

RESOLUTION NO. 24-0089

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA APPROVING AN ORDINANCE AND ORDERING THAT A MEASURE BE SUBMITTED TO THE VOTERS OF THE CITY AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 5, 2024, TO CONSIDER A LOCAL ONE-HALF CENT (0.5%) TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

WHEREAS, the City expects to maintain general municipal services for Manhattan Beach residents, businesses, and visitors at the levels they expect and deserve; and

WHEREAS, the City Council has been informed by staff that the City needs additional local funds to fund vital City programs and services, such as keeping local streets, sidewalks, infrastructure, and parks safe, clean, and well-maintained; repairing/upgrading aging community facilities; fixing potholes; and improving parking availability and traffic safety; and

WHEREAS, additional sources of local revenue will help the City maintain local control over its revenue and promote fiscal sustainability; and

WHEREAS, if approved by the voters, the revenue from this measure will be subject to transparency and accountability provisions such as financial audits and public disclosure of all spending to ensure that all funds will remain in Manhattan Beach for the local general services on which local residents and businesses rely, and that none of the new revenue can be taken by the Federal or State governments; and

WHEREAS, the City Council proposes to submit to the voters of the City an Ordinance providing for the levy of a local transactions and use tax.

NOW, THEREFORE, the Manhattan Beach City Council hereby finds, determines, orders, and resolves as follows:

SECTION 1. The facts set forth in the recitals of this Resolution are true and correct, and establish the factual basis for the City Council's adoption of this Resolution.

SECTION 2. California Revenue and Taxation Code Section 7285.9 authorizes any city to levy, increase, or extend a transactions and use tax for general purposes at a rate of 0.125 percent, or a multiple thereof, subject to approval by a two-thirds vote of all of the members of the City Council and by a majority of the qualified voters of the City voting in an election on the issue.

SECTION 3. By Resolution No. 24-0058, adopted on June 18, 2024, the City Council has previously called and given notice of the General Municipal Election to be held in the City on November 5, 2024, and by Resolution No. 24-0060 ordered that such General Municipal Election be consolidated with the statewide general election conducted

on the same date. Pursuant to California Elections Code Sections 9222 and 10201, the City Council hereby orders that at the said election, a Transactions and Use Tax Ordinance be submitted to the voters for consideration. The full text of the Manhattan Beach Transactions and Use Tax Ordinance is attached to this Resolution as Exhibit A and incorporated herein by reference. The measure to be submitted to the voters shall appear and be printed on the ballot as follows:

<p>To provide funding for general city services in Manhattan Beach, including keeping local streets, sidewalks, infrastructure, and parks safe, clean, and well-maintained; repairing/upgrading aging community facilities; fixing potholes; and improving parking availability and traffic safety, shall City of Manhattan Beach's ordinance establishing a 0.5¢ sales tax be adopted, providing \$5,000,000 annually until ended by voters for general government use that can't be taken by the State, with citizen oversight, independent audits, and all money locally controlled, be adopted?</p>	YES
	NO

SECTION 4. The City Council, by at least 2/3 vote, hereby approves the proposed Manhattan Beach Transactions and Use Tax Ordinance, attached to this Resolution as Exhibit A, to be submitted to the voters. The proposed measure is a general tax, as defined in Article XIIC of the California Constitution, at a rate of 0.5% on transactions and uses in the City as defined in the Ordinance, to be collected by the California Department of Tax and Fee Administration. The Ordinance shall not take effect unless and until approved by a vote of at least a majority of voters voting on the question at the election.

SECTION 5. The City Attorney is hereby directed to prepare an impartial analysis of the measure pursuant to Elections Code Section 9280.

SECTION 6. The City Council directs that arguments for and against the measure may be filed in accordance with applicable law, and that Councilmember[s] [name(s)] are authorized to file an argument in favor of the measure.

SECTION 7. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections. All persons qualified and registered to vote in the City of Manhattan Beach as of the date of such election shall be entitled to vote.

SECTION 8. Notice of the time and place of holding the General Municipal Election is hereby given and the City Clerk is authorized, instructed, and directed to give further or additional notice of the election, in the time, form and manner as required by law, and to publish a synopsis of the measure as required by law.

SECTION 9. The City Clerk is hereby directed to insert names in Section 6, if applicable and submit a complete certified copy of this Resolution to the Los Angeles County Registrar of Voters Office and to the Los Angeles County Board of Supervisors.

Section 10. The Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

ADOPTED on June 18, 2024.

AYES:

NOES:

ABSENT:

ABSTAIN:

JOE FRANKLIN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

EXHIBIT A

ORDINANCE NO. 24-_____

AN ORDINANCE ADOPTED BY THE VOTERS OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, IMPOSING A 0.5% TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

THE VOTERS OF THE CITY OF MANHATTAN BEACH DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Chapter 8.40 is hereby added to Title 8 of the Manhattan Beach Municipal Code to read as follows:

“Chapter 8.40 - TRANSACTIONS AND USE TAX

8.40.010. SHORT TITLE. This ordinance shall be known as the City of Manhattan Beach Transactions and Use Tax Ordinance. The City of Manhattan Beach hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

8.40.020. 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.

8.40.030. 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, authorizing 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.

8.40.040. 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.

8.40.050. 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 0.5% 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.

8.40.060. 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.

8.40.070. 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 0.5% 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.

8.40.080. 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.

8.40.090. 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 the 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.

8.40.100. 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.

8.40.110. 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 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.

8.40.120. 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. Pursuant to Elections Code Section 9217, the City Council may amend this ordinance as deemed necessary for collection and enforcement, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance without the approval of the voters.

8.40.130. 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 the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 3. EFFECTIVE DATE AND EXPIRATION. This ordinance relates to the levying and collecting of the City’s transactions and use taxes and shall take effect immediately upon approval by the voters and shall remain in effect until repealed by the voters of the City of Manhattan Beach.

APPROVED at a regular meeting of the Manhattan Beach City Council on August 6, 2024,
and

PASSED AND ADOPTED by the voters of the City of Manhattan Beach, State of California, at the General Municipal Election held on November 5, 2024.

JOE FRANKLIN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

APPROVED AS TO FORM:

QUINN M. BARROW
City Attorney