



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

TAX POLICY BUREAU

651 BANNON STREET, SUITE 100, SACRAMENTO, CA 95811
 PO BOX 942879, SACRAMENTO, CA 94279-0092
 1-916-309-5397 • FAX 1-916-322-2958

www.cdtfa.ca.gov

GAVIN NEWSOM
 Governor

NICOLAS MADUROS
 Secretary, Government Operations Agency

TRISTA GONZALEZ
 Director

January 7, 2026

Dear Interested Party:

Enclosed is the Discussion Paper on the proposed adoption of Regulation 1808, *Tax Revenue Sharing Agreement Reporting and Publication*. We invite you to discuss the issue and present any additional suggestions or comments. Accordingly, an interested parties meeting is scheduled as follows:

January 28, 2026
Room SE 235 at 10:00 a.m.
May Lee State Office Complex
651 Bannon Street, Sacramento, CA

You may also join us on your computer or mobile app through [Microsoft Teams](#) or by calling 1-916-535-0987 and then entering the phone conference identification number 335000540#. You are also welcome to submit your written suggestions or comments, including any proposed regulatory language, to us at the address or fax number in this letterhead or via email at PPDD-BTC.InformationRequests@cdtfa.ca.gov by February 13, 2026. Copies of the materials you submit may be provided to other interested parties; therefore, please ensure your comments do not contain confidential information. Please feel free to publish this information on your website or distribute it to others who may be interested in participating in the meeting or presenting their suggestions or comments.

If you are interested in other Business Taxes Committee topics, refer to the CDTFA webpage at (<http://www.cdtfa.ca.gov/taxes-and-fees/business-taxes-committee.htm>) for copies of discussion papers and calendars of current and prior issues.

We appreciate your consideration and look forward to your participation. Should you have any questions, please contact Business Taxes Committee team member Shenhav Marella at 1-916-309-5265.

Sincerely,

Sandy Barrow, Chief
 Tax Policy Bureau
 Processing, Policy, and Data Division

SB:sm

Enclosures

Regulation 1808, *Tax Revenue Sharing Agreement Reporting and Publication* Discussion Paper

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

Issue

Whether the California Department of Tax and Fee Administration (Department) should propose to certify emergency Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication, by adopting it with proposed amendments through the regular rulemaking process in the Administrative Procedure Act (APA) (commencing with Gov. Code (GC) section 11340).

Background

Local Sales and Use Tax

The Bradley-Burns Uniform Local Sales and Use Tax Law (Bradley-Burns) (commencing with Rev. & Tax. Code (RTC) section 7200) authorizes counties and cities to impose local sales and use taxes, with provisions generally in conformity with the Sales and Use Tax Law (commencing with RTC section 6001). Bradley-Burns local sales and use taxes (local sales and use taxes) are imposed in every city, county, and city and county in California at a uniform total combined rate of 1.25 percent. When state sales tax applies to a transaction, the 1.25 percent local sales tax also applies. When state use tax applies to a transaction, the local use tax also applies (Regulation 1803, Application of Tax). Local sales and use taxes are separate and distinct from district taxes imposed in accordance with the Transactions and Use Tax Law (commencing with RTC section 7251).

Section 29 of Article XIII of the California Constitution

Subdivision (a) of section 29 of article XIII of the California Constitution (Section 29) provides that the Legislature may authorize counties, cities and counties, and cities to enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them that is collected for them by the State. Subdivision (b) of Section 29 provides that notwithstanding subdivision (a), counties, cities and counties, and cities may enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them pursuant to Bradley-Burns, or any successor provisions, that is collected for them by the State, if the ordinance or resolution proposing each contract is approved by a two-thirds vote of the governing body of each jurisdiction that is a party to the contract.

Government Code section 53084.5

GC section 53084.5 provides that on or after January 1, 2016, a local agency shall not enter into any form of agreement that would result, directly or indirectly, in the payment, transfer, diversion, or rebate of any tax revenue resulting from the imposition of local sales and use taxes to any person for any purpose when both of the following apply:

1. The agreement results in a reduction in the amount of revenue under Bradley-Burns that, in absence of the agreement, would be received by another local agency.
2. The retailer continues to maintain a physical presence within the territorial jurisdiction of that other local agency.

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

Additionally, GC section 53084.5 provides that a local agency shall post any agreement on its website it has entered into that results in a reduction of the amount of revenue under Bradley-Burns that, in the absence of the agreement, would be received by another local agency, including any agreements approved prior to January 1, 2016, that are still in effect on and after that date. (GC section 53084.5, subd. (b)(3).) GC section 53084.5 also provides that “local agency” means a chartered or general law city, a chartered or general law county, or a city and county, of this state. (GC, section 53084.5, subd. (c).)

RTC section 7213

Assembly Bill No. (AB) 2854 (Stats. 2024, ch. 842) added RTC section 7213 to Bradley-Burns, effective January 1, 2025. RTC section 7213 imposes new reporting and publication requirements on local agencies as defined in GC section 53084.5 and the Department. It also provides penalties that may be imposed on a local agency that fails to comply with the reporting or publication requirements.

Subdivision (a)(2) of RTC section 7213 provides that “rebated sales and use tax revenues” means any direct or indirect payment, transfer, diversion, or rebate of any tax revenue resulting from the imposition of a local sales and use tax under Bradley-Burns to any person pursuant to an agreement (tax revenue sharing agreement). Subdivision (d) of RTC section 7213 provides that, notwithstanding RTC section 7056, on or before April 30 of each year, for each agreement that resulted in rebated sales and use tax revenue during the immediately preceding fiscal year, a local agency shall report to the Department, in a form and manner prescribed by the Department, the following information:

1. The name or names of any parties to the agreement.
2. 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 of the agreement through and including June 30 of the fiscal year immediately preceding the date of the report.
3. The total dollar amount of rebated sales and use tax revenues received by each party to the agreement during the fiscal year immediately preceding the date of the report.
4. The date on which the agreement was originally executed, and the date on which the agreement terminated or will terminate, absent any renewal.
5. 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.
6. 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.

Subdivision (b) of RTC section 7213 provides that a local agency shall publish on its internet website, on or before April 30 of each year, the information submitted to the Department pursuant to subdivision (d). It provides that a hyperlink to an internet web page containing the information submitted to the Department pursuant to subdivision (d) shall be present and visible on the home

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

page of the local agency's internet website at all times. It also provides that if a local agency maintains a web page containing information about the local agency's economic development subsidies, including, but not limited to, the information required pursuant to GC sections 53083 and 53083.1, the local agency may include the information submitted to the Department pursuant to subdivision (d) on that internet web page.

Subdivision (c) of RTC section 7213 provides that a local agency that has not directly or indirectly paid, transferred, diverted, or rebated any sales and use tax revenues pursuant to an agreement in the immediately preceding fiscal year shall, by April 30, report this fact to the Department in a form and manner prescribed by the Department and shall be exempt from the posting requirements outlined in subdivision (b) discussed above.

Subdivision (e)(1)(A) of RTC section 7213 provides that if a local agency fails to timely provide the information required pursuant to subdivisions (c) or (d), or fails to publish information on its website pursuant to subdivision (b), the Department shall notify the local agency by certified mail that it has 45 days from the mailing of the notice to provide or publish the required information or submit a statement to the Department, in the form and manner prescribed by the Department, explaining why it is unable to provide or publish the required information within the 45-day period. If a local agency provides such a statement, the Department may extend the 45-day period to provide or publish the required information by 30 days if the local agency demonstrates that the failure to comply timely with the applicable requirement 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. The Department shall not grant an extension for a local agency based on the local agency's claim that the information is confidential.

Subdivision (e)(1)(A) of RTC section 7213 further provides that if the Department grants an extension, the Department shall notify the local agency by certified mail that it has 30 days to provide or publish the required information commencing on the next business day following the expiration of the 45-day period discussed above. If the Department declines to grant an extension, the local agency shall provide or publish the required information within 10 days after the Department notifies the local agency by certified mail that it has denied the extension. The notice shall be addressed to the person authorized to receive confidential data at the local agency's address as it appears in the Department's records. The mailing of the notice shall be deemed complete at the time of deposit of the notice in the United States Post Office, or a mailbox, sub-post office, substation or mail chute, or other facility regularly maintained or provided by the United States Postal Service, without extension of time for any reason.

Subdivision (e)(1)(B) of RTC section 7213 provides that if a local agency fails to provide or publish the specified information within the applicable period determined as discussed above, the Department may impose a penalty for each day after expiration of the applicable period the local agency fails to provide or publish the information, up to 365 days after the expiration of the applicable period, as follows:

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

- 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.

Subdivision (e)(1)(B) of RTC section 7213 also provides that the provisions of chapter 4 of the Fee Collections Procedures Law (FCPL) (commencing with RTC section 55121) apply with respect to the collection of the penalties imposed pursuant to subdivision (e)(1)(B).

Subdivision (f) of RTC section 7213 provides that notwithstanding RTC section 7056, on or before June 1, 2025, and annually thereafter, the Department shall publish on its internet website the information submitted pursuant to subdivision (d).

Emergency Regulation 1808

The Department determined that there were issues regarding the reporting and publication requirements imposed by RTC section 7213 and the imposition of the penalties imposed by RTC section 7213. Therefore, the Department determined that it was necessary to adopt emergency Regulation 1808 to address those issues prior to April 30, 2025, which was the first reporting and publication deadline under RTC section 7213. Emergency Regulation 1808 became operative on March 24, 2025, and a Certificate of Compliance must be transmitted to the Office of Administrative Law (OAL) by March 24, 2027, or the emergency regulation will be repealed by operation of law on the following day.

Definitions

The Department determined that there were issues because the terms “department,” “fiscal year,” and “person” are used in RTC section 7213, but not defined in Bradley-Burns. Therefore, the Department determined that it was reasonably necessary for subdivision (a) of emergency Regulation 1808 to clarify that “Department” means the California Department of Tax and Fee Administration to have the effect and accomplish the objective of addressing the first issue. The Department determined that it was reasonably necessary for subdivision (a) of emergency Regulation 1808 to clarify that “fiscal year” means the 12-month period beginning on July 1 and ending on the following June 30 to have the effect and accomplish the objective of addressing the second issue because that is the state’s fiscal year. The Department also determined that it was reasonably necessary for subdivision (a) of emergency Regulation 1808 to clarify that “person” has the same meaning as defined in RTC section 6005 to have the effect and accomplish the objective of addressing the third issue because Bradley-Burns requires local sales and use tax ordinances to include provisions identical to RTC section 6005.

The Department determined that there were issues because RTC section 7213 defines the term “rebated sales and use tax revenues,” but does not clarify:

- When the payment, transfer, diversion, or rebate of money other than local sales and use tax revenue is an indirect payment, transfer, diversion, or rebate of local sales and use tax revenue; or

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

- Whether the definition includes 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 (apportionment of local sales and use tax revenue).

Based on AB 2854's legislative history and the Department's understanding of local sales and use tax, the Department determined 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, which are subject to local sales and use tax, or the anticipated, estimated, or actual local sales and use tax revenue from a retailer's sales. The Department also determined that the Legislature intended for RTC section 7213 to apply to rebates of a local agency's local sales and use tax revenue, not the apportionment of local sales and use tax revenue between local agencies, based on AB 2854's legislative history. (August 28, 2024, Assem. Floor Analysis of AB 2854.) Therefore, the Department determined that it was reasonably necessary for subdivision (a)(7) of emergency Regulation 1808 to incorporate the statutory definition of "rebated sales and use tax revenue"; clarify that the type of agreement referred to in that definition is a tax revenue sharing agreement; clarify when the payment, transfer, diversion, or rebate of money other than local sales and use tax revenue is an indirect payment, transfer, diversion, or rebate of local sales and use tax revenue; and clarify that rebated sales and use tax revenue does not include the apportionment of local sales and use tax revenue between local agencies pursuant to a contract between the local agencies that is authorized by Section 29 to have the effect and accomplish the objective of addressing those issues.

In addition, the Department determined that it was reasonably necessary for subdivision (a) of emergency Regulation 1808 to define "jurisdiction code number" because that term is used in subdivision (e) of the regulation. It was reasonably necessary for subdivision (a) to incorporate RTC section 7213's definition of "local agency" for ease of reference. It was also reasonably necessary for subdivision (a) to define the term "local sales and use tax revenue" to mean tax revenue resulting from the imposition of a sales and use tax under Bradley-Burns, so that the shorter term could be used in place of the longer statutory phrase to make the regulation clearer.

Reporting and Publication Requirements

The Department determined that there were issues with RTC section 7213 because subdivisions (c) and (d) do not prescribe the form and manner that a local agency is required to report information to the Department for the immediately preceding fiscal year, and the publication requirements in subdivisions (b) and (f) are tied to the reporting requirements in subdivision (d). Therefore, the Department determined that it was reasonably necessary for subdivision (b) of emergency Regulation 1808 to incorporate and clarify the reporting and publication requirements in subdivision (b), (c), (d), and (f) of RTC section 7213 to have the effect and accomplish the objective of addressing those issues. The Department also determined that it was reasonably necessary for subdivision (e) of emergency Regulation 1808 (discussed below) to prescribe the content of the tax revenue sharing agreement reporting form referred to and cross-referenced in subdivision (b) to have the effect and accomplish the objective of addressing those issues.

The Department determined that it was reasonably necessary for subdivision (b)(1) of emergency

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

Regulation 1808 to require 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 information required to be reported by RTC section 7213 for the immediately preceding fiscal year. The Department also determined that it was reasonably necessary for subdivision (b)(1) to include an example to clarify that every local agency is required to complete and submit a tax revenue sharing agreement reporting form to the Department by April 30, 2025, to report the tax revenue sharing agreement information required for the fiscal year beginning on July 1, 2023, and ending on June 30, 2024.

The Department determined that it was reasonably necessary for subdivision (b)(2) of emergency Regulation 1808 to require every local agency to report the essential information required by subdivision (e)(1) on their tax revenue sharing agreement reporting form to determine whether they are subject to the reporting requirements in subdivision (c) or (d) of RTC section 7213. The Department determined that it was reasonably necessary for subdivision (b)(3) of emergency Regulation 1808 to incorporate and implement the provision of subdivision (c) of RTC section 7213 by clarifying that a local agency that has not rebated sales and use tax revenue pursuant to a tax revenue sharing agreement during the immediately preceding fiscal year is required to report that fact on their tax revenue sharing agreement reporting form as part of the information required by subdivision (e)(1) and shall be exempt from the additional reporting and publication requirements in subdivision (b)(4). The Department determined that it was reasonably necessary for subdivision (b)(4) of emergency Regulation 1808 to incorporate and implement the provision of subdivisions (b) and (d) of RTC section 7213 by clarifying that a local agency that has rebated sales and use tax revenue pursuant to a tax revenue sharing agreement during the immediately preceding fiscal year is also required to report the information required by subdivision (e)(2) on their tax revenue sharing agreement reporting form and publish the information required by subdivision (e)(2) on the local agency's website by April 30 of each year in the manner required by subdivision (b) of RTC section 7213. The Department determined that it was also reasonably necessary for subdivision (b)(5) of emergency Regulation 1808 to clarify that prior to April 30 of each year, the Department shall provide a link to the required tax revenue sharing agreement reporting form to the local agencies.

In addition, the Department determined that there were issues because the Department may not have the information required to be submitted pursuant to subdivision (d) of RTC section 7213 in time to publish that information on its internet website on or before June 1, 2025, as required by subdivision (f) of RTC section 7213, because of the extension provisions in subdivision (e) of RTC section 7213. Also, subdivision (f) of RTC section 7213 does not prescribe the annual publication date for subsequent years or clarify whether the Department may update the information published on its internet website pursuant to that subdivision. Therefore, the Department determined that it was reasonably necessary for subdivision (b)(6) of emergency Regulation 1808 to clarify that on or before June 1, 2025, and annually on each June 1 thereafter, the Department will publish on its internet website at www.cdtfa.ca.gov the information local agencies reported to the Department for the immediately preceding fiscal year pursuant to subdivision (b)(4), and that the Department may update the information published on its internet website to include information local agencies subsequently report to the Department pursuant to subdivision (b)(4) to have the effect and accomplish the objective of addressing those issues.

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

Extensions

The Department determined that there was an issue with RTC section 7213 because subdivision (e)(1)(A) requires the Department's notices to provide that a local agency has 45 days from the mailing of the notice to provide or publish the required information or submit a statement to the Department explaining why it is unable to provide or publish the required information within the 45-day period, but it does not prescribe the form and manner for a local agency to submit such a statement to the Department. The Department determined that there was an issue with RTC section 7213 because subdivision (e)(1)(A) gives the Department discretion to grant a local agency a 30-day extension if it provides such a statement and the local agency demonstrates that the failure to timely comply with the applicable requirement 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. However, it seems unreasonable for the Department to deny a 30-day extension when those requirements are met. The Department also determined that it was necessary for local agencies to submit the statements referred to in subdivision (e)(1)(A) of RTC section 7213 by email to the Department's Local Revenue Branch (LRB) so that LRB can process the statements and determine whether to grant extensions as quickly as possible. However, it was not necessary for the Department to prescribe a specific form for local agencies to use to submit the statements. Therefore, to have the effect and accomplish the object of addressing the issues with subdivision (e)(1)(A) of RTC section 7213, the Department determined that it was reasonably necessary for subdivision (c) of emergency Regulation 1808 to incorporate the provisions of subdivision (e)(1)(A) of RTC section 7213. It was reasonably necessary for subdivision (c) to clarify that the Department's notices will provide that a local agency has 45 days from the mailing of the notice to provide or publish the required information or submit a written statement to the Department requesting an extension and explaining why the local agency is unable to report or publish the required information within the 45-day period (extension request). It was reasonably necessary for subdivision (c) to clarify that an extension request must be submitted by email to LRB and that a local agency may use a form provided by the Department to submit an extension request. It was also reasonably necessary for subdivision (c) to clarify that the Department shall grant a 30-day extension when it determines that the statement in a local agency's extension request satisfies all the statutory requirements for an extension.

Penalties

The Department determined that there were issues with RTC section 7213 because subdivision (e)(1)(B) gives the Department discretion to impose penalties if a local agency fails to provide or publish information within the applicable period, as determined under subdivision (e)(1)(A). However, the Department is not aware of any reason why it would not impose such penalties when they are applicable and there may be some confusion as to when the penalties are in fact applicable because subdivision (e)(1)(A) provides three different periods. Therefore, the Department determined that it was reasonably necessary for subdivision (d) of emergency Regulation 1808 to incorporate the provisions of subdivision (e)(1)(B) of RTC section 7213, clarify that the Department shall impose the penalties when they are applicable, and provide an example illustrating when the penalties will start to be imposed under each of the three different periods provided in subdivision (e)(1)(A) to have the effect and accomplish the objective of addressing both issues.

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

The Department determined that there were also issues with RTC section 7213 because subdivision (e)(2) does not clarify when the penalties imposed pursuant to that section are due and payable to the Department for purposes of collection under chapter 4 of the FCPL or specify the manner of payment. The Department also determined that it was necessary for any penalties imposed pursuant to RTC section 7213 to be paid by check because the Department's other systems are not equipped to receive electronic payments from local agencies at this time. Therefore, the Department determined that it was reasonably necessary for subdivision (d) of emergency Regulation 1808 to clarify that a penalty imposed on a local agency pursuant to subdivision (d) of the emergency regulation is due and payable to the Department by check 30 days after the Department notifies the local agency that the penalty was imposed.

Tax Revenue Sharing Agreement Reporting Form

The Department determined that it was reasonably necessary for subdivision (e) of emergency Regulation 1808 to prescribe the content of the tax revenue sharing agreement reporting form referred to and crossed referenced in subdivision (b) of the regulation to have the effect and accomplish the objective of prescribing the form and manner in which a local agency is required to report information to the Department for the immediately preceding fiscal year pursuant to subdivision (c) or (d) of RTC section 7213. The Department determined that it was reasonably necessary for subdivision (e)(1) to require a local agency to report the following information so that the Department can determine whether the local agency is subject to the reporting requirements in subdivision (c) or (d) of RTC section 7213:

- 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 tax revenue sharing agreement during the fiscal year for which information is being reported; and
- 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."

To implement subdivision (d) of RTC section 7213, the Department determined that it was reasonably necessary for subdivision (e)(2) of emergency Regulation 1808 to require a local agency that 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 to include the following information on their tax revenue sharing agreement 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;

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

- 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 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 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; and
- 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.

To ensure compliance with subdivision (b) of RTC section 7213, the Department determined that it was reasonably necessary for subdivision (e)(3) of emergency Regulation 1808 to clarify that if a local agency reports the information about tax revenue sharing agreements required by subdivision (e)(2) on its tax revenue sharing agreement reporting form, then the local agency must also state on their tax revenue sharing agreement reporting form whether the information reported about tax revenue sharing agreements is published on the local agency's website in the manner required by subdivision (b) of RTC section 7213.

Discussion

The Department determined that there is still some confusion about the meanings of the related terms "rebated sales and use tax revenues" and "tax revenue sharing agreement" as defined in subdivision (a)(7) of emergency Regulation 1808 because the Department received questions from local agencies about whether specific types of agreements were reportable tax revenue sharing agreements after emergency Regulation 1808 was adopted. Therefore, to address the confusion, the Department determined that it is reasonably necessary to propose to amend subdivision (a)(7) of emergency Regulation 1808 to add four clarifying examples of offsets and payments that are rebated sales and use tax revenue pursuant to a tax revenue sharing agreement and two clarifying examples of payments that are not.

Additionally, the Department proposes to amend subdivision (c)(1)(A) of emergency Regulation 1808 to change the email address provided for the Department's LRB from JServices@cdtfa.ca.gov to ab2854reporting@cdtfa.ca.gov. This new email address has been established so LRB can process extension requests and determine whether to grant extensions as quickly as possible. The Department's proposed amendments to Regulation 1808 are indicated in Exhibit 1.

Also, for the reasons discussed above, the Department determined that it is reasonably necessary to propose to adopt emergency Regulation 1808 with the proposed amendments through the APA's regular rulemaking process to have the effects and accomplish the objectives of addressing the original issues (or problems) with RTC section 7213 discussed above.

DISCUSSION PAPER

Regulation 1808, Tax Revenue Sharing Agreement Reporting and Publication

Summary

The Department is considering whether to certify emergency Regulation 1808 with amendments by adopting it through the regular rulemaking process. We are open to more discussion. We welcome any comments, suggestions, and input from interested parties on this issue. We also invite interested parties to participate in the January 27, 2026, interested parties meeting. The deadline for interested parties to provide their written submissions regarding this discussion paper will be February 10, 2026.

Prepared by the Tax Policy Bureau, Processing Policy and Data Division

Current as of December 18, 2025

Text of Proposed Amendments to**California Code of Regulations****Title 18. Public Revenues****Division 2. California Department of Tax and Fee Administration –****Business Taxes****Chapter 4. Sales and Use Tax****Article 19. Bradley-Burns Uniform Local Sales and Use Taxes****Section 1808. Tax Revenue Sharing Agreement Reporting and Publication.****Regulation 1808. Tax Revenue Sharing Agreement Reporting and Publication.**

(a) Definitions. For purposes of this regulation, the following definitions shall apply:

- (1) “Department” means the California Department of Tax and Fee Administration.
- (2) “Fiscal year” means the 12-month period beginning on July 1 and ending on the following June 30.
- (3) “Jurisdiction code number” means a number issued by the Department to uniquely identify each local agency. The Department shall publish a list of jurisdiction code numbers on its website at www.cdtfa.ca.gov.
- (4) “Local agency” has the same meaning as defined in Government Code section 53084.5.
- (5) “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).
- (6) “Person” has the same meaning as defined in RTC section 6005.
- (7)(A) “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). For purpose of this subdivision, (A) 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.
- (B) “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.

(C) Examples.

- (i) A local agency allows a business to periodically offset the amount due on a loan with a portion of the local sales and use tax the business's sales generate for the local agency pursuant to an agreement. Each offset is rebated sales and use tax revenue and the agreement is a tax revenue sharing agreement.
- (ii) A local agency pays a consultant a contingency fee pursuant to an agreement. The contingency fee is a percentage of the local sales and use tax redistributed to the local agency because the Department granted a petition for redistribution of local sales and use tax filed by the consultant. The contingency fee is rebated sales and use tax revenue and the agreement is a tax revenue sharing agreement.
- (iii) A local agency periodically pays a tax professional a percentage of the local sales and use tax generated for the local agency by the tax professional's services pursuant to an agreement. Each payment is rebated sales and use tax revenue and the agreement is a tax revenue sharing agreement.
- (vi) A local agency periodically pays a tax professional an hourly rate for the tax professional's services pursuant to an agreement. The payments are not rebated sales and use tax revenue and the agreement is not a tax revenue sharing agreement.
- (v) A local agency annually pays a portion of its property tax to a business pursuant to an agreement. The amount of property tax paid to the business each year is based on the amount of local sales and use tax the business's sales generate for the local agency. Each payment is rebated sales and use tax revenue and the agreement is a tax revenue sharing agreement.
- (vi) The facts are the same as in example (v), except that the amount of property tax annually paid to the business is based on the amount of property tax the business generates for the local agency, not the amount of local sales and use tax the business's sales generate. The payments are not rebated sales and use tax revenue and the agreement is not a tax revenue sharing agreement.

(b) Reporting and Publication Requirements.

- (1) Consistent with RTC section 7213, every local agency shall 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 RTC section 7213 for the immediately preceding fiscal year. For example, every local agency shall complete and submit a tax revenue sharing agreement reporting form to the Department by April 30, 2025, to report the tax revenue sharing agreement information required for the fiscal year beginning on July 1, 2023, and ending on June 30, 2024.
- (2) Every local agency shall report the information required by subdivision (e)(1) on their tax revenue sharing agreement reporting form.
- (3) A local agency that has not rebated sales and use tax revenue pursuant to a tax revenue sharing agreement during the immediately preceding fiscal year shall report that fact on their tax revenue sharing agreement reporting form as part of the information required by subdivision (e)(1) and shall be exempt from the additional reporting and publication requirements in subdivision (b)(4).

(4) A local agency that has rebated sales and use tax revenue pursuant to a tax revenue sharing agreement during the immediately preceding fiscal year shall also report the information required by subdivision (e)(2) on their tax revenue sharing agreement reporting form and publish the information required by subdivision (e)(2) on the local agency's website by April 30 of each year in the manner required by subdivision (b) of RTC section 7213.

(5) Prior to April 30 of each year, the Department shall provide a link to the required tax revenue sharing agreement reporting form to the local agencies.

(6) Consistent with RTC section 7213, on or before June 1, 2025, and annually on each June 1 thereafter, the Department shall publish on its internet website at www.cdtfa.ca.gov the information local agencies reported to the Department for the immediately preceding fiscal year pursuant to subdivision (b)(4). The Department will update the information published on its internet website to include local agency information reported to the Department after the annual June 1 publication deadline.

(c) Extensions.

(1) If a local agency fails to report or publish the information required by subdivision (b) by April 30, the Department shall notify the local agency by certified mail that it has 45 days from the mailing of the notice to provide or publish the required information or submit a written statement to the Department requesting an extension and explaining why the local agency is unable to report or publish the required information within the 45-day period (extension request).

(A) An extension request must be submitted by email to the Department's Local Revenue Branch at JServices@cdtfa.ca.gov ab2854reporting@cdtfa.ca.gov.

(B) A local agency may use a form provided by the Department to submit an extension request.

(2) The Department shall extend the 45-day period to report or publish the required information by 30 days if:

(A) A local agency submits a timely extension request; and

(B) Pursuant to RTC section 7213, the Department 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.

(3) The Department shall not grant a 30-day extension based on a local agency's claim that the information is confidential.

(4) If the Department grants a local agency an extension, the Department shall notify the local agency 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 provided in subdivision (c)(1).

(5) If the Department does not grant a local agency an extension, the local agency shall report or publish the required information within 10 days after the Department notifies the local agency by certified mail that it has denied the extension.

(6) The notice shall be addressed to the person authorized to receive confidential data at the local agency's address as it appears in the Department's records. The mailing of the notice shall be deemed complete at the time of the deposit of the notice in the United States Post Office, or a mailbox, sub-post office, substation or mail chute, or other facility regularly maintained or provided by the United States Postal Service, without extension of time for any reason.

(d) Penalties.

(1) If a local agency fails to report or publish the required information within the applicable period determined pursuant to subdivision (c), the Department shall impose a penalty for each day after expiration of the applicable period the local agency fails to report or publish the information in accordance with subdivision (b), up to 365 days after the expiration of the applicable period, as follows:

(A) For days one to 180, inclusive, one thousand dollars (\$1,000) per day.

(B) For days 181 to 365, inclusive, four thousand dollars (\$4,000) per day.

(2) For example, the penalty will be imposed starting on:

(A) The 46th calendar day after the certified mailing of the initial 45-day notice from the Department when an extension was not timely requested.

(B) The 11th calendar day after the certified mailing of the notice from the Department when an extension was requested and denied.

(C) The first calendar day after the expiration of the local agency's 30-day extension when an extension was timely requested and granted.

(3) A penalty imposed on a local agency pursuant to this subdivision is due and payable to the Department by check 30 days after the Department notifies the local agency that the penalty was imposed.

(e) Tax Revenue Sharing Agreement Reporting Form.

(1) A local agency shall include the following information on their tax revenue sharing agreement reporting form:

(A) The local agency's jurisdiction code number;

(B) The end date of the fiscal year (e.g., June 30, 2024) for which information is being reported;

(C) Whether the local agency rebated sales and use tax revenue pursuant to a tax revenue sharing agreement during the fiscal year for which information is being reported; and

(D) 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."

(2) A local agency that 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 shall also include the following information on their tax revenue sharing agreement reporting form for each agreement:

- (A) The name or names of any parties to the agreement;
- (B) The date the agreement was executed;
- (C) The date the agreement terminated or will terminate, absent any renewal;
- (D) 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 of the agreement through and including June 30 of the fiscal year for which information is being reported;
- (E) 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;
- (F) 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; and
- (G) 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.

(3) If a local agency reports the information about tax revenue sharing agreements required by subdivision (e)(2) on its tax revenue sharing agreement reporting form, then the local agency must also state on their tax revenue sharing agreement reporting form whether the information reported about tax revenue sharing agreements is published on the local agency's website in the manner required by subdivision (b) of RTC section 7213.

NOTE: Authority cited: Section 7213, Revenue and Taxation Code. Reference: Section 7213, Revenue and Taxation Code.