

**CITY OF RANCHO CORDOVA
MEASURE H**

H To enhance City services, facilities and programs, including: enhancing anti-gang/youth violence prevention programs; increasing neighborhood police patrols; fixing streets faster; expanding children/teen after-school programs; removing blight/revitalizing vacant buildings along Folsom Boulevard; building community facilities for seniors/working adults/children; and other general city services; shall the City of Rancho Cordova enact a ½ cent sales tax, that cannot be taken by the State, requiring annual audits and all funds be spent in Rancho Cordova?

IMPARTIAL ANALYSIS OF MEASURE H

Prepared by City Attorney

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

In placing Measure H on the ballot, the City Council explained that a recent survey shows residents of Rancho Cordova are happy with their quality of life. According to a report on Measure H prepared by City staff, the tax would provide over \$5 million for the City per year, significantly increasing the City's ability to address community priorities. Measure H 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 funds from the tax for any legitimate governmental purpose.

The proposed tax would continue until repealed by a majority vote of the voters of the City, or until repealed or suspended or by a majority vote of the City Council.

Measure H requires an annual audit by an independent auditor of the revenue received from the tax. The audit is not required to separately identify what the proceeds of the tax are used to purchase. The auditor's report must be presented to the Council and made available to the public.

The statewide sales tax rate is 7.5% only a very small portion of which is distributed to counties and cities. Voters in Sacramento County have approved an additional half-cent tax for transportation maintenance and improvements, bringing the current sales tax rate in Rancho Cordova to 8%. If Measure H is approved by the voters, Rancho Cordova's sales tax rate would increase to 8.5%.

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 State Board of Equalization, which administers the tax.

Measure H would authorize a 0.50% transactions and use tax, increasing the total sales tax rate in Rancho Cordova to 8.5%. Revenue from the tax would go to the City's general fund and be available to support the full range of municipal services.

A "Yes" vote is a vote to approve a half-cent sales tax. A "No" vote is a vote against the tax. Measure H would be approved if it received a simple majority of "Yes" votes.

DATED: July 29, 2014

s/Adam Lindgren, City Attorney
City of Rancho Cordova

FULL TEXT OF MEASURE H

**THE PEOPLE OF THE CITY OF RANCHO CORDOVA DO
ORDAIN AS FOLLOWS:**

SECTION 1. Incorporation of Recitals. The People of Rancho Cordova find 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 3.05 to read as follows:

3.05.010 - Title.

This Ordinance shall be known as the Rancho Cordova 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.

3.05.020 - 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.

3.05.030 - 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 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.

3.05.040 - Contract With State.

Prior to the operative date, the City shall contract with the State Board of Equalization 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 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.

3.05.050 - 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.

3.05.060 - 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 State Board of Equalization.

3.05.070 - 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. 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.

3.05.080 - 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.

3.05.090 - 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 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 City 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 "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.

3.05.100 - 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.

3.05.110 - 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.

3.05.120 - 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.

3.05.130 - 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.

3.05.140 - Annual Audit.

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.

3.05.150 – 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.

3.05.160 - 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 3.05.050 and 3.05.070, 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 2014-15 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.

The foregoing Ordinance was approved by the following vote of the People of the City of Rancho Cordova on November 4, 2014:

YESSES:

NOES:

The foregoing Ordinance was adopted by Declaration of the vote at the November 4, 2014 election by the City Council of the City of Rancho Cordova on _____, 2014:

AYES:

NOES:

ABSENT:

ABSTAIN:

Dan Skoglund, Mayor

ATTEST:

Mindy Cuppy, MMC, City Clerk

APPROVED AS TO FORM:

Adam U. Lindgren, City Attorney

ARGUMENT IN FAVOR OF MEASURE H

Voting Yes on H will allow the City of Rancho Cordova to increase neighborhood police services, enhance anti-gang and youth violence prevention programs, and fund improvements along Folsom Boulevard with the removal of blighted buildings and additional community police patrols.

Rancho Cordova became a city in 2003 because we were tired of settling for less while other areas got attention and resources. We immediately got to work on what was important to us. We began removing eyesore vehicles from city streets, brought street sweeping back, improved neglected parks, and reduced violent crime. You voted for local control and by working together we have balanced the budget every year and continued to provide the vital city services that make the City of Rancho Cordova a great place to live, work, and play.

But it is time to do more. With our economy improving, now is the perfect time to invest in Rancho Cordova's future. It is time for Measure H. Measure H will provide the funding necessary to improve our infrastructure, fix streets faster, remove vacant buildings and finally revitalize the Folsom Boulevard corridor.

By voting Yes on Measure H, the City of Rancho Cordova will have the ability to fund new investments in our community. Measure H will give us the resources needed to expand after-school programs for our children and teens or build and repair recreation facilities for seniors, veterans, and children.

This measure provides local control over funds. No funds can be taken by the state!

Rancho Cordova is a great city full of resourceful families and proud neighborhoods with rich histories. Measure H will enable Rancho Cordova to forge lasting solutions that will benefit our neighborhoods for years to come and create a stronger city. Join us in showing your Rancho Cordova hometown pride, by voting Yes on Measure H.

The undersigned proponent(s) or author(s) of the primary argument in favor of ballot measure H at the General Municipal Election for the City of Rancho Cordova to be held on Tuesday, November 4, 2014 hereby state this argument is true and correct to the best of their knowledge and belief.

s/Robert J. McGarvey, Rancho Cordova Vice-Mayor
s/Guy Anderson, Cordova High School Baseball Coach
s/Kevin Mickelson, President Sacramento County Deputy Sheriffs' Association
s/Karen Anderson, Rancho Cordova Business Owner
s/Zak Ford, President Folsom Cordova School Board

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE H

Measure H is supported by a broad coalition of dedicated homeowners, community leaders, and business owners because we are proud of Rancho Cordova and are willing to work to make our city better. Voting Yes on Measure H keeps our city moving in the right direction.

Yes on H 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 H can be taken by the State or County.

Measure H is the necessary next step for our City, directly benefiting everyone in Rancho Cordova, allowing our proud city to invest in youth violence prevention, improve police protection, and expand community centers and parks.

Local business owners know that to attract new business, restaurants, and entertainment, we need to revitalize Folsom Boulevard. Rancho Cordova homeowners know that to reduce crime and to increase property values, we need to revitalize the Folsom corridor and improve neighborhood policing. Measure H provides us with the resources to directly address areas in Rancho Cordova that we all agree need improving.

If you believe that Rancho Cordova is headed in the right direction and want to take this opportunity to make the

improvements that our community deserves, please stand alongside your neighbors and vote Yes on Measure H. Join us as we show our hometown pride and vote Yes on Measure H.

The undersigned proponent(s) or author(s) of the primary rebuttal argument in favor of ballot measure H at the General Municipal Election for the City of Rancho Cordova to be held on Tuesday, November 4, 2014 hereby state this argument is true and correct to the best of their knowledge and belief.

s/Robert J. McGarvey, Rancho Cordova Vice-Mayor
s/Mark Baxter, Deputy Sheriff, Rancho Cordova Police Department
s/Zak Ford, President Folsom Cordova School Board
s/George Burnash, Rancho Cordovan of the Year 2014

ARGUMENT AGAINST MEASURE H

Vote NO because this 8.5% sales tax will make Rancho Cordova more expensive than our neighbors: Citrus Heights, Folsom, Fair Oaks, Carmichael, Elk Grove, Orangevale. This will hurt Rancho Cordova, extracting over \$5 million per year from the local economy draining local businesses and jobs.

Vote NO because this is a blank check for local politicians with no expiration. The measure is misleading, with no requirement it be spent on "safety", "blight", or the items mentioned. Let City Council put a 'special tax' with expiration on the ballot instead, so there will be accountability how funds are spent.

Vote NO because last year City Council gave \$6.4 million in public assets to a private company (not based in Rancho Cordova) as part of a risky investment which has not seen returns. They are already asking the public to pay more, when those millions could have been prioritized for "safety" or "blight".

Vote NO because City Council is not demonstrating fiscal responsibility to be trusted with a blank check. Any increase in the tax rate simply accelerates the rate of City spending. City leaders must be accountable to prioritize spending from revenue under the existing tax structure.

Signed:

The undersigned proponent(s) or author(s) of the primary argument against ballot measure H at the General Municipal Election of the City of Rancho Cordova to be held on Tuesday, November 4, 2014 hereby state this argument is true and correct to the best of their knowledge and belief.

s/Steven Vincent
Date: 8/6/2014
s/Lynn Keay
Date: 8/7/2014

NO REBUTTAL TO ARGUMENT AGAINST MEASURE H WAS FILED