



OFFICE OF THE GOVERNOR

OCT 12 2019

To the Members of the California State Senate:

I am returning Senate Bill 531 without my signature.

This bill would prohibit a local agency from entering into any agreement that would result, directly or indirectly, in a rebate of the Bradley-Burns Uniform Local Sales and Use Tax revenues to a retailer that locates or maintains a place of sale within the jurisdiction of that local agency.

Current use of these tax agreements are limited but also an important local tool that captures additional economic activity, particularly in rural and inland California cities that continue to face significant economic challenges like high unemployment rates. Therefore, completely removing these tax options from local decision makers is the wrong approach.

I do support greater oversight with respect to the use of these tax agreements and have signed Assembly Bill 485, which will increase transparency regarding the economic outcomes that result from these types of agreements. This will allow the state to better understand the nature of the agreements between local jurisdictions and businesses, as well as the challenges and obstacles to inclusive growth.

Sincerely,

Gavin Newsom