



Date: August 13, 2024

Honorable Mayor and Council Members:

Andy Morris, Town Attorney and Alfred Knotts, Transportation Program Manager

Title: Ordinance for One Half Percent (1/2%) General Sales Tax Measure to Fund Town Essential Services

Jen Callaway, Town Manager

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**Recommended Action:** That Council introduce and waive the first reading of Ordinance 2024-07 establishing a one-half percent (1/2%) transactions and use tax, contingent on voter approval of the "Town Essential Services Tax Measure" at the November 5, 2024 election.

**Discussion:**

**Purpose of Town Essential Services 1/2 Percent General Sales Tax**

The Town Council previously adopted Resolution 2024-48 authorizing the placement of "Town Essential Services Tax Measure" (Measure) general tax measure on the November 2024 ballot to fund programs, services, and projects to support Town essential services. The tax would technically be a "transactions and use tax," although it greatly resembles a sales tax and has commonly been referred to as a sales tax. If approved by the voters, the Measure would add a ½% to the sales tax rate in Truckee for a period of 15 years. It should be noted that Nevada County is responsible for assigning the formal alphabetic measure identifier which has not yet occurred. As such, the ballot measure is referred to as "Measure" for the purposes of this staff report.

If the Measure is approved, the Town will need to contract with the California Department of Tax and Fee Administration (CDTFA), previously the Board of Equalization, to administer and collect the tax. CDTFA administers transactions and use taxes, and the substance of the Measure, along with the procedure used to approve it, needs to meet CDTFA requirements. Subsequent to the Council's adoption of the resolution placing the Measure on the November 2024 ballot, CDTFA requires the Council to adopt an ordinance implementing the tax measure.

CDTFA has a model ordinance form that it strongly recommends cities and counties use for this purpose, with no changes. Use of the model ordinance is not strictly mandatory, but not using the model may delay and complicate efforts to obtain CDTFA consent to administer the tax on behalf of the Town. The ordinance attached as **Attachment A** uses this form, which is different in several respects from the Town's usual ordinance format.

Among other differences, the CDTFA model form uses the term "City" instead of our usual "Town." The Town has previously discussed this issue with CDTFA staff as part of past tax measures, and in the past, they specifically requested that we not change this aspect of the ordinance. The CDTFA model ordinance also lacks recitals, which Town ordinances typically include. These differences will not affect the validity of the ordinance, and CDTFA staff have reviewed the attached ordinance in advance and indicated that it will be acceptable to CDTFA, as proposed.

**Priority:**

<input checked="" type="checkbox"/>	Enhanced Communication	<input checked="" type="checkbox"/>	Climate and Greenhouse Gas Reduction	<input checked="" type="checkbox"/>	Housing
<input checked="" type="checkbox"/>	Infrastructure Investment	<input checked="" type="checkbox"/>	Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/>	Core Service

**Fiscal Impact:** Approval of a ½% a general sales tax would generate approximately \$3.5 million per year to support Town Essential Services. This funding would ensure the Town has the necessary fiscal resources to continue to not only support existing projects, programs, and services into the future but also allow for implementation of new General Plan policies and associated projects, programs, and services that are currently unfunded. Examples of these projects, programs, and services are those related to environmental protection and restoration, affordable and workforce housing, transit services, and public safety, including emergency preparedness.

**Public Communication:** Prior to adoption of Resolution 2024-48, staff provided several presentations to Council regarding this sales tax measure and conducted two public opinion surveys. In addition, staff have had ongoing meetings with community stakeholders, including presentations to several community groups and boards such as the Tahoe Forest Hospital, Truckee Downtown Merchants Association, Truckee Chamber of Commerce, and Visit Truckee-Tahoe.

**Attachments:**

Attachment A – Ordinance 2024-07