



## **CITY OF MILPITAS AGENDA REPORT (AR)**

<b>Item Title:</b>	<b>Adopt a Resolution Authorizing the Examination of Sales or Transactions and Use Tax Records of the California Department of Tax and Fee Administration</b>
<b>Category:</b>	Consent Calendar-Leadership and Support Services
<b>Meeting Date:</b>	8/17/2021
<b>Staff Contact:</b>	<b>Lauren Lai, Finance Director, 408-586-3111</b>
<b>Recommendation:</b>	Adopt a resolution authorizing the examination of sales or transactions and use tax records of the California Department of Tax and Fee Administration.

### **Background:**

The City has entered an agreement with Hinderliter de Llamas and Associates, to provide financial consultant services that consist of sales or transactions and use tax audit, quarterly sales tax analysis and reporting, and property tax audit. In order to perform these services, it is necessary for the consultant to examine the sales or transactions and use tax records administered and maintained by the California Department of Sales Tax and Fee Administration ("CDTFA"). The CDTFA requires that the sales or transactions and use tax records obtained from the CDTFA can only be used for the purposes of revenue forecasting or detecting deficiencies or misallocations. The CDTFA requires the City to update the resolution to authorize the Finance Director or other officer or employee of the City of Milpitas designated in writing by the Finance Director to the CDTFA, for examination of sales or transactions and use tax records. The resolution also designates Hinderliter de Llamas and Associates, as the representative of the City, to specifically to examine these records.

### **Analysis:**

The California Department of Tax and Fee Administration requires a resolution for all sales tax measures that authorizes the Finance Director or other officer or employee of the City designated in writing by the Finance Director to the CDTFA and the City's authorized representatives, to represent the City with authority to examine all of the sales or transactions and use tax records of the CDTFA pertaining to sales or transactions and use taxes collected for the City by the CDTFA.

### **Policy Alternatives:**

**Alternative 1: Do not adopt the resolution authorizing the examination of sales or transactions and use tax records of the California Department of Tax and Fee Administration.**

Pros: None.

Cons: This will not allow the City to receive sales tax data from Hinderliter de Llamas and Associates if approval for authorization is denied.

Reason not recommended: No adoption of the resolution would disallow for consulting services to examine and provide reporting on sales tax, which would allow City Staff to forecast revenues and the City to possibly incur revenues from sales tax misallocations.

### **Fiscal Impact:**

Potential revenue gains if sales tax misallocations are detected.

### **California Environmental Quality Act:**

Not applicable.

**Recommendation:**

Adopt a resolution authorizing the examination of sales or transactions and use tax records of the California Department of Tax and Fee Administration.

**Attachments:**

1. Resolution for Authorizing the Examination of Sales or Transactions and Use Tax Records of the California Department of Tax and Fee Administration
2. Hinderliter de Llamas and Associates Professional Services Agreement