

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS, CALIFORNIA,  
SUBMITTING A SPECIAL TRANSACTIONS AND USE TAX MEASURE TO THE VOTERS AT  
THE TUESDAY, NOVEMBER 5, 2024, GENERAL MUNICIPAL ELECTION**

**WHEREAS,** Town of Los Gatos residents have indicated that the quality of life in Los Gatos is highly valued; and

**WHEREAS,** the costs of providing Town services and programs to residents have significantly increased over the years and Town revenues have not kept pace; and

**WHEREAS,** additional locally controlled funding would allow the Town to maintain and enhance critical public safety services and infrastructure; and

**WHEREAS,** the Town seeks to maintain and improve public safety services; and

**WHEREAS,** the Town also seeks to maintain and improve emergency services, including protection against wildfire and storm hazards; and

**WHEREAS,** the Town also seeks to help fund infrastructure programs improving traffic flow and mobility to relieve congestion;

**WHEREAS,** Government Code section 53724 and Revenue & Taxation Code section 7285.91 authorize the Town Council to submit to the qualified voters of the Town for their approval a proposed special transactions and use tax; and

**WHEREAS,** locally-enacted funding sources such as a voter-approved transactions and use tax are not subject to seizure by the State or County; and

**WHEREAS,** the Town Council desires to submit to the qualified voters of the Town a proposed one-eighth of one percent (0.125%) special Transactions and Use Tax(the "Tax") to be collected in addition to the existing one-eighth of one percent (0.125%) general Transactions and Use Tax currently being collected within the Town; and

**WHEREAS,** the Tax must be approved by the electorate to be effective; and

**WHEREAS,** by Resolution 2024-029, the Town Council of the Town of Los Gatos called a municipal election to be held on Tuesday, November 5, 2024, ("the Election") and requested the Board of Supervisors of the County of Santa Clara to consolidate the election with the General Statewide election; and

**WHEREAS,** the consolidated municipal election will be held, regulated, and conducted in accordance with the provisions of the law as provided in Resolution 2024-029.

**NOW THEREFORE, BE IT RESOLVED,** that the Town Council orders as follows:

**Section 1.** The Town Council finds and determines that each of the findings set forth above are true and correct.

**Section 2.** The Town Council hereby submits the proposed ordinance set forth in Exhibit A, attached hereto and incorporated in this Resolution by this reference, to the qualified voters of the Town at the Election, and orders the following question to be submitted to the voters at the Election:

“To provide dedicated funding for Los Gatos, that cannot be taken by the State/County, for maintaining and enhancing Police and emergency services, rapid 911 response times, wildfire/storm hazard prevention/protection, and infrastructure to improve traffic flow/reduce congestion, shall the measure to enact a 1/8 cent sales tax (0.125%), raising approximately \$1 million annually, ending in 20 years, with mandatory annual audits, independent resident oversight, and all funds controlled locally in Los Gatos, be adopted?”	YES
	NO

The measure requires a two-thirds majority of the qualified voters voting on the proposed ordinance to pass.

**Section 3.** That the “full text” of the proposed ordinance shall appear in the Voter Information Pamphlet. The “full text” of the proposed ordinance is attached to this resolution as “Exhibit A.”

**Section 4.** Pursuant to Elections Code Section 9280, the Town Council hereby directs the Town Clerk to transmit a copy of the measure to the Town Attorney. The Town Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the Town Clerk on or before 4:00 p.m. on August 12, 2024.

**Section 5.** Pursuant to Elections Code Section 9286 et. seq., August 12, 2024, at 4:00 p.m. shall be the deadline for submission of arguments in favor of, and arguments against, this measure. Arguments in favor of or against the measure shall not exceed 300 words in length. The Mayor, or her designee(s), is hereby authorized to prepare a written argument in favor of the proposed measure on behalf of the City Council. At the Mayor’s discretion, the Argument may also be signed by bona fide associations or by individual voters who are eligible to vote in the Town of Los Gatos. Each argument shall be signed, filed with the Town Clerk, and include the printed name(s) and signature(s) of the author(s) submitting the argument. If more than one argument for or against is received, the priorities established by Elections Code Section 9287 shall control.

**Section 6.** Subdivision (a) of section 9285 of the Elections Code shall apply to the Election and shall control the submission of any rebuttal arguments for this measure. If an argument in favor and an argument against the measure have been selected to be printed in the voter information guide, the Clerk shall send a copy of the argument in favor of the measure to the authors of the argument against the measure and a copy of an argument against the measure to the authors of the argument in favor of the measure. The rebuttal authors or persons designated by them may prepare and submit rebuttal arguments not to exceed 250 words in length. Rebuttal arguments must be submitted not later than August 19, 2024, by 4:00 p.m. This Section shall apply only to the election to be held on November 5, 2024, and shall then be repealed.

**Section 7.** Pursuant to Elections Code Section 10002, the Town Council hereby requests the Board of Supervisors of the County of Santa Clara to make available the services of the Registrar of Voters for the purpose of performing the usual services necessary in the conduct of the consolidated general municipal election, including the provisions of election supplies and voters' pamphlets; and that upon approval of such requests, the Registrar of Voters of the County of Santa Clara shall be reimbursed for all costs incurred by said services.

**Section 8.** Pursuant to Elections Code commencing with Section 10400, the Town Council hereby requests the Board of Supervisors of the County of Santa Clara to order the consolidation of the general municipal election to be conducted within the boundaries of the Town of Los Gatos on November 5, 2024, with respect to which the Board of Supervisors of the County of Santa Clara has the power to order a consolidation. The Town Council further consents to and orders the consolidation of the general municipal election hereby called with the statewide general election and acknowledges that the consolidated election will be held and conducted in the manner prescribed in Section 10418.

**Section 9.** The Town Clerk is hereby authorized and directed to publish a notice of the general municipal election within the time and in the manner specified in the Elections Code Section 12112. The Town Clerk is further authorized and directed to do all other things required by law to hold the general municipal election above provided.

**Section 10.** The Town Clerk is hereby authorized and directed to certify to the adoption of this resolution and to transmit a certified copy to the Board of Supervisors of the County of Santa Clara and to the Registrar of Voters of the County of Santa Clara.

**Section 11.** That the Town Manager is authorized to negotiate and execute an agreement with the Board of Equalization in accordance with Revenue and Taxation Code Section 7270 to perform all functions incident to the administration and operation of the ordinance if adopted.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos this 18th day of June, 2024 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE PEOPLE OF THE TOWN OF LOS GATOS IMPOSING A SPECIAL  
TRANSACTIONS AND USE TAX FOR A PERIOD OF TWENTY YEARS**

The People of the Town of Los Gatos ordain as follows:

**SECTION 1. AMENDMENT OF MUNICIPAL CODE.**

Chapter 25 of the Los Gatos Town Code is hereby amended by adding provisions as set forth in this section below. Portions of the Chapter not included in this Ordinance are not changed.

**Chapter 25  
REVENUE AND TAXATION**

**ARTICLE VIII. SPECIAL TRANSACTIONS AND USE TAX**

**Section 25.080.010. Title.**

This article shall be known as the Los Gatos Special Transactions and Use Tax Ordinance. The town of Los Gatos hereinafter shall be called "Town." This article shall be applicable in the incorporated territory of the Town.

**Section 25.080.020. Operative Date.**

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

**Section 25.080.030. Purpose.**

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

- (1) 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 Town to adopt this tax ordinance which shall be operative if two-thirds of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.
- (2) 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.

- (3) 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.
- (4) 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.
- (5) To provide transactions and use revenue to the Town to be used solely for maintaining and enhancing Police and emergency services, rapid 911 response times, wildfire and storm hazard prevention and protection, and infrastructure to improve traffic flow and to reduce congestion.

#### **Section 25.080.040. Contract with State.**

Prior to the operative date, the Town 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 Town 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.

#### **Section 25.080.050. 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 Town at the rate of one-eighth of one percent (0.125%) 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.

#### **Section 25.080.060. 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.

**Section 25.080.070. Use Tax Rate.**

An excise tax is hereby imposed on the storage, use or other consumption in the Town 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-eighth of one percent (0.125%) 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.

**Section 25.080.080. 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.

**Section 25.080.090. Limitations on Adoption of State Law and Collection of Use Taxes.**

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

- (1) Wherever the State of California is named or referred to as the taxing agency, the name of this Town shall be substituted therefor. However, the substitution shall not be made when:
  - a. 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;
  - b. The result of that substitution would require action to be taken by or against this Town 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.
  - c. 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:
    1. 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;

2. 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.
  - d. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.
- (2) The word "Town" 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.
- a. "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.

#### **Section 25.080.100. Permit Not Required.**

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

#### **Section 25.080.110. Exemptions and Exclusions.**

- (1) 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.
- (2) There are exempted from the computation of the amount of transactions tax the gross receipts from:
  - a. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.
  - b. Sales of property to be used outside the Town which is shipped to a point outside the Town, 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 Town shall be satisfied:



1. 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-Town 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
  2. With respect to commercial vehicles, by registration to a place of business out-of-Town and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
- c. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
  - d. A lease of 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.
  - e. 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.
- (3) There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this Town of tangible personal property:
- a. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
  - b. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of 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.
  - c. 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.
  - d. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for

any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

- e. For the 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.
  - f. Except as provided in subparagraph (7), a retailer engaged in business in the Town 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 Town or participates within the Town 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 Town or through any representative, agent, canvasser, solicitor, subsidiary, or person in the Town under the authority of the retailer.
  - g. "A retailer engaged in business in the Town " 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 Town.
- (4) 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.

#### **Section 25.080.120. Amendments.**

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

### **Section 25.080.130. 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 Town, or against any officer of the State or the Town, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

### **Section 25.080.140. Use of Revenue.**

The revenues from the tax imposed by this chapter shall be segregated and deposited into a special account and may be spent only for maintaining or enhancing Police or emergency services, rapid 911 response times, wildfire or storm hazard prevention or protection, or infrastructure to improve traffic flow or to reduce traffic congestion.

### **Section 25.080.150. Residents' Oversight and Annual Audit.**

- (1) The Town Council shall appoint a committee ("Special Tax Finance Committee") to review and report on the receipt of revenues and the expenditure of funds from the tax authorized by this chapter ("revenues and expenditures"). The number, qualifications, and duties of Special Tax Finance Committee members shall be established by ordinance or resolution of the Town Council.
- (2) Beginning with the fiscal year that ends June 30, 2025, the Town's independent auditors shall, as part of their annual audit of the Town's financial statements, review the collection and expenditure of revenue from the tax authorized by this chapter. The auditors' review shall be a public document.
- (3) Each year, the Finance Director shall prepare a report consistent with the requirements of section 50075.3 of the Government Code and shall submit the report to the Special Tax Finance Committee and to the Town Council. The Special Tax Finance Committee shall annually review the auditors' findings and the Finance Director's report and report in writing to the Town Council regarding the revenues and expenditures. The Special Tax Finance Committee's report shall be transmitted to the Town Council for consideration at a public meeting.
- (4) By January 31, 2025, the Town Council shall adopt a resolution establishing the composition of the Special Tax Finance Committee and further defining its responsibilities consistently with this section. Provisions defining the scope of the Special Tax Finance Committee's responsibilities and reporting requirements shall address bond oversight, in the event that a decision is made at a later time to sell bonds that are in part backed by the revenues referenced in this section. The Town Council shall appoint the initial members of the Special Tax Finance Committee no later than March 1, 2025

**Section 25.080.160. Termination Date.**

The authority to levy the tax imposed by this chapter shall expire on March 31, 2045, without further action by the Town Council or the voters of the Town. After said date, the tax imposed by this Chapter can only be continued or reestablished by a two-thirds majority vote of Los Gatos voters.

**SECTION 2. ADJUSTMENT OF APPROPRIATIONS LIMIT.**

Pursuant to Article XIIIB of the Constitution of the State of California and applicable laws, the appropriations limit for the Town is hereby increased by the aggregate sum authorized to be levied by this tax for fiscal year 2024-2025 and each year thereafter.

**SECTION 3. CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

This ordinance is exempt from the California Environmental Quality Act, Public Resources Code section 21000 et seq., under, including without limitation, Public Resources Code section 21065, and CEQA Guidelines sections 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the activity authorized herein may have a significant effect on the environment.

**SECTION 4. SEVERABILITY.**

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

**SECTION 5. EFFECTIVE DATE.**

This ordinance relates to the levying and collecting of the Town transactions and use taxes and shall take effect immediately.

**SECTION 6. NOTICE.**

Upon approval by the voters, the Town Clerk Administrator shall certify to the passage and adoption of this Ordinance and shall cause it to be published according to law.

\* \* \* \* \*

It is hereby certified that this Ordinance was duly adopted by the voters at the November 5, 2024 General Municipal Election and took effect 10 days following adoption of a resolution

declaring the results of the election at a regular meeting of the Town Council held on \_\_\_\_\_, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

ATTEST:

TOWN CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_