



To: RCRC Board of Directors
From: Paul A. Smith, Vice President Governmental Affairs
Date: April 16, 2019
Re: Assembly Bill 1049 (Grayson) – On-Call Volunteer Fire Departments –
ACTION

Summary

This memo provides an overview of Assembly Bill 1049 (Grayson) regarding the purchase of equipment for on-call volunteer fire departments. RCRC staff is recommending that the Board of Directors adopt a “Support” position.

Background

Under existing law, the Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sales transaction. Existing law also requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions. A portion of the state sales and use tax is directed to cities and counties, and, along with property taxes, serves as one of the primary revenue streams in building the annual budgets of cities and counties.

Many rural fire districts (who often times receive significant amounts of property taxes) rely upon the volunteer services of members from their communities to respond to structure fires and emergency response calls. In addition, these firefighters are often on the first line of defense on the wildland fires in their own communities. In some parts of rural California, volunteer firefighters are the only local fire department.

Last year, RCRC sponsored Assembly Bill 2727 (Flora), which would have provided a personal state income tax credit for costs incurred for training and equipment by qualified firefighters. RCRC recognized that while the fire districts generally provide the minimum training and safety equipment, often these individuals are not reimbursed for travel to the required training and incur expenses on additional training or higher quality safety equipment. It has become increasingly difficult for the rural on-call volunteer fire departments to recruit and retain volunteer firefighters. Unfortunately, AB 2727 failed passage in the Assembly Appropriations Committee.

Issue

This year, Assembly Member Timothy Grayson (D-Concord) has introduced Assembly Bill 1049. AB 1049 would provide a sales tax exemption for equipment that is purchased for exclusive use by an on-call volunteer fire department.

AB 1049 would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made, and the state shall not reimburse any local agencies for sales and use tax revenues lost.

AB 1049 was recently reviewed in the Assembly Revenue & Taxation Committee (Committee). The measure has been placed on the Committee's Suspense File (a temporary holding spot to determine the costs associated with a bill's impact). It is difficult to determine if this bill will move forward.

Staff Recommendation

RCRC staff recommends the RCRC Board of Directors adopt a "Support" position for AB 1049. Despite this recommendation, it should be noted that the enactment of AB 1049 would erode, albeit in a de minimus manner, the sales tax base of a county. Furthermore, each year the Legislature considers dozens of measures that would provide for a sales tax exemption on a wide number of products with no accompanying backfill from the state.

Attachments

- Copy of Assembly Bill 1049 (Grayson)
- AB 1049 Analysis from the Assembly Revenue & Taxation Committee
- Copy of Contra Costa County's Support Letter