



Folsom City Council Staff Report

MEETING DATE:	5/28/2024
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11207 - A Resolution Submitting the Folsom Residents Public Safety and Quality of Life Measure to the Qualified Voters of the City to Add a Special Transactions and Use Tax at the Rate of One Percent (1%), Authorizing the Filing of Written Arguments Regarding the City's Revenue Measure, and Directing the City Attorney to Prepare an Impartial Analysis for Said Measure
FROM:	City Attorney's Office

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council pass and adopt Resolution No. 11207 - A Resolution Submitting the Folsom Residents Public Safety and Quality of Life Measure to the Qualified Voters of the City to Add a Special Transactions and Use Tax at the Rate of One Percent (1%), Authorizing the Filing of Written Arguments Regarding the City's Revenue Measure, and Directing the City Attorney to Prepare an Impartial Analysis for Said Measure.

BACKGROUND / ISSUE

A group of Folsom residents submitted a Notice of Intent to Circulate Petition to the City on December 4, 2023, proposing through a citizens' initiative to impose a new 1% special sales tax where the tax revenue may only be spent on specific purposes specified in the measure. The proponents submitted signatures they have gathered in support of the citizens' initiative to the City Clerk on April 30, 2024. The Sacramento County Registrar of Voters verified signatures and opined on May 9, 2024 that the number of signatures collected by the citizens' initiative meets and surpasses the 10% voter threshold requirement, thereby qualifying the citizens' initiative to be placed on the ballot for the November 5, 2024 General Municipal Election.

A General Municipal Election for the City of Folsom may be consolidated with the Statewide General Election for the purpose of electing members of the City Council in Council Districts 2 and 4 to fill openings due to the expiration of the current term of two Councilmembers this December, as well as submitting ballot measures to the voters as desired by the City Council.

While the election of two City Councilmembers will be by-district (i.e., only eligible voters in Council Districts 2 and 4 will vote for a Councilmember in their respective Districts), all eligible voters throughout the City will be able to vote to approve or reject the proposed revenue measure.

POLICY / RULE

Elections Code Sections 9201 and 9215 authorize citizens to submit a proposed ordinance to the City Council after being signed by not less than 10 percent of the voters of the City according to the last report of registration by the Sacramento County elections official. Once qualified, the City Council may submit the ordinance without alteration to the voters.

As a citizens' initiative, the proposed ordinance shall become a valid and binding ordinance of the City if a majority of the voters voting on it vote in its favor pursuant to Elections Code Section 9217.

ANALYSIS

A. General Municipal Election

At the November 5, 2024 General Municipal Election, the qualified voters of the City will be asked to elect two Councilmembers in Council Districts 2 and 4 to fill the seats following the expiration of the current terms of two Councilmembers. The election will be by-district. Additionally, the City Council may submit ballot measures to all voters of the City at said election for consideration.

B. Citizens' Initiative

The proponents of the citizens' initiative, "Folsom Residents Public Safety and Quality of Life Act", have gathered sufficient number of signatures to qualify it for the November 5, 2024 election ballot. The City Council is ministerially required to submit the ordinance to the voters of the City at a General Municipal Election to be held on November 5, 2024.

The initiative measure asks voters to authorize the enactment of a new transactions and use (sales) tax on the sale and/or use of all tangible personal property sold at retail in the City and online sellers, at the rate of one cent for every dollar spent (or one percent), on an ongoing basis.

The measure proposes a "special sales tax," from which the revenue would be deposited into a special City account separate from the general fund for the City to use only for the

following specific purposes, and in their respective percentages of expenditure, authorized in the measure:

1. Twenty percent (20%) for “**Police and Crime Reduction**” to maintain and improve police services and additional staffing, and to provide equipment and facilities for Folsom Police.
2. Twenty percent (20%) for “**Fire, Rescue, and Emergency Medical Services**” to maintain and improve fire, rescue and emergency medical services, and to provide equipment and facilities for Folsom firefighters and paramedics.
3. Fifteen percent (15%) for “**Parks, Recreation Facilities and Trails**” to maintain and renovate existing parks, trails, and other recreation facilities, including sports facilities used jointly with the Folsom-Cordova Unified School District and provide for funding to complete identified incomplete parks and trails in Folsom.
4. Fifteen percent (15%) for “**Traffic Mitigation and Environmental Water Quality**” to improve traffic congestion and safety, street maintenance, storm system repair and maintenance, and to maintain creek corridor and water quality in Folsom.
5. Fifteen percent (15%) for “**Community Enhancement and Economic Development**” to be used for investments, job creation and projects to enhance quality of life and long-term economic viability for the City, such as those consistent with a City adopted master plan.
6. Fifteen percent (15%) for “**Major Capital Improvement Projects**” to help fund major improvements to City infrastructure or facilities, including transportation/traffic safety, stormwater systems, parks and recreation facilities, public safety facilities, parking facilities, libraries and large capital equipment.

The measure requires annual audits and appointment by the City Council of a Citizens Oversight Committee to ensure that funds generated by the special tax are and will be used as specified by the measure. No proceeds from the special tax will be used to enhance existing public employee retirement benefits, replace existing developer obligations, or substitute existing funding mechanisms.

Although the proposed citizens’ initiative proposes a “special tax” which normally would require 2/3 votes to pass, as a citizens’ initiative, the measure would become operative if passed by a *simple majority* vote of the voters voting on the measure.

If passed, the Folsom Municipal Code would be amended by the enactment of an ordinance imposing the new special sales tax; however, the tax will be administered by the California Department of Tax and Fee Administration in the same manner that sales tax is currently administered in order to reduce the cost of collecting the tax and to minimize the burden of record-keeping upon retailers subject to the tax.

C. Effect on Sales Tax Rate and Tax Revenue

Currently, the cumulative tax rate on retail sales in Folsom is 7.75% of the purchase price. The tax revenue is allocated among the State, Sacramento County, the City of Folsom, and other public agencies. Folsom's share is 1.0% of the purchase price. The initiative measure would increase the cumulative tax rate in Folsom to 8.75%, with all proceeds from the special tax to remain in Folsom, and Folsom's share would increase from 1% to 2%.

Staff estimates that a one cent measure would initially generate approximately \$29 million per year. Collection of the proposed tax would begin on April 1, 2025 and would continue until repealed by voters of the City in a future election.

A copy of the proposed text of the proposed citizens' initiative revenue measure can be found in Attachment 2 of this Staff Report.

D. Written Ballot/Rebuttal Arguments

According to Section 9282 of the Elections Code, for measures placed on the ballot by petition, the person filing an initiative petition may file a written argument in favor of the ordinance, and the legislative body may submit an argument against the ordinance. While the Elections Code provides that the City Council may argue against the citizens' initiative, it provides no authority for the City Council to submit an argument in favor of the measure.

Accordingly, the proposed Resolution authorizes the filing of written arguments and rebuttals for the citizens' initiative revenue measure in accordance with Section 9282 of the Elections Codes, as well as directing the City Attorney to prepare an impartial analysis for the ballot measure.

Pursuant to the timeline set forth in Elections Code Sections 9286 and 9295, written ballot arguments for or against a ballot measure must be filed no later than June 11, 2024. The public examination period for arguments would be from June 12, 2024 to June 21, 2024.

Pursuant to Elections Code Section 9285, rebuttal arguments must be filed no later than June 21, 2024. The public examination period would be from June 22, 2024 to July 1, 2024.

FINANCIAL IMPACT

The Sacramento County Registrar of Voters has estimated the election cost at approximately \$55,000 for the election of two City Council candidates. Adding an additional contest to the ballot will cost approximately an additional \$6,000 based on the County's fee schedule of \$0.1035 per registered voter for "additional contests". Funds will be in the City Clerk's proposed FY 2024-25 budget to cover this expense.

ENVIRONMENTAL REVIEW

Under Election Code Section 9215, the City Council's decision to submit a voter-proposed initiative measure to the voters is ministerial and not subject to the California Environmental Quality Act. No environmental review is required.

ATTACHMENTS

1. Resolution No. 11207 - A Resolution Submitting the Folsom Residents Public Safety and Quality of Life Measure to the Qualified Voters of the City to Add a Special Transactions and Use Tax at the Rate of One Percent (1%), Authorizing the Filing of Written Arguments Regarding the City's Revenue Measure, and Directing the City Attorney to Prepare an Impartial Analysis for Said Measure
2. The Folsom Residents Public Safety and Quality of Life Act
3. City Attorney Ballot Title and Summary
4. Sacramento County Voter Registration and Elections Signature Verification Calculations and Certificate

Respectfully submitted,

Steven Wang, City Attorney

Attachment 1

Resolution No. 11207 - A Resolution Submitting the Folsom Residents Public Safety and Quality of Life Measure to the Qualified Voters of the City to Add a Special Transactions and Use Tax at the Rate of One Percent (1%), Authorizing the Filing of Written Arguments Regarding the City's Revenue Measure, and Directing the City Attorney to Prepare an Impartial Analysis for Said Measure

RESOLUTION NO. 11207

A RESOLUTION SUBMITTING THE FOLSOM RESIDENTS PUBLIC SAFETY AND QUALITY OF LIFE MEASURE TO THE QUALIFIED VOTERS OF THE CITY TO ADD A SPECIAL TRANSACTIONS AND USE TAX AT THE RATE OF ONE PERCENT (1%), AUTHORIZING THE FILING OF WRITTEN ARGUMENTS REGARDING THE MEASURE, AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS FOR SAID MEASURE

WHEREAS, under the provisions of the Folsom City Charter and the Folsom Municipal Code, a General Municipal Election shall be held on November 5, 2024 for the election of two City Councilmembers; and,

WHEREAS, Elections Code Sections 9201 and 9215 authorize citizens to submit a proposed ordinance to the City Council after being signed by not less than 10 percent of the voters of the City according to the last report of registration by the Sacramento County elections official; and

WHEREAS, pursuant to authority provided by statute, a petition has been filed with the City Clerk of the City of Folsom, California, signed by not less than 10 percent of the registered voters of the City, to submit a proposed ordinance entitled “Folsom Residents Public Safety and Quality of Life Act”; and

WHEREAS, the City Clerk has caused to be examined, through the office of the Sacramento County Voter Registration and Elections Office, the records of voter registration and is in receipt of that certain “Signature Verification Certificate” and “Signature Verification Calculations” from said Office, and has accepted as true and correct the findings contained therein, and thereby ascertained that the petition is signed by the requisite number of voters; and

WHEREAS, the City Council wishes to submit the proposed ordinance to the voters of the City of Folsom at a General Municipal Election to be held in the City on November 5, 2024; and

WHEREAS, pursuant to Section 9217 of the California Elections Code, the proposed ordinance shall become a valid and binding ordinance of the City if a majority of the voters voting on it vote in its favor.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Folsom as follows:

SECTION 1. Pursuant to Article II, Sections 10 and 11 of the California Constitution, Elections Code Sections 9200 et. seq., and Folsom Municipal Code Section 2.40.010, a General Municipal Election is called and ordered to be held in the City of Folsom, California, on Tuesday, November 5, 2024 for the purpose of submitting the following proposed ordinance to the voters of the City:

CITY OF FOLSOM

MEASURE “ ___ ”

FOLSOM RESIDENTS PUBLIC SAFETY AND QUALITY OF LIFE ACT

YES	
NO	

Shall the measure to enact a 1 percent transaction and use tax (sales tax), providing approximately \$29 million annually until ended by voters, requiring local control, citizen oversight, independent annual audits, all funds staying in Folsom and the proceeds used only for the following: 20% - police services, 20% - fire protection, 15% - parks/trail improvement, 15% - traffic/street maintenance, 15% - community enhancement/economic development, and 15% - major capital improvement projects, be adopted?

SECTION 2. The complete text of the proposed ordinance to be submitted to the voters in Section 1 hereof is attached hereto as Exhibit “A”. **The full text of the Ordinance will not be printed in its entirety in the County Voter Information Guide.** Relevant information will be provided within the Impartial Analysis, and a full copy of the text is on file in the Office of the City Clerk.

SECTION 3. The vote requirement for the measure submitted to the voters in Section 1 hereof to pass is a simple majority (50% + 1) of the votes cast.

SECTION 4. The City Council affirms for measures placed on the ballot by petition, the persons filing the initiative petition, pursuant to Elections Code Section 9282(a), may file a written argument in favor of the ordinance, not exceeding 300 words, and the legislative body may submit an argument against the initiative not exceeding 300 words. Arguments shall be accompanied by 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. The arguments shall be accompanied by the Form of Argument/Rebuttal Signature Statement Form, in accordance with California Elections Code Section 9282, and may be changed or withdrawn until and including the date fixed by this Resolution after which no arguments for or against the City measure may be submitted to the City Clerk.

SECTION 5. The City Council adopts Elections Code Section 9285 to accept rebuttal arguments. The rebuttal arguments shall be filed with the City Clerk, signed, with 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. Rebuttal arguments shall not exceed 250 words. The arguments shall be accompanied by the Form of Argument/Rebuttal Signature Statement Form.

SECTION 6. The date for submission of primary arguments (for and against) for said proposition is hereby set for June 11, 2024; the date for submission of the City Attorney's impartial analysis of said proposition is hereby set for May 31, 2024; and the date for submission of rebuttal arguments to said primary arguments is hereby set for June 21, 2024.

SECTION 7. 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. The City Attorney shall prepare an impartial analysis of said measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of said measure. If any measure affects the organization or salaries of the Office of the City Attorney, the City Clerk shall prepare the impartial analysis. The analysis shall include a statement indicating whether any measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the City. In the event the entire text of the measure is not printed on the ballot, nor in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-point, the following: "The above statement is an impartial analysis of the measure. If you desire a copy of the measure, please call the election official's office at: 916-461-6035 and a copy will be provided at no cost to you."

SECTION 8. The ballots to be used at the election shall be in form and content as required by law.

SECTION 9. Said General Municipal Election hereby called shall be held and conducted, and the votes there at received and canvassed, and the returned thereof made, and the result thereof ascertained and determined in accordance with the general election laws of the State of California, except as herein provided.

SECTION 10. All persons qualified to vote at municipal elections in the City of Folsom shall be qualified to vote at said General Municipal Election.

SECTION 11. The City Clerk is authorized, instructed, and directed to coordinate with the Clerk and Registrar of Voters of the County of Sacramento 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. Pursuant to Elections Code Section 10002, the City Manager is hereby authorized to reimburse the County for the actual cost incurred in conducting the election upon receipt of a bill stating the amount due as determined by the elections official.

SECTION 12. Unless a longer period is provided by the County Elections Department, the polls 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 California Elections Code §10242, except as provided in California Elections Code §14401.

SECTION 13. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 14. Notice of the time and place of holding the election is 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 15. The full text of the revenue measure Ordinance will not be printed in its entirety in the Sample Ballot. Relevant information will be provided within the Impartial Analysis for each measure and a full copy of the text is on file in the Office of the City Clerk.

SECTION 16. 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.

SECTION 17. At the next regular meeting of this City Council occurring after the returns of said General Municipal Election have been canvassed, and the certification of the results thereof to this City Council, or at a special meeting called thereafter for such purpose, this City Council shall cause to be spread upon its minutes a statement of the results of said General Municipal Election as ascertained by said canvass.

SECTION 18. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions, and to take other appropriate actions necessary to ensure the placement of said proposition before the voters of the City of Folsom at said General Municipal Election.

PASSED AND ADOPTED this 28th day of May, 2024 by the following roll call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Michael D. Kozlowski, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

List of Exhibit:

Exhibit A – Folsom Residents Public Safety and Quality of Life Act

Resolution No. 11207 Exhibit A

Folsom Residents Public Safety and Quality of Life Act

The people of the City of Folsom ordain as follows:

SECTION 1. TITLE.

This measure shall be known as the "Folsom Residents Public Safety and Quality of Life Act."

SECTION 2. FINDINGS.

The people of the City of Folsom find:

A. For decades, the City of Folsom has led the State in safety and livability. Many residents live in the City because it offers a higher level of amenities, services, programs, and quality of life than in neighboring cities. Many businesses operate and thrive here because of the City's business-friendly environment, robust and year-round recreational activities and events, and high-quality public facilities.

B. However, the City's unique geography, with its lakes, creeks, trails, bikeways, and scenic hillsides, combined with the age of its roads, sidewalks, and public buildings make it an expensive City to maintain. While the City of Folsom has seen increased costs to preserve core essential services for its residents, revenue is projected to remain relatively flat. Because the City's population and community expectations continue to rise, the City is forced to do more with less. Without increased revenues, a reduction in City services will be required to balance future budgets.

C. The City has significantly reduced staffing levels, increased employee contributions towards retirement and health benefits, and eliminated retiree health benefits for new employees. Yet because of the City's looming fiscal crisis, core essential services for Folsom residents are in dire need of more funding:

1. Sworn officer staffing levels are below those in 2008 and below the regional average.
2. Folsom has the only fire station without a fire engine in Sacramento County and residents face an increased amount of response time for ambulances.
3. City facilities, parks, and trails are aging out, and maintenance has had to be deferred and levels of service have been and will continue to be reduced.
4. There are at least \$20 million annually in unfunded or underfunded needs, including transportation upgrades and improvements, incomplete parks and trails, and inadequately maintained city facilities, that the City is either deferring or not completing.

D. The City needs a dependable and local source of revenue to fund core essential services that Folsom residents deserve and expect.

E. For that reason, the voters of the City of Folsom seek to enact a 1-percent (one cent) special transactions and use tax (sales tax) increase to ensure that the City can maintain and improve the quality of core essential services and programs. This modest increase would bring Folsom's sales tax rate to 8.75%, consistent with or better than neighboring cities such as Rancho Cordova (8.75%), Sacramento (8.75%), Elk Grove (8.75%) and Galt (9.25%). A significant portion of the funds generated by this increase, approximately 40%, would be paid for by visitors, not the residents of the City of Folsom. All of the funds generated by this increase would remain in Folsom to be used for the betterment of our community.

SECTION 3. PURPOSE AND INTENT.

In enacting this measure, it is the intent of the people of the City of Folsom to maintain and improve the safety and quality of life for City residents and to provide for core essential services in the community for decades to come, by doing the following:

A. Expressly providing that the funds generated by this Special Sales Tax are to be used for core essential City services as set forth in the measure and generally as follows:

1. Twenty (20%) percent to maintain and improve police services and additional staffing, and to provide equipment and facilities for our police force.
2. Twenty (20%) percent to maintain and improve fire, rescue and emergency medical services, and to provide equipment and facilities for our firefighters and paramedics.
3. Fifteen (15%) percent to maintain and renovate existing parks, trails, and other recreation facilities, including sports facilities used jointly with the Folsom-Cordova Unified School District and provide for funding to complete identified incomplete parks and trails.
4. Fifteen (15%) percent to improve traffic congestion and safety, street maintenance, storm system repair, and to maintain creek corridor and water quality.
5. Fifteen (15%) percent for investments and projects to enhance quality of life and long-term economic viability for the City, such as those consistent a City adopted master plan.
6. Fifteen (15%) percent for major improvements to City infrastructure or facilities, including transportation/traffic safety, stormwater systems, parks and recreation facilities, public safety facilities, parking facilities, libraries and large capital equipment.

B. Expressly requiring an annual audit and an active and dedicated Citizen's Oversight Committee to ensure that funds generated by this measure are used consistently with the will of the voters and the needs of the City as a whole. This Committee will be charged with

examining the funds received from this tax, recommending a spending plan for these funds to the Folsom City Council, examining how those funds are spent, and submitting a report to the residents of the City of Folsom and the City Council each year.

C. Expressly providing that none of the revenues can be used to enhance existing public employee retirement benefits or to replace existing funding from developer requirements.

SECTION 4. FOLSOM RESIDENTS PUBLIC SAFETY AND QUALITY OF LIFE ACT.

Chapter 3.140, "Folsom Residents Public Safety and Quality of Life Act", is hereby added to the Folsom Municipal Code to read as follows:

Chapter 3.140 Folsom Residents Public Safety and Quality of Life Act.

- 3.140.010 Title.**
- 3.140.020 Definitions.**
- 3.140.030 Purpose.**
- 3.140.040 Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.**
- 3.140.050 Receipt of Proceeds.**
- 3.140.060 Use of Proceeds.**
- 3.140.070 Maintenance of Effort.**
- 3.140.080 Contract with State.**
- 3.140.090 Transactions Tax Rate.**
- 3.140.100 Place of Sale.**
- 3.140.110 Use Tax Rate.**
- 3.140.120 Adoption of Provisions of State Law.**
- 3.140.130 Limitations on Adoption of State Law and Collection of Use Taxes.**
- 3.140.140 Permit Not Required.**
- 3.140.150 Exemptions and Exclusions.**
- 3.140.160 Amendments.**
- 3.140.170 Enjoining Collection Forbidden.**
- 3.140.180 Annual Independent Audit.**
- 3.140.190 Citizens' Oversight Committee.**

3.140.010 Title.

This Chapter shall be known as the "Folsom Residents Public Safety and Quality of Life Act" ("Act").

3.140.020 Definitions.

"Committee" means the Citizens' Oversight Committee established as set forth in Section 3.140.190.

“City” means City of Folsom.

“City Council” means City of Folsom City Council.

“Fund” means the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.

“Operative Date” means the first day of the first calendar quarter commencing more than one hundred ten (110) days after the adoption of this Act.

3.140.030 Purpose.

This Act 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 7285.91 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.

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.

E. This Special Transaction and Use Tax measure approved by the voters of the City of Folsom shall be used solely to sustain and improve the safety and quality of life for City residents and to provide for core essential services in the community for decades to come.

3.140.040 Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.

There is hereby established in the treasury of the City of Folsom a special fund called the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, which shall be maintained by the City.

3.140.050 Receipt of Proceeds.

A. All revenue generated by this Act shall be deposited into the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund and shall solely be used in the City of Folsom for the purposes described in this Act.

B. Monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to reimburse the City for the costs imposed by the California Tax and Fee Administration to administer and operate this tax pursuant to Section 3.140.080 and for use for the Annual Independent Audit pursuant to Section 3.140.180.

C. The remaining monies in the Fund shall be expended pursuant to and subject to the requirements set forth in Sections 3.140.060 and 3.140.070.

3.140.060 Use of Proceeds.

The monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used solely to enhance core essential City services to maintain and improve the quality of life of residents of the City for the following distinct purposes, and the revenues generated by this Act shall be utilized based on the percentages listed below. With the adoption of the City budget and quarterly as determined by the City Manager and Chief Financial Officer, the City shall apportion the revenues within the categories in this Act based on the City's anticipated needs and projects in the coming year or following years for projects spanning multiple years. The following are the allowable uses and annual percentages for the revenues generated by this measure:

A. **Police and Crime Reduction.** Twenty percent (20%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential police services through funding additional officers, crime analysts, community service officers, and non-sworn police support staff and code enforcement officers above the approved staffing levels in the 2023-2024 City Budget; (2) purchase patrol and response vehicles, equipment and supplies for police uses, information technology resources and support; (3) renovate and construct police facilities; and (4) fund a reserve for future expenditures consistent with the uses described in this section. No funds shall be used to enhance existing retirement benefits.

B. Fire, Rescue, and Emergency Medical Services. Twenty percent (20%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential fire services through funding additional firefighters, EMS, and fire support staff above the approved staffing levels in the 2023-2024 City Budget, including training resources and support, wildland fire protection, mitigation programs and resources; (2) purchase of equipment and supplies, information technology resources and support for city fire resources; (3) renovate and construct fire facilities; and (4) fund a reserve for future expenditures consistent with the uses described in this section. No funds shall be used to enhance existing retirement benefits.

C. Parks, Recreation Facilities and Trails. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential recreational services through renovation of existing parks and park facilities, recreation facilities, and joint-use Folsom-Cordova Unified School District sports facilities, at funding levels above approved 2023-2024 City Budget; (2) staffing or contract services to plan and construct unbuilt parks and park facilities north of Highway 50; (3) expand information technology resources and support; (4) maintain and enhance bicycle and pedestrian trails and facilities; and (5) fund a reserve for long term expenditures consistent with the uses described in this subdivision. The revenues from this Act shall not replace developer requirements or other existing funding mechanisms required as a condition of development. No funds shall be used to enhance existing retirement benefits.

D. Traffic Mitigation and Environmental Water Quality. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to maintain and improve core essential transportation services including (1) transportation projects to improve traffic congestion and safety; (2) street maintenance pavement/pothole repair; (3) construction or matching funds for transportation projects in the City; and (4) information technology resources and support, including intelligent traffic management systems; and (5) personnel or contractors and equipment for storm drain system repair and maintenance, creek corridor and water quality pond maintenance; and (6) funding a reserve for future expenditures consistent with the uses described in this section. The revenues from this Act shall not replace developer requirements or other existing funding mechanisms. No funds shall be used to enhance existing retirement benefits.

E. Community Enhancement and Economic Development. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used for investments, projects, and staff or contractors to maintain and enhance the quality of life and long-term economic viability of the City of Folsom. Permitted uses of these funds include economic development administration, investments that yield a net positive impact on jobs or revenues in the City, community volunteer resources and support, projects consistent with a City adopted master plan approved by the City Council, and a reserve fund for future expenditures consistent with the uses described in this subdivision.

F. Major Capital Improvement Projects. Fifteen percent (15%) of monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used for major improvements to City infrastructure or facilities, including but not limited to transportation/traffic safety, stormwater systems, parks and recreation facilities including multi-use trails and bridges, city-owned buildings and facilities, public safety facilities, parking facilities, and libraries, and to fund a reserve for future capital projects and capital equipment with a useful life expectancy greater than five (5) years.

3.140.070 Maintenance of Effort.

The People of the City of Folsom find and declare that the funding provided by the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund to each of the city departments and budget categories for those departments as specified in this Act will supplement and not replace the existing level of General Fund contribution approved by the City Council in its 2023-2024 budget. Revenues generated by this Act shall not be used to supplant the existing General Fund contributions in the categories described in this measure without a declaration of a fiscal emergency by a four-fifths vote of the City Council, and then only for the limited duration of the fiscal emergency.

3.140.080 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.

3.140.090 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.

3.140.100 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.

3.140.110 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.

3.140.120 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.

3.140.130 Limitations on Adoption of State Law and Collection of Use Taxes.

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

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.
2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use, or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or,

- b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
- 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

- 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.

3.140.140 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.

3.140.150 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 section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
- C. There are exempted from the use tax imposed by this ordinance, the storage, use, or other consumption in this City of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.
5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.140.160 Amendments.

All amendments subsequent to the effective date of this Act 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.

3.140.170 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.

3.140.180 Annual Independent Audit.

The proceeds of the tax imposed by this Act, as well as the expenditures from the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, shall be subject to the same independent annual audit requirements as other revenues in the City of Folsom. An independent auditor's report may be funded by the revenues from the Fund and shall include an accounting of the revenues received and expenditures made from the Fund and shall be presented annually to the city council by the Citizens' Oversight Committee and made available for public review. The report of such audit shall be posted on the City' website.

3.140.190 Citizens' Oversight Committee.

The City Council shall, by resolution adopted before the operative date of this Act, establish a nine-member Citizens' Oversight Committee to review the revenue and expenditure of funds from the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, address the use of funds to assure the funds were expended consistent with the requirements of this chapter, and to make recommendations to the City Council for future expenditures. The members terms, qualifications, duties, and the scope of the Committee, shall be as established by resolution of the City Council and shall include representatives of the City Finance Department, the Police Department, the Fire Department, a representative from a recreational sports organization within the City of Folsom, a representative of a parks and trails organization within the City of Folsom, a representative focused on streets and environmental stormwater, a representative from a business community organization within the City of Folsom, and two (2) at-large members who are residents of the City of Folsom. All meetings of the Committee shall be open to the public. The Committee shall prepare an annual report to be presented and reviewed by the City Council at a City Council meeting. The report shall be available to the public.

SECTION 5. EFFECTIVE DATE.

This Act relating to the levying and collecting of the City transactions and use tax shall take effect ten (10) days after the certification by the City Council of the election returns indicating passage of the Act by a majority of the voters casting votes in the election; however, the Operative Date of the tax imposed by this act shall be the first day of the first calendar quarter commencing more than one hundred ten (110) days after the adoption of this Act.

SECTION 6. SEVERABILITY.

If any section, subsection, sentence, clause, phrase, or word of this Act is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Act. The voters of City of Folsom hereby declare they would have passed and adopted this Act and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

SECTION 7. LIBERAL CONSTRUCTION.

This measure is an exercise of the initiative power of the People of the City of Folsom to implement a special tax to fund the purposes set forth in the Act, and it shall be liberally construed to effectuate these purposes.

SECTION 8. CONFLICTING MEASURES.

This measure is intended to be comprehensive. It is the intent of the People of the City of Folsom that, in the event this measure and one or more measures relating to a special transactions and use tax" shall appear on the same ballot, the provisions of the other measure or measures shall be deemed in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void.

Attachment 2

The Folsom Residents Public Safety and Quality of Life Act

The people of the City of Folsom ordain as follows:

SECTION 1. TITLE.

This measure shall be known as the "Folsom Residents Public Safety and Quality of Life Act."

SECTION 2. FINDINGS.

The people of the City of Folsom find:

A. For decades, the City of Folsom has led the State in safety and livability. Many residents live in the City because it offers a higher level of amenities, services, programs, and quality of life than in neighboring cities. Many businesses operate and thrive here because of the City's business-friendly environment, robust and year-round recreational activities and events, and high-quality public facilities.

B. However, the City's unique geography, with its lakes, creeks, trails, bikeways, and scenic hillsides, combined with the age of its roads, sidewalks, and public buildings make it an expensive City to maintain. While the City of Folsom has seen increased costs to preserve core essential services for its residents, revenue is projected to remain relatively flat. Because the City's population and community expectations continue to rise, the City is forced to do more with less. Without increased revenues, a reduction in City services will be required to balance future budgets.

C. The City has significantly reduced staffing levels, increased employee contributions towards retirement and health benefits, and eliminated retiree health benefits for new employees. Yet because of the City's looming fiscal crisis, core essential services for Folsom residents are in dire need of more funding:

1. Sworn officer staffing levels are below those in 2008 and below the regional average.
2. Folsom has the only fire station without a fire engine in Sacramento County and residents face an increased amount of response time for ambulances.
3. City facilities, parks, and trails are aging out, and maintenance has had to be deferred and levels of service have been and will continue to be reduced.
4. There are at least \$20 million annually in unfunded or underfunded needs, including transportation upgrades and improvements, incomplete parks and trails, and inadequately maintained city facilities, that the City is either deferring or not completing.

D. The City needs a dependable and local source of revenue to fund core essential services that Folsom residents deserve and expect.

E. For that reason, the voters of the City of Folsom seek to enact a 1-percent (one cent) special transactions and use tax (sales tax) increase to ensure that the City can maintain and improve the quality of core essential services and programs. This modest increase would bring Folsom's sales tax rate to 8.75%, consistent with or better than neighboring cities such as Rancho Cordova (8.75%), Sacramento (8.75%), Elk Grove (8.75%) and Galt (9.25%). A significant portion of the funds generated by this increase, approximately 40%, would be paid for by visitors, not the residents of the City of Folsom. All of the funds generated by this increase would remain in Folsom to be used for the betterment of our community.

SECTION 3. PURPOSE AND INTENT.

In enacting this measure, it is the intent of the people of the City of Folsom to maintain and improve the safety and quality of life for City residents and to provide for core essential services in the community for decades to come, by doing the following:

A. Expressly providing that the funds generated by this Special Sales Tax are to be used for core essential City services as set forth in the measure and generally as follows:

1. Twenty (20%) percent to maintain and improve police services and additional staffing, and to provide equipment and facilities for our police force.
2. Twenty (20%) percent to maintain and improve fire, rescue and emergency medical services, and to provide equipment and facilities for our firefighters and paramedics.
3. Fifteen (15%) percent to maintain and renovate existing parks, trails, and other recreation facilities, including sports facilities used jointly with the Folsom-Cordova Unified School District and provide for funding to complete identified incomplete parks and trails.
4. Fifteen (15%) percent to improve traffic congestion and safety, street maintenance, storm system repair, and to maintain creek corridor and water quality.
5. Fifteen (15%) percent for investments and projects to enhance quality of life and long-term economic viability for the City, such as those consistent a City adopted master plan.
6. Fifteen (15%) percent for major improvements to City infrastructure or facilities, including transportation/traffic safety, stormwater systems, parks and recreation facilities, public safety facilities, parking facilities, libraries and large capital equipment.

B. Expressly requiring an annual audit and an active and dedicated Citizen's Oversight Committee to ensure that funds generated by this measure are used consistently with the will of the voters and the needs of the City as a whole. This Committee will be charged with

examining the funds received from this tax, recommending a spending plan for these funds to the Folsom City Council, examining how those funds are spent, and submitting a report to the residents of the City of Folsom and the City Council each year.

C. Expressly providing that none of the revenues can be used to enhance existing public employee retirement benefits or to replace existing funding from developer requirements.

SECTION 4. FOLSOM RESIDENTS PUBLIC SAFETY AND QUALITY OF LIFE ACT.

Chapter 3.140, "Folsom Residents Public Safety and Quality of Life Act", is hereby added to the Folsom Municipal Code to read as follows:

Chapter 3.140 Folsom Residents Public Safety and Quality of Life Act.

- 3.140.010 Title.**
- 3.140.020 Definitions.**
- 3.140.030 Purpose.**
- 3.140.040 Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.**
- 3.140.050 Receipt of Proceeds.**
- 3.140.060 Use of Proceeds.**
- 3.140.070 Maintenance of Effort.**
- 3.140.080 Contract with State.**
- 3.140.090 Transactions Tax Rate.**
- 3.140.100 Place of Sale.**
- 3.140.110 Use Tax Rate.**
- 3.140.120 Adoption of Provisions of State Law.**
- 3.140.130 Limitations on Adoption of State Law and Collection of Use Taxes.**
- 3.140.140 Permit Not Required.**
- 3.140.150 Exemptions and Exclusions.**
- 3.140.160 Amendments.**
- 3.140.170 Enjoining Collection Forbidden.**
- 3.140.180 Annual Independent Audit.**
- 3.140.190 Citizens' Oversight Committee.**

3.140.010 Title.

This Chapter shall be known as the "Folsom Residents Public Safety and Quality of Life Act" ("Act").

3.140.020 Definitions.

"Committee" means the Citizens' Oversight Committee established as set forth in Section 3.140.190.

“City” means City of Folsom.

“City Council” means City of Folsom City Council.

“Fund” means the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.

“Operative Date” means the first day of the first calendar quarter commencing more than one hundred ten (110) days after the adoption of this Act.

3.140.030 Purpose.

This Act 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 7285.91 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.

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.

E. This Special Transaction and Use Tax measure approved by the voters of the City of Folsom shall be used solely to sustain and improve the safety and quality of life for City residents and to provide for core essential services in the community for decades to come.

3.140.040 Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund.

There is hereby established in the treasury of the City of Folsom a special fund called the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, which shall be maintained by the City.

3.140.050 Receipt of Proceeds.

A. All revenue generated by this Act shall be deposited into the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund and shall solely be used in the City of Folsom for the purposes described in this Act.

B. Monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to reimburse the City for the costs imposed by the California Tax and Fee Administration to administer and operate this tax pursuant to Section 3.140.080 and for use for the Annual Independent Audit pursuant to Section 3.140.180.

C. The remaining monies in the Fund shall be expended pursuant to and subject to the requirements set forth in Sections 3.140.060 and 3.140.070.

3.140.060 Use of Proceeds.

The monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used solely to enhance core essential City services to maintain and improve the quality of life of residents of the City for the following distinct purposes, and the revenues generated by this Act shall be utilized based on the percentages listed below. With the adoption of the City budget and quarterly as determined by the City Manager and Chief Financial Officer, the City shall apportion the revenues within the categories in this Act based on the City's anticipated needs and projects in the coming year or following years for projects spanning multiple years. The following are the allowable uses and annual percentages for the revenues generated by this measure:

A. Police and Crime Reduction. Twenty percent (20%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential police services through funding additional officers, crime analysts, community service officers, and non-sworn police support staff and code enforcement officers above the approved staffing levels in the 2023-2024 City Budget; (2) purchase patrol and response vehicles, equipment and supplies for police uses, information technology resources and support; (3) renovate and construct police facilities; and (4) fund a reserve for future expenditures consistent with the uses described in this section. No funds shall be used to enhance existing retirement benefits.

B. Fire, Rescue, and Emergency Medical Services. Twenty percent (20%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential fire services through funding additional firefighters, EMS, and fire support staff above the approved staffing levels in the 2023-2024 City Budget, including training resources and support, wildland fire protection, mitigation programs and resources; (2) purchase of equipment and supplies, information technology resources and support for city fire resources; (3) renovate and construct fire facilities; and (4) fund a reserve for future expenditures consistent with the uses described in this section. No funds shall be used to enhance existing retirement benefits.

C. Parks, Recreation Facilities and Trails. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to (1) maintain and improve core essential recreational services through renovation of existing parks and park facilities, recreation facilities, and joint-use Folsom-Cordova Unified School District sports facilities, at funding levels above approved 2023-2024 City Budget; (2) staffing or contract services to plan and construct unbuilt parks and park facilities north of Highway 50; (3) expand information technology resources and support; (4) maintain and enhance bicycle and pedestrian trails and facilities; and (5) fund a reserve for long term expenditures consistent with the uses described in this subdivision. The revenues from this Act shall not replace developer requirements or other existing funding mechanisms required as a condition of development. No funds shall be used to enhance existing retirement benefits.

D. Traffic Mitigation and Environmental Water Quality. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used to maintain and improve core essential transportation services including (1) transportation projects to improve traffic congestion and safety; (2) street maintenance pavement/pothole repair; (3) construction or matching funds for transportation projects in the City; and (4) information technology resources and support, including intelligent traffic management systems; and (5) personnel or contractors and equipment for storm drain system repair and maintenance, creek corridor and water quality pond maintenance; and (6) funding a reserve for future expenditures consistent with the uses described in this section. The revenues from this Act shall not replace developer requirements or other existing funding mechanisms. No funds shall be used to enhance existing retirement benefits.

E. Community Enhancement and Economic Development. Fifteen percent (15%) of the monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used for investments, projects, and staff or contractors to maintain and enhance the quality of life and long-term economic viability of the City of Folsom. Permitted uses of these funds include economic development administration, investments that yield a net positive impact on jobs or revenues in the City, community volunteer resources and support, projects consistent with a City adopted master plan approved by the City Council, and a reserve fund for future expenditures consistent with the uses described in this subdivision.

F. Major Capital Improvement Projects. Fifteen percent (15%) of monies in the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund shall be used for major improvements to City infrastructure or facilities, including but not limited to transportation/traffic safety, stormwater systems, parks and recreation facilities including multi-use trails and bridges, city-owned buildings and facilities, public safety facilities, parking facilities, and libraries, and to fund a reserve for future capital projects and capital equipment with a useful life expectancy greater than five (5) years.

3.140.070 Maintenance of Effort.

The People of the City of Folsom find and declare that the funding provided by the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund to each of the city departments and budget categories for those departments as specified in this Act will supplement and not replace the existing level of General Fund contribution approved by the City Council in its 2023-2024 budget. Revenues generated by this Act shall not be used to supplant the existing General Fund contributions in the categories described in this measure without a declaration of a fiscal emergency by a four-fifths vote of the City Council, and then only for the limited duration of the fiscal emergency.

3.140.080 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.

3.140.090 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.

3.140.100 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.

3.140.110 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.

3.140.120 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.

3.140.130 Limitations on Adoption of State Law and Collection of Use Taxes.

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

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.
2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use, or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or,

- b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
- 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

- 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.

3.140.140 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.

3.140.150 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 section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
- C. There are exempted from the use tax imposed by this ordinance, the storage, use, or other consumption in this City of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.
5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.140.160 Amendments.

All amendments subsequent to the effective date of this Act 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.

3.140.170 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.

3.140.180 Annual Independent Audit.

The proceeds of the tax imposed by this Act, as well as the expenditures from the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, shall be subject to the same independent annual audit requirements as other revenues in the City of Folsom. An independent auditor's report may be funded by the revenues from the Fund and shall include an accounting of the revenues received and expenditures made from the Fund and shall be presented annually to the city council by the Citizens' Oversight Committee and made available for public review. The report of such audit shall be posted on the City' website.

3.140.190 Citizens' Oversight Committee.

The City Council shall, by resolution adopted before the operative date of this Act, establish a nine-member Citizens' Oversight Committee to review the revenue and expenditure of funds from the Folsom Residents Supporting Public Safety and Quality of Life Initiative Fund, address the use of funds to assure the funds were expended consistent with the requirements of this chapter, and to make recommendations to the City Council for future expenditures. The members terms, qualifications, duties, and the scope of the Committee, shall be as established by resolution of the City Council and shall include representatives of the City Finance Department, the Police Department, the Fire Department, a representative from a recreational sports organization within the City of Folsom, a representative of a parks and trails organization within the City of Folsom, a representative focused on streets and environmental stormwater, a representative from a business community organization within the City of Folsom, and two (2) at-large members who are residents of the City of Folsom. All meetings of the Committee shall be open to the public. The Committee shall prepare an annual report to be presented and reviewed by the City Council at a City Council meeting. The report shall be available to the public.

SECTION 5. EFFECTIVE DATE.

This Act relating to the levying and collecting of the City transactions and use tax shall take effect ten (10) days after the certification by the City Council of the election returns indicating passage of the Act by a majority of the voters casting votes in the election; however, the Operative Date of the tax imposed by this act shall be the first day of the first calendar quarter commencing more than one hundred ten (110) days after the adoption of this Act.

SECTION 6. SEVERABILITY.

If any section, subsection, sentence, clause, phrase, or word of this Act is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Act. The voters of City of Folsom hereby declare they would have passed and adopted this Act and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

SECTION 7. LIBERAL CONSTRUCTION.

This measure is an exercise of the initiative power of the People of the City of Folsom to implement a special tax to fund the purposes set forth in the Act, and it shall be liberally construed to effectuate these purposes.

SECTION 8. CONFLICTING MEASURES.

This measure is intended to be comprehensive. It is the intent of the People of the City of Folsom that, in the event this measure and one or more measures relating to a special transactions and use tax" shall appear on the same ballot, the provisions of the other measure or measures shall be deemed in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure or measures shall be null and void.

Attachment 3

City Attorney Ballot Title and Summary

INITIATIVE MEASURE TO BE DIRECTLY SUBMITTED TO THE VOTERS

The City Attorney has prepared the following title and summary of the chief purpose and points of the proposed ballot measure:

FOLSOM RESIDENTS PUBLIC SAFETY AND QUALITY OF LIFE MEASURE

The Residents Supporting Public Safety and Quality of Life Committee has petitioned, through a local citizens initiative, that the "Folsom Residents Public Safety and Quality of Life Measure" be placed on the November 5, 2024 ballot ("Measure"). The Measure asks voters to authorize the enactment of a new transactions and use (sales) tax on the sale and/or use of all tangible personal property sold at retail stores in the City and on-line sellers, at the rate of one cent for every dollar spent (or one percent), on an ongoing basis.

The Measure proposes a "special sales tax," from which the revenue would remain in Folsom and be deposited into a special City account separate from the general fund for the City to used only for the following specific purposes, and in their respective percentages of expenditure, authorized in the Measure:

1. Twenty percent (20%) for "**Police and Crime Reduction**" to maintain and improve police services and additional staffing, and to provide equipment and facilities for Folsom Police.
2. Twenty percent (20%) for "**Fire, Rescue, and Emergency Medical Services**" to maintain and improve fire, rescue and emergency medical services, and to provide equipment and facilities for Folsom firefighters and paramedics.
3. Fifteen percent (15%) for "**Parks, Recreation Facilities and Trails**" to maintain and renovate existing parks, trails, and other recreation facilities, including sports facilities used jointly with the Folsom-Cordova Unified School District and provide for funding to complete identified incomplete parks and trails in Folsom.
4. Fifteen percent (15%) for "**Traffic Mitigation and Environmental Water Quality**" to improve traffic congestion and safety, street maintenance, storm system repair and maintenance, and to maintain creek corridor and water quality in Folsom.
5. Fifteen percent (15%) for "**Community Enhancement and Economic Development**" to be used for investments, job creation and projects to enhance quality of life and long-term economic viability for the City, such as those consistent a City adopted master plan.
6. Fifteen percent (15%) for "**Major Capital Improvement Projects**" to help fund major improvements to City infrastructure or facilities, including transportation/traffic safety, stormwater systems, parks and recreation facilities, public safety facilities, parking facilities, libraries and large capital equipment.

No proceeds from the special tax will be used to enhance existing public employee retirement benefits, replace existing developer obligations, or substitute existing funding mechanisms.

The Measure requires annual audits and appointment by the City Council of a Citizens Oversight Committee to ensure that funds generated by the special tax are and will be used as specified in the Measure.

As a citizens initiative, the Measure would become operative if passed by a simple majority vote of the voters voting on the Measure, and the Folsom Municipal Code would be amended by the enactment of an ordinance imposing the new special sales tax.

By: _____
Steven Wang, City Attorney
City of Folsom

Dated: December 5, 2023

Attachment 4

**Sacramento County Voter Registration and Elections Signature Verification
Calculations and Certificate**

Signature Verification Calculations

County Measures Submitted to Voters

EC Div. 9, Ch. 2, Art. 1 -- §§ 9100-9190

Petition Title: City of Folsom Residents Public Safety and Quality of Life Measure

Initiative Petition Calculations

Number of votes last cast for governor: 50,711
EC 9107

Total Signatures Submitted: 8,298

Signatures needed to qualify for election: 5,071
10% threshold -- EC 9118

The random sample shall include 500 signatures or 3% of those submitted, whichever is greater. EC 9115(a)

Number of signatures to verify: 500

Number of valid signatures: 396

Number of duplicate signatures: 3

SOS Signature Validation Formula

Factors	Description
A	Value of each signature
B	Penalty value for duplicate signature
C	Total value of all duplicate signatures
V	Adjusted number of valid signatures

Factor	Formula	
A	Total Signatures/signatures to verify = A	16.596
B	$A \times (A - 1) = B$ Penalty value for duplicate signatures	258.83
C	B x duplicate penalty value = C	776.49
V	Signatures submitted x (valid signatures in sample/sample size) = V	6,572
V - C = Statistically valid total		5,796

If the statistical sample is within 95% to 110% of the required number signatures, the elections official must verify ALL petition signatures. EC 9115(b)

Statistical total as percent of total needed: 114.29%

Measure Qualifies for Election

Voter Registration & Elections
Hang Nguyen
Director



County of Sacramento

Divisions
Administrative Services
Campaign Services
Precinct Operations
Registration & Outreach
Vote by Mail
Voting Systems & Technology

SIGNATURE VERIFICATION CERTIFICATE

I, Karalyn Fox, Election Manager of the County of Sacramento, State of California, hereby certify:

RE: City of Folsom Initiative Petition, Folsom Residents Public Safety and Quality of Life Measure (VRE #5128)

The above petition was filed with this office on April 30, 2024.

That said petition consists of 471 sections with 8,298 signatures.

Number of Unverified Signatures Filed by Proponent (raw count)	8,298
Number of Signatures Checked	500
• Number of Signatures Found SUFFICIENT	396
• Number of Signatures Found INSUFFICIENT	104
• Number of Signatures Found INSUFFICIENT DUPLICATE	3
• Number of Signatures Withdrawn	0

IN WITNESS THEREOF,

I have hereunto set my hand and affixed my official seal on this 9th day of May 2024.

HANG NGUYEN
Director, Registrar of Voters, Sacramento County



Karalyn Fox, Elections Manager