



# Agenda Report

December 17, 2018

**TO:** Honorable Mayor and City Council  
**FROM:** Finance Department  
**SUBJECT:** **AUTHORIZATION TO ENTER INTO AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION FOR THE COLLECTION AND REVIEW OF TRANSACTIONS AND USE TAX**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3) as it will not have a potentially significant environmental effect and, therefore, falls under the General Rule exemption; and
2. Adopt a resolution authorizing the City Manager to execute agreements with the California Department of Tax and Fee Administration for the implementation of a local transactions and use tax; and
3. Adopt a resolution authorizing the examination of transactions (sales) and use tax records.

## **BACKGROUND:**

The Transactions and Use Tax ordinance (Measure I) approved by Pasadena voters on November, 6, 2018, will be implemented and administered by the California Department of Tax and Fee Administration (CDTFA). The CDTFA requires the City to adopt a resolution acknowledging the need for both an implementation and administration agreement and to appoint an authorized City official to execute both documents. The CDTFA charges one-time fees based on actual costs to implement any new tax and has provided a not to exceed amount of \$175,000. Additionally, the CDTFA will charge a quarterly fee based on the cost of collections as they currently do for the City's 1.0% allocation of sales tax. The charge for Fiscal Year 2018 was approximately 1.15% of taxes remitted to the City, which would be approximately \$241,000 if the City collects \$21.0 million from Measure I.

In addition to authorizing the CDTFA to implement and administer the tax, the City must also adopt a resolution designating positions and consultants who are authorized to receive and review the confidential tax information. The proposed resolution mirrors the authorization currently in place for the regular sales tax remittance which designates the position of City Manager, any personnel the City Manager designates, and the City's consultant, Hinderliter, de Llamas and Associates.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City Council's strategic planning goal to maintain fiscal responsibility and stability.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Section 15060 (c)(2), 15060 (c)(3), and 15378. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

Sufficient funds have been appropriated for these services in the Fiscal Year 2019 Adopted Operating Budget.

Respectfully submitted,

  
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MATTHEW E. HAWKESWORTH  
Director of Finance

Approved by:

  
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STEVE MERMELL  
City Manager