

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JAN MAZYCK, CHIEF FINANCIAL OFFICER
FINANCE DEPARTMENT
SUBJECT: AUTHORIZATION OF THE EXAMINATION OF TRANSACTIONS
(SALES) AND USE TAX RECORDS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, authorize designated City of Santa Rosa officials and the City's revenue enhancement consultant, MuniServices, LLC, to examine confidential transactions (sales) and use tax records of the California Department of Tax and Fee Administration in accordance with the California Revenue and Taxation Code as required by the California Revenue and Taxation Code whenever a city passes a sales tax measure.

EXECUTIVE SUMMARY

The California Department of Tax and Fee Administration (CDTFA) collects and remits sales tax revenue to the City of Santa Rosa. When collecting this revenue, the CDTFA generates individual sales tax records that are confidential. State law requires local jurisdictions to identify and authorize those who may review this data, including consultants, and to send that authorization to the CDTFA. This authorization must be done each time a city passes a new sales tax measure. The City last prepared such an authorization in 2019, in conjunction with the general transactions and use tax measure passed in November 2018.

The resolution proposed with this item will grant authorization to the City Manager, Chief Financial Officer, other appropriate City staff, and the City's revenue consultant to review this confidential data. This resolution will be sent to the CDTFA and will meet the requirement allowing review of the confidential sales tax data. This data is essential for performing sales tax trend analysis and forecasting. There is no cost associated with this item.

BACKGROUND

On December 8, 2020, the City Council adopted City Ordinance ORD-2020-018-A, which codified the consolidation and extension of two quarter-cent transactions and use

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taxes as one half-cent transaction and use tax (Measure Q), as passed by Santa Rosa voters on November 3, 2020.

To ensure the lawful examination of confidential transactions (sales) and use tax data, the California Revenue and Taxation Code requires cities to designate and authorize City officials and consultants to have access to this confidential data.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

On November 3, 2020, City of Santa Rosa voters approved Measure Q, which is a consolidation and extension of two quarter-cent general transactions (sales) and use taxes, into one half-cent transactions and use tax. The new consolidated tax will be in effect for ten years. The City has provided all necessary documents to the CDTFA for the collection and remittance of the new tax revenue.

Some transactions (sales) and use tax data is confidential, and Section 7056 of the Revenue and Taxation Code of the State of California establishes requirements and conditions for the disclosure of this data. Section 7056 also establishes criminal penalties for the unlawful disclosure of information contained in or derived from, the transactions (sales) and use tax records of the CDTFA.

This resolution authorizes access to confidential transactions (sales) and use tax information of the CDTFA by designated City officials and the City's revenue enhancement consultant.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

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NOTIFICATION

Not applicable

ATTACHMENTS

- Resolution

CONTACT

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