



APPROVAL OF AGREEMENTS WITH THE CALIFORNIA TAX AND FEE ADMINISTRATION FOR THE COLLECTION OF MEASURE Q REVENUE

City Council Meeting
March 16, 2021

Jan Mazyck
Chief Financial Officer

CURRENT

- Voters passed Measure Q, an extension of two ¼ cent general transactions and use taxes, on November 3, 2020 by 71.8%
- On December 8, 2020, the City Council adopted Ordinance No. ORD-2020-018, imposing this tax
- The California Department of Tax and Fee Administration (CDTFA) administers and collects tax revenue in all state jurisdictions

PROPOSED

- The CDTFA, by statute, requires two agreements documenting the administration and collection of transaction and use taxes in the City:
 - One for the initial preparatory work to administer and collect the tax
 - One is for the ongoing administration and collection of the tax
- The cost for the services covered in the agreement will be borne by the City

PROPOSED

- The cost for the CDTFA to establish the administration and collection of the new tax is one-time, based on actual costs, with a cap of \$175,000
- Ongoing collection and administrative costs are calculated as a percentage of revenue collected
- Entering into these agreements will allow the City to continue to receive \$18 million of sales tax revenue per year

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve: 1) an Agreement for Preparation to Administer and Operate City's Transactions and Use Tax Ordinance; and 2) an Agreement for State Administration of City Transaction and Use Taxes with the California Department of Tax and Fee Administration to provide for the Department's administration of the transaction and use tax ordinance passed by voters as Measure Q, a ½ cent general sales tax, on November 3, 2020.

QUESTIONS?