



Legislation Details (With Text)

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Title: HEARING to Consider a Proposed Parks and Public Safety Transactions and Use Tax:
1. ***BILL - (For introduction and adoption) - Adding Article 15 to Chapter 7 of the Fresno Municipal Code Relating to a Parks and Public Safety Transactions and Use Tax (Requires 5 affirmative votes) (Subject to Mayor's veto)
2. ***RESOLUTION - Calling a General Election to be held on November 6, 2018, for a Ballot Measure Proposal to Impose a Parks and Public Safety Transactions and Use Tax; Requesting the County to Conduct the Election; and Requesting Consolidation of the Election with any Other Election held on that Date (Subject to Mayor's veto)

Sponsors: Mayor's Office

Indexes:

Code sections:

Attachments: 1. Ord -Parks and Public Safety Tran. and Use Tax.pdf, 2. Reso - Parks and Public Safety Tran. and Use Tax.pdf, 3. Supplement - Updated Ordinance.pdf

Date	Ver.	Action By	Action	Result
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REPORT TO THE CITY COUNCIL

June 28, 2018

FROM: MAYOR BRAND

BY: TIM ORMAN
Chief of Staff to the Mayor

SUBJECT

HEARING to Consider a Proposed Parks and Public Safety Transactions and Use Tax:
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RECOMMENDATION

It is recommended that Council approve the Ordinance adding Article 15 to Chapter 7 of the Fresno Municipal Code relating to a special purpose parks and public safety transactions and use tax (Parks and Public Safety Sales Tax), subject to voter approval by two-thirds of the electorate, and the resolution calling a municipal election on November 6, 2018, for a ballot measure proposal to ratify the Parks and Public Safety Sales Tax, requesting the County to conduct the election, and requesting consolidation of the election with all other elections to be held on that date.

EXECUTIVE SUMMARY

This item would approve the Ordinance adding a Parks and Public Safety Sales Tax to the Fresno Municipal code, subject to voter approval by two-thirds of the electorate under Proposition 218, and direct the holding of a general election by the County of Fresno, to be consolidated with the November 6, 2018, statewide election; it would place the following tax measure on the November 6, 2018, ballot:

To improve 9-1-1 emergency police, fire and medical response times, hire up to 160 new police officers and firefighters, combat gang violence, properly equip firefighters and police, and to better maintain our existing parks and build new parks, shall the measure be adopted adding a 1/2 cent sales tax, requiring independent citizen audits, providing approximately \$44 million annually for 15 years, with half of the proceeds going to police and fire and half to parks?

BACKGROUND

The Mayor is bringing forth this measure because he truly believes this is the best interests of our community. Crime levels in the City are dramatically higher than other cities in California and the nation. Our fire staffing levels are 37% below the State average--0.59 firefighters on duty each day per 1,000 people compared to the State average of 0.81 firefighters. Many of our parks are run down and are in need of significant investments for daily maintenance, upgrades to worn out equipment and buildings, and modernization. We also need to invest in building new parks and greenspace in our City.

The Mayor also strongly believes that this measure would provide the significant investment needed in both public safety and parks to take the City of Fresno to the next level. If this one-half percent sales tax is passed by the voters in November, we will finally have the funding necessary to add the police officers and civilian support staff necessary to fully implement community-based policing. It will also allow us to add enough firefighters to bring our daily staffing up the recommended State average. In addition, the City will have sufficient monies to fund capital expenses such as patrol car and vehicle replacement, rebuild our crumbling public safety communications systems, expand training facilities and make other necessary capital expenditures.

Regarding parks, this measure, if passed, would allow the City to fully fund both the Tier 1 (Critical) and Tier 2 (Strategic) capital needs identified in the December 2017 Parks Master Plan (PMP). It would also allow the City to fund half to two-thirds of the Tier 3 (Visionary Improvements) identified in the PMP. The additional revenues would also allow the City to bridge the \$5 million funding gap in ongoing maintenance needs identified in the PMP. And this measure would provide additional funding to be utilized for programming directed towards our youth, seniors and other vulnerable populations.

The 15 year term of this measure (ending in June of 2034) would coincide with a dramatic reduction in the City's General Fund debt service obligation. In Fiscal Year 2018-19, \$31,945,788 of General Fund revenues will go towards paying General Fund debt obligations. In Fiscal Year 2034-35 when this measure is proposed to sunset, the City's projected General Fund debt service payment is projected to be \$4,442,978, representing a reduction in the General Fund debt service payment of \$27,502,810.

Proposed Tax. The proposed tax is a one-half percent (0.50%) sales tax (specifically, transactions and use tax as described below), imposed as a Special Tax to fund parks and public safety (police and fire services). All revenues from the tax, estimated at \$44 million annually, will go into a special fund with 50% of the proceeds allocated to parks related expenditures and 50% related to police and fire related expenditures. The tax would sunset in 15 years.

Sales and use tax in California is comprised of three components:

1. State sales and use tax (currently 6%);
2. Local sales and use tax (currently 1.25%; collected with state tax); and
3. Transactions and use tax (currently 0.725% in the County of Fresno).

While state and local sales tax makes up the "core" sales tax in the state (totaling 7.25%), transactions and use taxes account for all sales tax beyond the core 7.25% and vary from jurisdiction to jurisdiction. Accordingly, any proposed increase in sales tax in a jurisdiction in the state comes in the form of a transactions and use tax.

A transactions and use tax may be adopted at a rate of 0.125% or a multiple thereof. (Rev. & Tax. Code, § 7285.91.) Under state law, the combined rate of all transactions and use taxes in any county may not exceed 2%. (Rev. & Tax. Code, § 7251.1.) Currently, the total transactions and use tax in Fresno County is 0.725% and is comprised of the following:

1. 0.125% Fresno County Public Library (04-01-99)
2. 0.50% Fresno County Transportation Authority (07-01-87)
3. 0.10% Fresno County Zoo Authority (04-01-05)

With the City's proposed Parks and Public Safety Sales Tax (a transactions and use tax) of 0.50%, the total for Fresno County would be 1.225%, well under the 2% cap.

Currently, the sales tax rate in the City of Fresno is 7.975%. If this ordinance is approved by voters in November, the sales tax rate in the City of Fresno would increase to 8.475%. The chart below compares Fresno's current and proposed tax rates with those of other Central Valley cities and with the 11 largest cities in the California.

CURRENT	
CITY IN FRESNO COUNTY	SALES TAX RATES
Sanger	8.725%
Reedley	8.475%
Selma	8.475%
Clovis	7.975%
Coalinga	7.975%
Firebaugh	7.975%
Fowler	7.975%

PROPOSED	
CITY IN FRESNO COUNTY	SALES TAX RATES
Sanger	8.725%
FRESNO	8.475%
Reedley	8.475%
Selma	8.475%
Clovis	7.975%
Coalinga	7.975%
Firebaugh	7.975%

FRESNO	7.975%
Kerman	7.975%
Kingsburg	7.975%
Mendota	7.975%
Parlier	7.975%

Fowler	7.975%
Kerman	7.975%
Kingsburg	7.975%
Mendota	7.975%
Parlier	7.975%

CURRENT	
11 LARGEST CA CITIES	SALES TAX RATES
Long Beach*	10.250%
Los Angeles*	9.500%
Oakland*	9.250%
San Jose*	9.250%
San Francisco*	8.500%
Sacramento*	8.250%
FRESNO	7.975%
Anaheim*	7.750%
San Diego*	7.750%
Santa Ana*	7.750%
Bakersfield*	7.250%

PROPOSED	
11 LARGEST CA CITIES	SALES TAX RATES
Long Beach*	10.250%
Los Angeles*	9.500%
Oakland*	9.250%
San Jose*	9.250%
San Francisco*	8.500%
FRESNO	8.475%
Sacramento*	8.250%
Anaheim*	7.750%
San Diego*	7.750%
Santa Ana*	7.750%
Bakersfield*	7.250%

Procedure. If passed by Council, the proposed Parks and Public Safety Sales Tax is subject to approval by two-thirds of the electorate.

To send the Proposed Parks and Public Safety Sales Tax measure to the voters at the November 6, 2018 statewide election, the City Council must approve a measure by ordinance (including a section which states that the tax will only be effective upon voter approval) and a resolution directing inclusion of the measure on the November 2018 ballot. The resolution must be submitted to the County Clerk no later than August 10, 2018.

The City Attorney will prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on existing law and the operation of the measure. The impartial analysis must be submitted by August 20, 2018.

Arguments for and against the measure must be submitted by August 20, 2018. Arguments may not exceed 300 words and cannot be signed by more than five persons. Under Elections Code Section 9282, a ballot argument may be authored by the City Council, the Mayor, or any members of the Council authorized by the body, or any individual voter who is eligible to vote on the measure, or a bona fide association of citizens, or any combination of voters and associations. Rebuttal arguments, if any, are due by August 30, 2018.

ENVIRONMENTAL FINDINGS

This approval is not a project pursuant to CEQA Guidelines section 15378.

LOCAL PREFERENCE

Not applicable.

FISCAL IMPACT

A one-half percent (0.50%) transactions and use tax will provide an estimated \$44 million annually for a period of 15 years, with all proceeds placed in a special account and to be used only for parks (50%) and police and fire services (50%).