



JJ City of La Palma, City of La Palma One-Cent Sales Tax

Shall Ordinance No. 2016-1, establishing a one percent sales tax, to remain in effect until ended or modified by the voters, and raising an estimated \$1,500,000 annually for any and all governmental purposes of the City, which may include any general fund services such as police patrols and crime prevention; 9-1-1 emergency response; and street maintenance/pothole repair; with the requirement for public audits and disclosures of all funds spent, be adopted?

What your vote means

YES	NO
A "Yes" vote is a vote in favor of adopting this Measure to authorize the proposed 1% City sales tax.	A "No" vote is a vote against adopting the 1% City sales tax.

For and against

FOR	AGAINST
Gerard Goedhart Mayor Michele Steggell Mayor Pro Tem Peter L. Kim Council Member Mark Waldman Former Mayor Steve Shanahan Council Member	Keith Nelson Citizen Committee on La Palma's Sustainability Chairman and Former Mayor Robert Carruth Citizen Committee on La Palma's Sustainability Member



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Full Text of Measure JJ City of La Palma

AN ORDINANCE OF THE PEOPLE OF THE CITY OF LA PALMA, CALIFORNIA, ADDING ARTICLE IX TO CHAPTER 14 OF THE LA PALMA CITY CODE, IMPOSING A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

THE PEOPLE OF THE CITY OF LA PALMA, CALIFORNIA, HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Article IX is hereby added to Chapter of the La Palma City Code to read:

TRANSACTIONS AND USE TAX

Sections:

14-241	Title and Applicable Territory
14-242	Operative Date
14-243	Purpose
14-244	Contract with State
14-245	Transactions Tax Rate
14-246	Place of Sale
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14-252	Amendments
14-253	Enjoining Collection Forbidden

Sec. 14-241. - Title and Applicable Territory.

This Ordinance shall be known as the La Palma Transactions and Use Tax Ordinance. The City of La Palma hereinafter shall be called "City." This Ordinance shall be applicable in the incorporated territory of the City.

Sec. 14-242. - 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.

Sec. 14-243. - 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 of the Revenue and Taxation Code, 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 therefor that can be administered and collected by the State Board of Equalization 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 State Board of Equalization 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.

Sec. 14-244. - Contract with State.

Prior to the operative date, the City shall contract with the State Board of Equalization 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 State Board of Equalization 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.

Sec. 14-245. - Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a transactions and use tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of One Percent (1%) 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.

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Sec. 14-246. - 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 State Board of Equalization.

Sec. 14-247. - 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 Percent (1%) 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.

Sec. 14-248. - 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.

Sec. 14-249. - 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 Board of Control, State Board of Equalization, 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 State Board of Equalization, 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 transactions and use tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this transactions and use tax while such sales, storage, use or other consumption remain subject to sales and use tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this transactions and use tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to sales and use 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.

Sec. 14-250. - 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.

Sec. 14-251. - Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions and use tax the amount of any sales 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/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/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



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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.

Sec. 14-252. - 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, duration or receipt of revenues by the City for the transactions and use tax imposed by this Ordinance.

Sec. 14-253. - 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 2. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of this Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 3. EFFECTIVE DATE. This Ordinance shall become effective only upon adoption by a majority of the people voting on the measure to adopt this Ordinance at the general municipal election on November 8, 2016. This Ordinance shall be considered as adopted upon the date that the vote on this Ordinance is declared by the City Council for the City of La Palma, and shall go into effect 10 days after that date.



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Impartial Analysis City of La Palma Measure JJ

The La Palma City Council has placed a measure on the ballot for the November 8, 2016 general municipal election (the "Measure"), asking the City's voters to approve an ordinance enacting a 1% City "transactions and use" tax, which is commonly known as a "sales tax". If approved by La Palma's voters, the Measure would impose a City tax that would add one cent to the cost of a \$1.00 item purchased in La Palma; the City would begin collecting that sales tax on April 1, 2017.

Sales taxes are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which distributes the tax revenues in accordance with statutory requirements. The current tax on sales by retail sellers in La Palma is 8% of the retail sale price. The City receives 1% of this 8%, with the remainder of the tax revenue allocated for State, County and school purposes.

This Measure would authorize the City to impose an additional 1% sales tax, to increase the total sales tax rate on retail sales in La Palma from 8% to 9%. If the Measure passes, a consumer purchasing taxable items in La Palma costing \$10,000 after April 1, 2017 would pay an additional \$100. The City estimates that the proposed sales tax will generate an additional \$1,500,000 annually, but the actual amounts raised will vary based on the level of retail sales occurring in La Palma.

All revenue generated by this Measure would be placed in the City's general fund and be available to fund any and all City services, programs and projects, including but not limited to police protection, recreational programs and street maintenance. Under current law, all revenue generated by the proposed sales tax would be protected from being diverted from the City and its services, programs and projects, because the California Constitution prohibits the State Legislature from reallocating, transferring, borrowing or otherwise using the proceeds of any tax imposed or levied by a local government solely for its purposes.

A "Yes" vote is a vote in favor of adopting this Measure to authorize the proposed 1% City sales tax, while a "No" vote is a vote against adopting the 1% City sales tax. If a simple majority of the voters voting on the Measure vote "Yes," then this Measure will be approved and the ordinance authorizing the 1% City sales tax will be adopted. This Measure will take effect ten days following the date on which the La Palma City Council declares that the Measure was approved by a majority of the La Palma voters voting on the Measure at the November 8, 2016 election.

The above statement is an impartial analysis of the Measure. If you desire a copy of the ordinance or Measure, please call the La Palma election official's office at (714) 690-3334, and a copy will be mailed at no cost to you.

Dated: July 14, 2016

s/ Joel D. Kuperberg
City Attorney



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Argument in Favor of Measure JJ

Protect La Palma's quality of life and public safety services - Vote YES on JJ!

YES on JJ provides reliable, locally-controlled funding for priorities our community has identified as being important:

- Keeping our City clean and graffiti-free
- Maintaining 911 Emergency Response, crime prevention and police investigation services
- Maintaining public parks and recreation facilities including our courts, fields, and playgrounds
- Preventing gang activity and drug-related crimes
- Maintaining public infrastructure: our streets, storm drains, and sidewalks

YES on JJ Keeps Taxpayer Funds Local – by law, Sacramento can't touch this money.

YES on JJ Maintains Our Local, La Palma Police Department – La Palma is one of the few small cities in Orange County with its own police department - guaranteeing proactive neighborhood police patrols and one of the lowest 911 emergency response times in the County. **YES on JJ** allows us to maintain our own local police department with officers who know our community and make your safety their first and only priority.

YES on JJ Keeps La Palma A Special Place To Live – La Palma is a special place to live with an outstanding quality of life. The City has responded to a major drop in revenues by reforming employee pensions, reducing the workforce by 20%, reducing employee pay, delaying infrastructure maintenance, and cutting City services, including a reduction in police officers. Even with these cuts, the City continues to have a structural deficit. There is simply no more room to cut and keep our community a safe, clean place to live. **YES on JJ** protects our quality of life and keeps La Palma the special community it is for residents and families.

Join City Council members and residents from all walks of life -- vote **YES on JJ** to preserve La Palma's high quality of life and public safety services. For factual information about Measure JJ, visit www.cityoflapalma.org.

s/ Gerard Goedhart
Mayor

s/ Michele Steggell
Mayor Pro Tem

s/ Peter L. Kim
Council Member

s/ Mark Waldman
Former Mayor

s/ Steve Shanahan
Council Member

Rebuttal to Argument in Favor of Measure JJ

Proponents have made statements intended to scare and divide residents. They want you to believe opponents do not support our local police department. **NOT TRUE.** We whole-heartedly support police here and in surrounding cities.

EVERYONE WANTS THE SAME THING – TO LIVE IN A SAFE COMMUNITY. WE DISAGREE ON THE METHOD AND MEANS TO ENSURE WE HAVE ONE FOR YEARS TO COME.

Our city has a structural deficit. Tough decisions take hard work. Higher taxes are not a structural solution; they are short-sighted and unstable. We need solutions which permanently fix the problem.

Today, when a business like yours faces a structural deficit, to survive it must look at the foundations of production and service. It can't just raise prices; it must transform itself to survive.

UBER AND IPHONE EXIST TODAY BECAUSE THEIR CREATORS IMAGINED A SUPERIOR SOLUTION AND MADE IT REALITY. OUR CITY COUNCIL REFUSED TO DO THE SAME.

There are proven, cost-effective alternatives that deliver excellent service. Read about the Central Marin Police Authority's true success story at <http://www.centralmarinpolice.org>. More is possible with visionary leadership.

What worked in 1955 when we incorporated, or in 2005 when we celebrated 50 years, does not work in 2016. We have sufficient financial reserves to bridge us to a healthier, more secure future. Ask the city council to work diligently, gather all the facts and conduct an honest, impartial dialogue of every alternative.

Our community deserves to hear the whole truth first. Make them tell it.

VOTE NO!

www.FactCheckLaPalma.com

s/ Keith Nelson
Citizen Committee on Sustainability Chairman and Former Mayor

s/ Robert Carruth
Citizen Committee on Sustainability Member and Resident



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Argument Against Measure JJ

Demand responsible action from our City Council.

Don't pay their PENSION TAX. Vote NO on JJ!

Proponents are not being transparent that they will spend your money on employee **PENSIONS**, not police patrols, park improvements or street maintenance.

In 2015 alone, we paid the **Police Chief \$255,605, City Manager \$223,704, a Police Sergeant \$204,643, and Community Development Director, who manages only two employees, \$183,365.** In the past three years this Council granted five uncontested employee promotions which pay hundreds of thousands of dollars more in lifetime **PENSION** benefits.

In the past twelve years we've paid over **\$15,000,000** into **PENSIONS** and still owe **\$12,381,116 in unfunded liability.** Rising **PENSION** costs for a **few dozen employees** have forced cuts to our parks, recreation, and infrastructure.

The Council majority ignored the **Citizen Committee's STRONG recommendation** to evaluate proven, cost-effective police alternatives and instead spent \$80,000 on a community survey designed to trick voters to support a tax. Their goal is to preserve status quo. Structural deficits require structural solutions. Their remedy? Another **PENSION TAX!**

Proponents do not disclose they returned **\$1,791,071 in tax rebates** to one business since 2014. Now they need you to pay **\$1,500,000 more** annually to counteract their flawed deal.

We already pay income, property, sales, and utility user taxes and now they want us to pay millions more. Every time you buy a drink, or eat a meal in La Palma, or purchase a vehicle anywhere, this **PENSION TAX** makes it more expensive.

Scare tactics predict slow emergency response and more crime without a tax. Don't buy the lie. There are sustainable, proven solutions that keep us all safe. **Proponents want you to pay more because they did less.**

Make the council do its job. Demand genuine structural solutions. **NO on JJ!**

For complete facts visit www.factchecklapalma.com.

s/ Keith Nelson
Citizen Committee on La Palma's Sustainability Chairman and Former Mayor

s/ Robert Carruth
Citizen Committee on La Palma's Sustainability Member

Rebuttal to Argument Against Measure JJ

OPponents ARE NOT ACCURATE OR TELLING THE WHOLE STORY.

In response to rising costs and a 24% drop in revenue the La Palma City Council **has**:

- **Reformed** Employee Pensions and **Reduced** Employee Pay
- **Reorganized** Operations and **Reduced** the Workforce by 20%
- **Cut City Services** - including community policing and school programs

THESE STRUCTURAL CHANGES SAVE OVER \$1.77 MILLION/YEAR but it's just not enough to solve the operational deficit.

Opponents don't tell you:

- Pension liability has been reduced by \$3,900,000 because of the above City Council actions. The City's pension liability obligations will still exist regardless of additional cuts or outsourcing.
- **3 not 5 employees** were reclassified - as part of a Citywide reorganization to cut costs.
- **The City spent \$24,800 not \$80,000** to survey our community on your priorities.
- The sales tax rebate was necessary to attract a business to replace one that left – without it, the City would be in even worse shape!
- **The Sustainability Committee was adamant that services should not suffer further.**
- Finally, the Sustainability Committee recommended a sales tax be considered by the City Council.

THE OPponents OFFER NO SOLUTIONS. Instead, they insist we can continue to reduce services without damaging our quality of life. The City has taken actions for years to reduce costs. Now, residents have to choose between maintaining the La Palma Police Department or contracting out for reduced police services.

We must solve our financial problems to protect our Quality of Life and Property Values.

We urge you to **VOTE YES on JJ. The future of our City is up to you.**

s/ Gerard Goedhart
Mayor

s/ Steve Shanahan
Council Member

s/ Mark Waldman
Citizen Committee on La Palma's Sustainability Vice Chair and Former Mayor

s/ Jan Jensen
Citizen Committee on La Palma's Sustainability Member

s/ Christine Kim
Citizen Committee on La Palma's Sustainability Member