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Long Beach, California

R-18

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HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Resolution Expressing Intent to Prioritize Spending of Transactions and Use Tax (TUT) Revenue for Specific Purposes, Relating to the Ballot Measure Placed on the March 3, 2020 ballot. (Citywide.)

DISCUSSION:

On July 16, 2019, the City Council approved a measure to be placed before Long Beach voters extending the City's current TUT, known as "Measure A," until ended by the voters and setting the TUT at the following rates: (i) from January 1, 2017 through December 31, 2022 – at 1% on the sale and/or use of all tangible personal property sold at retail in the City, (ii) from January 1, 2023 through September 30, 2027, at a rate of three-quarters percent ($\frac{3}{4}\%$), and after October 1, 2017, again at a rate of one percent (1%). The variation in rates is required to comply with Los Angeles County Measure H, adopted in 2017.

As with the original Measure A, the TUT extension would generate revenue for general City purposes. The City Council desires to prioritize spending of TUT revenues for public safety, public infrastructure, and public facilities, like parks and libraries, as it did with the original Measure A. The City also desires to identify an additional specific priority: Community Hospital, which served Long Beach area residents and was closed due to seismic and other reasons in 2018.

Pursuant to your request of July 16, 2019, this office has prepared and submits the above-described resolution for your consideration.

SUGGESTED ACTION:

Approve recommendation.

Very truly yours,

AMY R. WEBBER
Deputy City Attorney

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Attachment

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH EXPRESSING ITS INTENT TO
PRIORITIZE SPENDING OF TRANSACTIONS AND USE
TAX (TUT) REVENUE FOR SPECIFIC PURPOSES

WHEREAS, the City Council of the City of Long Beach ("City") is authorized to levy a Transactions and Use Tax for general purposes pursuant to California Revenue and Taxation Code section 7285.9, subject to approval by a majority vote of the electorate pursuant to Article XIIC, Section 2 of the California Constitution ("Proposition 218"); and

WHEREAS, on June 7, 2016, Long Beach voters approved Measure "A", a general Transactions and Use Tax ("TUT") enacted for a period of ten (10) years on the sale and/or use of all tangible personal property sold at retail in the City, initially at a rate of one cent (1%) for the first six operative years of the tax (January 1, 2017 – December 31, 2022), and declining to one-half percent (0.50%) for the remaining four operative years of the tax (January 1, 2023 – December 31, 2026), with the tax scheduled to sunset on January 1, 2027; and

WHEREAS, on March 7, 2017 Los Angeles County voters approved Measure "H", a Countywide special TUT enacted to fund programs to address homelessness for a period of ten (10) years, at a rate of one-quarter cent (¼%) until it sunsets on October 1, 2027; and

WHEREAS, because Long Beach Measure "A" was enacted prior to County Measure "H", Measure "A's" existing 1% tax rate from January 1, 2017 through December 31, 2022 is unaffected by Measure "H", however from January 1, 2023 until Measure "H's" sunset date on October 1, 2027, Long Beach is legally limited to enacting a maximum three-quarters percent (¾%) TUT due to operation of the 2% statutory "cap"

1 under California Revenue and Taxation Code section 7251.1; and

2 WHEREAS, pursuant to City Charter and California Elections Code §9222,
3 the City Council has authority to place local measures on the ballot to be considered at a
4 Municipal Election; and

5 WHEREAS, based upon the above, on July 16, 2019, the City Council of
6 the City of Long Beach called a Special Municipal Election to be held on March 3, 2020
7 for the purpose of submitting to the voters a measure extending the term of the Long
8 Beach TUT beyond ten (10) years until it is ended by voters and setting the TUT at the
9 following rates: (i) from January 1, 2017 through December 31, 2022 – at 1% on the sale
10 and/or use of all tangible personal property sold at retail in the City, (ii) from January 1,
11 2023 through September 30, 2027, at a rate of three-quarters percent ($\frac{3}{4}\%$), and after
12 October 1, 2017, again at a rate of one percent (1%); and

13 WHEREAS, pursuant to the proposed TUT measure, the TUT is a general
14 tax enacted solely to raise revenue for the general governmental purposes of the City
15 and all of the proceeds from the tax shall be placed in the City's general fund and used
16 for the usual current expenses of the City; and

17 WHEREAS, the general fund pays for important City services such as
18 police, fire and paramedic services, street operations and maintenance, community
19 center and recreation services, and general municipal services to the public; and

20 WHEREAS, the City Council desires to adopt this resolution expressing its
21 intent, if the TUT measure is enacted by the voters, to commit to spend TUT revenue for
22 various purposes, with priorities as identified herein;

23 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
24 follows:

25 Section 1. Findings. The City Council finds that all of the preceding
26 recitals are true and correct.

27 Section 2. Priorities for Spending TUT Revenue. The City Council
28 hereby expresses its intent, if the TUT measure is enacted by the voters, to prioritize

1 spending of future TUT revenue for the following purposes:

2 A. Public Safety: Future TUT revenue may be spent on the
3 costs of providing public safety services, consisting of: police patrol,
4 response, investigation, apprehension and law enforcement, emergency 9-
5 1-1 response, fire prevention and suppression services, paramedic
6 services, and ambulance services.

7 B. Public Infrastructure: Future TUT revenue may also be spent
8 on the costs of improving and maintaining streets, sidewalks and alleys,
9 improving and upgrading the City's water system for conservation, and
10 improving and upgrading storm water/storm drain systems.

11 C. Community Hospital. Future TUT revenue may be spent on
12 the costs of reopening Community Hospital of Long Beach to serve Long
13 Beach and other area residents, to perform required seismic and other
14 improvements.

15 Section 3. TUT Not Deemed a Special Tax. The adoption of this
16 Resolution shall not be construed, and it is not the City Council's intent, to convert the
17 proposed TUT into a "special tax", as that term is defined Article XIII C §1(d) of the
18 California Constitution, California Government Code §§ 53721 and 53724, or any
19 combination thereof. Although this Resolution expresses the intent of the current City
20 Council to spend future TUT revenues for certain priorities, this Resolution is non-binding
21 on any future or subsequently constituted City Council, and the TUT shall remain a
22 "general tax" as that term is defined in Article XIII C §1(a) of the California Constitution,
23 and as set forth in the proposed TUT ordinance.

24 Section 4. This resolution shall take effect immediately upon its adoption
25 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2019, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk