



Contra
Costa
County

To: Board of Supervisors
From: David Twa, County Administrator
Date: August 4, 2020

Subject: ORDINANCE ESTABLISHING A 0.5% TRANSACTIONS AND USE TAX AND RESOLUTION
CALLING FOR ELECTION

RECOMMENDATION(S):

1. PASS Ordinance No. 2020-22 establishing a general Countywide 0.5% transactions and use tax (sales tax); and
2. ADOPT Resolution No. 2020/210 calling an election to submit the sales tax ordinance to the voters on November 3, 2020

FISCAL IMPACT:

Up to \$100,000-\$200,000 for printing of ballots, including analysis, arguments and other text translated into multiple languages. This figure is substantially lower than the Fiscal Impact included in the July 28, 2020 Board Order introducing the ordinance. This is due to the Board's direction to provide the ordinance upon request pursuant to subdivisions (b)(3) and (b)(4) of Elections Code section 9160. In addition, the County previously provided \$10,000 towards a poll to gauge community interest in a transactions and use tax measure in partnership with community based organizations and labor partners.

BACKGROUND:

At the November 4, 2019 meeting of the Finance Committee of the Board

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **08/04/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

NO: Candace Andersen, District II Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: August 4, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Timothy Ewell
(925-335-1036)

BACKGROUND: (CONT'D)

of Supervisors, committee members Gioia and Mitchoff discussed the formulation of a Potential Sales Tax Measure Ad Hoc Committee and considered input from staff and community members. The Ad Hoc Committee was tasked with activating a larger, self-identified working group consisting of representatives of Community-Based Organizations, Labor Organizations, and members of the public (collectively the "Working Group) charged with the development and formulation of a Needs Assessment. All willing participants were invited to attend and participate.

The first meeting of the Ad Hoc committee occurred on November 18, 2019. At this meeting, Supervisors Gioia and Mitchoff directed staff to work with the California Department of Tax and Fee Administration (CDTFA) on the logistics of listing a ballot measure and setting up collection contracts. Staff also was directed to forward to the full Board of Supervisors the Committee's recommendation to begin discussions with County lobbyists regarding special legislation required to list a measure on the ballot. Additionally, staff was directed to forward to the Board the recommendation to acknowledge that the Governor would need to sign said special legislation. The Ad Hoc committee concluded by directing district staff members Chris Wikler (Supervisor Mitchoff's office) and Sonia Bustamante (Supervisor Gioia's office) to staff the Working Group.

The Working Group convened for its first meeting on December 2, 2019. At that meeting, Mariana Moore of the Ensuring Opportunity Campaign & Josh Anijar of the Contra Costa Central Labor Council were selected by those in attendance to serve as co-chairs of the working group. The Working Group began to identify top-line vision statements and values to guide the creation of a Needs Assessment report, as well as form smaller sub-groups to study specific issues and matters relative to the larger goal of a general sales tax for County services.

The Working Group subsequently met on five occasions over the months of December 2019, January 2020 and February 2020. Members worked to distill and clarify the underserved needs of the County and identified several thematic areas: health and emergency services, safety net services, housing, and early childhood services. The group also retained Jim Ross of Telegraph LLC, a communications firm, to advise the Working Group and assist with the formulation of the Needs Assessment Report. Mr. Ross' services along with a poll of likely voters on a potential general services sales tax conducted by pollsters FM3 were funded by labor unions and CBOs who participated in the Working Group process.

On April 8th, Senator Steve Glazer amended Senate Bill 1349 to include language providing relief to the County and cities within the County for future transaction and use tax measures. The bill was immediately referred to the Senate Governance and Finance Committee. The Senate Governance and Finance Committee hearing on SB 1349 was scheduled for Thursday, May 21st. Supervisor Gioia along with Concord Mayor Tim

McGallian testified in support of the measure at the Senate committee meeting on May 21st. Additionally, Chief Assistant County Administrator Tim Ewell and Concord City Manager Valerie Barone have coordinated with cities in the County to collect letters of support for the bill. Currently, letters of support have been received by the cities of Concord, Danville, Lafayette, Pittsburg, San Ramon, Orinda and the Contra Costa Transportation Authority. In addition, the California Labor Federation, California Professional Firefighters, California Teamsters Public Affairs Council, SEIU California, IFPTE Local 21 and Office and Professional Employees International Union Local 29 have all provided letters of support as well.

The Potential Sales Tax Measure Ad Hoc Committee convened a meeting via video teleconference on May 13th to receive the finalized Needs Assessment Report from the Working Group and provide direction to staff. Supervisor Mitchoff noted the need for additional polling to determine the viability of the measure, as well as her perspective that public safety should be a part of any ballot measure in November. Supervisor Gioia agreed that there needs to be additional polling and suggested that the co-chairs could bring further polling recommendations when presenting the Needs Assessment to the Board of Supervisors. Supervisors Mitchoff and Gioia agreed to direct staff to forward the Needs Assessment Report to the full Board of Supervisors, for consideration and direction to staff on next steps regarding the Potential County-wide General Sales Tax measure at the May 26th meeting of the Board of Supervisors.

On May 26th, the Board received an update on the status of Senate Bill 1349 and a presentation of the Needs Assessment assembled by the Working Group. At that time, Senate Bill 1349 had been heard in the Senate Governance and Finance Committee the previous week, but was ultimately scheduled for reconsideration by the Committee due to a procedural issue on May 28th. The Committee authorized the reconsideration and ultimately voted the bill out of Committee on June 3rd. The bill was passed on the Senate Floor on June 11th and has been sent to the Assembly Local Government Committee for consideration. In addition, after receiving a report on the Needs Assessment, the Board directed the Working Group to return in mid-June with additional information about a second poll, including the number of people to be polled, the type of questions to be asked and the cost estimate.

On June 16th, the Board authorized a cost share of \$10,000 from the County to assist in polling the community regarding the potential sales tax measure.

On July 14th, the Board received the results of polling, which showed that a transactions and use tax would likely be successful if listed on the November 2020 General Election ballot. The Board subsequently directed County Counsel to draft a transactions and use tax ordinance for introduction on the July 28th agenda, which includes language stating that the ordinance is only to be placed on the November 2020 ballot if the Legislature and the Governor approve Senate Bill 1349 no later than August 24th.

On July 28th, the Board introduced the transactions and use tax ordinance and fixed

adoption of the ordinance and related resolution calling for the election for the August 4th regular meeting of the Board. In addition, the Board made certain amendments to the proposed ordinance, including:

1. Determined copies of the full text of Ordinance No. 2020-22 shall be made available to the public in accordance with subdivisions (b)(3) and (b)(4) of Elections Code section 9160.
2. Clarified that the ordinance shall only become effective if Senate Bill 1349 is approved by the Legislature on or before August 24, 2020, and thereafter becomes law, and if this ordinance is adopted by the voters.

Staff has worked with the California Department of Tax and Fee Administration (previously the California Board of Equalization) to draft the ordinance using template language for general transactions and use taxes across the state with the exception of the language related to Senate Bill 1349 discussed above. Should the ballot measure be successful, the CDTFA requires the County to enter into a contract for collection and allocation of the tax receipts no later than April 1, 2021.

The attached resolution calling the election includes the ballot language for the measure and authorizes the County Administrator, or designee, to file all necessary documents on behalf of the Board of Supervisors for the measure to be listed on the November 2020 ballot.

CONSEQUENCE OF NEGATIVE ACTION:

The Board of Supervisors will not have passed the ordinance establishing the 0.5% transactions and use tax or the resolution calling for the election submitting the ordinance to the voters for approval. This will result in no path for the ordinance to be adopted prior to the August 7, 2020 deadline for ballot measures to be submitted to the County Registrar for the November 2020 General Election.

CLERK'S ADDENDUM

Speakers: Rochelle, East County Regional Group of First5 Contra Costa; Brendan, East County Regional Group; Unknown; Unknown (2); Karen Perkins, Walnut Creek.

ATTACHMENTS

Resolution 2020/210

Resolution No. 2020/210 - Exhibit A - Transactions and Use Tax Ordinance

Ordinance No. 2020-22