



City of Willows
Resolution 15-2024

A RESOLUTION OF THE WILLOWS CITY COUNCIL CALLING AND ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF WILLOWS A BALLOT MEASURE TO INCREASE THE GENERAL PURPOSE TRANSACTION AND USE ("SALES") TAX BY ONE AND A HALF PERCENT AT THE GENERAL ELECTION TO BE HELD ON TUESDAY NOVEMBER 5, 2024

WHEREAS, the health and safety of all residents in the City of Willows ("the City") is the City's top priority; and

WHEREAS, the City faces a structural budget deficit that it is trying to remedy; and

WHEREAS, as part of the City's effort to remedy the structural deficit and address the many needs of the City including law enforcement services, fire protection and prevention, emergency medical, public works, administration, permitting, inspections and finance services a General Transactions and Use Tax ("Sales Tax") is proposed for the November 2024 ballot; and

WHEREAS, the City holds the authority to levy a Transactions and Use Tax pursuant to California Revenue and Taxation Code section 7285, subject to approval of a majority votes of the electorate pursuant to Article XIII C, Section 2 of the California Constitution ("Proposition 218"); and

WHEREAS, the City Council would like to submit to the voters a measure introducing a Sales Tax of one and one-half percent (1.5%) on the sale of all tangible personal property sold at retail in the City; and

WHEREAS, like many other cities, the City has undergone a financial crisis due to the economic downturn, takeaways by the state and inability of revenues to keep pace with expenditures; and

WHEREAS, in order to maintain minimum city staffing levels and provide critical city services, a structural deficit of \$420,000 was initially incurred in fiscal year 2022-23; and

WHEREAS, in fiscal year 2023-24, the Glenn County Sheriff's Office proposed a more than \$300,000 increase in the City's law enforcement contract that will continue to increase in future fiscal years creating a new total structural deficit that ranges between \$1.3 and \$1.5 million per year; and

WHEREAS, the City has historically worked diligently and continues to strive to control spending and make all possible budgetary cuts; and

WHEREAS, the City has evaluated the impacts of financial constraints on the City's ability to provide vital services to the public, including evaluation and implementation of measures to reduce costs, as well as measures to increase revenue; and

WHEREAS, a General Sales Tax is needed in order to maintain minimum staffing levels in all city departments including Law Enforcement, Fire, Community Development, Public Works, Administration, Library, and Finance; and

WHEREAS, the Measure is also needed in order to attract and retain highly qualified personnel, purchase apparatus and equipment, and implement capital improvement projects that will better serve the community; and

WHEREAS, only a locally-approved voter funding source would guarantee that new revenue stays in the City to improve city services and the quality of life for City residents; and

WHEREAS, without immediate voter approval of the proposed Sales Tax, the City will face serious financial shortfalls and be required to reduce essential municipal services, which will endanger the health, safety, and general welfare of the City and its residents and, as such, there is a need to adopt the Sales Tax in order to maintain adequate services for the health, safety, and general welfare of the residents of the City of Willows; and

WHEREAS, if approved by the Council, and then passed by the voters on Tuesday November 5, 2024 with a majority of voters (50% plus 1) supporting this measure, it would go into effect on January 1, 2025; and

WHEREAS, the proposed measure will include strict accountability requirements such as public disclosure of all spending; annual financial audits that ensure funds are used effectively and as promised; and only to benefit the Willows community with a sunset clause of fifteen years; and

WHEREAS, to qualify for the ballot, four-fifths of the City Council are required to vote affirmatively for the sales tax ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WILLOWS DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the City Council, pursuant to its right and authority, does order to be submitted to the voters at the general election on Tuesday, November 5, 2024, the following question:

BALLOT MEASURE # _____	
Willows Sales Tax Measure	Yes
Shall the City of Willows enact a general transactions and use tax in the total amount of one and one-half percent (1.5%) to be used for the purpose of providing the citizens of Willows with critical city services including and not limited to, law enforcement, fire, emergency medical, public works, community development, recreation, administration, library, and finance, under local control and annual audits with a sunset date of fifteen years, be approved?	No

Section 2. That the proposed measure submitted to the voters is attached hereto as Exhibit "A" to this Resolution, which is incorporated herein by this reference.

Section 3. That the vote requirement for the measure to pass is by a majority of the votes cast.

Section 4. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

Section 5. That notice of the time and place of holding the election is hereby given, and the Clerk of the Board of Supervisors is authorized, instructed, and directed to give further or additional notice of the election, in time, form, and manner as required by law.

Section 6. That the Registrar of Voters of the County of Glenn is authorized, instructed and directed to procure and furnish any and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

Section 7. That the Clerk of the City of Willows is hereby directed to file a certified copy of this Resolution with the Registrar of Voters of the County of Glenn.

Section 8. That arguments in favor of and in opposition to the ballot measure and rebuttal arguments shall be permitted, and the City hereby adopts the provisions of Elections Code sections 9167 and 9170, regarding the acceptance of arguments relating to ballot measures. The Clerk of the City Council shall fix the dates for submittal of arguments and rebuttals as provided for in the Elections Code, and in conjunction with the Glenn County Registrar of Voters.

Section 9. That, pursuant to Elections Code section 9160, the Clerk of the City Council is hereby directed to transmit a copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the Clerk of the City Council within ten (10) days following the adoption of this Resolution.

Section 10. That the Clerk of the City Council shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 11. That this Resolution shall take effect from and after its adoption by a fourth-fifths vote of the members of the City Council.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on this 9th day of April 2024, by the following vote:

AYES: Councilmembers Thomas and Vodden, Vice Mayor Hutson, Mayor Hansen

NOES: Councilmember Sprague

ABSENT: None

ABSTAIN: None

APPROVED:



Gary Hansen, Mayor

ATTESTED:



Amos Hoover, City Clerk

Attachment:

- Exhibit A: Proposed Ordinance

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City of Willows
Ordinance XXX-2024

AN ORDINANCE OF THE CITY OF WILLOWS IMPOSING A TRANSACTIONS AND USE TAX OF ONE AND ONE-HALF PERCENT (1.5%) TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Section 1. TITLE. This Ordinance shall be known as the City of Willows Transactions and Use Tax Ordinance. The City of Willows 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, the date of such adoption being as set forth below.

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 one and one-half percent (1.5%) 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 one and one-half percent (1.5%) 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, therefore. However, the substitution shall not be made when:

1. The word "State" issued 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, County and City, 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 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 County 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. 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 13. 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 14. 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 15. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

Section 16. SALES TAX OVERSIGHT. The City shall maintain a separate Fund (including approved individual budget line items) for the sales tax revenue for budgeting and independent auditing purposes. The public audit shall include an accounting of sales tax revenues received and expenditures thereof in the audited financial statements and shall be presented annually to the City Council at a public meeting.

For the first three years, the City of Willows will produce quarterly reports identifying sales tax revenue and expenditures, which will be presented to the Council at a public meeting and posted on the City's website. After the first three years, the City of Willows will produce an annual report that includes the sales tax revenues and expenditures to be presented to the Council and posted on the City's website.

For the first five years, the City of Willows will conduct one town hall meeting per fiscal year to report to the public on proposed expenditures of the transaction and use tax and to receive public input on how to expend the monies. The town hall meeting will be held in the spring *before* the final budget approval.

The City Council will conduct a separate annual budget and allocation process of the sales tax revenue during a regular City Council meeting. The City of Willows will include a separate chapter in the annual budget explaining the Council approved revenues and expenditures of the sales tax for the fiscal year.

Section 17. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall continue until 15 years from the effective date.

I hereby certify that the City of Willows Supplemental Transactions and Use Tax Ordinance was **PASSED, APPROVED, AND ADOPTED** by the People of the City of Willows on the 5th day of November, 2024.



Gary Hansen, Mayor of City of Willows

ATTEST:



Clerk of the City Council

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