



Legislation Details (With Text)

File #: ID17-691 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 5/4/2017 **In control:** City Council

On agenda: 5/25/2017 **Final action:** 5/25/2017

Title: BILL - (For introduction) - Adopt the annual amendment to Subsection (a) of Sections 7-504 and 7-505 of the Fresno Municipal Code relating to local Sales and Use Taxes, pursuant to the Memorandum of Understanding with Fresno County (MOU)

Sponsors: Finance Department

Indexes:

Code sections:

Attachments: 1. Resolution.pdf

Date	Ver.	Action By	Action	Result
5/25/2017	1	City Council	approved	Pass

May 25, 2017

FROM: MICHAEL LIMA, Finance Director/Controller
Finance Department

SUBJECT:
BILL - (For introduction) - Adopt the annual amendment to Subsection (a) of Sections 7-504 and 7-505 of the Fresno Municipal Code relating to local Sales and Use Taxes, pursuant to the Memorandum of Understanding with Fresno County (MOU)

RECOMMENDATION

It is recommended that Council adopt the attached amendment to the Sales and Use Tax Ordinance, implementing an already agreed upon provision of a Memorandum of Understanding between the City of Fresno and the County of Fresno (the "2003 MOU").

EXECUTIVE SUMMARY

State law allocates one percent of Sales and Use Tax revenues to local governments. The 2003 MOU requires the City to annually adjust its proportional share of the one percent allocation pursuant to an agreed upon formula. For Fiscal Year 2018, the City's share of the Sales and Use Tax revenue generated within the City limits will increase by .0001 percent, from 0.9468 percent to 0.9469 percent of gross receipts, effective July 1, 2017. The amount of the sales tax that is charged to consumers remains unchanged. The sales tax remains cost neutral to the consumer by increasing the City's share and decreasing the County's share in the same amount.

BACKGROUND

On January 6, 2003, the City Council approved a 2003 MOU, which provides an allocation formula for Sales and Use Tax rates by the two agencies over the life of the agreement, which expires December 31, 2017. Currently, Sales and Use Tax revenue generated within the City limits is allocated by providing 0.9468 percent of gross receipts to the City and 0.0532 percent of gross receipts to the County. The 2003 MOU requires the City to increase its share by 0.0001 percent for Fiscal Year 2018, and the County to decrease its share by the same amount. Only the distribution of the existing Sales and Use Tax rate will change. There is no change in the overall tax rate paid by the consumer.

Attached for Council Action is an amendment to the Sales and Use Tax Ordinance, Fresno Municipal Code Chapter 7, Article 6, which changes the City's rate to 0.9469 percent of gross receipts, effective July 1, 2017. The Ordinance amendment is being introduced May 25, 2017 and will return on June 8, 2017 for Council adoption, as mandated in the City Charter. The County will be taking a complementary action to the Board of Supervisors in June 2017.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act Requirements.

LOCAL PREFERENCE

Local preference applies only to competitive bid awards which has no relevance to this particular item.

FISCAL IMPACT

This amendment will result in an increase in the General Fund revenues by approximately \$3,700 in Fiscal Year 2018.

Attachment:
Resolution