- ▶ AB 2854 (2024) added RTC section 7213 to impose new tax revenue sharing agreement reporting and publication requirements on local agencies and impose related publication requirements on CDTFA
- ▶ CDTFA adopted Emergency Regulation 1808 to clarify RTC section 7213's
  - ▶ Reporting requirements
  - ▶ Extension provisions
  - ▶ Penalty provisions
  - ▶ CDTFA publication provisions

# Part 1: Important Terms

Emergency Regulation 1808 clarifies that:

- ▶ “**Fiscal year**” means the 12-month period beginning on July 1 and ending on the following June 30.
- ▶ “**Local sales and use tax revenue**” means any tax revenue resulting from the imposition of a sales and use tax under the Bradley-Burns Uniform Local Sales and Use Tax Law (commencing with Revenue and Taxation Code (RTC) section 7200).
- ▶ “**Rebated sales and use tax revenues**” means any direct or indirect payment, transfer, diversion, or rebate of any local sales and use tax revenue to any person pursuant to an agreement (*tax revenue sharing agreement (TRSA)*).

# Rebated Sales and Use Tax Revenues

- ▶ Emergency Regulation 1808 further clarifies that:
- ▶ A payment, transfer, diversion, or rebate of any money other than local sales and use tax revenue is an indirect payment, transfer, diversion, or rebate of local sales and use tax revenue if it is based on a retailer's anticipated, estimated, or actual sales or the anticipated, estimated, or actual local sales and use tax revenue from a retailer's sales.
- ▶ "Rebated sales and use tax revenues" do not include: (i) The payment, transfer, diversion, or rebate of any money other than local sales and use tax revenue if it is not an indirect payment, transfer, diversion, or rebate of local sales and use tax revenue. (ii) The apportionment of any local sales and use tax revenue between local agencies pursuant to a contract between the local agencies that is authorized by section 29 of article XIII, of the California Constitution.



## Part 2: Reporting and Publication Requirements

Emergency Regulation 1808 requires every local agency to electronically complete and submit a TRSA reporting form to CDTFA by April 30 of each year to report the TRSA information required to be reported by RTC section 7213 for the immediately preceding fiscal year.

For example, every local agency is required to complete and submit a TRSA reporting form to the Department by April 30, 2025, to report the TRSA information required for the fiscal year beginning on July 1, 2023, and ending on June 30, 2024.

# General Reporting Requirements for Each Local Agency

Emergency Regulation 1808 requires every local agency to report the following information on their TRSA reporting form:

- The local agency's jurisdiction code number.
- The end date of the fiscal year (e.g., June 30, 2024) for which information is being reported.
- Whether the local agency rebated sales and use tax revenue pursuant to a TRSA during the fiscal year for which information is being reported.
- The name, title, and email address of the person completing the form and their statement that "I hereby certify that this report has been examined by me and to the best of my knowledge and belief is a true, correct, and complete report."

# Reporting Requirements for a Local Agency that Has Not Rebated Sales and Use Tax Revenue

Emergency Regulation 1808 requires a local agency that has not rebated sales and use tax revenue pursuant to a TRSA during the immediately preceding fiscal year to report that fact on their TRSA reporting form and exempts them from any additional TRSA reporting and publication requirements.

# Reporting and Publication Requirements for a Local Agency that Rebated Sales and Use Tax Revenue

Emergency Regulation 1808 requires a local agency that rebated sales and use tax revenue pursuant to one or more TRSAs during the fiscal year for which information is being reported to include the following information on their TRSA reporting form for each agreement:

- ▶ The name or names of any parties to the agreement
- ▶ The date the agreement was executed
- ▶ The date the agreement terminated or will terminate, absent any renewal
- ▶ The total dollar amount of rebated sales and use tax revenues received by each party to the agreement on or after the date of the execution through and including June 30 of the fiscal year for which information is being reported
- ▶ The total dollar amount of rebated sales and use tax revenues received by each party to the agreement during the fiscal year for which information is being reported.
- ▶ The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by each party to the agreement
- ▶ The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by any other person that is not a party to the agreement.

It also requires the local agency to publish the same information on its website and state on their TRSA reporting form whether the information is published on the local agency's website



# CDTFA Publication Requirements

Emergency Regulation 1808 clarifies that:

- ▶ By June 1 each year, CDTFA will publish on its internet website at [www.cdtfa.ca.gov](http://www.cdtfa.ca.gov) the information local agencies reported to CDTFA about specific TRSAs for the immediately preceding fiscal year
- ▶ CDTFA will also update the information published on its internet website to include local agency information reported to the Department after the annual June 1 publication deadline.

# Part 3: Extensions

Emergency Regulation 1808 clarifies that:

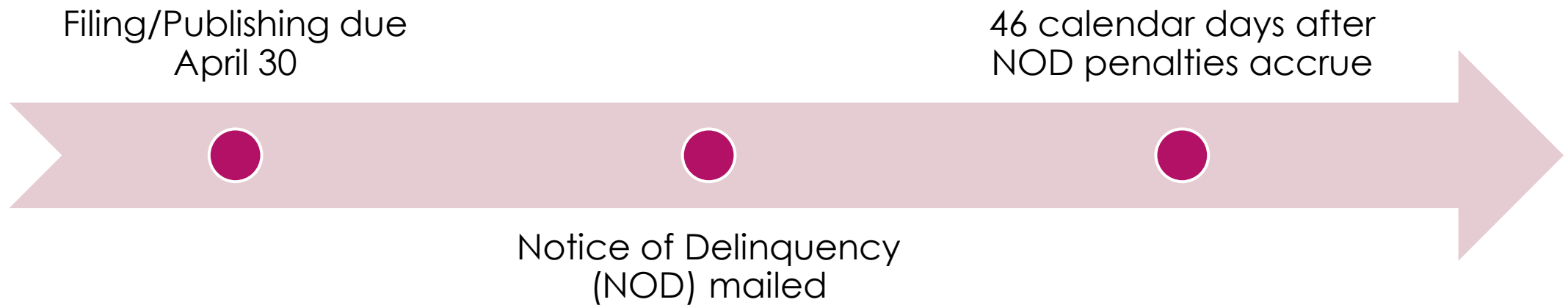
- ▶ Failure to report or publish the information by April 30 will result in a Notice of Delinquency notifying the local agency that it has 45 days from the mailing of the notice to provide or publish the required information or request an extension.
- ▶ An extension request must be submitted by email (written statement or CDTFA-868) to CDTFA's Local Revenue Branch at [JServices@cdtfa.ca.gov](mailto:JServices@cdtfa.ca.gov).
- ▶ If the request is **granted**, the local agency will be notified by certified mail that it has 30 days to report or publish the required information commencing on the next business day following the expiration of the 45-day period.
- ▶ If the request is **denied**, the local agency shall report or publish the required information within 10 days after the CDTFA notifies the local agency by certified mail that it has denied the extension.
  - ▶ Requests will not be granted under the claim that the information is confidential.

# Extension for Reasonable Cause

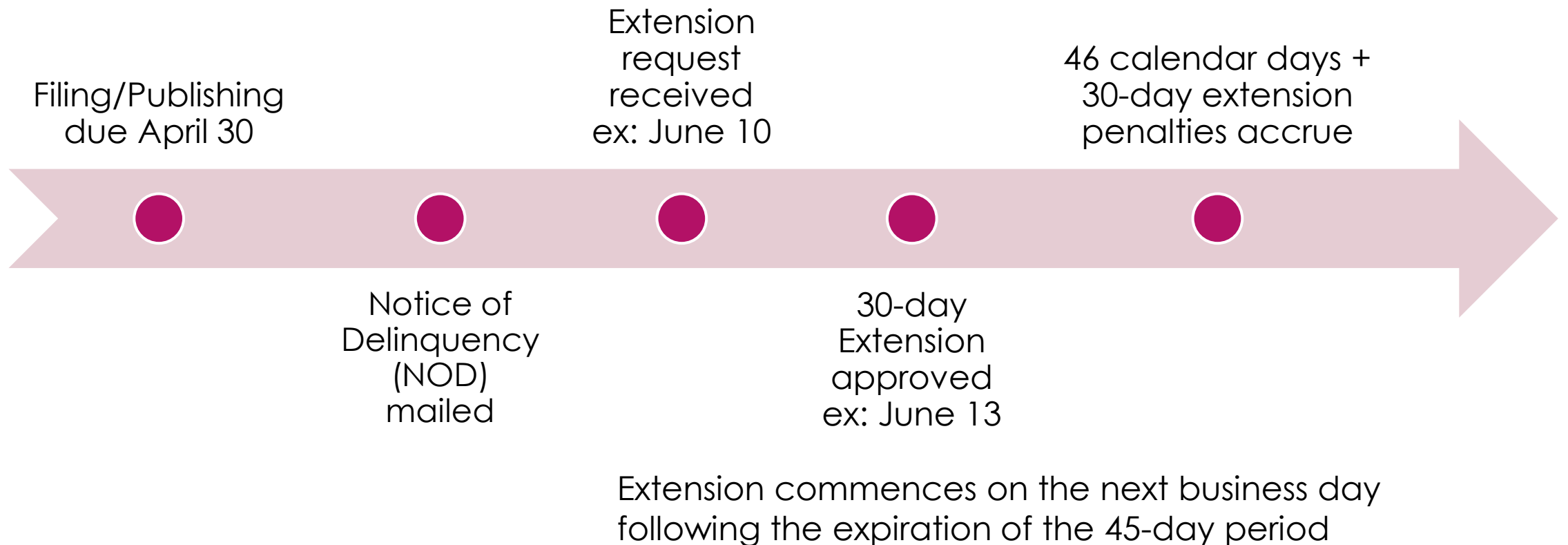
Emergency Regulation 1808 clarifies that:

- ▶ CDTFA will grant an extension if:
  - ▶ A local agency submits a timely extension request; and
  - ▶ CDTFA determines that the statement in the extension request demonstrates that the local agency's failure to timely comply with the applicable reporting or publishing requirement within the 45-day period was due to reasonable cause and circumstances beyond the local agency's control, occurred notwithstanding the exercise of ordinary care, and occurred in the absence of willful neglect.
- ▶ Requests will not be granted based on a claim that the information is confidential.

# Timeline – No extension requested

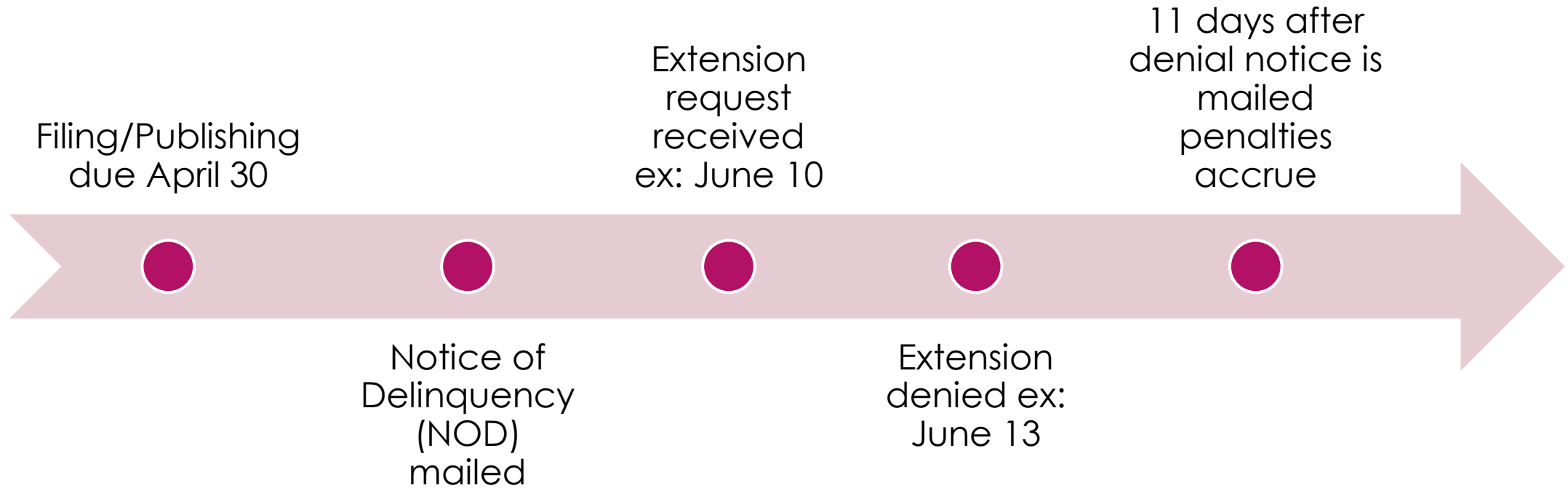


# Timeline – Approved Extension (example)





# Timeline – Denied Extension (example)



# Part 4: Penalties

Emergency Regulation 1808 clarifies that:

- ▶ If a local agency fails to report or publish the required information within the applicable period, the Department shall impose a penalty for each day after expiration of the applicable period, up to 365 days, as follows:
  - ▶ For days one to 180, inclusive, one thousand dollars (\$1,000) per day.
  - ▶ For days 181 to 365, inclusive, four thousand dollars (\$4,000) per day.

## Part 5: TRSA Reporting Form

The following slides show the actual TRSA reporting form and instructions

# Tax Revenue Sharing Agreement Reporting Form

Regulation 1808 requires every local agency to electronically complete and submit a tax revenue sharing agreement reporting form to the Department by April 30 of each year to report the tax revenue sharing agreement information required to be reported by Revenue and Taxation Code (RTC) section 7213 for the immediately preceding fiscal year.

To complete this form, you will need the following information:

- Your local agency's jurisdiction code number.
- The end date of the fiscal year (e.g., June 30, 2024) for which information is being reported.
- Whether your local agency rebated sales and use tax revenue pursuant to a tax revenue sharing agreement as defined in Regulation 1808 during the fiscal year for which information is being reported.

If your local agency rebated sales and use tax revenue pursuant to one or more tax revenue sharing agreements during the fiscal year for which information is being reported, you will also need the following information regarding each agreement:

- The name or names of any parties to the agreement.
- The date the agreement was executed.
- The date the agreement terminated or will terminate, absent any renewal.
- The total dollar amount of rebated sales and use tax revenues received by each party to the agreement on or after the date of execution of the agreement through and including June 30 of the fiscal year for which information is being reported.
- The total dollar amount of rebated sales and use tax revenues received by each party to the agreement during the fiscal year for which information is being reported.
- The total dollar amount of rebated sales and use tax revenues received by each party to the agreement during the fiscal year for which information is being reported.
- The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by each party to the agreement.
- The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by any other person that is not a party to the agreement.

If your local agency rebated sales and use tax revenue pursuant to one or more tax revenue sharing agreements during the fiscal year for which information is being reported, then you will also need to know whether the information being reported about those tax revenue sharing agreements is published on your local agency's website in the manner required by subdivision (b) of RTC section 7213.

See Regulation 1808 for more information. If you have any questions, please contact our Local Revenue Branch by email at [lservices@cdtfa.ca.gov](mailto:lservices@cdtfa.ca.gov) or calling 1-916-309-5800. You can also visit our *Tax Guide for Local Jurisdictions and Districts* at <https://www.cdtfa.ca.gov/industry/local-jurisdictions-and-districts/>

Reporting is due by April 30th. Failure to report by the due date will result in penalties.

## Tax Revenue Sharing Agreement Reporting Form Slide 1



What is your local agency's jurisdiction code number? \*

"Jurisdiction code number" means the 5-digit number issued by the Department to uniquely identify each local agency. A list of jurisdiction code numbers can be found at the following link: <https://www.cdtfa.ca.gov/taxes-and-fees/local-jur-codes.aspx>

The value must be a number

What is the end date of the fiscal year for which information is being reported? (6/30/XXXX) \*

For example, June 30, 2024, is the end date of the fiscal year beginning on July 1, 2023 and ending on June 30, 2024.

Please input date (M/d/yyyy)



Do you have any tax revenue sharing agreements to report? \*

☐ Yes

☐ No

Next

# Tax Revenue Sharing Agreement Reporting Form Slide 2



Name of the person completing this report. \*

Enter your full name.

Enter your answer

Title of the person completing this report. \*

Enter your title.

Enter your answer

Email address of the person completing this form. \*

Enter your email address.

Enter your answer

I hereby certify that this report has been examined by me and to the best of my knowledge and belief is a true, correct, and complete report. \*

☐ Yes

# Contact Information

## Tax Revenue Sharing Agreement Reporting Form

\* Required

### Agreement 1

The name or names of any parties to the tax revenue sharing agreement. \*

Enter the full name or names of each party.

Enter your answer

The date the tax revenue sharing agreement was executed. \*

Enter the date (MM/DD/YYYY).

Please input date (M/d/yyyy)



The date the tax revenue sharing agreement terminated or will terminate, absent any renewal. \*

Enter the date (MM/DD/YYYY). If there is no termination date for the contract enter 12/31/9999.

Please input date (M/d/yyyy)



The total dollar amount of rebated sales and use tax revenues by each party to the tax revenue sharing agreement on or after the date of execution of the agreement through and including June 30 of the fiscal year for which information is being reported. \*

Enter the full name and total dollar amount for each party.

Enter your answer

The total dollar amount of rebated sales and use revenues received by each party to the agreement during the fiscal year for which information is being reported. \*

Enter the full name and total dollar amount for each party

Enter your answer

# Reporting Agreements (slide 1)

The total dollar amount of rebated sales and use revenues received by each party to the agreement during the fiscal year for which information is being reported. \*

Enter the full name and total dollar amount for each party

The value must be a number

The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by each party to the agreement.

\*

Enter the full name and percentage for each party. If no percentage is used, enter 0.

The value must be a number

The percentage of a retailer's sales and use taxes, if any, used to calculate or otherwise determine the rebated sales and use tax revenues received by any other person that is not a party to the agreement. \*

Enter the percentage for each person that is not a party to the agreement. If there is no such person or if no percentage is used, enter 0.

The value must be a number

Is the information about the tax revenue agreement that was just reported published on your website's homepage as required by subdivision (b) of RTC section 7213? \*

☐ Yes

☐ No

Do you have another tax revenue sharing agreement to report? \*

☐ Yes

☐ No

# Reporting Agreements (slide 2)



# Questions

- ▶ Tax Guide for Local Jurisdictions and Districts
- ▶ Local Revenue Branch
  - ▶ [jservices@cdtfa.ca.gov](mailto:jservices@cdtfa.ca.gov)
  - ▶ 916-309-5800