



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL: Ken Stripling

DATE: March 9, 2021

SUBJECT: STATE LEGISLATION: ASSEMBLY BILL 91

DEPARTMENT: City Manager's Office

PRESENTER: Masis Hagobian

RECOMMENDED ACTION

City Council adopt the City Council Legislative Committee recommendation to support Assembly Bill 91 (Valladares) and transmit position statements to Assemblywoman Valladares, Santa Clarita’s state legislative delegation, appropriate legislative committees, Governor Newsom, League of California Cities, and other stakeholder organizations.

BACKGROUND

Authored by Assemblywoman Suzette Valladares (R-38-Santa Clarita), Assembly Bill 91 reduces the minimum state franchise tax for small businesses and microbusinesses.

Existing law imposes an annual minimum franchise tax of \$800 on every corporation incorporated in this state, qualified to transact intrastate business in this state, or doing business in this state. Existing law also imposes an annual tax in an amount equal to the minimum franchise tax on every limited partnership, limited liability partnership, and limited liability company doing business in this state.

This bill, for taxable years beginning on or after January 1, 2021, reduces the minimum franchise tax to \$400 for small businesses and \$200 for microbusinesses. The bill, for taxable years beginning on or after January 1, 2021, would also reduce the annual tax for the limited liability companies that are small businesses to \$400 and that are microbusinesses to \$200.

As defined in Section 14837 of the Government Code:

- A “Small Business” is an independently owned and operated business that has 100 or fewer employees and averages annual gross receipts of \$15 million or less over the previous three years.

- A “Microbusiness” is a small business that has average annual gross receipts of \$5 million or less over the previous three years.

The recommendation to support is consistent with the City of Santa Clarita 2021 Executive and Legislative Platform. Specifically, Component 33 under the “State” section advises that the City Council “Advocate for measures that support the City’s continued efforts to retain and promote the growth or expansion of local businesses.”

Assembly Bill 91 is pending a hearing in the Assembly Committee on Revenue and Taxation. The City Council Legislative Committee met on February 26, 2021, and recommends that the City Council adopt a “support” position on Assembly Bill 91.

ALTERNATIVE ACTION

1. Adopt an “oppose” position on Assembly Bill 91
2. Adopt a “neutral” position on Assembly Bill 91
3. Take no action on Assembly Bill 91
4. Refer Assembly Bill 91 back to the Legislative Committee
5. Other action, as determined by the City Council

FISCAL IMPACT

The resources required to implement the recommended action are contained within the City of Santa Clarita's adopted FY 2020-21 budget.

ATTACHMENTS

Assembly Bill 91 - Bill Text