



CITY OF ORLAND STAFF REPORT

MEETING DATE: October 3, 2023

TO: Honorable Mayor and City Council Members

FROM: Pete Carr, City Manager

SUBJECT: **Consider Local Transactions Tax for Specific Local Purposes**
(Discussion/Direction)

BACKGROUND:

Orland City Council in 2016 placed a ballot choice before voters to establish a local add-on sales ("transactions & use") tax before voters as a general tax to be utilized for public safety, with the City assuring the public that at least the first \$300,000 would be dedicated specifically to capital equipment for the fire department. Voters endorsed Measure A with better than 72% approval. This tax is levied on transactions for sales taxable goods (i.e., including fuel and merchandise but not including service, most food or medicine). The tax revenue is collected locally from area residents and visitors, and 100% utilized locally. For accountability and transparency, Measure A is shown separately in the annual budget, and a report is published annually showing revenue and expenditures.

Per SB566 signed into law in 2003, a local transactions & use tax may be imposed at a rate of 0.125% or multiples thereof; must be approved by 2/3 of the City Council and either a majority or 2/3 of voters depending on whether it is a "general purpose tax" or a "specific purpose tax;" is limited to maximum total of 2% locally. Most cities and many counties in California have voter-approved transactions & use taxes resulting in point-of-sale tax rates above the State 7.25%. Red Bluff, Weed and Mt. Shasta are at 7.5%. Orland, Corning, Anderson, Yreka and Paradise are currently at 7.75%. Woodland is 8%. Chico, Oroville, Williams, Davis and West Sacramento are at 8.25%. Colusa, Clearlake, Lakeport, Elk Grove and Rancho Cordova are at 8.75%. Galt is 9.25%.

Most local general tax measures pass, while special tax measures are not as successful. A full one cent (1.0¢ = 1.0%) add-on above the State 7.25%, or more, is now common. If the City Council is interested in asking voters in 2024 to establish one or more additional local transaction and use taxes, the Council should take action in spring 2024 to get the measure[s] on the November 2024 ballot.

Sales and Use Tax Rates by County and City: [California Sales and Use Tax Rates by County and City](#)

Summary of local tax measure results from the November 2022 election:

[Microsoft Word - Votes2211final221230.docx \(californiacityfinance.com\)](#)

Summary results from the most recent presidential-year election (2020):

[Microsoft Word - Votes2011final201103.docx \(californiacityfinance.com\)](#)

ANALYSIS:

The City Council has in the past year mentioned on several occasions the need to provide funding for specific City services. In order to create a dedicated source of funding to sustainably fund local emergency medical service transport (ambulance) services, street maintenance per the City's street repair plan, library and recreation services, Staff recommends consideration of a new ½¢ local add-on transactions & use tax. The tax structure could be scheduled and focused as follows:

R Tax:	¼¢	Road maintenance
RRR Tax:	¼¢	Rescue (EMS transport/ambulance)
		Reading (library facilities and programs)
		Recreation (parks and rec facilities and programs)

Total potential add-on: ½¢ resulting in total 1% local add-on tax, effective local sales tax rate of 8.25%.

If these local add-on taxes had been in place in fiscal year 2022-2023 (FY23):

The additional revenue to City of Orland -- under local control for local benefit -- would have been:

Road maintenance: \$700,000

Shared between medical transport, library and recreation: \$700,000

A \$10.00 cup of coffee would have cost \$10.83 instead of \$10.78.

A \$50,000 vehicle purchase would have cost \$54,125 instead of \$53,875.

RECOMMENDATION: Consider Council interest in establishing additional local tax[es], direct Staff.

FISCAL IMPACT OF RECOMMENDATION: None at this time.