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Newsletter | Winter 2026

Update on Public Law

Video Streaming Taxes As New Revenue Source

By Michael G. Colantuono, Esq.

A recent decision of the Ventura panel of the Court of Appeal has identified a new revenue source for California's cities and counties – video streaming taxes.

Disney Platform Distribution, Inc. v. City of Santa Barbara arose when the City interpreted its utility's users tax provisions taxing cable television and other "video services" to reach streaming services, which have replaced cable television as the primary means by which Californians obtain paid television services in recent years. It issued deficiency notices for unpaid taxes, penalties, and interest over the previous three years, contending the streaming services were subject to the City's tax. Disney appealed to the City Administrator who appointed a retired Court of Appeal Justice to conduct the hearing. He affirmed, as did the trial court on administrative mandamus review. The Court of Appeal affirmed, too.

First, the Court agreed with the City that the voter-approved ordinance reached streaming services notwithstanding language exempting digital downloads like ringtones and a reference to "channels" by which services are delivered. The Court agreed with the City that "channels" should have its ordinary meaning, not a technical meaning the FCC uses to regulate telecommunications.

Second, the Court found no violation of the antidiscrimination provisions of the Internet Tax Freedom Act (which bars taxes on internet access), rejecting Disney's argument that the tax is unlawful because it does not apply to video disc purchases or rentals (if anyone does that anymore). The two kinds of commerce are sufficiently distinct that they can be taxed differently. For example, sales taxes apply to discs, but not to streaming.

Third, the Court found no violation of the First Amendment because, although streaming is expressive activity, it was not singled out for worse treatment than other forms of communication.

Fourth, the Court rejected Disney's claim Santa Barbara had amended its tax or changed its methodology for collecting it so as to "increase" it without the voter approval Proposition 218 requires. That the City had not previously enforced the tax against streamers does not mean the City had an established methodology of exempting them.

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Welcome, Stephanie Cooke!

Stephanie Cooke joined CHW's litigation group late last year. She litigates in trial and appellate courts, including cases involving Propositions 218 and 26, utility rates, land use, housing, and government contracts.

Stephanie was Director of Housing & Homelessness Prevention for a legal aid organization, where she managed high-impact litigation and policy-driven projects. Stephanie has tried dozens of cases in various venues. She has trained on litigation skills, housing, discrimination, and land use.

Welcome, Stephanie!

Pending Bill Addresses Cell Service During Emergencies

By Robert ("Tripp") May, Esq.

Assemblymember Rhodesia Ransom (D-Tracy) recently introduced AB 1805 to require wireless facilities in disaster-prone areas to provide continuous emergency communications service and wireless providers to demonstrate to the CPUC compliance with annual "network resiliency plans." Unlike prior efforts by state and federal regulators, the bill's "continuous capability" requirement involves more than just backup power; providers must harden certain facilities against earthquakes, extreme heat, smoke, fire and other hazards associated with natural disasters.

This bill could meaningfully improve public safety for the general public and first responders who rely on wireless networks. But similar bills have evolved in the Legislature to serve private, rather than public, interests.

Network resiliency serves an important public purpose as we increasingly rely on wireless communications. More than 70% of adult Americans (including nearly half of those 65 or older) have no landline at home. First responders also increasingly rely on wireless networks as the radio frequencies previously reserved for their operations have been largely reassigned to commercial wireless carriers. Existing law requires wireless networks to prioritize emergency calls by civilians and first responders, but priority matters little if a disaster disables or destroys a facility.

This bill would fill a gap that regulators have struggled to address. The CPUC and the FCC require backup power in some situations but allow exceptions that often swallow the rule, and their rules lack meaningful enforcement. No regulations require structural "resiliency" in earthquake, wildfire or other disaster conditions.

Prior attempts to impose meaningful standards have failed:

- 2017's SB 649 (Hueso, D-San Diego) initially proposed to promote cellular deployment in underserved areas but ultimately sought to divest local zoning discretion. Governor Brown vetoed the bill, criticizing it as not a "balanced solution."
- 2020's AB 2421 (Quirk-Silva, D-La Palma) required municipalities to approve certain backup power generators, but did not require providers to install them and sunset in 2024.
- 2021's SB 556 (Dodd, D-Napa) would have limited charges to wireless providers for use of public rights-of-way in exchange for a duty to measure and report progress toward universal service in California. Governor Newsom vetoed it.
- 2021's AB 537 (Quirk-Silva, D-La Palma) established an automatic approval remedy for slow local processing of cell tower permits but was amended to remove language regarding underserved communities.

This year's AB 1805 stands out as an effort to require what Californians need in disaster situations rather than hope incentives induce providers to deliver continuous service.

The bill has been assigned to the Assembly Committees on Communications and Conveyance and Emergency Management. It will be eligible for hearing as of March 13, 2026.

Local public agencies may wish to support this bill and encourage its author to ward off amendments from the wireless industry.

For more information on this subject, please contact Tripp at RMay@chwlaw.us or 858.379.0188.

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Finally, the Court concluded the streaming services were not entitled to the 60 days' notice of an increased or new tax the Public Utilities Code requires because they entered the Santa Barbara market after the ordinance was adopted, so the City had no duty to notify them when its voters adopted the ordinance.

The language of Santa Barbara's ordinance is common — many cities and counties updated utility taxes, using common language, during the George H. W. Bush administration in reaction to federal abandonment of much of the base of a federal tax on telephony which earlier tax ordinances referenced. If your city taxes cable television, you should check to see if it reaches streaming services, as Santa Barbara's does.

The Santa Barbara decision is not yet final — Disney has until March 11th to seek review in the California Supreme Court and may be likely to do so. If so, the Supreme Court has 60 or 90 days from the petition for review to decide whether to take the case. Review may be unlikely (the Court takes very few cases), but a petition for review will delay finality until May or June.

Some streaming services have begun to ask California cities to take a position on whether their ordinances apply to their services. A lawyer should assist in responding to such requests. If you are not careful, you may create evidence of a "methodology" for implementing your tax that you will then be unable to change without voter approval. If you do decide to enforce your tax, you may wish to take the approach Santa Barbara did – issue notices of deficiency and allow administrative appeals.

This new revenue source may be a very real help in difficult financial times. But cities and counties should work closely with counsel to pursue this option.

For more information on this subject, please contact Michael at MColantuono@chwlaw.us or 530.432.7357.

New Statute Requires Local Policies Limiting Cooperation with ICE

By Michael G. Colantuono, Esq. & Adriana Chavez, Law Clerk

Senate Bill 580 (Durazo, D-LA) requires cities to adopt policies limiting assistance to immigration authorities, including data sharing, by January 1, 2027. By July 1, 2026, the state Attorney General must publish model policies governing state and local interactions with immigration authorities. He must also publish guidance, audit criteria, and training recommendations for the management of databases, including those managed by private vendors (like Flock Safety), to limit their use for immigration enforcement. Local agencies must adopt that policy or one like it and review and adjust database practices to reflect his guidance.

Many recent statutes limit state and local involvement in immigration enforcement. They reflect concerns that indiscriminate immigration enforcement undermines public safety, erodes trust between immigrant communities and government, and diverts resources from municipal functions.

The Attorney General has been tasked to develop model policies limiting assistance to immigration enforcement in schools, courthouses, health facilities, and shelters. SB 580 expands this to all state and local agencies, finding their resources should not be used for immigration enforcement except as the law requires. The bill responds to growing concerns about government databases, including those maintained by vendors, which may expose personal information to immigration authorities.

City departments should begin identifying existing policies that may require revision.

Existing law prohibits local law enforcement agencies from using "moneys or personnel" to provide information for immigration enforcement. This extends to sharing agency databases. The Attorney General will also issue guidance and audit criteria for limiting access to city- or vendor-maintained data.

Although SB 580 does not require the Department to adopt them, the forthcoming guidance will likely reflect the Attorney General's enforcement expectations and there may be political risk in disregarding them. Agencies should evaluate the guidance once issued and consider whether voluntary alignment is appropriate in light of existing legal obligations (like contracts), operational constraints, and risk tolerance.

Because SB 580 applies to all local governments, cities, counties, and special districts may consider:

- Establishing an interdepartmental working group.
- Preparing an agency-wide compliance plan.
- Identifying training needs and budget impacts. As to the latter, reimbursement for a state-mandated program may eventually be available.

For more information on this subject, please contact Michael at MColantuono@chwlaw.us or 530.432.7357.

SB 415 — Warehouse and Logistics Developments

By Matthew Summers, Esq. & Mihir Karode, Esq.

California cities with logistics and warehouse developments now have a clearer, more workable compliance framework under Senate Bill 415 (Reyes, D-San Bernardino), effective this year. The new law refines landmark warehouse development standards established by 2024's AB 98 (Carillo, D-Palmdale). The laws are intended to address land use and traffic impacts of large-scale distribution facilities.

What is a "Logistics Use Development"? SB 415 replaces inconsistent language in AB 98 with the term "logistics use development," defined as a single building primarily used as a warehouse for the movement or storage of cargo, goods, or products distributed to business or retail customers, where heavy-duty trucks are the primary mode of transport. Buildings primarily served by rail, or used for manufacturing, retail sales, or certain agricultural operations are excluded.

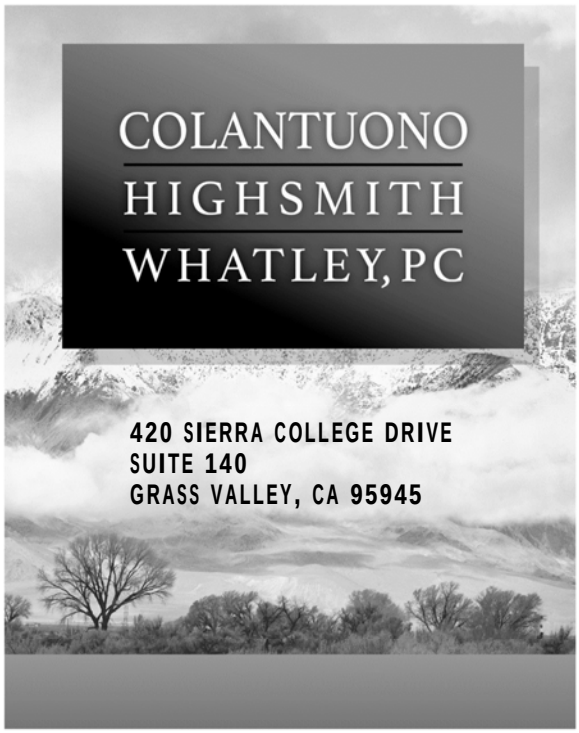
Size Thresholds and Sensitive Receptor Proximity. Stringent design and siting requirements apply to logistics use developments over 250,000 square feet or more — calculated per-building, not cumulatively across a site. Office square footage is excluded. If loading bays are within 900 feet of a "sensitive receptor" — homes, schools, daycare, parks, hospitals, or nursing homes — the full suite of "21st Century Warehouse" standards apply. These include a 500-foot setback of loading bays from sensitive receptors, orienting loading bays away from sensitive receptors, dedicated truck entrances, and electrification-readiness infrastructure. SB 415 maintains exemptions for strategic intermodal facilities and those for which permits were sought before September 2024.

Truck Routing and Circulation Element Updates. Most cities must adopt a truck-routing ordinance by January 1, 2028, designating routes that safely accommodate truck traffic while avoiding residential areas and other sensitive receptors. Cities located in the Warehouse Concentration Region — named cities in Riverside and San Bernardino counties and unincorporated areas of those counties — were required to update their circulation elements by January 1, 2026. Other cities have until 2028 to do so; cities with fewer than 50,000 residents have until 2030.

Local Regulatory Limits. SB 415 prohibits local ordinances or standards that prevent logistics use operators from complying with state-mandated design guidelines.

Given these implementation deadlines, city leaders should work with planning staff and legal counsel to assess their general plan circulation elements, truck route designations, and project-by-project compliance obligations.

For more information on this subject, please contact Matt at MSummers@chwlaw.us or 213.542.5719 or Mihir at MKarode@chwlaw.us or 916.898.9256.



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