



## County of Sonoma Agenda Item Summary Report

Clerk of the Board  
575 Administration Drive  
Santa Rosa, CA 95403

**Agenda Item Number:** 11  
(This Section for use by Clerk of the Board Only.)

**To:** Board of Supervisors

**Board Agenda Date:** November 4, 2014

**Vote Requirement:** Unanimous

**Department or Agency Name(s):** County Administrator's Office

**Staff Name and Phone Number:**

Veronica Ferguson 707-565-2431

**Supervisorial District(s):**

All

**Title:** Adoption of Transactions and Use Tax Ordinance and Call Election on Same

### **Recommended Actions:**

Board of Supervisors

1. Adopt an ordinance, the "Sonoma County 2015 Transactions and Use Tax Ordinance," imposing a general countywide transaction and use tax (sales tax) of one-quarter of one percent for a period not to exceed five years pursuant to the authority granted by Revenue and Taxation Code Section 7285. (Second Reading – Ready for Adoption) (4/5 vote required)
2. Adopt a Resolution declaring an emergency and calling a special election to submit to the voters of Sonoma County the proposed quarter-cent general sales tax measure entitled the Sonoma County 2015 Transactions and Use Tax Ordinance, and ordering that the special election be consolidated with the general law city election to be conducted on June 2, 2015. (Unanimous vote required)

### **Executive Summary:**

#### **Declaration of Fiscal Emergency**

Sonoma County continues to face financial challenges as a result of the recession of the past years, including \$137 million in lost property tax revenue from fiscal year 2008/09 until 2013/14 and \$42 million in lost sales tax revenue from fiscal year 2006/07 until 2012/13. These reductions in revenue, combined with increased costs, failing infrastructure and additional demands for services have resulted in Sonoma County looking for ways to meet critical unfunded needs and health and safety challenges for our residents and visitors.

In response to these challenges, Sonoma County reduced expenditures from a peak in 2006/07 of \$1.24 billion to \$1.13 billion in 2008/09. Since the peak in 2007/08 of 4,279 FTE, the Board reduced staffing to 3,657 in fiscal year 2011/12. Over the recent years, the Board has made difficult decisions to put the County back on track for long term fiscal balance. Now the County is addressing long-standing strategic needs like our roads network, parks maintenance, community safety, and services for low income

families.

One example of the challenges Sonoma County faces is in the condition of our road network. Sonoma County roads have continued to deteriorate, due in large part to decreased revenue dedicated to road maintenance. It is estimated that Bay Area drivers spend an additional \$931/year in higher vehicle operational costs, due to poor road conditions. In the *California Local Streets and Roads Needs Assessment 2014 Update*, the Metropolitan Transportation Commission emphasizes that at the current funding levels, the pavement conditions will continue to deteriorate. The report states that “as roadway pavement conditions deteriorate, the cost to repair them increases exponentially.” The report also notes the high threat to safety that deteriorating roads poses to California residents. Recognizing the critical need to act quickly to maintain and repair our roads, the Board on October 28, 2014 adopted the Long-Term Road Plan, which identifies funding strategies for pavement condition improvements. The full implementation of the plan is based on the identification of a permanent funding source.

Unless the County is able partially restore some of these service levels that have been cut due to the recession, the critical unfunded needs and health and safety challenges of our residents and visitors will continue unanswered.

Because of that threat to the public health, safety, and welfare, an emergency exists in the County, as the term “emergency” is used in Article XIII C, section 2(b) of the California Constitution. The County must immediately address that emergency by ensuring that the County has the resources necessary to preserve the public health, safety, and welfare.

Accordingly, staff recommends the Board unanimously find and declare the existence of a fiscal emergency within the County.

### **Sonoma County 2015 Transactions and Use Tax Ordinance**

In recognition of the fiscal emergency that the County currently faces and the Board’s direction to explore the possibility of a general countywide sales tax for Sonoma County, staff recommends that your Board approve the Sonoma County 2015 Transactions and Use Tax and call a special election to submit the tax to the voters on June 2, 2015.

The Sonoma County 2015 Transactions and Use Tax is a five (5) year, 1/4% general sales tax. The revenue from this tax would be available for any government purpose. The Board has previously expressed its intent that this revenue would go towards funding the Long-Term Road Plan and would be administered through a contract with the Sonoma County Transportation Authority (SCTA). However, as a general tax, the revenue must be available for any government purpose, and will be subject to the Board’s annual appropriations decision-making.

June 2, 2015 will be considered a special election for Sonoma County, as there are no members of the Board of Supervisors standing for election at that time. The findings of emergency discussed above are required to place a general tax on a special election ballot. Again, staff recommends the Board make these findings, as there is not another General Election until 2016.

<b>Prior Board Actions:</b>			
October 28, 2014-Introduction of the Sonoma County 2015 Transactions and Use Tax			
<b>Strategic Plan Alignment</b> Goal 3: Invest in the Future			
Maintenance of vital infrastructure, including roads and facilities, and the services provided to the residents and visitors of Sonoma County are necessary to continue to provide thriving, beautiful, sustainable community for all.			
<b>Fiscal Summary - FY 14-15</b>			
<b>Expenditures</b>		<b>Funding Source(s)</b>	
Budgeted Amount	\$		\$
Add Appropriations Req'd.	\$            400,000	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$            400,000
	\$		\$
<b>Total Expenditure</b>	<b>\$            400,000</b>	<b>Total Sources</b>	<b>\$            400,000</b>
<b>Narrative Explanation of Fiscal Impacts (If Required):</b>			
The costs of the election are estimated to be \$400,000. If successful, the proceeds of the sales tax will cover the county for the election costs associated with this measure. If the measure is not successful, the General Fund will be responsible for these costs.			
<b>Staffing Impacts</b>			
<b>Position Title</b> (Payroll Classification)	<b>Monthly Salary Range</b> (A – I Step)	<b>Additions</b> (Number)	<b>Deletions</b> (Number)
<b>Narrative Explanation of Staffing Impacts (If Required):</b>			
<b>Attachments:</b>			
Attachment A: Sonoma County 2015 Transactions and Use Tax Ordinance Attachment B: Resolution declaring emergency and calling a special election to submit to the voters of Sonoma County the proposed quarter-cent general sales tax measure entitled the Sonoma County 2015 Transactions and Use Tax Ordinance, and ordering that the special election be consolidated with the general law city election to be conducted on June 2, 2015.			

<b>Related Items "On File" with the Clerk of the Board:</b>

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA  
IMPOSING A GENERAL TRANSACTIONS AND USE TAX TO BE  
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION**

Section 1. TITLE. This Ordinance shall be known as the Sonoma County 2015 Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated and unincorporated territory of the County of Sonoma (the "County").

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285 of Part 1.7 of Division 2 which authorizes the County to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

E. To raise the appropriations limit for the County.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the County shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this Ordinance; provided, that if the County shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of  $\frac{1}{4}$  of 1 percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

Section 6. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate  $\frac{1}{4}$  of 1 percent (0.25%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.  
In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or

property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this County of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.



3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.

7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against

the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. INCREASE OF APPROPRIATIONS LIMIT. The appropriations limit of the County shall be increased by the amount of revenue anticipated to be collected by the County from the transactions and use tax to allow spending of the tax revenue for the period allowed by law.

Section 15. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 16. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the County transactions and use taxes and shall take effect immediately upon the close of the polls on June 2, 2015, if the measure is approved by a majority of the electors voting on the measure at the election held that day.

Section 17. GENERAL TAX. The tax imposed by this Ordinance is a general tax within the meaning of Article 13 C, Section 1(a) of the California Constitution. The revenue generated by this general tax is available for general governmental purposes. To that end, the Auditor-Controller is instructed to deposit the revenue from the tax into the County General Fund and to include his estimate of the revenue from this general tax, together with his estimates of other revenue sources, in the tabulation that he is annually required to prepare by Government Code Section 29060. The revenue from this general tax shall be available to the Board of Supervisors for annual appropriations in the County's budget for any lawful expenditure. Nothing in this Ordinance nor in any other ordinance, advisory measure, resolution, or policy shall be construed as limiting, in any way, the amount or the objects of the appropriations and expenditures that can be made from the revenue of the tax nor be construed as creating a continuing appropriation.

Section 18. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to the State CEQA Guidelines section 15378(b)(4), adoption of this Ordinance is not a "project" subject to the requirements of CEQA.

Section 19. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall expire five (5) years from the operative date of this Ordinance, unless extended by the voters in the manner set forth in Revenue and Taxation Code Section 7285.

PASSED AND ADOPTED by the Board of Supervisors, County of Sonoma, State of California, on \_\_\_\_\_, by the following vote:

Gorin:	Zane:	McGuire:	Carrillo:	Rabbitt:
Ayes:	Noes:	Absent:	Abstain:	

---

Chairperson

Attest:

---

(Signature)

---

Secretary

(Title)



County of Sonoma  
State of California

Date: November 4, 2014

Item Number: \_\_\_\_\_  
Resolution Number: \_\_\_\_\_

Unanimous Vote  
Required

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA, CALLING A SPECIAL ELECTION TO SUBMIT TO THE VOTERS OF SONOMA COUNTY A PROPOSED QUARTER-CENT SALES TAX MEASURE ENTITLED THE "SONOMA COUNTY 2015 TRANSACTIONS AND USE TAX ORDINANCE," AND ORDERING THAT THE SPECIAL ELECTION BE CONSOLIDATED WITH THE GENERAL LAW CITY ELECTION TO BE CONDUCTED ON JUNE 2, 2015**

**WHEREAS**, this Board of Supervisors, by its Ordinance No. \_\_\_\_, has, by a two-thirds vote of its membership, adopted a retail and transaction use tax ordinance pursuant to Revenue and Taxation Code §7285; and

**WHEREAS**, Article 13 C, §2(b) of the California Constitution and Revenue and Taxation Code §7285 also require that the imposition of such tax be approved by a majority of the county electorate; and

**WHEREAS**, the County of Sonoma ("County") promotes a strong quality of life by providing general services to local residents to protect public health and safety, including: fire and police protection, street and sidewalk maintenance, and support for senior citizens [other services]; and

**WHEREAS**, the County continues to face financial challenges as a result of the recession of the past years, including \$137 million in lost property tax revenue from fiscal year 2008/09 until 2013/14 and \$42 million in lost sales tax revenue from fiscal year 2006/07 until 2012/13; and

**WHEREAS**, the County has demonstrated excellent fiscal stewardship by reducing expenditures from a peak in fiscal year 2006/07 of \$1.24 billion to \$1.13 billion in fiscal year 2008/09 and reducing County full time employees from a peak in fiscal year 2007/2008 of 4,729 to 3,657 in fiscal year 2011/2012; and

**WHEREAS**, despite the County's fiscal stewardship, the combination of decreased revenue, increased costs, failing infrastructure and additional demands for services has substantially impaired the County's ability to address the critical needs of supporting the health and safety of the County's

Resolution #

Date:

Page 2

residents; and

**WHEREAS**, Over the recent years, the Sonoma County Board of Supervisors have made difficult decisions to put the County back on track for long term fiscal balance ; and

**WHEREAS**, Sonoma County is now addressing long-standing strategic needs like our roads network, parks maintenance, community safety, and services for low income families; and

**WHEREAS**, the roads in Sonoma County have continued to deteriorate; and

**WHEREAS**, the *California Local Streets and Roads Needs Assessment 2014 Update* states that “as roadway pavement conditions deteriorate, the cost to repair them increases exponentially”; and

**WHEREAS**, services supporting the health and safety of the County’s residents are funded through the County’s General Fund; and

**WHEREAS**, as a result of the approval of Propositions 62 and 218, the County has very few means available for increasing General Fund Revenue; and

**WHEREAS**, waiting to call an election on a general transactions and use tax increase until the next regularly scheduled general election for members of this Board, should the voters agree, would forego the opportunity to devote \$20 million in revenues to the health and safety of the public in the interim; and

**WHEREAS**, this Board finds that the need for additional funding for the health and safety of the County’s residents is so great that foregoing the opportunity for \$20million in revenue constitutes an emergency sufficient to require the placement of a general tax on the June 2, 2015 ballot.

**NOW, THEREFORE, BE IT RESOLVED** that:

1. Pursuant to Elections Code Sections 12001, 10400, and 9140 and Revenue and Taxation Code Section 7285, the Board of Supervisors hereby calls a special election for June 2, 2015, on the proposed measure imposing a general tax, to be levied at a maximum rate of one-quarter of one percent (0.25%) for a period not to exceed five (5) years.

2. The Board of Supervisors hereby orders that said election of the measure shall be consolidated with general law city election to be held on that date.

3. The measure shall be submitted to the voters in the following form:

Resolution #

Date:

Page 3

Shall the people of Sonoma County approve Measure X, the Sonoma County 2015 Transactions and Use Tax, enacting a quarter-cent sales tax for 5 years?	Yes  <hr/> No
--	------------------------

4. As required by law, the full text of the measure shall be printed in the information pamphlet distributed to voters. The full text of the measure is entitled "An Ordinance of the County of Sonoma, State of California Imposing a General Transactions and Use Tax to be Administered by the State Board of Equalization," and is attached hereto as Exhibit A.

5. The County Clerk is hereby authorized, instructed, and directed to provide and furnish any and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct an election.

6. The County Clerk is hereby further directed to take the necessary and appropriate actions to provide the necessary election officers, polling places, and voting precincts.

7. In accordance with the provisions of the Elections Code, the County Counsel is authorized to prepare an impartial analysis of the measure, the Auditor is directed to prepare a fiscal analysis, and the Chair of the Board of Supervisors is authorized and directed to submit an argument in support of the measure and a response to any argument in opposition to the measure.

8. The polls for said election shall be open during the hours required by law and said election, with respect to the foregoing ballot measure, shall be held and conducted as provided by law for the holding of County initiative elections.

9. Notice of time and place of holding said election, together with any other notices required by law, shall be given by the County Clerk.

Resolution #

Date:

Page 4

**Supervisors:**

Gorin:

Zane:

McGuire:

Carrillo:

Rabbitt:

Ayes:

Noes:

Absent:

Abstain:

**So Ordered.**

**EXHIBIT A**

**ORDINANCE NO. \_\_\_\_\_**

AN ORDINANCE OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA

IMPOSING A GENERAL TRANSACTIONS AND USE TAX TO BE

ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

Section 1. TITLE. This Ordinance shall be known as the Sonoma County 2015 Transactions and Use Tax Ordinance. This ordinance shall be applicable in the incorporated and unincorporated territory of the County of Sonoma (the "County").

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285 of Part 1.7 of Division 2 which authorizes the County to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those



Resolution #

Date:

Page 6

provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

E. To raise the appropriations limit for the County.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the County shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this Ordinance; provided, that if the County shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of  $\frac{1}{4}$  of 1 percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

Section 6. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold

Resolution #

Date:

Page 7

is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate  $\frac{1}{4}$  of 1 percent (0.25%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.  
In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

Resolution #

Date:

Page 8

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Resolution #

Date:

Page 9

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

Resolution #

Date:

Page 10

b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this County of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

Resolution #

Date:

Page 11

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.

7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

Resolution #

Date:

Page 12

D. Any person subject to use tax under this Ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. INCREASE OF APPROPRIATIONS LIMIT. The appropriations limit of the County shall be increased by the amount of revenue anticipated to be collected by the County from the transactions and use tax to allow spending of the tax revenue for the period allowed by law.

Section 15. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 16. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the County transactions and use taxes and shall take effect immediately upon the close of the polls on June 2, 2015, if the measure is approved by a majority of the electors voting on the measure at the election held that day.

