



## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Hinderliter de Llamas & Associates (HdL) Sales, Use and Transactions Tax Services Contract Amendment

**Recommendation:** It is recommended that the City Council adopt Resolution No. 2022-05 approving a contract amendment between the City of Grass Valley and Hinderliter de Llamas & Associates (HdL) for Sales, Use and Transactions Tax Services

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**Prepared by:** Andy Heath

**Council Meeting Date:** 01/25/2022

**Date Prepared:** 01/13/2022

**Agenda:** Consent

**Background Information:** Hinderliter de Llamas & Associates (HdL) has provided sales, use and transactions tax audit and information services to the City since 2001. This contract has allowed HdL to work the State of California Department of Tax and Fee Administration (CDTFA) to monitor sales tax records and identify misallocations of sales tax to other jurisdictions, while also providing in depth quarterly analysis on sales taxes received by the City. Since 2001, HdL's team of consultants have provided a high level of sales tax expertise and auditing services, working to assure the City regularly receives it's appropriate share of sales tax.

The City currently collects two components of sales, use and transactions tax - (1) the local 1% share provided to all incorporated cities, and (2) the Measure E 1% transactions tax. Although HdL's current contract provide allows for the provision of sales tax services for the local 1% share, it does not allow such services for the Measure E transactions tax. As such, a contract amendment is required before HdL can begin providing sales tax and auditing services.

The terms and conditions in the First Amendment to the 2001 HdL contract remain the same as those noted in the stand-alone 2012 contract between the City and HdL for the Measure N 1% transactions tax. The 2012 Measure N contract became inactive with the passage of the Measure E tax on June 5, 2018. The new amended contract requires payment of \$100 quarterly for sales tax services in addition to a payment of 25% of new sales tax revenues received by the City as a result of audit services provided by HdL.

**Council Goals/Objectives:** The approval of the amended contract between HdL and the City executes a portion of the work tasks towards achieving Economic Development and Vitality; and High Performance Government and Quality Service.

**Fiscal Impact:** Annual costs of \$400 for Measure E transactions tax administration will be borne by the Measure E Fund (Fund 200). Funds paid to HdL resulting from audits performed will be paid from new Measure E transactions taxes generated from the audits as they are collected by the City.

**Funds Available:** Yes

**Account #:** Measure E Fund (Fund 200)

**Reviewed by:** City Manager

**Attachments:**

- Resolution 2022-05 - Sales Tax Services Contract Amendment
- First Amendment to Agreement for Sales, Use and Transactions Tax Service - City of Grass Valley and HdL
- 2001 Agreement for Sales Tax and Information Service - City of Grass Valley and HdL