

STAFF REPORT
City of Lancaster

NB 3
12/10/2024
TN

Date: December 10, 2024

To: Mayor Parris and City Council Members

From: Allison Burns, City Attorney

Subject: Implementation and Collection of Transactions and Use Tax.

Recommendation:

1. Introduce Ordinance No.1122 relating to the implementation and collection of reduced transactions and use tax.
2. Adopt Resolution No.24-XX, phasing the implementation of the transactions and use tax increase authorized by AB 2443 and enacted by Measure YM.

G.C. Section 84308: No

Fiscal Impact:

Unknown at this time.

Background:

On November 3, 2020, voters passed Measure LC, which enacted Chapter 3.14 of the Lancaster Municipal Code and established an additional sales tax of 0.75% within the City of Lancaster (“City”) to fund essential services, including street repair, addressing homelessness, emergency response, public safety, maintaining local businesses, protecting water sources, and programs for seniors, veterans, mental health and the community.

On November 5, 2024, voters passed Measure YM, which amended Chapter 3.14 of the Lancaster Municipal Code and established an automatic increase of the City’s Transaction and Use Tax if, whenever, and to the extent permitted by applicable law. Measure YM establishes the City’s Transaction and Use Tax as the maximum rate permitted by law, but is silent as to how, when, and to what extent the City must implement and collect the maximum rate, or whether, in the alternative, the City may phase, defer, or otherwise implement and collect a lower rate.

This proposed ordinance adds a new Section 3.14.180 to the Lancaster Municipal Code that

authorizes the City Council, by resolution or other action, to phase, defer, or otherwise implement and collect a rate that is lower than the full rate established by Sections 3.14.050 and/or 3.14.070. Notwithstanding any such phasing, deferral, or other reduced collection, the rates established by Sections 3.14.050 and 3.14.070 shall remain the City's authorized, approved, and established Transaction and Use Tax rates. The City Council may exercise its authority under this proposed ordinance only as and to the extent permitted by law. Nothing in this proposed ordinance authorizes the City Council to impose a rate increase that would exceed the maximum rates established by Sections 3.14.050 and 3.14.070 or require voter approval.

The proposed resolution defers until January 1, 2028, the implementation and collection of one-quarter (1/4); and defers until January 1, 2029, the implementation and collection of the final one-quarter (1/4) of the 1% transactions and use tax increase authorized by AB 2443 and enacted by Measure YM (i.e., .5%).

Attachment:

Ordinance No. 1122

Resolution No. 24-XX