

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: CHUCK MCBRIDE, CHIEF FINANCIAL OFFICER
SUBJECT: APPROVAL OF TWO AGREEMENTS WITH THE CALIFORNIA
DEPARTMENT OF TAX AND FEE ADMINISTRATION FOR THE
COLLECTION OF MEASURE O (ESSENTIAL CITY SERVICES)
REVENUE PASSED BY VOTERS IN NOVEMBER 2018

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department and City Attorney that the Council, by resolution, approve two required agreements with the California Department of Tax and Fee Administration to administer the revenues collected under Measure O, passed by voters in November 2018.

EXECUTIVE SUMMARY

The California Department of Tax and Fee Administration requires two agreements with the City, so they can administer and collect Measure O approved by the voters on November 6, 2018. This new revenue source directly meets the Council Goal of ensuring financial stability of City Government and helps in effectively implementing the recovery and rebuilding of Santa Rosa.

BACKGROUND

1. On December 18, 2018, the Council adopted Ordinance No. ORD-2018-022 imposing a transactions and use tax of one quarter of one percent on retail sales within the City of Santa Rosa. The ordinance was placed before the voters on the November 6, 2018 election ballot as Measure O and the tax was approved by 61.6% of those voting.
2. The California Department of Tax and Fee Administration administers and collects the City's existing transactions and use taxes and all similar taxes imposed by all applicable jurisdictions throughout California. This tax can only be administered and collected by the Department.

MEASURE O SALES TAX

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PRIOR CITY COUNCIL REVIEW

On December 18, 2018, the City Council adopted Ordinance No. ORD-2018-022 after the tax was approved by 61.6% that voted.

On July 24, 2018, the City Council approved revenue ballot measures for the November 6, 2018 election.

ANALYSIS

The California Department of Tax and Fee Administration requires two agreements documenting the administration and collection of transactions and use taxes for the City. The first agreement covers the City's funding of the Department's costs in doing the preparatory work to administer and collect the tax. The second agreement provides for the Department's on-going administration and collection of the tax. The costs for the preparatory work are statutory, based on actual costs and may not exceed an amount set by the Revenue and Taxation Code section 7272. This cost is estimated at \$175,000. The compensation to be paid the Department for its on-going administration and collection of the tax is also set by statute and is calculated as a percentage of the tax revenues collected. These two agreements are required of all public agencies which impose transactions and use taxes that are administered and collected by the Department.

FISCAL IMPACT

The preparatory work will be funded from existing General Fund appropriations for the current fiscal year (FY 2018-19). Any ongoing administrative costs incurred by the Department will be netted against future revenue distributions to the City.

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.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibits A and B – agreements with the California Department of Tax and Fee Administration

CONTACT

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