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## STAFF REPORT

**TO:** CITY COUNCIL  
**MEETING DATE:** JUNE 24, 2024  
**FROM:** DEREK COLE, CITY ATTORNEY  
**SUBJECT:** CONSIDERATION OF RESOLUTION CALLING AN ELECTION IN THE CONSOLIDATED NOVEMBER 2024 GENERAL ELECTION ON THE ADOPTION OF AN ORDINANCE ENACTING CHAPTER 4.06 OF THE SUTTER CREEK MUNICIPAL CODE, IMPOSING 1.5-CENT TRANSACTIONS AND USE (“SALES”) TAXES  
**ATTACHMENTS:** YES

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### BACKGROUND AND DISCUSSION

The City Council has previously received updates regarding the formulation of a sales tax. Through this action item, the Council may now formally call an election to present the proposed tax for voter consideration.

#### Proposed Ordinance

Attached is a proposed ordinance that, if voters approve, would enact 1.5% transaction and use taxes within City limits. “Transactions” and “use” taxes are generally referred to as “sales” taxes. The proposed ordinance would enact a new chapter to the Sutter Creek Municipal Code, Chapter 4.06, to codify the authority to impose the proposed taxes. The proposed ordinance follows a template ordinance the California Department of Tax and Fee Administration provides.

The City already receives a 1% cent “sales” tax under a separate legal authority, known as the Bradley-Burns Tax. The Bradley-Burns tax is collected along with the State of California’s 6% sales tax, a 0.25% of the Bradley-Burns tax that is paid to the County, and a 0.50% special tax previously approved for the Fire District. Currently, sales

transactions within City limits pay 7.75% in total sales taxes. If the proposed new sales tax approve, this threshold would raise to 9.25% per sales transaction.

The proposed tax would be a general, as opposed to special, tax. This means that the City Council could not legally restrict the revenues received from the taxes to specific funds, projects, or programs.

### Proposed Resolution

In addition to the proposed ordinance, a resolution calling an election is included. This resolution includes the form of the question that will be printed on the ballot. This will ask City voters to vote “yes” or “no” on the following question:

<b>Sutter Creek Local Control Measure.</b> To provide locally controlled funding for Sutter Creek essential services such as repairing roads, potholes and storm drains; maintaining rapid emergency response/ police patrols; preventing wildfires; and for general government purposes, shall the City of Sutter Creek’s measure be adopted establishing a 1.5% sales tax paid by residents and visitors, exempting essential purchases like groceries/ prescription medicine, providing approximately \$870,000 annually until ended by voters, requiring public spending disclosure, independent audits, all funds used locally?	<b>YES</b> <input type="checkbox"/>  <b>NO</b> <input type="checkbox"/>
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The proposed resolution also provides a process for the submission of arguments in favor of and against the proposed measure. The measure would authorize the Mayor and Vice Mayor to prepare the argument in favor, which is due to the county by July 30, 2024. (The resolution provides for the waiver of rebuttal arguments by either side of the measure.)

### **FISCAL IMPACT**

If the proposed ordinance is approved by voters, the City would receive an estimated \$870,000 annually. If City voters decline to approve the proposed tax, the new revenue source would not be created, and funds available to the City would remain as they presently exist, subject to economic conditions. Regardless of the outcome of the election, the City will incur the costs the County Elections Department charges to administer the initiative election along with the City’s other elections (i.e, for open Council member seats).

### **RECOMMENDATION**

Staff recommends the City Council adopt the resolution calling the election on the adoption of 1.5-cent transaction and use taxes at the November 2024 General Election.

*Note: this matter requires a 2/3 vote of all members of the City Council. (Revenue and Tax Code, § 7285.9.) The resolution may accordingly be approved only by approval of at least 4 Council members.*

## **ATTACHMENTS**

1. Resolution Calling Election
2. Proposed Ordinance Adding Chapter 4.06 to the Sutter Creek Municipal Code