



# CITY OF CARSON

## Legislation Text

File #: 2020-822, Version: 1

### Report to Mayor and City Council

Tuesday, December 15, 2020

Consent

#### **SUBJECT:**

**CONSIDER ADOPTION OF A RESOLUTION NO. 20-186 AUTHORIZING EXECUTION OF AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION TO ADMINISTER AND COLLECT THE LOCAL TRANSACTIONS AND USE TAX (MEASURE K); AND ADOPTION OF A RESOLUTION NO. 20-187 AUTHORIZING EXAMINATION OF TRANSACTIONS AND USE TAX RECORDS (CITY COUNCIL)**

#### **I. SUMMARY**

On August 4, 2020, the City Council approved a ballot measure amending the City of Carson code and providing for a local transactions and use tax of three quarter-cent (0.75%). This measure was submitted to the County of Los Angeles and included on the November 3, 2020 ballot designated as Measure K. Measure K was approved by over 53% of the voters. The California Department of Tax and Fee administration (CDTFA) will administer and perform the services necessary to set up the transactions and use tax. In order to begin this process, the CDTFA requires approval of the attached resolution authorizing the City Manager to execute an "Administrative Agreement" and "Preparatory Agreement." Executed copies of the proposed resolutions and agreements will be provided to the CDTFA, and they will begin the process to implement the tax effective April 1, 2021.

Additionally, a Resolution authorizing designated City Staff access to the data is required. Staff is currently undergoing review of RFP proposals and anticipates selecting a consultant to perform Sales Tax Audit early next year. Once a consultant is selected and contracted, staff will bring back an updated resolution for the City Council approval authorizing CDTFA to provide access to the City's Sales Tax Auditor. This resolution for access to sales and use tax data allows the City Manager to designate in writing to the CDTFA what City staff members can view the data. The new transactions and use tax (Measure K) is considered a separate data source by the CDTFA and requires its own resolution.

#### **II. RECOMMENDATION**

1. ADOPT resolution 20-186 authorizing agreements with CDTFA (including Exhibit A -

Preparatory Agreement, and Exhibit B - Administrative Agreement); and

2. ADOPT resolution 20-187 authorizing examination of transactions and use tax records
- 1.

### **III. ALTERNATIVES**

TAKE another action(s) that City Council deems appropriate

### **IV. BACKGROUND**

The City of Carson transactions and use tax measure was included on the November 3, 2020 ballot designated as Measure K. Measure K was approved by over 53% of the voters. Pursuant to Revenue and Taxation Code section 7265, the new tax is scheduled to become operative on April 1, 2021, and will be administered by the CDTFA. The CDTFA requires that the City Council approve a resolution authorizing the City Manager to execute an agreement with the CDTFA for implementation of local transactions and use tax. In order for the State to implement this new tax, CDTFA is requesting that the City, in addition to the resolution, also complete and return the following items as soon as possible, but not later than January 4, 2020:

1. Five original Preparatory Agreement
2. Five original Administrative Agreement
3. Five certified copies of Resolution Authorizing the Execution of Agreements
4. Five certified copies of the Transactions and Use Tax Ordinance
5. One certified copy of Certification of Final Election Results
6. One Contact Form for Warrants
7. One Resolution for Examination of Confidential Records
8. One Designation Letter
9. One Contact Form for Notifications & Appeals
10. One EFT "Electronic Funds Transfer" Authorization Agreement plus copy of a voided check
11. One Media and Registration Request Form

The California Department of Tax and Fee administration (CDTFA) will administer and perform the services necessary to set up the transactions and use tax. In order to begin this process, the CDTFA requires approval of the attached resolution authorizing the City

Manager to execute an “Administrative Agreement” and “Preparatory Agreement.” Executed copies of the proposed resolutions and agreements will be provided to the CDTFA, and they will begin the process to implement the tax effective April 1, 2021.

Additionally, a Resolution authorizing designated City Staff access to the data is required. The new transactions and use tax (Measure K) is considered a separate data source by the CDTFA and requires its own resolution. The state considers the transactions and use tax to be a separate data base from the Bradley-Burns tax and requires a separate resolution and agreement. Staff is currently undergoing review of RFP proposals and anticipates selecting a consultant to perform Sales Tax Audit early next year. Once a consultant is selected and contracted, staff will bring back an updated resolution for the City Council approval authorizing CDTFA to provide access to the City’s Sales Tax Auditor.

In March, the CDTFA will send a letter to each taxpayer in the region informing them of the new requirement. They will also send out press releases to the media and include an article in their quarterly Tax Information Bulletin which is received by most accountants and tax professionals. The first full quarter’s data will not be available until September 2021.

## **V. FISCAL IMPACT**

There is no fiscal impact associated with this staff report.

## **VI. EXHIBITS**

1. Resolution 20-186 authorizing agreements with CDTFA (including Exhibit A - Preparatory Agreement, and Exhibit B - Administrative Agreement); and
2. Resolution 20-187 authorizing examination of transactions and use tax records.

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