



500 S. Main Street, Suite #410, Orange, CA 92868 | P: (714) 953-1300 | F: (714) 953-1302 | www.ACCOC.org

April 18, 2017

The Honorable Sebastian Ridley-Thomas
California State Assembly
P.O. Box 942849
Sacramento, CA 94249-0054

RE: AB 252 (Ridley-Thomas) Local government: taxation: prohibition: video streaming services – OPPOSE.

Dear Assembly Member Ridley-Thomas:

The Association of California Cities – Orange County (ACC-OC) would like to express its opposition to the proposed legislation, Assembly Bill 252 (Ridley-Thomas). AB 252 would prohibit cities and counties from imposing a tax on video streaming services – including any sales, use, or utility user tax (UUT). The ACC-OC represents the interests of the 34 cities in Orange County, and the County of Orange and believes that this bill will restrict the ability for municipalities to provide key services to their residents, and infringe upon the ability for local governments to make pragmatic economic decisions for their communities.

Proponents argue that the bill will spur, rather than impede, the continued growth of a vital sector of the economy; However, the implication that the growth of video streaming companies would be seriously harmed by any form of local taxation is unfounded. When wireless communications technology advanced and cell phones began replacing landlines, cities with UUT's changed their ordinances to ensure that they applied to these new methods of delivering the same fundamental service. In retrospect, it is clear that the presence of various forms of local taxation did not in any way impede the growth of mobile service providers.

Tax policy, crafted at the state level, should be fundamentally technology neutral. This could better be applied based on services provided, instead of the technological medium used for delivery. Prohibiting local governments from imposing any tax on video streaming services while continuing to allow such taxes to be imposed on cable and video services creates a discriminatory tax structure. This measure creates a disadvantage for cable and video providers, and negatively affects cities looking to retain or offer new services to their residents. AB 252 hinders the ability for cities and residents to do what is best in their communities by unnecessarily hindering their financial decision making process.

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The social and economic well-being of California's cities is of paramount importance to ACC-OC. For this and the reasons described above, the Association of California Cities – Orange County opposes AB 252. Should you have any questions about our position or about ACC-OC, please contact Diana Coronado, ACC-OC's Legislative Affairs Director, at (714) 953-1300 or at dcoronado@accoc.org.

Sincerely,

Heather Stratman
Chief Executive Officer
Association of California Cities – Orange County