

REPORT TO CITY COUNCIL

City of Nevada City
317 Broad Street
Nevada City, CA 95959
www.nevadacityca.gov

November 18, 2015

TITLE: An Ordinance of the City of Nevada City amending Chapter 3.52 to Title 3 of the Nevada City Municipal Code Extending the 3/8 of 1% Transactions and Use Tax for General Purposes (First Reading / Requires 4/5ths Vote)

RECOMMENDATION: Pass draft Ordinance modifying Chapter 3.52 of the Nevada City Municipal Code to extend Transaction and Use Tax for General Purposes effective upon voter approval.

CONTACT: Mark Prestwich, City Manager

BACKGROUND: On January 22, 2015, the City Council unanimously adopted a long-term funding strategy to place a transactions and use tax (sales tax) measure on the June 7, 2016 ballot. This decision was made after the City received notice from the Nevada County Consolidated Fire District that they were ending an 11-year co-staffing relationship of providing three firefighters to Nevada City's Fire Station 54 on Providence Mine Road after April 19, 2015, resulting in a new annual operational cost of \$275,000 to the City's General Fund.

DISCUSSION: On October 28, 2015, the City Council provided direction to Staff to prepare an Ordinance, subject to voter approval, extending the 3/8 of 1% Transactions and Use Tax for general purposes indefinitely. The annual projected revenue of \$432,000 would allow the City to adequately address its citywide operational, capital and maintenance needs, and prevent a deterioration in service levels. The proposed ordinance requires a 4/5 vote in order to be placed on the June 7, 2016 ballot.

ENVIRONMENTAL CONSIDERATIONS: Not applicable.

FINANCIAL CONSIDERATIONS: California state law authorizes cities to seek voter approval of transaction and use taxes in multiples of 0.125 percent so long as the combined transaction and use taxes do not exceed two percent. General Purpose sales tax revenues may be used for any General Fund purpose including Fire, Police, Parks and general maintenance requirements. An extension of the City's existing 3/8 cent General Purpose sales tax would provide approximately \$432,000 annually. It is estimated that non-City residents generate more than 60% of Nevada City sales tax revenues.

ATTACHMENT:

- ✓ Draft Ordinance Modifying Chapter 3.52 of the Nevada City Municipal Code

ORDINANCE NO. 2015-XX

AN ORDINANCE OF THE CITY OF NEVADA CITY EXTENDING THE 3/8 OF 1% TRANSACTIONS AND USE TAX FOR GENERAL PURPOSES TO CONTINUE TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

WHEREAS, pursuant to California Revenue and Taxation Code Sections 7285.9, the City of Nevada City (the "City") has the authority to levy a Transactions and Use Tax for general purposes;

WHEREAS, a majority of the voters of the City approved a three-eighths cent per one dollar (0.375%) Transactions and Use Tax at an election held on November 6, 2012;

WHEREAS, the City's Transactions and Use Tax Ordinance is found in Chapter 3.52 of Title 3 of the City's Municipal Code;

WHEREAS, Section 3.52.160 of Chapter 3.52 sets forth a "Termination Date" of five (5) years after its operative date, at which time Chapter 3.52 will be repealed unless an amendment is approved by the voters of the City at an election called for that purpose; and

WHEREAS, an amendment of the City's Transactions and Use Tax will be submitted to the voters to delete the sunset provision of Section 3.52.160 and thus extend the "Termination Date" of Chapter 3.52 indefinitely.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NEVADA CITY DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Amendment. Section 3.52.160 of Chapter 3.52 of Title 3 of the City's Municipal Code providing that the tax shall expire five (5) years after its operative date is hereby repealed.

Section 2. Approval by the Voters. This Ordinance shall be submitted to the voters at the general municipal election to be held on June 7, 2016. Upon approval by a majority of the voters of the City voting on this Ordinance, the Transactions and Use Tax set forth in Chapter 3.26 of the City's Municipal Code shall be re-authorized and extended indefinitely.

PASSED AND ADOPTED at a regularly scheduled meeting by the City Council of the City of Nevada City this _____ day of _____, 2015, by a two-thirds vote of the City Council, by the following vote:

AYES:

NOES:

ABSTAIN/ABSENT:

Jennifer Ray, Mayor

Attest: _____
Niel Locke, City Clerk