



**TO:** Mayor and Councilmembers

**FROM:** Deborah Lopez, City Clerk

**SUBJECT:** Resolutions to Hold a General Municipal Election on November 3, 2020 for the Election of Certain Officers and Submission to Qualified Voters Questions Relating to a One Cent Sales Tax and Term of Mayor

**RECOMMENDATION:**

- A. Adopt Resolution No. 20-\_\_ entitled "A Resolution of the City Council of the City of Goleta, California Calling for the Holding of a General Municipal Election to Be Held on Tuesday, November 3, 2020 for the Election of Certain Officers as Required by the Provisions of the Law of the State of California Relating to General Law Cities and for the Submission to the Qualified Voters a Question Related to the Term of Office for the Mayor."
- B. Adopt Resolution No. 20-\_\_ entitled "A Resolution of the City Council of the City of Goleta, California Calling for the Placement of a General Tax Measure on the Ballot for the November 3, 2020 General Municipal Election for the Submission to the Qualified Voters of an Ordinance to Enact a General Transactions and Use Tax (Sales Tax) at the Rate of One Cent (1¢)."
- C. Adopt Resolution No. 20-\_\_ entitled "A Resolution of the City Council of the City of Goleta, California, Requesting the Board of Supervisors of the County of Santa Barbara to Consolidate a General Municipal Election to Be Held on November 3, 2020 with the Statewide General Election to Be Held on that Date Pursuant to Elections Code Section 10403."
- D. Adopt Resolution No. 20-\_\_ entitled "A Resolution of the City Council of the City of Goleta, California, Setting Priorities for the Filing of Written Arguments Regarding City Measures and Directing the City Attorney to Prepare an Impartial Analysis."

**BACKGROUND:**

Pursuant to the provisions of the law relating to general law cities in the State of California, a General Municipal Election will be held on Tuesday, November 3, 2020 for the purpose of electing two City Councilmembers for the full term of four years and for the election of a Mayor.

### **Term of Mayor**

At the November 2016 Municipal Election, the Goleta electorate passed Measure C2016, establishing a directly elected Mayor with a term of office of two years. On May 16, 2017, the City Council approved Resolution No. 17-18 establishing the Public Engagement Commission (PEC), an advisory board with the purpose of increasing public engagement in City governance. The PEC was established pursuant to a settlement agreement with the Goleta District Elections Committee. One of the assigned goals for the PEC was to explore whether the directly elected mayor's term should be increased to four years. On February 19, 2020 the PEC recommended that the City Council place a measure on the ballot for the November 2020 General Municipal Election asking the voters to decide whether to increase the Mayor's term of office from two years to four years.

On May 19, 2020, the City Council considered the PEC's recommendation and directed staff to return to the City Council with a resolution to place a measure on the ballot for the November 2020 General Municipal Election asking the voters to decide whether to increase the Mayor's term of office from two years to four years (Attachment 1). If approved by the voters, the term change would go into effect for the 2020 General Election. If not approved, then the two-year term for the Mayor will remain in place. Among the themes cited by the PEC for this recommendation, and considered by the City Council, were lowering the barriers to run for office, encouraging fuller participation in government, and the benefits of more time in office for achieving accomplishments. A full discussion of the PEC recommendation is contained in the May 19, 2020 staff report on this item.

### **Sales Tax Measure**

In the City's Strategic Plan and Fiscal Year 2019/20 work plans, the City Council directed staff to explore new revenue sources to help maintain current service levels and programs while also meeting the demand of the City's growing infrastructure maintenance and improvement needs. The City has significant revenue limitations resulting from the Revenue Neutrality Agreement with the County, and the City's sales tax is one of the lowest in the County. There are more than \$34.5 million in unfunded capital projects and many other community priorities for which insufficient funding exists, such as investing more in pavement and infrastructure maintenance programs and supporting projects and objectives from the City's various strategic plans and goal-setting documents. Due to the COVID-19 pandemic, the City is experiencing significant revenue shortfalls in the projected amount of \$8.6 million in the 2019/20 and 2020/21 fiscal years, and new needs and opportunities have arisen to support the community in overcoming and recovering from the pandemic. A full discussion of the need for funding was included in the May 5, 2020 staff report to City Council on a potential sales tax measure.

The City conducted two separate surveys of likely voters about a general-purpose sales tax measure. The first was in February before the COVID-19 crisis began, and the results were presented to City Council on May 5, 2020. The second was conducted in late May 2020 at the direction of the City Council to see if voter support for such a measure had changed in light of new community challenges presented by the COVID-19 pandemic. The results of the second survey were presented to City Council on June 16, 2020. Both surveys showed likely voter support for a 1% (or 1 cent per dollar) sales tax increase, with the second survey showing stronger, though statistically similar, support.

On June 16, 2020, following the aforementioned presentation of a public opinion poll regarding a potential one cent general sales tax measure, the City Council directed staff to gather the City Council's input and return to Council on July 7, 2020 with an ordinance to place a general purpose sales tax measure on the ballot for the November 3, 2020 General Election (Attachment 2, Exhibit A). In order for such a measure to be placed on the ballot, it must be adopted by a two-thirds vote of the Council, which in the case of a five-member body, requires four out of five members to vote in support.

In response to Council direction, staff submitted a memorandum to the City Council on June 25, 2020 (Attachment 3) which contained additional information about the potential sales tax measure, including: 1) the details of the adoption process for the two-types of add-on sales tax measures; 2) the difference between a General Purpose and a Specific Purpose Tax; 3) specifics about Goleta's current Sales and Use Tax rates; 4) add-on sales tax limits; 5) the difference between a Transactions and Use Tax and Sales and Use Tax; 6) potential impacts of a sales tax increase; and, 7) a summary of alternative revenue options. In addition, City staff included data from a resident vs. non-resident spending analysis in that memorandum, which indicated that the estimated average non-resident generated sales tax revenue in Goleta for the Bradley-Burns 1% Sales and Use Tax is 42.4% and 38% for Transaction and Use Taxes.

### **Process for the Election**

The City Council is required to adopt a resolution calling the election and placing the measures on the ballot (Attachment 1). The City Council is also required to adopt a resolution requesting the County of Santa Barbara to consolidate a General Municipal Election in the City of Goleta with the Statewide General Election scheduled for November 3, 2020 (Attachment 4). Finally, the City Council may, but is not required to, ask the City Attorney to prepare an impartial analysis of a ballot measure. The City Council may, but is not required to, allow Councilmembers to submit written arguments for or against a measure, and the City Council may, but is not required to, allow for rebuttals to arguments for or against a measure. An optional resolution is presented for Council consideration should the Council wish to approve these provisions (Attachment 5).

### **DISCUSSION:**

The current terms of Councilmembers Kasdin and Richards will conclude in December 2020. The term of Mayor Perotte will also conclude on December 2020. Accordingly, the office of Mayor and two City Council offices are to be filled at the November 2020 General Municipal Election. The candidate filing period for the Mayor and the two City Council seats will be July 13, 2020 through August 7, 2020. However, the candidate filing period may be extended to August 12, 2020 for persons other than the incumbents should an incumbent who is eligible to file elect not to file. No incumbent may file during the extended candidate filing period.

The City Council has the opportunity to place two additional questions before the voters: A Proposed Question Relating to Mayor's Term, "Shall the term of office of the mayor be changed from two years to four years?" (Attachment 1), and a Proposed Ordinance Relating to Establishing a 1 cent sales tax per dollar providing approximately \$7,000,000 annually until ended by voters, requiring annual independent audits with all funds benefiting Goleta residents (Attachment 2, Exhibit A).

It should be noted that the placement of a measure on the ballot for consideration of voters does not constitute a City Council endorsement of the measure. However, the City Council may authorize a member or members of the City Council to later file an argument addressing the measure for inclusion in the Official County Voter Information Guide, as explained more fully below.

### **Mayor Term Measure**

By vote of the electorate, pursuant to California Government Code § 34901, the current term of office for the Mayor is two years. The term of office for City Council member seats is four years. To effectuate a change in the term of office of the Mayor, a separate ballot measure question is required to specifically ask the voters to make the term of office of the Mayor four years. Once approved, the resolution authorizes the question to be placed on the ballot. The proposed ballot question in the resolution is defaulted to include text corresponding to an effective date of 2020. The draft question reads as follows:

*“Shall the term of office of the mayor be changed from two years to four years?”*

The vote to place the measure on the ballot requires a simple majority of the City Council (i.e., three of five Councilmembers) and the vote required for the measure to pass is a simple majority (50+1) of the votes cast (Attachment 1).

### **Sales Tax Measure**

As noted above, on June 16, 2020, the City Council directed staff to return to them on July 7, 2020, with a draft ordinance to place a local sales tax measure on the ballot for the November 3, 2020 General Election. If approved, the voters will be asked whether to impose a local one cent (1¢) per dollar Transactions and Use Tax (sales tax) on the sale and/or use of all tangible personal property sold at retail locations in the City of Goleta, excluding food purchased as groceries or prescription medication, providing approximately \$7,000,000 annually until ended by voters. The resolution related to the sales tax measure includes the proposed sales tax ballot measure ordinance (Attachment 2, Exhibit A). If approved, the resolution will authorize the tax measure to be placed on the ballot. As noted above, the vote to place the measure on the ballot requires a two-thirds majority of the City Council (i.e., four of five Councilmembers), and the vote required for the measure to pass is a majority (50+1) of the votes cast (Attachment 2). The proposed ballot question is included in the resolution and reads as follows:

*“To maintain City of Goleta services, to address public health emergencies and natural disasters, support public safety and 911 response, clean and maintain public areas, retain local businesses and jobs, maintain open spaces, repair streets, address homelessness and provide other general City services, shall a measure be adopted establishing a 1¢ sales tax providing approximately \$7,000,000 annually until ended by voters, requiring annual independent audits with all funds staying in Goleta?”*

### **Resolutions to Call Election and Place Measures on the Ballot**

The California Elections Code requires that the City Council adopt the resolutions described in the recommendation to authorize election actions. City staff recommends that the City Council adopt the required resolutions concerning the upcoming November

3, 2020 General Municipal Election to: call the election, consolidate the election, allow the proposed measures to be placed on the ballot (if the City Council so directs), and approve the title and question of the measures to be placed on the ballot. In anticipation of City Council direction, staff has included the requisite resolutions for City Council consideration (Attachments 1, 2 and 4).

Other provisions to be considered by the City Council are optional and include the following. The City Attorney may prepare an impartial analysis of the measure (included in Attachment 1). The City must establish and comply with rules concerning the filing and selection of arguments for and against the measure, and the City must establish rules for rebuttal arguments (to be included in the Official County Voter Information Guide), should the City wish to allow them (Attachment 5). These provisions are described below.

- **Impartial Analysis** – Pursuant to California Elections Code § 9280, City Council may direct the City Clerk to transmit a copy of the measure to the City Attorney to prepare an impartial analysis of the measure showing the effect of the measure on the existing law and operation of the measure. The analysis shall not exceed 500 words and will be printed preceding the arguments for and against the measure. The impartial analysis must be filed by 5:00 p.m. on July 21, 2020 (Attachment 5). The first day the City Clerk's Office could receive the City Attorney's impartial analysis is July 14, 2020 and the last day will be July 21, 2020. The public examination period for the impartial analysis is July 22, 2020 – August 1, 2020.
- **Resolution Authorizing Councilmember(s) to File Written Arguments for the Measure (Optional Resolution)** – Pursuant to California Elections Code § 9282, for measures placed on the ballot by the legislative body, the legislative body, or any member or members of the legislative body authorized by that body, or any individual voter who is eligible to vote on the measure, or bona fide association of citizens, or any combination of voters and associates, may file a written argument for or against any city measure. The City Council or certain Councilmembers may be authorized to author an argument for the measure, if the City Council wishes to do so. Arguments shall not exceed 300 words.

The filing period for arguments is July 14, 2020 – July 21, 2020. Arguments must be submitted and received by the City Clerk by 5:00 p.m. on July 21, 2020 (Attachment 4). Due to this deadline, the City Council would need to name/authorize the elected official(s) who will be the Author(s) of the requisite argument(s) at this meeting.

If the City Council or Councilmembers do not write an argument for the measure, and if more than one argument for the measure is submitted, pursuant to California Elections Code § 9287, the City Clerk will select the argument and give preference and priority as follows:

- 1) The individual voter, or bona fide association of citizens, or combination of voters and associations, who are the bona fide sponsors or proponents of the measure.
- 2) Bona fide associations of citizens.
- 3) Individual voters who are eligible to vote on the measure.

The public examination period for all arguments received is July 22, 2020 – August 1, 2020.

- **Resolution for Filing Rebuttal Arguments (Optional Resolution)** – The rebuttal process only applies if the City Council adopts rebuttal provisions no later than the day on which the election is called. A rebuttal process is included in the draft optional resolution (Attachment 5). Pursuant to California Elections Code § 9285, when the City Clerk receives arguments regarding a measure, the City Clerk will send a copy of the argument in favor of or against the proposition to the author(s) of the other argument immediately upon receiving it.

The author or a majority of the authors of an argument relating to a measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument. A rebuttal argument may not be signed by more than five authors and will appear immediately following the direct argument which it seeks to rebut.

The filing period for rebuttals is July 22, 2020 – July 31, 2020. The rebuttal arguments must be submitted and received by the City Clerk by 12:00 p.m. on July 31, 2020.

The public examination period for all rebuttal arguments received is August 1, 2020 - August 10, 2020.

## **FISCAL IMPACTS:**

The estimated costs associated with the election have been provided by the Santa Barbara County Elections office and are included in the City Clerk Division, Election Costs Account 101-10-1300-54002 for FY 2020-21. Staff is estimating these costs at approximately \$25,000; however, it is likely to be higher given that two potential measures could be placed on the ballot. If both measures are approved to be submitted, staff will return to the City Council to request an appropriation to cover the additional cost if necessary.

Should Council move forward with the local add-on general purpose sales tax measure, and assuming the measure passes at the November election, the City will be required to execute two agreements with the California Department of Tax and Fee Administration (CDTFA) and resolution to designate City employees or third-party consultants to receive and review confidential taxpayer data. Depending on the timing the election results are certified, the tax could become operative as early as April 1, however, given the impacts of COVID-19, it could become operative at the start of FY 2021/22, or July 1. Additionally, there is a one-time implementation and preparatory fee which is invoiced by the CDTFA shortly after the implementation of the new tax. This is separate from the ongoing administration cost which is netted against the sales tax revenues received. The maximum amount by law for preparatory costs is \$175,000. However, the actual amount charged is typically less than \$175,000, particularly in smaller cities where fewer notification mailings are required. The preparatory costs for the past five years have been as low as \$3,900 (City of Angels Camp) to as high as \$18,500 (City of Sacramento).

**ALTERNATIVES:**

The alternatives available to the City Council vary. Since the terms of office for the Mayor and two Council seats are expiring, there are no alternatives to calling for the holding of a General Municipal Election on Tuesday, November 3, 2020 to fill those seats as required by law. Additionally, as staff do not have the expertise or resources to conduct an independent election, there is no reasonable alternative to approving the consolidation of the City's election with the County's statewide election process.

However, as discussed above, Council could elect to forgo requesting an impartial analysis of either of the proposed measures from the City Attorney for inclusion in the voter pamphlet. Council could also decide not to allow arguments for and against the measures or could decide to accept arguments for and against the measures, but not rebuttal arguments. With regard to the ballot measures, Council could elect not to proceed with either or both measures. Alternatively, if Council wished to ask staff to bring back a revised measure, there would be a very short window where staff could schedule a special City Council meeting to do so and still meet the deadlines for the November 2020 election.

With regard to the sales tax measure in particular, the City Council could table the question of a general-purpose sales tax measure and direct staff to bring such a measure back in 2022 for placement on the November 8, 2022 General Election. This is the earliest date after November 2020 that such a general-purpose tax measure could be placed on the ballot by a general law city, unless a unanimous vote of the governing board declares an emergency. If an emergency declaration is passed unanimously with 5 votes, then Council would need to do a second vote to place a tax measure on the ballot, which would require 4 votes to pass.

The City Council could also consider the sales tax measure as a specific purpose tax, which may be placed before the electorate by a two-thirds Council majority (two-thirds is the exception for a special purpose sales tax measure, otherwise other special purpose tax measures require simple majority) either during a general election or in a special election.

The City Council could also consider adjusting the local add-on sales tax rate downward or upward in increments of 0.125%, up to a max of 1.50%. The City Council could also consider other tax revenue alternatives such as a parcel tax, increases to the current Transient Occupancy Tax, Utility User Tax, Business License Tax, Property Transfer Tax, or explore other property related fees and assessments such as benefit assessment districts. Any alternative tax measure types will require further analysis on the feasibility of such potential new revenue source.


**Reviewed By:**

  
Kristine Schmidt  
Assistant City Manager

**Legal Review By:**

  
Michael Jenkins  
City Attorney

**Approved By:**

  
Michelle Greene  
City Manager

**ATTACHMENTS:**

1. Resolution of the City Council of the City of Goleta, California Calling for the Holding of A General Municipal Election to Be Held on Tuesday, November 3, 2020 for the Election of Certain Officers as Required by the Provisions of the Law of the State of California Relating to General Cities and for the Submission to the Qualified Voters A Question Related to the Term of Office for the Mayor.
2. A Resolution of the City Council of the City of Goleta, California Calling for the Placement of a General Tax Measure on the Ballot for the November 3, 2020 General Municipal Election for the Submission to the Qualified Voters of an Ordinance to Enact a General Transactions and Use Tax (Sales Tax) at the Rate of One Cent (1¢).
3. A memorandum to the City Council dated June 25, 2020 regarding Information on tax revenue options and resident vs. non-resident spending data for the City of Goleta.
4. A Resolution of the City Council of the City of Goleta, California, Requesting the Board of Supervisors of the County of Santa Barbara to Consolidate a General Municipal Election to Be Held on November 3, 2020 with the Statewide General Election to Be Held on that Date Pursuant to Elections Code Section 10403,
5. A Resolution of the City Council of the City of Goleta, California, Setting Priorities for the Filing Written Arguments Regarding City Measures and Directing the City Attorney to Prepare an Impartial Analysis.



### **Attachment 1**

**Resolution of the City Council of the City of Goleta, California Calling for the Holding of A General Municipal Election to Be Held on Tuesday, November 3, 2020 for the Election of Certain Officers as Required by the Provisions of the Law of the State of California Relating to General Cities and for the Submission to the Qualified Voters A Question Related to the Term of Office for the Mayor.**

RESOLUTION NO. 20-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2020 FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAW OF THE STATE OF CALIFORNIA RELATING TO GENERAL CITIES AND FOR THE SUBMISSION TO THE VOTERS A QUESTION RELATED TO THE TERM OF OFFICE FOR THE MAYOR**

**WHEREAS**, under the provisions of the laws relating to General Law Cities in the State of California, a General Municipal Election shall be held on November 3, 2020, for the election of Municipal Officers; and

**WHEREAS**, the City Council also desires to submit to the voters at the election a question relating to the mayor term, and;

**WHEREAS**, pursuant to California Elections Code section 9222, the City Council has authority to place local measures on the ballot to be considered at a Municipal Election.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLETA:**

**SECTION 1.** That pursuant to the requirements of the laws of the State of California relating to General Law Cities, there is called and ordered to be held in the City of Goleta, California, on Tuesday, November 3, 2020, a General Municipal Election for the purpose of electing one Mayor (1) for the full term of two or four years and, two (2) Members of the City Council for the full term of four (4) years.

**SECTION 2.** That the City Council pursuant to its right and authority, does order submitted to the voters at the General Municipal Election the following question (hereinafter "Measure"):

"Shall the term of office of the mayor be changed from two years to four years?"	<b>YES</b>
	<b>NO</b>

**SECTION 3.** That the ballots to be used at the election shall be in form and

content as required by law.

**SECTION 4.** That the City Clerk is authorized, instructed and directed to coordinate with the County of Santa Barbara Registrar-Recorder/County Clerk to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

**SECTION 5.** Pursuant to Elections Code section 9280, the City Council hereby directs the City Clerk to transmit a copy of the Measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the Measure, not to exceed 500 words in length, showing the effect of the Measure on the existing law and the operation of the Measure, and transmit such impartial analysis to the City Clerk not later than the deadline for submittal of primary arguments for or against the Measure.

**SECTION 6.** The impartial analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, nor in the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-font bold type, the following: **“The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If you desire a copy of the ordinance or measure, please call the Office of the City Clerk at (805) 961-7505 and a copy will be mailed at no cost to you.”**

**SECTION 7.** That the polls for the election shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls shall be closed, pursuant to Election Code Section 10242, except as provided in section 14401 of the Elections Code of the State of California.

**SECTION 8.** Notice of the election is hereby given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

**SECTION 9.** Placement on the Ballot. The full text of the Measure shall not be printed in the voter information guide, and a statement shall be printed on the ballot pursuant to Elections Code section 9223 advising voters that they may obtain a copy of this Resolution and the Measure, at no cost, upon request made to the City Clerk.

**SECTION 10.** Filing with County. The City Clerk shall, not later than the 88th day prior to the General Municipal Election to be held on Tuesday, November 3, 2020, file with the Board of Supervisors and the County Clerk – Registrar of Voters of the County of Santa Barbara, State of California, a certified copy of this Resolution.

**SECTION 11.** Public Examination. Pursuant to Elections Code section 9295, this Measure will be available for public examination for no fewer than ten (10) calendar days prior to being submitted for printing in the voter information guide. The City Clerk shall post notice in the Clerk's office of the specific dates that the examination period will run.

**SECTION 12.** The City Council hereby finds and determines that the Measure relates to organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment, and therefore is not a project within the meaning of the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines, section 15378(b)(5).

**SECTION 13.** Severability. The provisions of this Resolution are severable and if any provision of this Resolution is held invalid, that provision shall be severed from the Resolution and the remainder of this Resolution shall continue in full force and effect, and not be affected by such invalidity.

**SECTION 14.** This Resolution shall become effective upon its adoption.

**SECTION 15.** The City Clerk shall certify to the adoption of this Resolution.

**SECTION 16** That the City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

**PASSED AND ADOPTED** by the City Council of the City of Goleta this 7th day of July 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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PAULA PEROTTE  
MAYOR

ATTEST:

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DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

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MICHAEL JENKINS  
CITY ATTORNEY

## **Attachment 2**

**A Resolution of the City Council of the City of Goleta, California Calling for the Placement of a General Tax Measure on the Ballot for the November 3, 2020 General Municipal Election for the Submission to the Qualified Voters of an Ordinance to Enact a General Transactions and Use Tax (Sales Tax) at the Rate of One Cent (1¢).**

**RESOLUTION NO. 20-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
GOLETA, CALIFORNIA CALLING FOR THE PLACEMENT OF A  
GENERAL TAX MEASURE ON THE BALLOT FOR THE  
NOVEMBER 3, 2020 GENERAL MUNICIPAL ELECTION FOR THE  
SUBMISSION TO THE QUALIFIED VOTERS OF AN ORDINANCE  
TO ENACT A GENERAL TRANSACTIONS AND USE TAX (SALES  
TAX) AT THE RATE OF ONE CENT (1¢)**

**WHEREAS**, the City Council of the City of Goleta ("City") is authorized to levy a Transactions and Use Tax ("sales tax") for general purposes pursuant to California Revenue and Taxation Code section 7285.9, subject to approval by a majority vote of the electorate pursuant to Article XIII C, section 2 of the California Constitution ("Proposition 218"); and

**WHEREAS**, pursuant to California Elections Code section 9222, the City Council has authority to place local measures on the ballot to be considered at a Municipal Election; and

**WHEREAS**, the City Council would like to submit to the voters at the November 3, 2020 General Municipal Election a measure enacting a general sales tax at a rate of one cent (1¢) per dollar on the sale and/or use of all tangible personal property sold at retail in the City until it is ended by voters, as more specifically set forth in the attached proposed ordinance adding Chapter 3.10 to Title 3 of the City's Municipal Code; and

**WHEREAS**, the one cent (1¢) sales tax is a general tax, the revenue of which will be placed in the City's general fund and will be used to pay for important general City services; and

**WHEREAS**, on November 6, 1996, the voters of the State of California approved Proposition 218, an amendment to the State Constitution which requires that all general taxes which are imposed, extended or increased must be submitted to the electorate and approved by a majority vote of the qualified electors voting in the election; and

**WHEREAS**, pursuant to Proposition 218 (California Constitution, Article XIII C, § 2(b)), the general rule is that any local election for the approval of an increase to a general tax must be consolidated with a regularly scheduled general election for members of the governing body of the local government; and

**WHEREAS**, the next regularly scheduled general election at which City Council members are to be elected is November 3, 2020; and

**WHEREAS**, pursuant to Government Code section 53724 ("Proposition 62") and Revenue and Taxation Code section 7285.9, a two-thirds (2/3) vote of all members of the City Council is required to place the Measure on the November 3, 2020 ballot; and

**WHEREAS**, the ordinance to be considered by the qualified voters and the terms of approval, collection and use of the general sales tax are described and provided for in the ordinance/measure attached hereto as Exhibit "A" (the "Measure") and by this reference made an operative part hereof, in accordance with all applicable laws.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GOLETA:**

**SECTION 1.** Incorporation of Recitals. The foregoing recitals are true and correct and are hereby incorporated and made an operative part of this Resolution.

**SECTION 2.** Submission of Ballot Measure. Pursuant to California Elections Code section 9222, Government Code section 53724, Revenue and Taxation Code section 7285.9 and any other applicable requirements of the laws of the State of California relating to the City, the City Council, **by a two-thirds (2/3) vote of all members**, hereby orders the Measure to be submitted to the voters of the City at the General Municipal Election to be held on **Tuesday, November 3, 2020**.

**SECTION 3.** The City Council, pursuant to California Elections Code section 9222, hereby orders that the Measure shall be presented and printed upon the ballot submitted to the qualified voters in the manner and form set forth in this Section 3. On the ballot to be submitted to the qualified voters at the General Municipal Election to be held on Tuesday, November 3, 2020, in addition to any other matters required by law, there shall be printed substantially the following ballot question:

<i>"To maintain City of Goleta services, to address public health emergencies and natural disasters, support public safety and 911 response, clean and maintain public areas, retain local businesses and jobs, maintain open spaces, repair streets, address homelessness and provide other general City services, shall a measure be adopted establishing a 1% sales tax providing approximately \$7,000,000 annually until ended by voters, requiring annual independent audits with all funds staying in Goleta?"</i>	<b>YES</b>
	<b>NO</b>

**SECTION 4.** Conduct of Election. The City Clerk is authorized, instructed, and directed to procure and furnish any and all official ballots, printed matter and all supplies, equipment and paraphernalia that may be necessary in



order to properly and lawfully conduct the election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

**SECTION 5.** Pursuant to Elections Code section 9280, the City Council hereby directs the City Clerk to transmit a copy of the Measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the Measure, not to exceed 500 words in length, showing the effect of the Measure on the existing law and the operation of the Measure, and transmit such impartial analysis to the City Clerk not later than the deadline for submittal of primary arguments for or against the Measure.

The impartial analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, nor in the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-font bold type, the following: **“The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If you desire a copy of the ordinance or measure, please call the Office of the City Clerk at (805) 961-7505 and a copy will be mailed at no cost to you.”**

**SECTION 6.** Notice of the election is hereby given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

**SECTION 7.** Placement on the Ballot. The full text of the Measure shall not be printed in the voter information guide, and a statement shall be printed on the ballot pursuant to Elections Code section 9223 advising voters that they may obtain a copy of this Resolution and the Measure, at no cost, upon request made to the City Clerk.

**SECTION 8.** Filing with County. The City Clerk shall, not later than the 88th day prior to the General Municipal Election to be held on Tuesday, November 3, 2020, file with the Board of Supervisors and the County Clerk – Registrar of Voters of the County of Santa Barbara, State of California, a certified copy of this Resolution.

**SECTION 9.** Public Examination. Pursuant to Elections Code section 9295, this Measure will be available for public examination for no fewer than ten (10) calendar days prior to being submitted for printing in the voter information guide. The City Clerk shall post notice in the Clerk’s office of the specific dates that the examination period will run.

**SECTION 10.** The City Council hereby finds and determines that the Measure relates to organizational or administrative activities of governments that

will not result in direct or indirect physical changes in the environment, and therefore is not a project within the meaning of the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines, section 15378(b)(5).

**SECTION 11.** Severability. The provisions of this Resolution are severable and if any provision of this Resolution is held invalid, that provision shall be severed from the Resolution and the remainder of this Resolution shall continue in full force and effect, and not be affected by such invalidity.

**SECTION 12.** This Resolution shall become effective upon its adoption.

**SECTION 13.** The City Clerk shall certify to the adoption of this Resolution.

**PASSED AND ADOPTED** by the City Council of the City of Goleta this 7th day of July 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

PAULA PEROTTE  
MAYOR

ATTEST:

---

DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

---

MICHAEL JENKINS  
CITY ATTORNEY



Exhibit "A"  
Transactions and Use Tax Ordinance

[attached behind this page]

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE PEOPLE OF THE CITY OF GOLETA, CALIFORNIA,  
ADDING CHAPTER 3.10 TO TITLE 3 OF THE GOLETA MUNICIPAL CODE TO  
ENACT A ONE CENT (1¢) GENERAL TRANSACTIONS AND USE TAX (SALES TAX)  
TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE  
ADMINISTRATION**

**WHEREAS**, pursuant to California Revenue and Taxation Code section 7285.9 the City of Goleta ("City") is authorized to levy a Transactions and Use Tax for general purposes, subject to majority voter approval; and

**WHEREAS**, the People of the City desire to levy a Transactions and Use Tax for general purposes until repealed to fund important general City services, at a rate of one cent (1¢); and

**WHEREAS**, if approved by the City Council and Goleta voters, the Transactions and Use Tax Ordinance will be incorporated into Chapter 3.10 of Title 3 of the Goleta Municipal Code.

**NOW, THEREFORE, THE PEOPLE OF THE CITY OF GOLETA DO HEREBY  
ORDAIN AS FOLLOWS:**

**Section 1. Title and Text.** This Ordinance shall be known as the Goleta Transactions and Use Tax Ordinance, the full text of which is set forth in Attachment "1", attached hereto and incorporated herein by reference.

**Section 2. Approval by the City Council.** Pursuant to California Government Code section 53724 and Revenue and Taxation Code section 7285.9, this Ordinance was duly approved for placement on the ballot by a minimum two-thirds (2/3) supermajority of all members of the City Council on July 7, 2020.

**Section 3. Approval by the Voters.** Pursuant to California Elections Code section 9217, this Ordinance shall be deemed adopted and take effect only if approved by a majority of the eligible voters of the City of Goleta voting at the General Municipal Election of November 3, 2020. It shall be deemed adopted when the City Council has certified the results of that election by resolution and shall take effect ten (10) days thereafter.

**Section 4. Operative Date.** "Operative Date" for the Transactions and Use Tax means the first day of the first calendar quarter commencing more than 110 days after the date this Ordinance is adopted, as set forth in Section 3 above.

**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.

I hereby certify that the Goleta Transactions and Use Tax Ordinance was **PASSED, APPROVED, AND ADOPTED** by the People of the City of Goleta on the 3rd day of November 2020.

CITY OF GOLETA

---

PAULA PEROTTE, MAYOR

ATTEST:

---

DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

---

MICHAEL JENKINS  
CITY ATTORNEY

## **Chapter 3.10 - Transactions and Use Tax**

### **Sections:**

- 3.10.010 - Purpose.**
- 3.10.020 - Contract with State.**
- 3.10.030 - Transactions Tax Rate.**
- 3.10.040 - Place of Sale.**
- 3.10.050 - Use Tax Rate.**
- 3.10.060 - Adoption of Provisions of State Law.**
- 3.10.070 - Limitations on Adoption of State Law and Collection of Use Taxes.**
- 3.10.080 - Permit Not Required.**
- 3.10.090 - Exemptions and Exclusions.**
- 3.10.100 - Amendments.**
- 3.10.110 - Enjoining Collection Forbidden.**
- 3.10.120 – Duration of Tax**

### **Sections:**

#### **3.10.010 - 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.

### **3.10.020 - 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.

### **3.10.030- 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 percent (1%) 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.

### **3.10.040 - 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.

### **3.10.050 - 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 percent (1%) 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.

### **3.10.060 - 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.

### **3.10.070 - 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, California Victim Compensation Board, California Department of Tax and Fee Administration, 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 reference to 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 of the Revenue and Taxation Code 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.

### **3.10.080 - 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.

### **3.10.090 - 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 subsection, 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 subsection, 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.

### **3.10.100 - 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.

### **3.10.110 - 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.

### **3.10.120 – Duration of Tax.**

The tax imposed by this chapter shall continue until this ordinance is repealed.

### **Attachment 3**

**A** memorandum to the City Council dated June 25, 2020 regarding Information on tax revenue options and resident vs. non-resident spending data for the City of Goleta.



## MEMORANDUM

**DATE:** June 25, 2020

**TO:** Mayor and Councilmembers

**FROM:** Michelle Greene, City Manager

**SUBJECT:** Information on Tax Revenue Options and Draft Resident vs Non-Resident Spending data for the City of Goleta

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### SUMMARY:

The purpose of this memo is to provide the City Council with additional data that may assist you as you consider the potential sales tax measure and/or other revenue enhancement options. After conducting further research on the City of Goleta's potential adoption of an ordinance to place a new 1% (or one cent) sales tax measure on the November 3, 2020 ballot, staff identified additional information that may be of interest to the City Council. This material encompasses: 1) the details of the adoption process for the two-types of add-on sales taxes measures; 2) the difference between a General Purposes and a Specific Purpose Tax; 3) specifics about Goleta's current Sales and Use Tax rates; 4) add-on sales tax limits; 5) the difference between a Transactions and Use Tax and Sales and Use Tax; 6) potential impacts of a sales tax increase; and, 7) a summary of alternative revenue options. In addition, City staff received HdL's draft resident vs non-resident spending analysis (a summary of the results is provided below).

### DISCUSSION

#### **Adoption Process for Add-on Sales Tax (District Tax, Transactions and Use Tax)<sup>1</sup>**

In order for a governing body of any city to levy, increase or extend a transactions and use tax (TUT) for **general purposes**, an ordinance proposing the tax must be approved by a two-thirds vote of all members of the governing body and the tax must be approved by the a majority vote of the qualified voters of the city voting in an election on the issue (California Revenue and Taxation Code 7251.1). For a **specific purpose**, this requires a two-thirds vote of all members of the governing body and the tax must be approved by

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<sup>1</sup> Add-on sales tax, is also known as transactions and use tax and district tax.



two-thirds vote of the qualified voters. Figure 1 summarizes clarifying information regarding the adoption rules for an add-on sales tax.

**Figure 1<sup>2</sup>**

What section of the law allows for the imposition of district taxes?

Entity	Purpose	Adoption Rules	Legislation
County	General Purpose tax	2/3 vote of Board of Supervisors <b>and</b> majority of voters	7285
	Specific Purpose tax (expenditure plan required)	2/3 vote of Board of Supervisors <b>and</b> 2/3 majority of voters	7285.5
City	General Purpose tax	2/3 vote of City Council <b>and</b> majority of voters	7285.9
	Specific Purpose tax (expenditure plan required)	2/3 vote of City Council <b>and</b> 2/3 majority of voters	7285.91
County Authority	Transportation Authority	2/3 vote of Board of Supervisors <b>and</b> 2/3 majority of voters	PUC Divisions 10-25

Special jurisdictions can also be created when authorized by special and specific legislation.

### General Purposes vs. Specific Purpose Tax

Taxes fall into one of two categories: general or special. As noted above, a simple majority approval is required for general purpose taxes. A simple majority means 50% of voters plus one additional voter. A general tax is a tax: 1) levied by a general-purpose government (city or county); and, 2) expended at the discretion of the local government's governing body on any programs or services. All non-property taxes which cities and counties are authorized to levy may be imposed as general taxes. A general tax is imposed to raise general-purpose revenues. Counties and cities may use revenues from a general tax for any lawful public purpose. A simple majority of voters also must approve the decision to increase or extend a general tax. A general tax may only be submitted for voter approval at an election for city council or board of supervisors seats, unless a unanimous vote of the governing board declares an emergency.

Special taxes require approval from two-thirds of local voters. Definitions of a special tax are as follows: 1) Special-Purpose District Tax (all taxes, other than property taxes for infrastructure bonds, levied by special districts, school districts, and community college districts are special taxes); 2) Tax Dedicated to a Specific Purpose (a city or county tax dedicated to a specific purpose or specific purposes, including a tax for a specific purpose deposited to the agency's general fund. All non-property taxes that cities and counties are authorized to levy may be raised as special taxes); 3) Tax Levied on Property (all taxes levied on property other than the property tax—typically parcel taxes—are special taxes). Special taxes may be placed before the electorate at any time, either during a general election or in a special election.

A special tax is a tax imposed for a specific purpose. For example, a city may increase the sales and use tax by adding a special use tax for public safety, the acquisition of open

<sup>2</sup> Figure 1 Source: California Department of Tax and Fee Administration (CDTFA).

space or transportation projects. All taxes imposed by special districts are considered special taxes. Since the tax is for a specific purpose, the revenues may only be used for that purpose. Two-thirds of voters must agree to enact, increase or extend a special tax. Special tax revenues must be accounted for in a separate fund. It should be noted that normally a special tax only requires a simple majority of the governing body approval to place on the ballot, but the TUT is one of the few exceptions. The following table summarizes the comparison between general and special purpose taxes.

**Table 1<sup>3</sup>**

	<b>General Tax</b>	<b>Special Tax</b>
<b>Use of Revenues</b>	Unrestricted	Specific purpose
<b>Governing Body Approval</b>	<ul style="list-style-type: none"> <li>• Counties and general law cities: two-thirds</li> <li>• Charter cities: majority</li> <li>• Transactions and use taxes: two-thirds</li> <li>• Special districts may not adopt general taxes.</li> </ul>	Majority
<b>Voter Approval</b>	Majority	Two-thirds
<b>Other Rules</b>	A general tax election must be consolidated with a regularly scheduled general election of members of the governing body, unless an emergency is declared by unanimous vote (among those present) of the governing body.	Special tax funds must be deposited in a separate account. The taxing agency must publish an annual report including: 1) the tax rate; 2) the amounts of revenues collected and expended; and 3) the status of any project funded by the special tax.

In the context of the City of Goleta, the main benefit of a general-purpose tax is the flexibility of its use and ability to support all operations of the City as needed. Given the various critical funding needed for the City of Goleta, such as a variety of unfunded CIP projects, deferred maintenance of roads and facilities, costs associated with maintaining

<sup>3</sup> Table 1 Source: Institute for Local Government.

services, etc., a general purpose tax would give the City the additional funding needed to meet a wide variety of needs since general revenues can be used for any legitimate public purpose.

A special purpose tax legally restricts the funds for a specific use and ensures ongoing funding for that specific function. An example of this in Goleta is the special tax assessment for the library. If Council is interested in a special purpose tax, it could choose to restrict the use of funds to specific purposes such as pavement, capital projects, and/or COVID-19 recovery. Doing so would legally restrict those funds for such purposes. The risk with this approach may be that other priority needs may arise in the future that could not be supported by special purpose taxes.

### **Transactions and Use Tax vs. Sales and Use Tax**

TUT's are local taxes in which revenues are collected and spent locally within that taxing district. Sales and Use Tax are state mandated taxes imposed by the state and allocated to various agencies by law. The base statewide sales tax rate is 7.25%

TUTs generally apply to merchandise that is delivered in a jurisdiction which imposes such a tax. In practice, the tax application and allocation for most retail sales will not differ from the sales and use tax. But there are some key differences. The Sales and Use Tax is generally allocated to the jurisdiction where the sale is negotiated or order taken (the "origin" or the "place of sale"), whereas TUT is place of delivery or put into use. Importantly, in the case of a sale or lease of a vehicle, vessel, or aircraft, a transaction and use tax is charged and allocated based on the location in which the property will be registered.

In other words, a TUT is allocated to the district where the goods are delivered or placed into use (the "place of first possession") rather than the place of sell. This means that sellers of vehicles are required to collect TUT for the jurisdiction in which the vehicle will be registered. Thus, residents are unable to "escape" paying the tax by buying from a dealer outside the City, as dealers statewide are required to collect the TUT for the jurisdiction where the vehicle will be registered. This means that the patrons of Goleta's auto dealers who do not reside in Goleta, will not be subject to the TUT, but would rather only be subject to the TUT (if any) that is imposed by the city where they live (where the vehicle will be registered). Conversely, with an add-on sales tax increase of 1%, a Goleta resident purchasing a \$30,000 vehicle would pay an additional \$300 in TUT that would be directed to the City, regardless of where the vehicle is purchased.

For example, if the City of Goleta has a 1% TUT, and a buyer from Goleta purchases a vehicle from a dealer in the City of Santa Barbara, the City of Santa Barbara would receive revenue from the 1% Bradley-Burns sales tax and the City of Goleta would receive revenue from the 1% TUT. On the other hand, if a buyer from the City of Santa Barbara purchases a vehicle from a dealer in City of Goleta, the City of Goleta and County of Santa Barbara would receive revenues from the 1% Bradley-Burns sales tax, but no TUT would be collected for Goleta, though the City of Santa Barbara would receive revenue for their 1% TUT.

If the vehicle is purchased through a private party or individual and registered at the Department of Motor Vehicles (DMV) the 1% of the Bradley-Burns sales tax revenue is allocated through the countywide use tax pool system on a pro-rata basis. With TUTs there are no pool systems since it is a local tax specific to the district imposing the tax.

Under the pool concept, the tax is first coded to the county of use and then distributed to each jurisdiction in that county on a pro rate share of taxable sales each quarter. An agency generating 8% of the county's total taxable sales receives 8% of the pool. If the county of use cannot be identified, the allocation goes to the state pool for pro rata distribution on a statewide basis. The following table shows a comparison of the countywide pool allocations based on first quarter taxable sales:

**Table 2**

<b>Share of County Pool (First Quarter Comparisons)</b>				
<b>Agency Name</b>	<b>1Q2017</b>	<b>1Q2018</b>	<b>1Q2019</b>	<b>1Q2020</b>
Buellton	3.3%	3.7%	3.6%	2.8%
Carpinteria	2.3%	2.8%	2.7%	2.4%
Goleta	13.0%	14.3%	12.6%	13.8%
Guadalupe	0.4%	0.5%	0.4%	0.6%
Lompoc	11.6%	1.6%	7.2%	6.8%
Santa Barbara	29.5%	31.0%	30.0%	26.5%
Santa Maria	28.8%	32.8%	30.3%	33.1%
Solvang	1.7%	1.9%	1.7%	1.7%
County of SB	9.5%	11.3%	11.6%	12.4%
<b>Totals (rounding errors)</b>	<b>100.1%</b>	<b>99.9%</b>	<b>100.1%</b>	<b>100.1%</b>

The largest components of the base that makes up the pools are: 1) private party sales of vehicles, vessels and aircraft registered at the DMV, and mobile homes reported by the Department of Housing and Community Development; 2) private party sales of vessels (not required to register with the DMV) and aircraft purchases; 3) use tax paid by contractors who are consumers of materials purchased without tax, but used by the contractor in the improvement of real property, and whose job site is regarded as the place of businesses; 4) merchandise shipped directly to consumers by common carriers from inventory located outside the state with the title passing out of state<sup>4</sup>; 5) long term leases of tangible personal property except long term leases of motor vehicles; 6) catering trucks, itinerant vendors (transient businesses), vending machine operators and other permit holders who operate in more than one local jurisdiction and are unable to readily allocate taxable transactions to specific point of sale; 7) use tax on purchases consumed at non-selling facilities (research and development for example); 8) use tax on motor vehicle leases negotiated by out-of-state leasing companies; 9) internet, telephone and mail-order sales from out of state retailers.

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<sup>4</sup> If merchandise is inventoried and delivered from out of state, the tax is allocated through the countywide pools, except for transactions over \$500,000, which are allocated to the jurisdiction of first delivery.

Given the number of options that consumers now have in how they select, pay and take possession of merchandise, new challenges in properly allocating local sales and use tax have arisen. The following table summarizes the various scenarios that determine where the local tax from online sales is allocated.

**Table 3**

Place of Sale	Location of Goods at the Time of Sale	How Customer Receives Goods	Allocation of Tax
Online – Order is placed or downloaded outside California	California Fulfillment Center	Shipped to Customer from California Location	Local tax is allocated to the jurisdiction in which the fulfillment center is located
Online – Order is placed or downloaded in California	California Fulfillment Center	Shipped to Customer from California Location	Per CDTFA Regulation 1802, local tax is allocated to the jurisdiction where the order is placed
Online	Out of State Fulfillment Center	Shipped to California Customer	Local tax is allocated to the countywide pool based on point of delivery
Online	Out of State Fulfillment Center	Picked Up In-Store (Click & Collect)	Local tax is allocated to the countywide pool based on point of delivery
Online	In-Store (Goods withdrawn from store inventory)	Shipped to California Customer	Local Tax is allocated to the jurisdiction where the store is located
Online	In-Store (Goods withdrawn from store inventory)	Picked Up In-Store (Click & Collect)	Local Tax is allocated to the jurisdiction where the store is located
In-Store	In-Store (Goods withdrawn from store inventory)	Over the Counter	Local Tax is allocated to the jurisdiction where the store is located

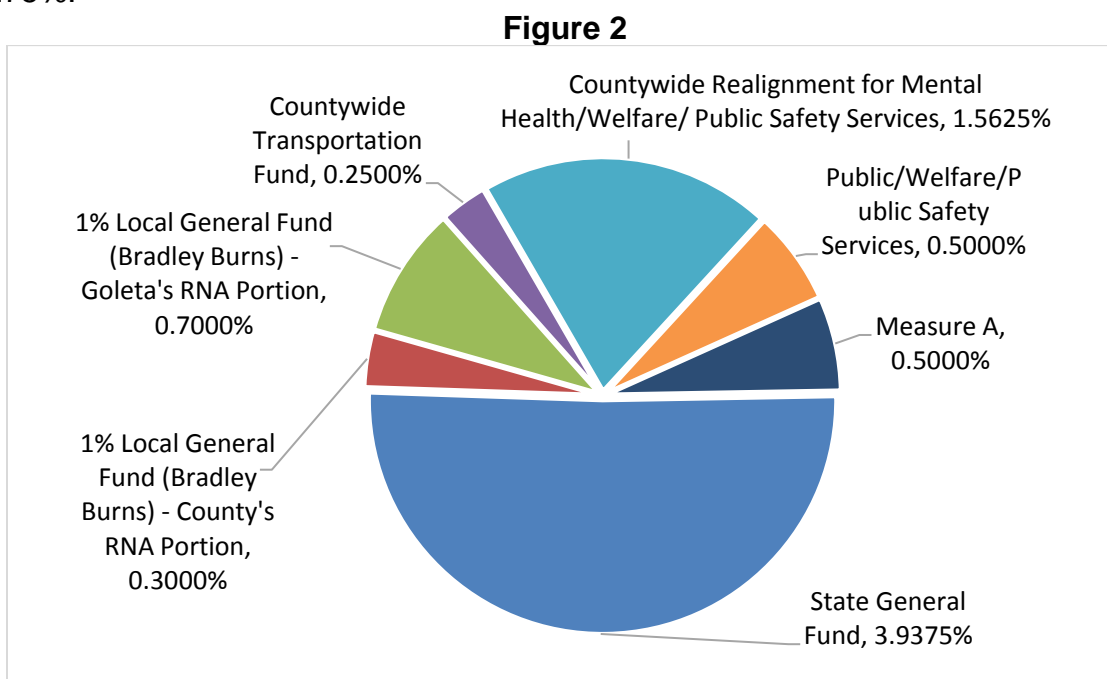
It should be noted that the South Dakota v. Wayfair U.S. Supreme Court decision in 2018 and CA passing of AB 147 (Burke) in 2019 addressed the under-collection of local sales and use tax revenues and made conforming changes to TUT law. As a result, the State of California amended Revenue and Taxation code section 6203 which became effective on April 1, 2019 and requires out-of-state retailers with total annual combined sales of tangible personal property of \$500,000 or more delivered into California to collect and remit the state's sales and use taxes. Further, Revenue and Taxation code section 7262 now requires that all retailers with statewide sales of \$500,000 or more collect and remit voter approved local TUT for every agency imposing such a tax regardless of the level of sales within the individual district.

Additionally, California also adopted Revenue and Taxation code sections 6040-6049.5, which became effective on October 1, 2019 and requires Marketplace Facilitators such as Amazon, eBay, Google, Walmart.com and Etsy, to assume the obligation for collecting and remitting the sales and use taxes for third party retailer who contract with the facilitator to provide sales related services. These include payment processing, fulfillment or storage services, setting of prices, taking orders, providing customer service or assisting with returns or exchanges. The \$500,000 threshold applies to the sum of all third-party transactions that the Marketplace Facilitator processes for its clients.

### Current Goleta Sales and Use Tax Rate

The sales and use tax rate currently applied in the City of Goleta is 7.75%, which is the base rate for Santa Barbara County. This includes a combined statewide rate of 7.25% and the Santa Barbara County district tax of 0.50% for Santa Barbara County Association of Governments (SBCAG). Of the total 7.75% collected, Goleta receives only 0.70%, which is 0.30% less than the 1% normally allocated to cities and is referred to as the Bradley-Burns Local Sales and Use Tax. Since Goleta is subject to revenue sharing with the County of Santa Barbara per the Revenue Neutrality Agreement (RNA), the County receives that 0.30% instead of the City. However, any new add-on sales tax levied by the City is not required to be shared.

Figure 2 below shows a breakdown of the City of Goleta's current sales and use tax rate of 7.75%.



### Add-on Sales Tax (District Tax, Transaction and Use Tax) Limits

The Transactions and Use Tax (TUT) is an additional tax levy on top of the Bradley-Burns Local Sales and Use Tax imposed by individual cities or counties when approved by the local jurisdiction's voters. Local TUT Tax rates are added on and administered in tandem with the sales and use tax. A Transactions Tax District can be established for a county, within only the unincorporated area of a county or for an incorporated city as a whole. The CDTFA refers to these taxes as "District Taxes".

As written in California Revenue and Taxation Code Part 1.6 and 1.7 (Sections 7251 through 7299), cities and counties are authorized to seek voter approval of either general purpose or specific purpose transaction and use tax districts at a rate of 0.125%, or a multiple thereof. The combined tax rate of all local sales taxes in any county is generally not allowed to exceed 2.00% (California Revenue and Taxation Code 7251.1). The 2.00% local tax rate cap is exceeded in any city with a combined sales tax rate in excess of

9.25% (7.25% statewide tax rate plus the 2.00% tax rate cap). Should the City Council choose to levy an additional 1% (or 1 cent sales tax) (and voters were to approve such a measure), this would move the City's combined sales tax rate to 8.75% and will fall below the 2.0% cap by 0.50%.

The following tables summarizes the components of Goleta's current combined sales tax rate of 7.75%, along with the maximum TUT rate that can currently be imposed by the City of Goleta without exceeding the 2.00% cap.

**Table 4<sup>5</sup>**

<b>Goleta Sales &amp; Use Tax Total Rate:</b>	<b>7.75%</b>
<b>Sales &amp; Use Tax Allocation Category</b>	<b>Tax Rate</b>
State General Fund	3.9375%
Countywide Realignment for Mental Health/Welfare/Public Safety Services	1.5625%
1 % Local General Fund (Bradley Burns) – Goleta's RNA Portion	0.7000%
1 % Local General Fund (Bradley Burns) – County's RNA Portion	0.3000%
Public Safety Augmentation Fund - Prop 172	0.5000%
Countywide Transportation Fund -LTF	0.2500%
<b>Total Goleta Sales &amp; Use Tax Category</b>	<b>7.2500%</b>
<b>Transaction and Use Tax (TUT) Districts (Max Rate Per County )</b>	<b>2.0000%</b>
Measure A (Transportation) - County & City Roads	0.5000%
<b>Total Goleta Sales &amp; Use Tax Rate + TUT</b>	<b>7.7500%</b>
Transaction and Use Tax Rate Available	1.5000%
<b>Total Transaction and Use Tax Cap</b>	<b>2.0000%</b>
<b>Total Sales &amp; Use Tax + Transaction and Use Tax Rate Cap</b>	<b>9.2500%</b>

Table 5 below summarizes the City of Goleta's 7.75% sales tax rate by primary entity showing the amount of sales tax revenue each entity receives. Additionally, it shows what the addition of a potential 1.00% add-on sales tax rate would look like. An add-on sales tax of 1% would increase the overall combined sales tax rate from 7.75% to 8.75%

**Table 5**

<b>Allocation of Sales Tax Rate (Current)</b>		<b>Allocation of Sales Tax Rate (1% Add-On)</b>	
<b>Primary Entity</b>	<b>Tax Rate</b>	<b>Primary Entity</b>	<b>Tax Rate</b>
State	3.9375%	State	3.9375%
County/SBCAG	3.1125%	County/SBCAG	3.1125%
Goleta	0.7000%	Goleta	1.7000%
<b>Total</b>	<b>7.7500%</b>	<b>Total</b>	<b>8.7500%</b>

To clarify what future TUT rates may be imposed, and how this affects the City of Goleta, the following figure and table summarize the cap issue. Figure 3 shows an example of how the 2% cap applies.

<sup>5</sup> Public Safety Augmentation Fund – Prop. 172 revenues are allocated to Santa Barbara County.



Figure 3<sup>67</sup>

What tax rates may be imposed?

The combined rate of all district taxes imposed in any county shall not exceed 2%. Generally, tax rates may be imposed at a minimum rate of 0.125% and in 0.125% increments up to the 2% cap in a county. Special legislation may vary this format.

The following is an example of how the 2% cap applies. There are three district taxes within the county of San Bernardino (San Bernardino County, City of Montclair and City of San Bernardino)

San Bernardino District Taxes	Current Rate		Available Rate to any city		
031 – San Bernardino County (SBER)(a)	0.50%	+	1.50%	=	2% cap
<b>Available Rate to county</b>					
107 – City of Montclair (MTGR )(b)	0.75%	+	1.25%	=	2% cap

d. Any incorporated city within the county of San Bernardino may impose a tax up to 1.50%.

e. However, the county of San Bernardino is limited to an additional tax up to 1.25%.

**Note:** Any tax increase by the county would raise the tax rate in all the cities within that county.

For example, this means that in a county where there are three countywide district taxes that total 1.50%, the maximum levy remaining for a city within the county to propose is 0.50%. On the other hand, if a city within a county has already approved district taxes of 1.50%, the maximum levy available for a countywide tax would be the remaining 0.50%.

To show how the 2.0% cap rate applies in Santa Barbara County, Table 6 below summarizes the combined sales tax rates in neighboring cities, which range from 7.25% to 9.0%, and displays the available add-on sales tax to each jurisdiction.

Table 6

City/County Entity Name	Base Sales and Use Tax Rate	SBCAG TUT	City/County TUT	Total Sales and Use Tax Rate	% Available (9.25% Cap)
City of Buellton	7.25%	0.50%	0.00%	<b>7.75%</b>	1.50%
City of Carpinteria (1)	7.25%	0.50%	1.25%	<b>9.00%</b>	0.25%
City of Goleta	7.25%	0.50%	0.00%	<b>7.75%</b>	1.50%
City of Guadalupe (2)	7.25%	0.50%	0.25%	<b>8.00%</b>	1.25%
City of Lompoc (3)	7.25%	0.50%	1.00%	<b>8.75%</b>	0.50%
City of Santa Barbara (4)	7.25%	0.50%	1.00%	<b>8.75%</b>	0.50%
City of Santa Maria (5)	7.25%	0.50%	1.00%	<b>8.75%</b>	0.50%
City of Solvang	7.25%	0.50%	0.00%	<b>7.75%</b>	1.50%
County of Santa Barbara	7.25%	0.50%	0.00%	<b>7.75%</b>	0.25% - 1.50%

- (1) City of Carpinteria passed a 1.25% sales tax measure at the November 6, 2018 General Election.
- (2) City of Guadalupe passed a 0.25% sales tax measure at the November 4, 2014 General Election, along with two other tax measures.
- (3) City of Lompoc passed a 1% sales tax measure during the primary election March 3, 2020, with a sunset date of 15 years
- (4) City of Santa Barbara passed a 1.0% sales tax measure at the November 6, 2018 General Election.

<sup>6</sup> Figure 3 Source: California Department of Tax and Fee Administration (CDTFA).

<sup>7</sup> Data from San Bernardino County used as an example for illustrative purposes.



- (5) *City of Santa Maria first passed a 0.25% sales tax measure at the June 5, 2012 Primary Election with a sunset date of 9 years (2021). City of Santa Maria then passed a sales tax renewal measure to increase the 0.25% rate to 1% with no sunset clause at the November 6, 2018 General Election.*

In considering a local sales tax measure, one of staff's concerns is protecting the City's ability to retain sales tax for the direct benefit of Goleta and its residents, as opposed to those revenues being used to support programs that serve greater Santa Barbara County. The following table summarizes the estimated TUT revenues at various levels of additional sales tax rates.

**Table 7<sup>8</sup>**

Rate	0.25% TUT Estimate	0.5% TUT Estimate	0.75% TUT Estimate	1.0% TUT Estimate
TUT Estimated Revenue (Rounded)	\$ 1,800,000	\$ 3,600,000	\$ 5,400,000	\$ 7,000,000
Range (+/- 5%)	\$1.7M- \$1.9M	\$3.4M - \$3.8M	\$5.1M to \$5.7M	\$6.7M to \$7.4M
Combined City Tax Rate	8.00%	8.25%	8.50%	8.75%

In Goleta's case, since SBCAG has implemented the Measure A countywide TUT, the maximum TUT increase that can be imposed by the City of Goleta is now 1.50% (without authorization by the state legislature to exceed the cap). Given that the combined sales tax rates differ across the city jurisdictions within Santa Barbara County, the County or SBCAG can only levy up to an additional 0.25% add-on sales tax countywide but can levy up to 1.50% in the unincorporated area. In other words, any taxes generated in the City of Goleta from the remaining add-on sales tax cap could be captured by the County or other local agencies such as SBCAG, instead of remaining in the City to provide funding for programs and services in Goleta.

If hypothetically, the County of Santa Barbara or SBCAG pursue a countywide 0.25% TUT that is passed by voters, then the City of Goleta would be restricted to a max add-on sales tax rate of 1.25%. Should the County of Santa Barbara or SBCAG want to levy a countywide TUT rate greater than 0.25%, they would need authorization by the state legislature to exceed the 2% cap. Numerous agencies in California have pursued state legislation so that the 2% cap may be exceeded within their jurisdictions, including the Counties of Los Angeles, Alameda and Contra Costa. Pursuit of such exemption to the cap can be costly and requires significant political support for approval. When a taxing entity obtains a legislative exemption, that entity's tax increase is not counted toward the 2% cap.

#### **Draft Resident vs Non-Resident Spending data for the City of Goleta (Draft)**

Staff reached out to its sales tax consultants HdL and requested an analysis on resident versus non-resident spending for the City of Goleta. The following information is provided from their draft report for reference. Table 6 below summarizes the results of the resident vs versus non-resident spending analysis completed by HdL for the City of Goleta. This data is based on calendar year 2019 revenue estimates and shows **42.4%** of the 1% Bradley Burns Sales Tax is estimated to be paid by **non-residents** of the City of Goleta.

<sup>8</sup> Table 5 Source: HdL.

Such a tax is generally assessed based on where the sale is negotiated or the place where the order is taken. Because Transactions and Use Taxes (TUT) are charged in accordance with where purchased goods are delivered or placed into use, HdL's estimate for the percentage of a 1% TUT that would be paid by non-residents is slightly lower at 38.0% due to the fact that businesses often market and sell their goods and services to buyers and businesses outside the City's jurisdictional boundaries.

**Table 8<sup>9</sup>**

<b>Economic Segment</b>	<b>Bradley Burns 1% Sales &amp; Use Tax</b>	<b>Transactions &amp; Use Taxes (TUT) @ 1%</b>
Autos & Transportation	15.4%	17.0%
Building & Construction	60.3%	39.7%
Business & Industry	42.1%	28.8%
Food & Drugs	48.0%	48.0%
Fuel & Service Stations	48.2%	48.2%
General Consumer Goods	39.2%	39.2%
Restaurants & Hotels	51.6%	51.6%
<b>Estimated Average Non-Resident Generated Revenue</b>	<b>42.4%</b>	<b>38.0%</b>

*Estimated % of Sales Tax Revenue Generated from Non-Residents*

The figures shown above were obtained utilizing a variety of methodologies customized to each economic segment. These methodologies considered the mix of businesses located in the City, per capita sales within the City verses the per capita sales across Santa Barbara County, as well as factoring average income population, trade area daytime and trade area population for the designated trade areas previously described as a percentage of those categories within the City of Goleta.<sup>10</sup> Based on HdL's analysis and should the City pursue any TUT, approximately **38%** would be paid by **non-residents**.

### **Potential Impacts of a Sales Tax Increase**

A sales tax increase has several potential benefits and drawbacks that the City Council should consider. The potential benefits include:

- 1) With an add-on sales tax, revenues are generated not only by residents, but also by the thousands of patrons who visit the City on an annual basis to take advantage of

<sup>9</sup> Table 6 Source: HdL ECONsolutions.

<sup>10</sup> Note: It should be noted that retail performance has been estimated based upon market information and sales tax data gathered and analyzed prior to any market impacts as a result of COVID-19. The impact of the current global pandemic has not yet been fully realized or documented in the commercial marketplace as it relates to revenue generation and the impact to resident and non-resident contributions. While some short-term adjustments might be warranted, long-term impacts will likely be tempered through the experiences gained from the 2008 economic downturn.

the City's regional retailers. Unlike other forms of taxes, including property taxes, a sales tax can generate needed revenue while dispersing the tax burden between City residents and visitors who also benefit from City services. As identified by the analysis above, a significant share of the tax burden (approximately 38%) would be borne by people who reside outside the City and who visit the retail destinations that Goleta provides.

- 2) The imposition of a sales tax allows the City to collect revenue from non-residents in order to offset their impacts on the City's public facilities, infrastructure and services.
- 3) A sales tax increase would provide an immediate infusion of funds to address the City's many deferred infrastructure maintenance needs and support unfunded capital projects. It will give the City the opportunity to cultivate economic recovery within Goleta by re-investing in the community.
- 4) A sales tax increase would provide a permanent and long-term revenue source for funding prioritized core City services and maintenance. It would be subject to repeal by voters by initiative or a City Council proposal, so the City will be held accountable for its use of these new revenues.
- 5) A sales tax measure supports the growth of property values City-wide, as revenue from the sales tax will allow the City to continue to provide the community with high quality programs and services in addition to well-maintained facilities and infrastructure, all of which are key factors in driving increases in property values. Goleta residents and businesses will reap these benefits, all while a significant portion of the burden is shared by non-residents. Conversely, the failure to adequately fund core City services and maintenance is likely to have a detrimental impact on Goleta property values over a sustained period of time.

The potential drawbacks of a sales tax include:

- 1) An increase in sales tax rates has the potential to adversely impact the City's businesses, as potential patrons could seek to make similar purchases in cities with lower tax rates. However, while shoppers could shop or locate somewhere with a lower tax rate, it would not be nearby because even with a 1% increase in sales tax, Goleta's tax rate would be the same as or lower than our south coast neighbors and Santa Maria.
- 2) The potential exists that some businesses may elect not to locate in Goleta (or leave Goleta) due to a sales tax increase, though it should be noted that the City of Goleta does not have business license taxes (except on cannabis) or utility user taxes like other nearby jurisdictions. Also, as noted above, the tax rate would be equal to or less than other jurisdictions on the south coast and Santa Maria, potentially making it less likely that a change in sales tax would be a catalyst for businesses to relocate.

- 3) A sales tax increase would fluctuate with the economy more than property taxes, utility user fees and some other revenues.
- 4) A sales tax will have more of an impact on low- to moderate-income households as a percentage of household income, given the regressive nature of sales taxes. Consumption taxes such as sales taxes are regressive in that they raise prices of purchased goods. Lower-income earners save and invest less money and pay a larger proportion of their income toward these taxes. In terms of direct impact on Goleta residents, a 1.0% sales tax increase would add an additional \$1.00 for every \$100 spent in Goleta. As a reminder, this type of funding mechanism is not levied on food purchased as groceries or prescription medication.

### **Alternative Revenue Options**

The following is a discussion of certain general taxes that provide the most impact in the amount of resources generated.

**Parcel Tax:** A parcel tax is affixed to each property that is subject to the tax and is the most consistent revenue source amount from year-to-year. As such, it is only paid by property owners, many of whom are also residents in the jurisdiction that levies this tax. This tax, depending on how it is structured, is not subject to market trends or external detriments of the amount of tax levied, unless the parcel tax has an inflationary rate dependent upon a market indicator. However, the tax amounts also impact property owners in a more definitive manner as it becomes a fixed cost for them. There is no action that a property owner can take to reduce the amount of the tax amount they must pay. Property Tax revenue does not serve as a good projection about the amount of revenue possible, as property taxes are ad-valorem, which means they are determined by taking rates on the property's value. However, parcel taxes are either fixed amounts or based upon characteristics of each parcel. A ballot measure must be taken to the voters in order to institute a parcel tax. Parcel tax measures must pass with a two-thirds supermajority vote, regardless of a general purpose or special purpose<sup>11</sup>. It should be noted that a majority of parcel taxes are dedicated to education (local schools, community colleges).

If the City were to consider a parcel tax, it would not be based on the value of the property, as it would be a flat amount per parcel paid annually. If the parcel tax structure were the same as the Library special tax (inherited from the County and passed by voters on June 5, 1990), a fixed annual assessment amount would generate revenues as follows:

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<sup>11</sup> According to *Ballotpedia*, the approval rate of all parcel taxes in California is at 56.6% for the period of 2003 through November 2016. At the end of 2012, the median parcel tax was \$60 for cities.

**Table 9**

Land Use	FY 20/21 Proposed Rate	Number of Parcels	FY 20/21 Projected Revenue
<b>Residential</b>			
Single Family	\$ 25.20	5,734	\$ 144,497
Condominium	\$ 25.20	2,567	\$ 64,688
Duplex/Triplex	\$ 50.32	173	\$ 8,705
Apartments	\$ 151.03	193	\$ 29,149
<b>Commercial</b>			
Heavy	\$ 113.22	17	\$ 1,925
Light	\$ 113.22	388	\$ 43,929
<b>Industrial</b>	\$ 113.22	228	\$ 25,814
<b>Churches/Misc</b>	\$ 50.32	25	\$ 1,258
<b>Farm/Vacant</b>	\$ 12.57	279	\$ 3,507
<b>Exempt</b>	\$ -	498	\$ -
<b>TOTAL PARCELS</b>		10,102	
<b>TOTAL PARCELS LEVIED</b>		<b>9,604</b>	<b>\$ 323,473</b>

***Transient Occupancy Tax (TOT):*** Prior to COVID-19, the City's TOT had been the largest General Fund revenue source and is paid mostly by non-residents when they stay in hotels in the City and is not by residents unless they rent a room. The TOT is levied on top of the rental cost of a hotel room and is based on a percentage. The City's current rate is 12% (previously 10% prior to 2012). The 12% rate is in line with all other cities in the County of Santa Barbara. In some areas of California, TOT is as high as 15%. There is a fine balance between the rate and ability for hotels to compete with other regional hotels for transients to occupy. If the TOT is too high, transients may go to a neighboring city to get lower room rates. If this happens, the reduced number of transients may limit the amount of revenue that can be generated, reducing the level of benefit. It should be noted that TOT is also one of the most volatile revenue sources; recently, more volatile than sales tax.

TOT may be increased by a simple majority vote on a ballot measure if the tax is for a general purpose. If it is for a specific purpose, then the voting threshold increases to two-thirds approval to be adopted. Should the City consider increasing the TOT rate above the current 12%, each additional percent would increase General Fund revenues by approximately \$900,000.

***Utility User Tax (UUT):*** A UUT is a tax that is levied by a rate charged on the total amounts of certain utilities. These utilities generally include water, sewer, refuse, cable and satellite television, telephone (including mobile phones and long distance), as well as other utilities like electricity and internet, depending upon the design of the UUT. Currently the issue of streaming media services is under debate about whether it constitutes a utility. The City does not have a UUT, unlike other nearby cities.

Utility companies usually collect UUT from their customers as part of their regular billing procedures and remit the funds collected to the city which imposed the tax. As such, residents, not visitors, pay these types of taxes. Over 150 cities and few counties levy utility user rates varying from 1% to 11%. For those jurisdictions with a UUT, it provides an average of 15% of general revenues and as much as 22%. UUT may be imposed as general taxes or special taxes, but currently in California all UUT have been imposed as general taxes. Most of the cities and counties with the UUTs adopted the taxes prior to 1986 by vote of the City Council or County Board of Supervisors. Any increase or extension of the local UUT now requires voter approval.

To place a UUT measure on the ballot for Goleta, the City Council would need a two-thirds vote for a general UUT or a majority vote for a special purpose UUT. Voters would then need to pass the UUT ballot measure by a simple majority (50% + 1) for a general purpose and two-thirds supermajority for a special purpose tax.

According to California City Finance, new UUTs appear far more difficult to pass than other taxes such as add-on sales taxes, transient occupancy taxes or business license taxes. Voters were more accepting of UUT's already in place. It took the Isla Vista Community Services District two attempts to pass an 8% special UUT, which was approved in 2018. With special authorizing legislation, Isla Vista is the only special district with a UUT.

One of the advantages of a UUT is that it is considered a durable tax that is more consistent, and it adjusts and inflates with time and tracks growth in consumption of the elements that are subject to the tax. It is less susceptible to economic downturns than other revenue sources, though it is important to note that effective resource conservation may have some impact upon future consumption patterns. State and Federal governments are exempt, as well as gas and water used by utility companies to generate electricity. Cities may also choose to include full or partial exemptions for low income residents, which include seniors.

If the City were to pursue a 6% UUT, projected ballpark revenues could range from \$3.5 million to \$4.5 million per fiscal year. The exact amount of revenue generated will be determined by the types of utilities taxed and the rates for each of those taxes.

***Business License Taxes and Cannabis Business Taxes:*** The City has a business license regulatory program that only charges user fees. The City also has a cannabis business tax, approved by voters in November 2018. This tax measure subjects cannabis businesses to a maximum tax rate of 10% on gross receipts of cannabis sales based on classifications and is a general tax. Based on industry trends, the amount of revenue that can be generated ranged from approximately \$334,000 to \$1.4 million. This tax has recently brought in limited revenue this fiscal year; approximately \$43,000. Due to considerable variations, including the number and types of issued licenses, pricing, medicinal sales, productivity of operators, and preliminary revenues just being received, revenue estimates are still being developed and evaluated. The current cannabis business tax rate structure is as follows:

**Table 10**

<b>Cannabis Business Classification</b>	<b>Activities Taxed</b>	<b>Tax Rate</b>
Adult Use Cannabis Retailing	Gross Receipts	5%
Medicinal-Use Cannabis Retailing	Gross Receipts	0%
Manufacturing	Gross Receipts	2%
Cultivation	Gross Receipts	4%
Distribution	Gross Receipts	1%
Testing	Gross Receipts	0%
Nurseries	Gross Receipts	1%
Maximum Tax Limit	Gross Receipts	10%
Maximum Cap for Multiple Operations	Gross Receipts	10%

The City Council does have authority by ordinance or resolution to adjust the rate of tax imposed, up to a maximum of 10% per classification. Should the City Council pursue this option, additional revenues may be experienced. The cannabis business tax is still a new revenue source to the City and has not yet experienced its first full fiscal year.

Aside from cannabis business taxes, many cities have enacted business license taxes or a type of business operations tax. The tax is typically levied based on a percentage of gross receipts but may be based on the number of employees, square footage of the business, type of business operation or other factors. As mentioned, the City of Goleta does not assess a business license tax, but charges fees to recover costs of operating the business license program. More than half of the cities in the County of Santa Barbara assess a business license tax, while several others charge a small fee similar to Goleta to recover its costs to operate the program.

Business license taxes can affect business location and expansion decisions that could impact the decision to do business in Goleta. If a business operates in more than one city, a city may only tax that portion of the business's activities conducted within the city. In most cases, business license taxes are not imposed for regulatory purposes (as the term license might imply), but to raise revenues for general municipal purposes.

In terms of revenue estimates for Goleta, a study would need to be conducted and evaluated on the taxing structure. If applying the FY 15/16 median city per capita business operations tax of \$12.22 provided from the State Controller's Office, and multiplied against a population of 32,223, this would result in approximately \$393,000 per year. Though cities vary widely in business operations tax collections largely because cities vary as to the relative size of their commercial and residential sectors.

***Documentary Transfer Taxes and Property Tax Transfers:*** A documentary transfer tax is a tax imposed on the transfer of interest in real estate. Counties tax at a rate of 55 cents per \$500 of the property's value. Cities may impose a tax of up to one half of that amount which is credited to the payment of the county tax. The State's Constitution allows charter cities to enact a property transfer tax, with voter approval, on the value of real estate that is sold. In these cases, the entire county documentary transfer tax rate goes

to the County. All cities and counties in California have documentary transfer taxes or property transfer taxes.

The City of Goleta currently receives approximately \$150,000/year in documentary transfer tax revenue. Should the city become a charter city and receive voter approval to enact a property transfer tax, the following revenues may be received at the various rates:

**Table 11**

Documentary Transfer Tax Actuals		Estimated Real Property Transfer Tax at Various Rates						
	\$ 0.55	\$ 1.10	\$ 2.20	\$ 4.50	\$ 8.50	\$ 10.00	\$ 12.00	\$ 13.00
Fiscal Year	Annual	2.00	4.00	8.18	15.45	18.18	21.82	23.64
5 YR AVERAGE	\$ 230,737	\$ 461,477	\$ 922,953	\$ 1,887,859	\$ 3,565,956	\$ 4,195,242	\$ 5,034,290	\$ 5,453,812
5 YR MEDIAN	\$ 197,569	\$ 395,141	\$ 790,281	\$ 1,616,485	\$ 3,053,360	\$ 3,592,188	\$ 4,310,625	\$ 4,669,842
Tax Calculator:								
Property Value Sold	\$600,000							
City	\$ 330	\$ 660	\$ 1,320	\$ 2,700	\$ 5,100	\$ 6,000	\$ 7,200	\$ 7,800
County	\$ 330	\$ 660	\$ 660	\$ 660	\$ 660	\$ 660	\$ 660	\$ 660
Total Tax Paid	\$ 660	\$ 1,320	\$ 1,980	\$ 3,360	\$ 5,760	\$ 6,660	\$ 7,860	\$ 8,460

At the high end of \$13.00 per \$1,000 value, the City would generate approximately \$4.7 to \$5.5 million per year.

**Other Property Related Fees and Assessments:** There are other mechanisms for imposing fees and assessments on property to fund public facilities and services, including benefit assessments, also known as special assessment districts. These typically require the City to hold noticed public hearings, notify the affected property owners and conduct property owner elections. There are differing noticing, procedural and voting requirements for the various mechanisms available. Revenues must be used for specific purposes, and, depending on the mechanism used, may require that the special benefit to the property owners to be assessed be identified, with specific benefit being a particular and distinct benefit over and above the general benefits conferred on real property located in the special assessment district or to the public at large.



#### **Attachment 4**

A Resolution of the City Council of the City of Goleta, California, Requesting the Board of Supervisors of the County of Santa Barbara to Consolidate a General Municipal Election to Be Held on November 3, 2020 with the Statewide General Election to Be Held on that Date  
Pursuant to Elections Code Section 10403

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 2020 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT DATE PURSUANT TO ELECTIONS CODE SECTION 10403**

**WHEREAS**, on July 7, 2020, the City Council of the City of Goleta adopted Resolution No. \_\_\_\_\_, calling a General Municipal Election to be held on November 3, 2020; and

**WHEREAS**, it is therefore desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and election officers of the two elections be the same, and that the election department of the County of Santa Barbara canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GOLETA DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1. Request for Consolidation.** Pursuant to the requirements of Elections Code section 10403, the Board of Supervisors of the County of Santa Barbara is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 3, 2020, for the purpose of submitting to the voters the questions below.

**SECTION 2.** Transactions and Use Tax Measure Language. A measure is to appear on the ballot as follows:

<i>"To maintain City of Goleta services, to address public health emergencies and natural disasters, support public safety and 911 response, clean and maintain public areas, retain local businesses and jobs, maintain open spaces, repair streets, address homelessness and provide other general City services, shall a measure be adopted establishing a 1¢ sales tax providing approximately \$7,000,000 annually until ended by voters, requiring annual independent audits with all funds staying in Goleta?"</i>	Yes
	No

a. That the proposed complete text of the measure submitted to the voters is attached as Exhibit A.

b. That the vote requirement for the measure to pass is a majority (50 +1) of the votes cast.

**SECTION 3. Mayoral Term Measure Language.** A measure is to appear on the ballot as follows:

"Shall the term of office of the mayor be changed from two years to four years?"	Yes
	No

b. That the vote requirement for the measure to pass is a majority (50 +1) of the votes cast.

**SECTION 4. Canvass of Returns.** The County election department is authorized to canvass the returns and perform all other proceedings incidental to and connected with the General Municipal Election. The Election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. Pursuant to Elections Code sections 10403 and 10418, the election will be held and conducted in accordance with the provisions of law regulating the Statewide General Election.

**SECTION 5. Necessary Steps.** The Board of Supervisors is requested to issue instructions to the County election department to take any and all steps necessary for the holding of the consolidated election.

**SECTION 6. Costs.** The City Council determines and declares that the City will pay to the County the reasonable and actual expenses incurred by the County by the consolidation of the General Municipal Election with the Statewide General Election. The City shall reimburse the County for services performed when the work is completed and upon presentation to the City of a properly approved bill. The City Clerk of the City of Goleta is authorized and directed to pay for the expenses incurred after receiving a statement from the County of Santa Barbara.

**SECTION 7. Filing of Resolution.** The City Clerk is hereby directed to file a certified copy of this resolution with the Board of Supervisors and the election department of the County of Santa Barbara.

**SECTION 8. Certification.** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

**PASSED, APPROVED AND ADOPTED** this 7th day of July 2020.

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PAULA PEROTTE  
MAYOR

ATTEST:

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DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

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MICHAEL JENKINS  
CITY ATTORNEY

I, \_\_\_\_\_, City Clerk of the City of Goleta, do hereby certify that the foregoing resolution is the actual resolution duly and regularly adopted by the City Council at a regular meeting on the 7th day of July, 2020, by the following vote to wit:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

\_\_\_\_\_  
City Clerk

Exhibit "A"  
Transactions and Use Tax Ordinance

[attached behind this page]

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE PEOPLE OF THE CITY OF GOLETA, CALIFORNIA, ADDING CHAPTER 3.10 TO TITLE 3 OF THE GOLETA MUNICIPAL CODE TO ENACT A ONE CENT (1¢) GENERAL TRANSACTIONS AND USE TAX (SALES TAX) TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION**

**WHEREAS**, pursuant to California Revenue and Taxation Code section 7285.9 the City of Goleta ("City") is authorized to levy a Transactions and Use Tax for general purposes, subject to majority voter approval; and

**WHEREAS**, the People of the City desire to levy a Transactions and Use Tax for general purposes until repealed to fund important general City services, at a rate of one cent (1¢); and

**WHEREAS**, if approved by the City Council and Goleta voters, the Transactions and Use Tax Ordinance will be incorporated into Chapter 3.10 of Title 3 of the Goleta Municipal Code.

**NOW, THEREFORE, THE PEOPLE OF THE CITY OF GOLETA DO HEREBY ORDAIN AS FOLLOWS:**

**Section 1.** Title and Text. This Ordinance shall be known as the Goleta Transactions and Use Tax Ordinance, the full text of which is set forth in Attachment "1", attached hereto and incorporated herein by reference.

**Section 2.** Approval by the City Council. Pursuant to California Government Code section 53724 and Revenue and Taxation Code section 7285.9, this Ordinance was duly approved for placement on the ballot by a minimum two-thirds (2/3) supermajority of all members of the City Council on July 7, 2020.

**Section 3.** Approval by the Voters. Pursuant to California Elections Code section 9217, this Ordinance shall be deemed adopted and take effect only if approved by a majority of the eligible voters of the City of Goleta voting at the General Municipal Election of November 3, 2020. It shall be deemed adopted when the City Council has certified the results of that election by resolution and shall take effect ten (10) days thereafter.

**Section 4.** Operative Date. "Operative Date" for the Transactions and Use Tax means the first day of the first calendar quarter commencing more than 110 days after the date this Ordinance is adopted, as set forth in Section 3 above.

**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.

I hereby certify that the Goleta Transactions and Use Tax Ordinance was **PASSED, APPROVED, AND ADOPTED** by the People of the City of Goleta on the 3rd day of November 2020.

CITY OF GOLETA

\_\_\_\_\_

PAULA PEROTTE, MAYOR

ATTEST:

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DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

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MICHAEL JENKINS  
CITY ATTORNEY

### **Chapter 3.10 - Transactions and Use Tax**

**Sections:**

- 3.10.010 - Purpose.**
- 3.10.020 - Contract with State.**
- 3.10.030 - Transactions Tax Rate.**
- 3.10.040 - Place of Sale.**
- 3.10.050 - Use Tax Rate.**
- 3.10.060 - Adoption of Provisions of State Law.**
- 3.10.070 - Limitations on Adoption of State Law and Collection of Use Taxes.**
- 3.10.080 - Permit Not Required.**
- 3.10.090 - Exemptions and Exclusions.**
- 3.10.100 - Amendments.**
- 3.10.110 - Enjoining Collection Forbidden.**
- 3.10.120 – Duration of Tax**

**Sections:**

**3.10.010 - 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.

### **3.10.020 - 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.

### **3.10.030- 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 percent (1%) 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.

### **3.10.040 - 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.

### **3.10.050 - 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 percent (1%) 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.

### **3.10.060 - 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.

### **3.10.070 - 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, California Victim Compensation Board, California Department of Tax and Fee Administration, 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 reference to 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 of the Revenue and Taxation Code 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.

### **3.10.080 - 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.

### **3.10.090 - 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 subsection, 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 subsection, 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.

### **3.10.100 - 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.

### **3.10.110 - 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.

### **3.10.120 – Duration of Tax.**

The tax imposed by this chapter shall continue until this ordinance is repealed.

**Attachment 5**

A Resolution of the City Council of the City of Goleta, California, Setting Priorities for the Filing Written Arguments Regarding City Measures and Directing the City Attorney to Prepare an Impartial Analysis.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, SETTING PRIORITIES FOR THE FILING WRITTEN ARGUMENTS REGARDING CITY MEASURES AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS**

**WHEREAS**, a General Municipal Election is to be held in the City of Goleta, California on November 3, 2020, at which there will be submitted to the voters the following measures:

Transactions and Use Tax Measure Language

<i>"To maintain City of Goleta services, to address public health emergencies and natural disasters, support public safety and 911 response, clean and maintain public areas, retain local businesses and jobs, maintain open spaces, repair streets, address homelessness and provide other general City services, shall a measure be adopted establishing a 1¢ sales tax providing approximately \$7,000,000 annually until ended by voters, requiring annual independent audits with all funds staying in Goleta?"</i>	Yes
	No

Mayoral Term Measure Language.

"Shall the term of office of the mayor be changed from two years to four years?"	Yes
	No

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** That pursuant to California Elections Code 9282, the City Council authorizes the following member(s) of its body

_____ (Council Member in Favor)	or	(Council Member Against)
_____ (Council Member in Favor)	or	(Council Member Against)
_____ (Council Member in Favor)	or	(Council Member Against)
_____ (Council Member in Favor)	or	(Council Member Against)
_____ (Council Member in Favor)	or	(Council Member Against)

to file (a) written argument(s) not exceeding 300 words regarding the City measure as specified above), accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California. The arguments may be changed or withdrawn until and including

the date fixed by the City Clerk after which no arguments for or against the City measure may be submitted to the City Clerk.]

**SECTION 2. Primary Arguments.** That the City Council authorizes (i) the City Council or any member(s) of the City Council, (ii) any individual voter eligible to vote on the above measures (iii) a bona fide association of such citizens or (iv) any combination of voters and associations, to file a written argument in favor of or against the City measures, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California, and to change the argument until and including the date fixed below by the City Clerk, after which no arguments for or against the City measures may be submitted to the City Clerk.

The deadline to submit arguments for or against the City measures pursuant to this Resolution is declared by the City Clerk to be **Tuesday, July 21, 2020, at 5:00 p.m.** Each argument shall not exceed 300 words and shall be filed with the City Clerk, signed, and include the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument.

**SECTION 3. Rebuttal Arguments.** Pursuant to Section 9285 of the Elections Code of the State of California, when the City Clerk has selected the primary arguments for and against the City measures which will be printed and distributed to the voters, the Clerk shall send copies of the primary argument in favor of the measures to the authors of the primary argument against, and copies of the primary argument against to the authors of the primary argument in favor. The authors or persons designated by them may prepare and submit rebuttal arguments not exceeding 250 words. The rebuttal arguments shall be filed with the City Clerk not later than **Friday, July 31, 2020, at 5:00 p.m.** Rebuttal arguments shall be printed in the same manner as the primary arguments. Each rebuttal argument shall immediately follow the primary argument which it seeks to rebut.

**SECTION 4. Impartial Analysis.** That the city council directs the City Clerk to transmit a copy of the measure to the city attorney, unless the organization or salaries of the office of the city attorney are affected.

a. The city attorney shall prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure. If the measure affects the organization or salaries of the office of the city attorney, the city clerk shall prepare the impartial analysis.

b. The analysis shall include a statement indicating whether the measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the city.

c. In the event the entire text of the measure is not printed on the ballot, nor in the voter information portion of the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-point type, the following: "The above statement is an impartial analysis of Ordinance or Measure \_\_\_\_\_. If you desire

a copy of the ordinance or measure, please call the election official's office at (insert phone number) and a copy will be mailed at no cost to you."

d. The impartial analysis shall be filed by the date set by the City Clerk for the filing of primary arguments.]

**SECTION 5.** That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

**PASSED, APPROVED AND ADOPTED** this 7th day of July 2020.

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PAULA PEROTTE  
MAYOR

ATTEST:

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DEBORAH S. LOPEZ  
CITY CLERK

APPROVED AS TO FORM:

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MICHAEL JENKINS  
CITY ATTORNEY



I, \_\_\_\_\_, City Clerk of the City of Goleta, do hereby certify that the foregoing resolution is the actual resolution duly and regularly adopted by the City Council at a regular meeting on the 7th day of July, 2020, by the following vote to wit:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

\_\_\_\_\_  
City Clerk