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## GRASS VALLEY

### Special City Council Meeting

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Tuesday, April 02, 2024 at 5:00 PM  
Council Chambers, Grass Valley City Hall | 125 East Main Street, Grass Valley, California  
Telephone: (530) 274-4310 - Fax: (530) 274-4399  
E-Mail: [info@cityofgrassvalley.com](mailto:info@cityofgrassvalley.com) Web Site: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com)

### AGENDA

Any person with a disability who requires accommodations to participate in this meeting should telephone the City Clerk's office at (530)274-4390, at least 48 hours prior to the meeting to make a request for a disability related modification or accommodation.

### MEETING NOTICE

City Council welcomes you to attend the meetings electronically or in person at the City Hall Council Chambers, located at 125 E. Main St., Grass Valley, CA 95945. Regular Meetings are scheduled at 7:00 p.m. on the 2nd and 4th Tuesday of each month. Your interest is encouraged and appreciated.

This meeting is being broadcast "live" on the City of Grass Valley YouTube channel at <https://www.youtube.com/channel/UCdAaL-uwdN8iTz8bI7SCuPQ>.

Members of the public are encouraged to submit public comments via voicemail at (530) 274-4390 and email to [public@cityofgrassvalley.com](mailto:public@cityofgrassvalley.com). Comments will be reviewed and distributed before the meeting if received by 4pm. Comments received after that will be addressed during the item and/or at the end of the meeting. Council will have the option to modify their action on items based on comments received. Action may be taken on any agenda item.

Agenda materials, staff reports, and background information related to regular agenda items are available on the City's website: [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com). Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet will be made available on the City of Grass Valley website at [www.cityofgrassvalley.com](http://www.cityofgrassvalley.com), subject to City staff's ability to post the documents before the meeting.

Please note, individuals who disrupt, disturb, impede, or render infeasible the orderly conduct of a meeting will receive one warning that, if they do not cease such behavior, they may be removed from the meeting. The chair has authority to order individuals removed if they do not cease their disruptive behavior following this warning. No warning is required before an individual is removed if that individual engages in a use of force or makes a true threat of force. (Gov. Code, § 54957.95.)

**Council Chambers are wheelchair accessible and listening devices are available. Other special accommodations may be requested to the City Clerk 72 hours in advance of the meeting by calling (530) 274-4390, we are happy to accommodate.**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**AGENDA APPROVAL** - *The City Council reserves the right to hear items in a different order to accomplish business in the most efficient manner.*

**ADMINISTRATIVE**

1. Introduction of Ordinance No. 826 Imposing a 3/8-cent (0.375%) Transaction and Use Tax associated  
**CEQA:** Not a Project.  
**Recommendation:** That Council Introduce the attached Ordinance No. 826, waive full reading, and read by title only.

**ADJOURN**

**POSTING NOTICE**

This is to certify that the above notice of a Special meeting of The City Council, scheduled for Tuesday, April 2, 2024 at 5:00 PM was posted at city hall, easily accessible to the public, as of 1:30 p.m. Monday, April 1, 2024.

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**Taylor Day, City Clerk**



## City of Grass Valley City Council Agenda Action Sheet

**Title:** Introduction of Ordinance No. 826 Imposing a 3/8-cent (0.375%) Transaction and Use Tax associated

**CEQA:** Not a Project.

**Recommendation:** That Council Introduce the attached Ordinance No. 826, waive full reading, and read by title only.

**Prepared by:** Timothy M. Kiser, City Manager

**Council Meeting Date:** April 2, 2024

**Date Prepared:** April 1, 2024

**Agenda:** Administrative

**Background Information:** On October 24th, 2023, the Grass Valley City Council unanimously passed Resolution No. 2023-62, setting in motion a decision for the community. The resolution called for an election on March 5, 2024, inviting citizens to consider a 3/8 percent general sales tax (a transactions and use tax) measure aimed at bolstering Fire Resiliency and Vegetation Management. This initiative, encompassed within Ordinance 826, known as the "2023 Grass Valley Transactions and Use Tax Ordinance," is the result of deliberation and community input. On February 13, 2024, City Council approved Resolution No. 2024-09 formalizing the Expenditure Plan for the general sales tax on the March 5, 2024 election ballot.

With the March 5, 2024 Election now certified by the Nevada County Elections that 3/8 percent general sales tax (a transactions and use tax) measure (Measure B) aimed at bolstering Fire Resiliency and Vegetation Management has passed the City needs to formally adopt Ordinance No. 826 - 2023 Grass Valley Transactions and Use Tax Ordinance. This Ordinance solidifies Measure B's requirements, including a sunset clause of 7 years and annual audits, ensuring transparency and accountability in the allocation of resources. Moreover, the establishment of a citizen oversight committee (the "Independent Citizens' Advisory Committee") underscores the commitment to prudent stewardship of public funds. This commitment to transparency and accountability reflects the City Council's unwavering dedication to serving the best interests of the community.

Staff is requesting the City Council to introduce the attached Ordinance No. 826, waive the full reading, and read by title only. A public Hearing and the second reading of this Ordinance shall be held on April 9, 2024.

**Council Goals/Objectives:** The execution of this action attempts to achieve Strategic Goal #5 - High Performance Government and Quality Service.

**Fiscal Impact:** There is no Fiscal Impact of improving the Ordinance. The 3/8 percent General Sales Tax passed in March, is estimated to generate \$2.55 million annually for seven years.

**Funds Available:** Yes

**Account #:** General Fund Reserves

**Reviewed by:** Tim Kiser, City Manager

**Attachments:** Ordinance 826

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GRASS VALLEY IMPOSING A 3/8-CENT TRANSACTIONS AND USE TAX FOR GENERAL GOVERNMENTAL USE TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, SUBJECT TO THE VOTER APPROVAL**

THE PEOPLE OF GRASS VALLEY, CALIFORNIA, DO ORDAIN AS FOLLOWS:

**SECTION I. TITLE.**

This ordinance shall be known as the 2023 Grass Valley Transactions and Use Tax Ordinance. The City of Grass Valley hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

**SECTION 2. OPERATIVE DATE.**

"Operative date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance.

**SECTION 3 PURPOSE.**

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

**SECTION 4. CONTRACT WITH STATE.**

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

**SECTION 5. TRANSACTIONS TAX RATE.**

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 0.375% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

**SECTION 6. PLACE OF SALE.**

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

**SECTION 7. USE TAX RATE.**

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 0.375% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

**SECTION 8. ADOPTION OF PROVISIONS OF STATE LAW.**

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

**SECTION 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES.**

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

**SECTION 10. PERMIT NOT REQUIRED.**

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

**SECTION 11. EXEMPTIONS AND EXCLUSIONS.**

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his or her agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a

declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.



5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for, a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

**SECTION 12. TERM.**

The tax imposed by this ordinance shall be effective until 7 years after it is first collected, unless sooner repealed by voters.

**SECTION 13. AMENDMENTS.**

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

## **SECTION 14. INDEPENDENT OVERSIGHT; EXPENDITURE PLAN.**

- A. The City Council shall establish a five-member Independent Citizens' Advisory Committee, which shall meet annually to review the expenditure of revenues generated by the tax imposed by this Ordinance and to make recommendations to the City Council regarding those expenditures. The City Council shall appoint committee members to one or ore terms of not more than 4 years each. The Committee shall meet publicly at least quarterly to review all revenues and expenditures of the transactions and use tax imposed by this Ordinance, review annual audit reports related to the tax, and make at least one written annual report to the City Council at a public meeting summarizing the Committee's findings and including any appropriate recommendations. The minutes of the meetings of Independent Citizens' Advisory Committee shall be provided to the City Council and placed on the next available regular City Council meeting agenda for informational purposes.
- B. The City Council shall adopt after a noticed public hearing a plan to expend the proceeds of the tax imposed by this Ordinance. the Independent Citizens' Advisory Committee shall review the plan at least annually and recommend any changes to the City Council which shall consider them in conjunction with the City's annual budget. Once adopted, the City shall maintain the current plan on its website.

## **SECTION 15. AUDIT AND REVIEW.**

The proceeds of the tax imposed by this Ordinance, as well as the expenditure thereof, shall be audited annually by an independent accounting firm. The City Council shall discuss the results of such audit at a meeting of the City Council that is open to the public. The report of such audit shall be posted on the City's website.

## **SECTION 16. ENJOINING COLLECTION FORBIDDEN.**

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

## **SECTION 17. SEVERABILITY.**

If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

**SECTION 18. EFFECTIVE DATE.**

This Ordinance shall take effect 10 days after the date the vote is declared by the City Council.

**SECTION 19. CERTIFICATION; PUBLICATION.**

Upon approval by the voters, the City Clerk shall certify to the passage and adoption of this ordinance and shall cause it to be published according to law and transmitted to the California Department of Tax and Fee Administration.

PASSED AND ADOPTED by the City Council of the City of Grass Valley, State of California, on April 9, 2024, by the following vote:

AYES:

NOES:

ABSENT:

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Jan Arbuckle, Mayor

Attest:

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Taylor Day, City Clerk

Approved as to Form:

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Michael G. Colantuono, City Attorney