

# CITY OF RANCHO CORDOVA

## Measure R

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### MEASURE R

To support City of Rancho Cordova through relief/recovery including: repairing streets/potholes; keeping public areas healthy, clean/safe; maintaining neighborhood public safety; supporting/attracting new and local businesses/jobs; preparing for any natural disaster/health emergency; addressing homelessness; other general city services; shall the Rancho Cordova measure be adopted levying a ½¢ sales tax, until ended by voters, raising \$8,000,000 annually, with yearly audits, citizen oversight, local control/investment during uncertain times, no money for administrator salaries?

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### IMPARTIAL ANALYSIS OF MEASURE R

The City Council of the City of Rancho Cordova placed Measure R on the ballot to ask the City's voters whether to approve a one-half of one percent (0.50%) transactions and use tax. For example, the proposed tax would add 1/2¢ to the price of an item purchased for \$1, or 50¢ to the price of an item purchased for \$100.

In placing Measure R on the ballot, City staff reported on a recent survey of residents of Rancho Cordova that showed 77% are satisfied with City services. The Staff Report and accompanying documents discussed Rancho Cordova's accomplishments in infrastructure, public safety and other services, but asserted that the COVID-19 crisis, the likely recession that will follow, and potential future crises threaten the City's current and future efforts and aspirations.

Staff estimated that the proposed tax would provide approximately \$8 million to the City per year, increasing the City's ability to continue to advance community priorities, to provide relief and recover from the current crises, and to protect against unexpected future emergencies.

Measure R would not limit the use of the tax revenue; it is a "general tax," not a "special tax" that restricts the funds to any specific priorities or purposes. The City may use the funds from the tax for any legitimate governmental purposes.

Measure R would continue until repealed by a majority vote of the voters of the City, or until repealed or suspended by a majority vote of the City Council.

Measure R requires an annual audit by an independent auditor of the revenue received from the tax. The auditor's report must be presented to the Council and made available to the public. Measure R also requires the creation of a citizen committee that will report on the revenue and expenditures from the tax.

The current statewide sales tax rate is 7.25%, only a small portion of which goes directly to cities and counties. Sacramento County has an additional 0.50% tax for transportation maintenance and improvements, and Rancho Cordova has an existing 0.50% transactions and use tax, bringing the current sales tax rate in Rancho Cordova to 8.25%. If Measure R is approved Rancho Cordova's sales tax rate would increase to 8.75%.

Technically, the existing "sales tax" is a combination of "sales and use tax" and "transactions and use tax." With some exceptions, both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the California Department of Tax and Fee Administration, which administers the tax. Measure R has exemptions typical of this type of tax.

Measure R would authorize a 0.50% transactions and use tax, increasing the total sales tax rate in Rancho Cordova to 8.75%. Revenue from the tax would go into the City's general fund and be available to support a full range of municipal services.

A "Yes" vote is a vote to approve a 1/2¢ sales tax. A "No" vote is a vote against the tax. Measure R would be approved if it received a simple majority of "Yes" votes.

DATED: August 5, 2020

s/Adam Lindgren, City Attorney of Rancho Cordova

\*\*\*YOU CAN FIND THE MEASURE ARGUMENTS FOLLOWING THE FULL TEXT OF THIS MEASURE\*\*\*

## FULL TEXT OF MEASURE R

### THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The City Council of Rancho Cordova finds that all Recitals are true and correct and are incorporated herein by reference.

SECTION 2. Amendment of Municipal Code. The Rancho Cordova Municipal Code is hereby amended to add Chapter 3.06 to read as follows:

#### **“3.06.010 - Title.**

This Ordinance shall be known as the Rancho Cordova Relief and Recovery 2020 Transactions and Use Tax Ordinance. The City of Rancho Cordova hereinafter shall be called “City.” This ordinance shall be applicable in the incorporated territory of the City.

#### **3.06.020 - 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.

#### **3.06.030 - 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 7285.9 of Part 1.7 of Division 2 which authorizes the City 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 therefore that can be administered and collected by the California Department of Tax and Fee Administration 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 California Department of Tax and Fee Administration 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.

#### **3.06.040 - Contract With State.**

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration 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.

#### **3.06.050 - Transactions Tax Rate.**

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one-half of one percent (0.5%) on the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance, in addition to the rate charged pursuant to Rancho Cordova Municipal Code Title 3, Chapter 3.05.

### **3.06.060 - 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 California Department of Tax and Fee Administration.

### **3.06.070 - Use Tax Rate.**

An excise tax is hereby imposed on the storage, use or other consumption in the City 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 of one-half of one percent (0.5%) of the sales price of the property, in addition to the rate charged pursuant to Rancho Cordova Municipal Code Title 3, Chapter 3.05. 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.

### **3.06.080 - 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.

### **3.06.090 - 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 City 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 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 City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, 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 “City” 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.

1. “A retailer engaged in business in the District” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

**3.06.100 - 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.

**3.06.110 - 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 City which is shipped to a point outside the City, 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 City 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-City 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-City 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 City 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 City 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 City or participates within the City 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 City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
  7. "A retailer engaged in business in the City" 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 City.
- 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 district 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.

### **3.06.120 - 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.

### **3.06.130 - 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 City, or against any officer of the State or the City, 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.

### **3.06.140 - Annual Audit, Committee.**

Annually the City Council retains an independent auditor to conduct an audit of and provide audited financial statements for all of the City's financial activities. The auditor shall include an accounting of the revenue received from the tax in the audited financial statements. The auditor's report shall be presented to the Council and made available to the public. There shall also be a committee consisting of no fewer than five (5) members of the public to review and report on the receipt of revenue and the expenditure of funds from the tax authorized by this chapter for consistency with City Council direction regarding the expenditure of the funds. The committee members shall be Rancho Cordova residents, students or business representatives. The auditors' annual report required by this section shall be provided to the committee. The City Council shall by resolution establish the composition of the committee, setting the terms of office of the committee members, and further defining the scope of the committee's responsibilities.

### **3.06.150 – Amendments by City Council.**

The following amendments to this Chapter must be approved by the voters of the City: increasing the tax rate or revising the methodology for calculating the tax such that a tax increase would result; imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of Section 12); or extending the tax. The City Council may otherwise amend this Chapter without submitting the amendment to the voters for approval.

### **3.06.160 - Termination Date.**

The authority to levy the tax imposed by this Ordinance shall continue until this ordinance is repealed by a majority vote of the voters of the City, or until it is repealed or suspended or by a majority vote of the City Council, in the event that the City Council repeals or suspends the tax, it may resume collection without voter approval as long as the transactions tax rate and use tax rate are not higher than the rates set forth in Sections 3.06.050 and 3.06.070, respectively."

SECTION 3. Adjustment of Appropriations Limit. Pursuant to Article XIII B of the Constitution of the State of California and applicable laws, the appropriations limit for the City is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2020-21 and each year thereafter.

SECTION 4. Compliance with the California Environmental Quality Act. The approval of this Ordinance is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq., "CEQA," and 14 Cal. Code Reg. §§ 15000 et seq., "CEQA Guidelines"). This Ordinance imposes a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b) (4), the Ordinance is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the city would undertake the required CEQA review for that particular project. Therefore, pursuant to CEQA Guidelines section 15060, CEQA analysis is not required.

SECTION 5. 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 6. Effective Date. This Ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

s/David M. Sander  
Mayor

s/Stacy Leitner, CMC  
City Clerk

s/Adam Lindgren  
City Attorney



## ARGUMENT IN FAVOR OF MEASURE R

During these uncertain times Rancho Cordova needs the resources to respond swiftly and effectively to the coronavirus pandemic and other emergencies. That's why a broad coalition of dedicated homeowners, community leaders and business owners is supporting Measure R.

Voting Yes on Measure R ensures that Rancho Cordova has the resources to respond to a crisis. Measure R will enable our city to help our small businesses reopen and restart, and it will spur economic growth by addressing critical infrastructure needs in our roads, sidewalks, and trail system. It will also help the city work with our school districts to help struggling families with access to childcare options, and support our most vulnerable – our seniors, youth, veterans and homeless population.

Yes on Measure R is about local control. We voted to become a city so we could take control of what happened in Rancho Cordova. We became a city to guarantee that local money stayed right here in our neighborhoods. No funds generated by Measure R can be taken by the State or County and we decide on the programs it funds.

Local small business owners are supporting Measure R because during these difficult times our local small businesses need help to keep their doors open when the state has forced so many to close to keep us safe. Rancho Cordova homeowners know to keep our neighborhoods healthy, clean and safe; we need to improve our emergency response and expand programs to address homelessness.

Measure R provides us with the resources to keep current programs fully funded during the pandemic and beyond, without these resources future initiatives maybe be cut or delayed.

If you believe in Rancho Cordova, have pride in what we've built, and believe we can be stronger tomorrow by working together please Vote Yes on Measure R.

s/Linda Budge  
AICP, Council Member, City of Rancho Cordova, Mayor (04, 08, 13, 18)

s/Christopher Clark  
President, Folsom Cordova Unified School District

s/Conrade Mayer  
Executive Director, Mentors at Cordova High

s/Joshua Wood  
CEO, Sacramento Region Business Association

s/Sharon Stone Smith  
Executive Director, Children's Museum

**\*\*\*NO REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE R WAS FILED\*\*\***

**\*\*\*NO ARGUMENT AGAINST MEASURE R WAS FILED\*\*\***

**\*\*\*NO REBUTTAL TO ARGUMENT AGAINST MEASURE R WAS FILED\*\*\***