



Folsom City Council Staff Report

MEETING DATE:	1/9/2024
AGENDA SECTION:	Old Business
SUBJECT:	Potential Sales Tax Measure for November 2024 General Municipal Election <ol style="list-style-type: none">1. Sample Ballot Measure to Add a General Sales Tax at the Rate of One Percent (1.0%)2. Sample Ballot Measure to Add a Special Sales Tax at the Rate of One Percent (1%)
FROM:	City Attorney's Office

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council consider a proposed ballot measure for General Sales Tax and a proposed ballot measure for Special Sales Tax (both at the tax rate of 1.0%) to be presented to the voters at the November 2024 General Municipal Election.

Staff respectfully request the City Council select one of the two proposed ballot measures, or select none, and provide direction to staff.

BACKGROUND / ISSUE

At the October 24, 2023 City Council meeting, the City Council directed staff to bring back for Council consideration proposed ballot measures for: (1) General Sales Tax; and (2) Special Sales Tax.

A Statewide General Election is scheduled to be held in Sacramento County on November 5, 2024. A General Municipal Election for the City of Folsom may be consolidated with the Statewide General Election for the purpose of submitting a ballot measure to the voters if

desired by the City Council. All eligible voters throughout the City will be able to vote to approve or reject the proposed ballot measure.

POLICY / RULE

General Tax: Revenue and Taxation Code Section 7285.9 authorizes cities to levy, increase, or extend a transactions and use tax for general purposes, at a rate of 0.125% or a multiple thereof, subject to approval of two-thirds (2/3) of the City Council and a majority (50% + 1) of qualified voters voting on the issue.

Special Tax: Revenue and Taxation Code Section 7285.91 authorizes cities to levy, increase, or extend a transactions and use tax for specific purposes, at a rate of 0.125% or a multiple thereof, subject to approval of two-thirds (2/3) of the City Council and two-thirds (2/3) of qualified voters voting on the issue.

ANALYSIS

At the Council’s direction, staff has prepared proposed ballot measures to enact a new sales tax in the City in the amount of 1.0 percent, one for a general tax and a second one for a special tax, as follows:

A. General Tax – City Revenue Measure (1.0 Percent Transactions and Use Tax)

CITY OF FOLSOM					
MEASURE “ ____ ”					
FOLSOM ESSENTIAL CITY SERVICES MEASURE					
Shall the measure to enact a 1 percent transaction and use tax (sales tax), providing approximately \$29 million annually until ended by voters for general governmental purposes such as police, fire, transportation improvements, parks, trails, bike paths, economic development, enhanced recreation, senior, library, arts and cultural programs, requiring local control, citizen oversight and independent annual audits, with all funds staying in Folsom, be adopted? The tax revenue can be spent for “unrestricted general revenue purposes”.	<table border="1"><tr><td>YES</td><td></td></tr><tr><td>NO</td><td></td></tr></table>	YES		NO	
YES					
NO					

General tax requires a majority vote of the voters to pass (50% + 1). Revenue from the proposed general tax measure will be deposited in the City’s general fund for the City to use for all governmental purposes.

B. Special Tax – City Revenue Measure (1.0 Percent Transactions and Use Tax)

CITY OF FOLSOM	
MEASURE “ ____ ”	YES
FOLSOM PUBLIC SAFETY AND ESSENTIAL CITY SERVICES MEASURE	NO
<p>Shall the measure to enact a 1 percent transaction and use tax (sales tax), providing approximately \$29 million annually until ended by voters with proceeds used only for the following specific purposes: % for public safety, % for fire protection, % for parks/trail improvement, % for traffic/street maintenance, % for economic development, and % for capital improvement projects, requiring local control, citizen oversight and independent annual audits, with all funds staying in Folsom, be adopted?</p>	

Special tax requires two-thirds (2/3) vote of the voters to pass (66.7%). Revenue from the proposed special tax measure will be distributed in their respective shares and deposited in special accounts with the City for use only for the purposes stated in the ballot measure and not for general governmental purposes.

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.

C. Citizens Oversight Committee

If desired by the City Council, a Citizens Oversight Committee can be created as part of the revenue measure to encourage citizen involvement in reviewing expenditures, providing oversight over expenditures, and making recommendations to the City Council regarding future expenditures of the special tax revenue. Tax revenue Citizens Oversight Committees are generally structured as follows:

1. Composition: 5 members (one from each Council District)
2. Appointment: each Committee member selected, appointed, or removed by their appointing Councilmember
3. Qualification: must be resident and registered voter in Folsom
4. Disqualification: cannot be a City employee or elected/appointed City public official (in order to maintain objectivity over the roles and functions of the Committee and to keep the Committee truly comprised of “citizens”)

5. Term: 4 years
6. Meetings: At least once a year, if not more frequent

FINANCIAL IMPACT

This item seeks direction from the City Council and has no impact on the City's general fund.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(c)(3)), or are otherwise not considered a project as defined by Public Resources Code §21065 and CEQA Guidelines §15060(c)(3) and §15378. The Council's direction to staff meets the above criteria and is not subject to CEQA. No environmental review is required.

Respectfully submitted,

Steven Wang, City Attorney