

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: SCOTT WAGNER, CHIEF FINANCIAL OFFICER
SUBJECT: AUTHORIZATION OF THE EXAMINATION OF TRANSACTIONS
(SALES) AND USE TAX RECORDS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

The Finance Department recommends that the Council, by resolution, authorize designated City of Santa Rosa officials and the City's revenue analysis and support services consultant, Hinderliter, de Llamas & Associates 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. This item has no impact on current fiscal year budget.

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, CDTFA generates individual sales tax records that are confidential. State law requires local jurisdictions to 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 places a new sales tax consultant.

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 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.

GOAL

This item relates to Council Goal #3 - Promote Citywide Economic Development by confirming and planning for the accuracy of sales and use tax revenue.

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BACKGROUND/PRIOR COUNCIL REVIEW

As required by City Ordinance Number 3-24, the City entered into a contract with the CDTFA to perform all functions incident to the administration and collection of sales and use taxes

Pursuant to Ordinance Number 3-26, Revenue and Taxation Code section 7270, the City entered into a contract with the CDTFA to perform all functions incident to the administration and collection of transactions and use taxes.

Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Department records, and Section 7056.5 of the California Revenue and Taxation Code establishes criminal penalties for the unlawful disclosure of information contained in, or derived from, the sales or transactions and use tax records of the Department

ANALYSIS

On November 4, 2025, the City Council approved entering into a five-year professional services agreement, including one (1) five-year extension, with Hinderliter, de Llamas & Associates (Hinderliter) for the provision of revenue analysis and support services. The City is required to provide all necessary documents to the CDTFA for the collection and remittance of the new tax revenue.

Some transactions for (sales) and use tax data are 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.

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

The information obtained by examination of department records shall be used only for purposes related to the collection of City sales or transactions and use taxes by the City pursuant to that contract, and for purposes related to the following governmental functions of the City:

- (a) Financial planning;
- (b) Economic development;
- (c) Business Tax, UUT analysis, and Cannabis Tax compliance.

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

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enhancement consultant, Hinderliter. The person or entity designated by this section meets state mandated conditions which are also included in the contract between the City and the Hinderliter.

Information obtained by examination of City records shall be used only for purposes related to the collection of City sales or transactions and use taxes by the Department pursuant to the contract between the City and the Department and for those purposes relating to the governmental functions of the City listed above.

The current revenue consultant, MuniServices, LLC is also designated to examine the sales or transactions and use tax records of the department pertaining to any petition or appeal for the reallocation/redistribution of sales or transactions and use taxes that were filed by MuniServices, LLC on behalf of the City pursuant to the contract between MuniServices, LLC and City. The MuniServices, LLC agreement will transition to Hinderliter and they must continue to meet all mandated conditions.

This authorization supersedes all prior resolutions of the City Council of the City of Santa Rosa adopted pursuant to subdivision (b) of Revenue and Taxation Code section 7056.

FISCAL IMPACT

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

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378, the recommended action is not a "project" subject to the California Environmental Quality Act (CEQA) because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. In the alternative, the recommended action is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution

PRESENTER(S)

Scott Wagner, Chief Financial Officer