



City Council Agenda Item

City Council Meeting Date: April 21, 2020

TO: Jim Throop, City Manager

FROM: Stacey Haddon, City Clerk
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SUBJECT: Adoption of Resolution No. 6315(20) Authorizing the City Manager to Execute Agreements with the California Department of Tax and Fee Administration for Implementation of a Local Transactions and Use Tax; Adoption of Resolution No. 6317(20) Authorizing the Examination of Transactions (Sales) and Use Tax Records; and Authorize the City Manager to Execute and File Additional Agreements, Letters and Forms with the California Department of Tax and Fee Administration and Other Appropriate State Agencies as Required for Implementation of the Local Transactions and Use Tax

Recommendation:

Staff recommends the City Council:

- 1) Adopt Resolution No. 6315(20) authorizing the City Manager to execute agreements with the California Department of Tax and Fee Administration (CDTFA) for implementation of a local transactions and use tax (Attachment 1);
- 2) Adopt Resolution No. 6317(20) authorizing the examination of transactions (sales) and use tax records (Attachment 2); and
- 3) Authorize the City Manager to execute and file additional agreements, letters and forms with CDTFA and other appropriate state agencies as required for implementation of the local transactions and use tax.

Background:

On March 3, 2020, the voters approved Measure I2020, Lompoc Preservation of City Services Measure, with 69% voting in favor of it. A copy of the Registrar of Voters certificate attesting to the results of the election is attached to Resolution No. 6314(20), the subject of a concurrent staff report.

Discussion:

In order for CDTFA to administer and collect the new tax, certain agreements are required to be authorized by the City Council. Execution of those agreements and other documents will allow CDTFA to administer and collect the new tax.

CDTFA requires the following documents to be submitted to them:

- Resolution to Execute Agreements—5 certified copies (Attachment 1)
 - Preparatory Agreement—5 originals (Exhibit A)
 - Administration Agreement—5 originals (Exhibit B)
- Resolution for Examination of Confidential Records (Attachment 2)
- Transactions and Use Tax Ordinance—5 certified copies¹
- Certification of Final Election Results—1 certified copy²
- Contact Form for All Communications (Attachment 3)
- Designation Letter (Attachment 4)
- Contact Form for Notifications & Appeals (Attachment 5)
- EFT Authorization Agreement plus copy of a voided check³
- Media and Registration Request Form (Attachment 6)

Resolution Nos. 6315(20) and 6317(20) grant authority to the City Manager to execute the required agreements and the Management Services Director to receive and examine transactions (sales) and use tax records. The balance of the forms are also required by CDTFA in order to implement and collect the City's new tax.

Fiscal Impact:

Tax revenues from Measure I2020 are expected to generate approximately \$4,800,000 annually for the funding of general City services. Without the attached resolutions and agreements, the City will be unable to collect the voter-approved tax.

The Preparatory Agreement with CDTFA requires the City to pay the costs for CDTFA preparatory work necessary to administer the City's sales tax. Those include costs of developing procedures, programming for data processing, developing and adopting

¹ Attachment to concurrent Staff Report declaring the results of the election.

² Attachment to concurrent Staff Report declaring the results of the election.

³ Not attached to keep banking information secure.

appropriate regulations, designing and printing forms, developing instructions for the CDTFA's staff and for taxpayers, and other appropriate and necessary preparatory costs to administer a sales tax ordinance. The Preparatory Agreement limits those costs are estimated at \$30,000, but are not-to-exceed \$175,000.

The Administration Agreement requires the City to pay the ongoing costs for CDTFA to administer the City's sales tax. Such amounts are set by law using the calculation method described in Revenue & Taxation Code section 7273 and will be deducted from the taxes collected by CDTFA for the City.

Conclusion:

With the concurrent certification of the election, and the adoption of the two attached resolutions, the City will be able to request the CDTFA to implement and collect the Measure I2020 tax approved by the voters.

Respectfully submitted,

Stacey Haddon, City Clerk

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

- Attachments:
- 1) Resolution No. 6315(20)
 - 2) Resolution No. 6317(20)
 - 3) Contact Form for all Communications
 - 4) Designation Letter
 - 5) Contact Form for Notifications & Appeals
 - 6) Media and Registration Request Form