City Council Meeting
04-27-26
Item
1.B.9.

Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Gregory Kajszo, Assistant to the City Manager

Approved by: Joseph D. Irvin, City Manager

Date prepared: April 9, 2026 Meeting date: April 27, 2026

Subject: Letter of Support for SB 1343

RECOMMENDED ACTION: Authorize the Mayor to sign a letter of support for Senate Bill 1343, legislation to provide a tax credit for sales and use tax paid on disaster rebuilding-related purchases

FISCAL IMPACT: There is minimal to no fiscal impact to the City for the support of rebuilding-related tax credits. SB 1343 is structured as a credit against state income tax and not as a reduction in the sales tax collected at the register. The purchaser would still pay the sales or use tax first, and then later claim a credit on their state tax return.

STRATEGIC PLAN IMPLEMENTATION: N/A.

DISCUSSION: On February 23, 2026, staff presented an assessment of rebuild sales tax suspensions to the City Council. During this presentation, Council expressed interest in having the Rebuild Task Force prepare a formal letter of support for rebuild sales tax suspension legislation, subject to final Council review and modification.

In accordance with Council's direction, representatives from the Rebuild Task Force drafted the requested letter of support of SB 1343, which proposes providing a tax credit for sales and use tax paid on rebuilding-related purchases. Following the initial drafting, the document was reviewed by Mayor Silverstein, whose revisions have been incorporated into the current version.

The finalized draft, reflecting both the Task Force's recommendations and the Mayor's subsequent edits, is provided for Council's consideration as Attachment 1.

ATTACHMENTS: Letter of Support for SB 1343.

City of Malibu

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Dear Senator Allen,

At the direction of the City Council, and on behalf of the City of Malibu, I am writing to express our appreciation and support for your efforts in strengthening and advancing legislation to provide sales and use tax relief for residents rebuilding in the aftermath of the recent wildfires. We also respectfully request your consideration of expanding the proposed tax relief to provide more extensive financial assistance required by many residents to return to their homes that were destroyed or substantially damaged by the wildfires.

We are aware of SB 1343, which you have introduced alongside Senator Dahle to provide a tax credit for sales and use tax paid on rebuilding-related purchases. While we view SB 1343 as an important step in addressing the financial burden faced by fire survivors, we believe the current structure of the bill does not fully meet the scale of the financial assistance required to facilitate recovery in communities such as Malibu, Pacific Palisades, and Altadena.

The magnitude of destruction caused by the wildfires has created an extraordinary financial burden for homeowners throughout L.A. County working to rebuild their primary residences. Rebuilding costs remain elevated, and residents are navigating significant financial strain at a time when access to capital and insurance proceeds is often limited or delayed. This burden is particularly acute for seniors and long-time residents on fixed incomes, many of whom may not have sufficient tax liability to benefit from an income tax credit structure. For these reasons, we respectfully submit that an income tax credit is not the proper vehicle for providing financial assistance that will reach those who have the greatest need for financial assistance, and a cap of $10,000 is not realistic.

We respectfully request consideration of a strengthened approach that would establish a temporary, narrowly tailored refundable sales and use tax program applicable to:

- Construction and building materials used to rebuild homes destroyed or substantially damaged by the wildfire; and
- Essential replacement personal property, including appliances, fixtures, and other necessary household items lost as a result of the disaster.

We believe a refund-based structure, administered by the California Department of Tax and Fee Administration (CDTFA), would be more equitable and effective than an income tax credit. Under this approach, retailers would continue to collect tax at the point of sale, and eligible homeowners would apply for refunds based on documented rebuilding and replacement costs. This would ensure that relief reaches all affected residents, regardless of income level, while leveraging existing administrative processes already in place.

We also believe that the amount of the refund should be limited only by the amount of tax actually paid for qualified materials and goods. As explained below, the State of California should not be

looking to gain financially from the hardship of residents impacted by the wildfires, and the imposition of a cap that is below the amount of tax actually paid for qualified materials and goods would financially benefit the State at the expense of residents seeking to rebuild their lost homes. Moreover, for the reasons explained in greater detail below, the imposition of a cap that impairs rebuilding is actually counter-productive to the State's financial interests.

We recognize that any proposed legislation must consider fiscal impacts. However, reconstruction driven spending represents incremental economic activity tied directly to disaster recovery and was not part of baseline revenue projections. While cities and counties may be facing fiscal pressures, relying on revenues generated from residents rebuilding after catastrophic loss raises fundamental fairness concerns. Wildfire survivors should not be placed in a position where they are effectively contributing additional tax revenue simply to restore their homes and lives. At the same time, rebuilding generates substantial economic benefits, including construction employment, demand for professional services, and broader local and regional economic activity.

A temporary and clearly defined refund mechanism would help reduce the financial burden on wildfire survivors, accelerate rebuilding timelines, and support overall community recovery.

The Malibu City Council has formally expressed its support for pursuing this approach and stands ready to work with your office to refine and advance this effort. We welcome the opportunity to engage directly with you and your staff to discuss how SB 1343 could be strengthened or complemented to better serve affected communities.

Thank you for your continued leadership and commitment to supporting communities recovering from wildfire disasters.

Respectfully,

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