

March 23, 2017



COURIER DELIVERY/REGULAR U.S. MAIL

The Honorable Sebastian Ridley-Thomas
California State Assembly, 54th District
State Capitol, Room 2176
Sacramento, CA 95814

**Re: Notice of Opposition to AB 252 - (Ridley-Thomas) – Local Government
Taxation Prohibition / Video Streaming Services**

Dear Assembly Member Ridley-Thomas,

The intent of the present letter is to notify you of the fact that the City of San Pablo, Ca. is **opposed to AB 252** and the provisions that would prohibit local governments from imposing any tax, which includes a sales or utility user tax (UUT) on video streaming services.

When Proposition 13 (1978) and Proposition 218 (1996) were passed, the people of California made it clear that they are the ones who should decide whether or not they should be taxed on the local level. Furthermore, by passing Proposition 1A (2004) and Proposition 22 (2010), the people of California made it clear that they do not want the State interfering with their local revenues. Thus, AB 252 sets a dangerous precedent and undermines the established will of local voters.

Currently, there are 152 cities and 3 counties with a UUT ordinance, including the City of San Pablo. Over the last two decades, more than 107 cities and 3 counties have adopted measures to modernize their local UUT ordinances; in fact, of these, 87 cities and 1 county approved ordinances to permit a UUT on video providers. These updated ordinances were authorized due to local voters anticipating the changing technologies, including wired vs. Voice-Over-Internet-Protocol (VOIP) Telecommunications.

An example of how AB 252, if implemented, could harm San Pablo residents and businesses alike can be seen in the fact that we are in the process of introducing Municipal Broadband (a fiber optics network) into our community, which will provide San Pablo residents with high-speed Cable TV, Internet and Telephone services at extremely competitive rates. This fiber network will also help the City with its economic development efforts, which are essential now that the State abolished redevelopment in 2011.

More importantly, a City-owned fiber optics network will allow the City to address existing gross inequities among those who are disadvantaged; this is a large and important segment of our community.

We've asked local voters and property owners (through a scientific survey) if such a fiber network would be desirable; the answer is an overwhelming YES.

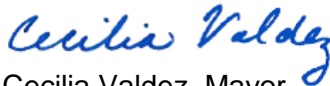
In order to make this possible, however, we will be asking local voters and/or property owners to authorize a modest, temporary funding mechanism to help cover operating and maintenance costs during the start-up phase of this critical infrastructure project; the passage of AB 252 could negate this possibility. Clearly, cities should be allowed to self-determine their ability to invest, locally, in these types of social equity projects, which may require a local funding mechanism or tax.

An unintended consequence with AB 252, should it become law, includes pre-empting local voters even after funding measures have been approved by the local electorate; in other words, AB 252's proposed exemption applies to ordinances already approved by local voters. Furthermore, if AB 252 were to become law, many special interests will undoubtedly campaign to extend the 6-year ban, as was done with the Internet Tax Freedom Act, which was enacted as a temporary ban in 1998...and continually extended until it was made permanent in 2015.

For the reasons stated above, among others, the City of San Pablo joins the League of California Cities, the California State Association of Counties, and the California Cable & Telecommunications Association in opposing AB 252.

Thank you for your time and consideration.

Respectfully,



Cecilia Valdez, Mayor
City of San Pablo

cc:

Members, Assembly Revenue and Taxation Committee (sue.highland@asm.ca.gov)
The Honorable Bill Brough, Vice-Chair, Assembly Revenue and Taxation Committee (brent.finkel@asm.ca.gov)
State Senator Nancy Skinner, 9th District
State Assemblymember Tony Thurmond, 15th District
Jovan Agee, Office of Assembly Member Ridley-Thomas (jovan.agee@asm.ca.gov)
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