

Interested Parties Meeting Agenda Tax Revenue Sharing Agreement Reporting and Penalty

December 16, 2024

Welcome and Introductions

Item A – Overview

- AB 2854 was chaptered on September 28, 2024.
- Added Revenue and Taxation Code (RTC) section 7213 which imposes new:
 - Reporting and publication requirements on local agencies regarding tax revenue sharing agreements, and
 - Monetary penalties for failure to meet those requirements.
- Effective January 1, 2025.

Item B – Reporting and Publication

- Local agencies are required to report specified information to the Department (RTC section 7213, subdivisions (c) and (d)).
- The Department is considering an emergency regulation to clarify that local agencies will electronically complete and submit a form to the Department by April 30 each year.
- Contents of the form include:
 - All the information required by statute,
 - An identifying number for the local agency,
 - The name, title, and email address of the person completing the form, and
 - A question asking the local agency to confirm whether the local agency's information reported on their form has also been published on their website.

Item C – Statements and Extensions

- A local agency that does not report or publish the required information timely will be notified by the Department that it has 45 days to do so, or submit a statement to the Department explaining why it is unable to do so within the 45-day period (RTC section 7213, subdivision (e)).
- The Department is considering an emergency regulation to clarify that:
 - A form to make a statement requesting an extension will be available on the Department's website and can be submitted for review electronically.
 - An extension will be granted when a local agency demonstrates that the failure to timely comply with the applicable requirement was:
 - Due to cause and circumstances beyond the local agency's control,
 - Occurred notwithstanding the exercise of ordinary care, and
 - Occurred in the absence of willful neglect.
 - An extension will not be granted for a local agency based on their claim that the information is confidential.

Interested Parties Meeting Agenda Tax Revenue Sharing Agreement Reporting and Penalty

December 16, 2024

Item D – Penalty

- Department may impose a penalty if the local agency does not report or publish the required information within the applicable period (RTC section 7213, subdivision (e)).
- The Department is considering an emergency regulation to clarify:
 - The penalty will be imposed starting on:
 - The 46th calendar day after the certified mailing of the initial 45-day notice from the Department, when no extension was requested.
 - The first calendar day after the expiration of a 30-day extension, when an extension was requested and granted.
 - The 11th calendar day after the certified mailing of the denial notice from the Department, when an extension was requested and denied.
 - When the penalties are due and payable for purposes of collection pursuant to chapter 4 of the Fee Collection Procedures Law.

Item E – Other Topics

- We welcome participants' comments or suggestions on any other issue related to RTC 7213 not already covered.

Item F – Comments

- We request that any written comments and regulatory suggestions be submitted by December 23, 2024.
- Please submit to BTfD-BTC.InformationRequests@cdtfa.ca.gov.

Other Contact Information

Ms. Aimee Olhiser, Chief
Tax Policy Bureau (MIC 92)
E-Mail: Aimee.Olhiser@cdtfa.ca.gov
Phone: (916) 309-5202
California Department of Tax & Fee Administration
651 Bannon Street, Suite 100, Sacramento, CA 95811
PO Box 942879
Sacramento, CA 94279-0092

Ms. Sarah Smith
Program Policy Specialist
E-Mail: Sarah.Smith@cdtfa.ca.gov
Phone: (916) 309-5292