



Date: August 13, 2024

Honorable Mayor and Council Members:

Andy Morris, Town Attorney and Alfred Knotts, Transportation Program Manager

Title: Ordinance for One Half Percent (1/2%) General Sales Tax Measure to Fund Town Essential Services

Jen Callaway, Town Manager

Recommended Action: That Council introduce and waive the first reading of Ordinance 2024-07 establishing a one-half percent (1/2%) transactions and use tax, contingent on voter approval of the “Town Essential Services Tax Measure” at the November 5, 2024 election.

Discussion:

Purpose of Town Essential Services 1/2 Percent General Sales Tax

The Town Council previously adopted Resolution 2024-48 authorizing the placement of “Town Essential Services Tax Measure” (Measure) general tax measure on the November 2024 ballot to fund programs, services, and projects to support Town essential services. The tax would technically be a “transactions and use tax,” although it greatly resembles a sales tax and has commonly been referred to as a sales tax. If approved by the voters, the Measure would add a ½% to the sales tax rate in Truckee for a period of 15 years. It should be noted that Nevada County is responsible for assigning the formal alphabetic measure identifier which has not yet occurred. As such, the ballot measure is referred to as “Measure” for the purposes of this staff report.

If the Measure is approved, the Town will need to contract with the California Department of Tax and Fee Administration (CDTFA), previously the Board of Equalization, to administer and collect the tax. CDTFA administers transactions and use taxes, and the substance of the Measure, along with the procedure used to approve it, needs to meet CDTFA requirements. Subsequent to the Council’s adoption of the resolution placing the Measure on the November 2024 ballot, CDTFA requires the Council to adopt an ordinance implementing the tax measure.

CDTFA has a model ordinance form that it strongly recommends cities and counties use for this purpose, with no changes. Use of the model ordinance is not strictly mandatory, but not using the model may delay and complicate efforts to obtain CDTFA consent to administer the tax on behalf of the Town. The ordinance attached as **Attachment A** uses this form, which is different in several respects from the Town’s usual ordinance format.

Among other differences, the CDTFA model form uses the term “City” instead of our usual “Town.” The Town has previously discussed this issue with CDTFA staff as part of past tax measures, and in the past, they specifically requested that we not change this aspect of the ordinance. The CDTFA model ordinance also lacks recitals, which Town ordinances typically include. These differences will not affect the validity of the ordinance, and CDTFA staff have reviewed the attached ordinance in advance and indicated that it will be acceptable to CDTFA, as proposed.

Priority:

<input checked="" type="checkbox"/>	Enhanced Communication	<input checked="" type="checkbox"/>	Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/>	Housing
<input checked="" type="checkbox"/>	Infrastructure Investment	<input checked="" type="checkbox"/>	Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/>	Core Service

Fiscal Impact: Approval of a ½% a general sales tax would generate approximately \$3.5 million per year to support Town Essential Services. This funding would ensure the Town has the necessary fiscal resources to continue to not only support existing projects, programs, and services into the future but also allow for implementation of new General Plan policies and associated projects, programs, and services that are currently unfunded. Examples of these projects, programs, and services are those related to environmental protection and restoration, affordable and workforce housing, transit services, and public safety, including emergency preparedness.

Public Communication: Prior to adoption of Resolution 2024-48, staff provided several presentations to Council regarding this sales tax measure and conducted two public opinion surveys. In addition, staff have had ongoing meetings with community stakeholders, including presentations to several community groups and boards such as the Tahoe Forest Hospital, Truckee Downtown Merchants Association, Truckee Chamber of Commerce, and Visit Truckee-Tahoe.

Attachments:

Attachment A – Ordinance 2024-07

ATTACHMENT A

TOWN OF TRUCKEE
California

ORDINANCE 2024-07

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF TRUCKEE IMPOSING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

The Town Council of the Town of Truckee Does Ordain as Follows:

SECTION 1. TITLE.

This ordinance shall be known as the 2024 Truckee Transactions and Use Tax Ordinance. The Town of Truckee is referred to in this ordinance as “Town” or “City”. This ordinance shall be applicable in the incorporated territory of the City.

SECTION 2. OPERATIVE DATE.

“Operative Date” means April 1, 2025, which is the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance.

SECTION 3. 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 in November 2024.
- 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 therefor 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.

SECTION 4. 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.

SECTION 5. 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 0.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the Operative Date of this ordinance.

SECTION 6. 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.

SECTION 7. 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 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.

SECTION 8. 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.

SECTION 9. 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.

SECTION 10. 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.

SECTION 11. 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 or her 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.

SECTION 12. 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.

SECTION 13. 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.

SECTION 14. 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 15. EFFECTIVE DATE.

This Ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

SECTION 16. TERM.

The authority to levy the tax imposed by this ordinance shall remain in effect for 15 years, expiring on March 31, 2040 unless repealed or extended by Truckee voters.

SECTION 17. AUDIT AND REVIEW.

The proceeds of the tax imposed by this Ordinance, as well as the expenditure thereof, shall be audited from time to time. The results of such audits shall be presented to the Town Council at a meeting of the Town Council that is open to the public. The Town is hereby authorized to incur indebtedness in the form of bonds, notes, contractual obligations or other evidences of indebtedness authorized authorized by law to finance or refinance costs described herein, and to pay any and all costs of issuing or incurring such indebtedness, to fund reserve funds, capitalized interest, costs of capital enhancement, costs of interest rate hedging arrangements or any other financing costs associated with such indebtedness.

SECTION 18. CERTIFICATION; PUBLICATION.

Upon approval by the voters, the Town Clerk shall certify to the passage and adoption of this ordinance and shall cause it to be published according to law and transmitted to the California Department of Tax and Fee Administration.

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The foregoing ordinance was introduced at a regular meeting of the Truckee Town Council held on the ___ day of _____ 2024, and adopted at a regular meeting of the Truckee Town Council, on the ___ day of _____; 2024; _____ moved for the adoption, the motion was seconded by _____ and was carried by the following vote:

AYES:

NOES:

ABSENT:

David Polivy, Mayor

ATTEST:

Kelly Carpenter, Town Clerk

APPROVED AS TO FORM:

Andy Morris, Town Attorney