



Local ballot measure: Z-Scotts Valley sales tax

Z

City of Scotts Valley sales tax

Ballot question

Scotts Valley City Services Protection

Measure. To protect Scotts Valley’s quality of life, maintain financial stability, avoid significant cuts and support city services, such as local 9-1-1 dispatch and emergency police response; wildfire/ emergency preparation; recruiting/ retaining experienced police officers; city road, storm drain and parks maintenance; and other general services, shall a 1.25% sales tax be adopted, eliminating the existing 0.50% sales tax and generating approximately \$3,300,000 annually for twelve years, with all funds spent locally?

Pregunta de Boleta

Medida de protección de servicios de la ciudad de Scotts Valley.

Para proteger la calidad de vida de Scotts Valley, mantener la estabilidad financiera, evitar recortes significativos y apoyar los servicios de la ciudad, como el despacho local del 9-1-1 y la respuesta de emergencia de la policía, la preparación ante incendios forestales/emergencias, el reclutamiento/retención de oficiales de policía experimentados, las vías de la ciudad, los drenajes de tormenta y mantenimiento de parques, y otros servicios generales, ¿deberá adoptarse un impuesto de ventas del 1.25%, eliminando el impuesto de ventas existente del 0.50% y generando aproximadamente \$3,300,000 anuales durante doce años, con todos los fondos gastados localmente?

What your vote means

YES	NO
A "Yes" vote is a vote in favor of eliminating the existing 0.50% sales tax and adopting a 1.25% sales tax, resulting in a new sales tax of 9.75%.	A "No" vote would maintain the current sales tax rate of 9.00%.

For and against Measure Z

FOR	AGAINST
<p>Randy Johnson Mayor, City of Scotts Valley</p> <p>Stephen D. Walpole Chief of Police, City of Scotts Valley, retired (1986-2001)</p> <p>Linda Benko Secretary, Scotts Valley Educational Foundation; Past President, Scotts Valley Falcon Club; Co-President, Kiwanis Club</p> <p>Jeanne Shada Small business owner; Scotts Valley Chamber of Commerce Past President and Board Member; retired teacher; senior citizen</p> <p>Robert Aldana Founder and Editor-in-Chief, My Scotts Valley</p>	No argument against Measure Z was filed.



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Arguments and rebuttals are the opinions of the authors. We print them exactly as submitted, including errors.

Argument for Measure Z

Measure Z is the only way to prevent deep, permanent cuts to Scotts Valley's core services that will forever change our town for the worse.

Without Measure Z, Scotts Valley will face: slower 9-1-1 police emergency response times; failure to recruit and retain experienced police officers; and, reduced preparation for wildfires and other emergencies.

Why is Measure Z necessary?

State funding formulas continue to adversely impact small cities like ours. Scotts Valley receives approximately 6.5% of the property taxes it generates, less than half the state average.

Despite growing community needs, Scotts Valley today has approximately 20% fewer staff than 15 years ago. The City has cut jobs, laid off workers, contracted out for services and shifted more pension costs to employees. But this belt-tightening has not been nearly enough.

With cash reserves rapidly dwindling, Scotts Valley will experience catastrophic cuts without Measure Z. These cuts likely mean:

- Reducing or closing safe, affordable childcare programs at Vine Hill and Brook Knoll Elementary Schools
- Weakening support for our schools
- Diminishing 9-1-1 police emergency response and neighborhood patrols
- Failing to attract and retain experienced police officers
- Reducing preparation for wildfires and other emergencies
- Potentially eliminating the Scotts Valley Police Department, instead contracting with the County Sheriff for law enforcement and emergency response.

Measure Z is a sales tax, which means it's also paid by visitors and out-of-towners. It includes strict accountability provisions, such independent financial audits and a twelve-year sunset.

With Measure Z, 100% of the funds stay in Scotts Valley; Sacramento gets nothing.

Measure Z doesn't add any new programs. It simply maintains today's essential City services that are so critical to our unmatched quality of life.

The alternative to Measure Z is cuts so severe that the very future of Scotts Valley as an independent city is threatened.

Get the facts at www.SaveScottsValley.com.

Please vote Yes on Measure Z!

Randy Johnson

Mayor, City of Scotts Valley

Stephen D. Walpole

Chief of Police, City of Scotts Valley, retired (1986-2001)

Linda Benko

Secretary, Scotts Valley Educational Foundation; Past President, Scotts Valley Falcon Club; Co-President, Kiwanis Club

Jeanne Shada

Small business owner; Scotts Valley Chamber of Commerce Past President and Board Member; retired teacher; senior citizen

Robert Aldana

Founder and Editor-in-Chief, My Scotts Valley

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Impartial Analysis of Measure Z

Kirsten Powell, City Attorney

The City Council of the City of Scotts Valley has placed a measure on the ballot asking voters to eliminate the existing 0.50% sales tax and adopt a 1.25% sales tax within the City. The proposed tax would collect one and a quarter of a cent for every dollar of taxable sales of goods in the City, which is three quarters of a cent more than the existing tax. The proposed sales tax, like the current sales tax, would be imposed upon the sale of all tangible personal property sold at retail establishments within the jurisdictional limits of the City as well as upon the storage, use or other consumption of tangible personal property purchased from any retailer in the jurisdictional limits of the City.

All revenue generated from the proposed sales tax increase would be deposited into the City's General Fund and, accordingly, all monies collected pursuant to the sales tax increase would be used by the City to pay for general City operations and services, including, police, emergency preparedness, parks and street maintenance. As such, this ballot measure proposes a "general purpose tax" rather than a "special purpose tax" and requires a simple majority vote for adoption.

The sales tax rate for the City of Scotts Valley is currently 9.00%. If the ballot measure is adopted, the sales tax rate would increase to 9.75% beginning July 1, 2020, and ending June 30, 2032.

A "yes" vote on this Measure is a vote in favor of eliminating the existing 0.50% sales tax and adopting a 1.25% sales tax, resulting in a new sales tax of 9.75%. A "no" vote on this Measure would maintain the current sales tax rate of 9.00%. This Measure will be adopted if it is approved by a majority of voters voting on the ballot measure.

Fiscal Impact Statement of Measure Z

Tony McFarlane, Administrative Services Director

Measure Z, if approved by voters, authorizes the City of Scotts Valley to eliminate the existing temporary 0.50% sales tax and replace it with a temporary 1.25% sales tax for twelve years.

Proceeds from this tax would be deposited into the General Fund and would be used to fund general city services such as local 9-1-1 dispatch, police, emergency preparedness, park maintenance, and street and storm drain repair.

Revenues generated by the sales tax will help stabilize the City's budget and avoid reductions to core city services, such as local 9-1-1 dispatch, police, park maintenance, and street and storm drain repair. The new revenues will also help reduce the City's General Fund structural deficit, which is projected to be \$1 million for Fiscal Year 2019/20 and anticipated to increase to \$2.5 million by Fiscal Year 2022/23 and \$5.8 million by Fiscal Year 2023/24.

The sales tax rate for the City of Scotts Valley is currently 9.00%. Of that, the city currently receives 1.50%. If the ballot measure is adopted, the sales tax rate would increase to 9.75% and 2.25% of that would go to the city beginning July 1, 2020, and ending June 30, 2032. If approved, the temporary sales tax will generate approximately \$3.3 million per year in revenue for the General Fund of the City of Scotts Valley beginning with Fiscal Year 2020/2021.

The projected revenues are based upon analysis of historic sales tax revenues.



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Full text of Measure Z

ORDINANCE NO. 186.1

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SCOTTS VALLEY AMENDING CHAPTER 3.17 OF TITLE 3 INCREASING AND EXTENDING A TRANSACTIONS AND USE TAX ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

BE IT ORDAINED by the City Council of the City of Scotts Valley as follows:

SECTION 1. Chapter 3.17 of Title 3 of the Scotts Valley Municipal Code is amended in its entirety to read as follows:

"Chapter 3.17 Temporary Transactions and Use Tax

Sections:

- 3.17.010 Title
- 3.17.020 Operative Date
- 3.17.030 Purpose
- 3.17.040 Contract with State
- 3.17.050 Transaction Tax Rate
- 3.17.060 Place of Sale
- 3.17.070 Use Tax Rate
- 3.17.080 Adoption of Provisions of State Law
- 3.17.090 Limitations on Adoption of State Law and Collection of Use Taxes
- 3.17.100 Permit Not Required
- 3.17.110 Exemptions and Exclusions
- 3.17.120 Amendments
- 3.17.130 Enjoining Collection Prohibited

3.17.010 Title

This ordinance shall be known as the Temporary Transactions and Use Tax Ordinance. The City of Scotts Valley shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.17.020 Operative Date

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being set forth below.

3.17.030 Purpose

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

- A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 1285.9 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.

3.17.040 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 transaction 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



Local ballot measure: Z-Scotts Valley sales tax

date, it shall nevertheless so contract and in such case of the operative date shall be the first day of the first calendar quarter following the execution of such contract.

3.17.050 Transaction Tax Rate

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the City at the rate of 1.25% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory for twelve (12) years from the operative date of this ordinance.

3.17.060 Place of Sale

For the purposes of this ordinance, all retail sales are consumed 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.

3.17.070 Use Tax Rate

An excise tax is hereby imposed upon the storage, use, or consumption in the City of tangible personal property purchased from any retailer for twelve (12) years after the operative date of this ordinance for storage, use, or other consumption in said territory at the rate of 1.25% of the sales price of the property.

3.17.080 Adoption of Provisions of State Law

Except as otherwise provided in this ordinance and except insofar as they are consistent 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.

3.17.090 Limitations on Adoption of State Law and Collection of Use Taxes

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

- A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:
 1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State 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 substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use, or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;
 - b. Impose this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not be subject to tax by the State under the said provision of that code.
 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797, or 6828 of the Revenue and Taxation Code.
- B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.
- C. The phrase "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.

3.17.100 Permit Not Required

If a Seller's Permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.17.110 Exemptions and Exclusions



Local ballot measure: Z-Scotts Valley sales tax

- A. There shall be excluded from the measure of the transactions tax and the use tax in 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:
- a. 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.
 - b. 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 purpose of this paragraph, delivery to a point outside the City shall be satisfied.
 - i. With respect to vehicles (other than non-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 under Chapter 2 of Division 3.5 (commencing with Section 9840) if 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.
 - ii. 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.
 - c. 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.
 - d. A lease of the 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 the ordinance.
 - e. For the purposes of subsections (c) and (d) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
- C. There are exempted from the use tax imposed by this ordinance, the storage, use, or other consumption in this City of tangible personal property:
- a. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 - b. 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 the 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.
 - c. If the purchase is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
 - d. 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.
 - e. For the purposed of subsection (c) and (d) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
 - f. Except as provided in subparagraph (g), 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.



Local ballot measure: Z-Scotts Valley sales tax

- g. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to the 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 Chapter 2 of 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.

3.17.120 Amendments

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not consistent 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.

3.17.130 Enjoining Collection Forbidden

No injunction or writ of mandate or other legal or equitable process shall issue any suit, action, or proceeding in any court against the State or the City, or against any officer of the State or City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected."

SECTION 2. SEVERABILITY. If any section, subsection, sentence, clause, phrase, portion of the application thereof, to any person or circumstance of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction such portion shall be deemed a separate, distinct, and independent provision of such ordinance and shall not affect the validity of the remaining portions thereof.

SECTION 3. REPEALS AND CONFLICTING ORDINANCES. All other ordinances of the City of Scotts Valley or provisions of the Scotts Valley Municipal Code which are in conflict with this Ordinance are hereby repealed to the extent of such conflict.

SECTION 4. CEQA COMPLIANCE. The City Council finds and determines that the enactment of this Ordinance is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines"), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines Section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects that may be funded using sales tax revenue received from the referenced special transactions and use tax resulting from this action will be assessed for CEQA applicability. Lastly, CEQA Guidelines Section 15378 (b) (4) specifically states that the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project as 'not a project.'

SECTION 5. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the City transactions and use tax and shall take effect pursuant to voter approval on July 1, 2020, the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance.

SECTION 6. TERMINATION DATE. The tax levied by this Ordinance shall continue at the rate of 1.25% from July 1, 2020 until June 30, 2032. The authority to levy the tax imposed by this Ordinance shall expire twelve (12) years from the operative date of this Ordinance.

SECTION 7. CODIFICATION. Upon adoption of this Ordinance pursuant to voter approval referenced in Section 3.17.02, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to complete the following;

- Codify this Ordinance in the Scotts Valley Municipal Code.
- Certify the passage of this Ordinance and forward a copy of the adopted Ordinance to the California Department of Tax and Fee Administration.

This Ordinance was introduced on the 4th day of December, 2019 by the following votes:

AYES: DILLES, JOHNSON, LIND, REED, TIMM
NOES: NONE
ABSENT: NONE