

CITY OF SONOMA

RESOLUTION NO. 23 - 2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONOMA RESCINDING RESOLUTION NO. 21-2016 AND APPROVING CALLING FOR, GIVING NOTICE OF, AND ESTABLISHING THE POLICIES AND PROCEDURES FOR AN ELECTION ON A PROPOSED BALLOT MEASURE TO CONTINUE THE EXISTING VOTER APPROVED FUNDING OF A TRANSACTIONS AND USE (SALES) TAX TO FUND GENERAL CITY SERVICES; AND DIRECTING THE COUNTY OF SONOMA TO CONDUCT THE ELECTION ON THE CITY'S BEHALF

WHEREAS, in June 2012, the voters of Sonoma adopted a local revenue measure ("Measure J") to mitigate cuts to local city services including police, fire and emergency medical services, street and road maintenance, graffiti abatement and other general community services caused by the elimination of Redevelopment, recession and State takeaways; and

WHEREAS, Measure J established a general transactions and use tax ("sales tax") of one-half of one percent (0.50%) (as authorized by Revenue and Taxation Code section 7285.9), which is enacted as Sonoma City Council Ordinance No. 04-2012; and

WHEREAS, Measure J revenues have been instrumental in preventing budget cuts to vital services; bringing back programs that were cut during the recession and elimination of redevelopment; re-establishing programs that had a significant portion their funding taken by the State; and investing in Sonoma's public safety, streets, parks, infrastructure, and youth programs; and

WHEREAS, the State has taken \$4.5 million from Sonoma; and

WHEREAS, although the revenues raised by Measure J have helped the City maintain essential services and prevent budget cuts, Measure J is scheduled to expire on June 30, 2017; and

WHEREAS, the City's General Fund forecast estimates that if Measure J expires, the City will have multi-million dollar budget deficits for every year into the foreseeable future, which would require reductions in City services adversely affecting 9-1-1 response times, public safety, youth crime intervention programs, economic development programs, community grant programs and parks, street, and pothole maintenance services; and for Sonoma, the long-term fiscally and organizationally sustainable Sonoma, including the need for an ongoing, locally-controlled revenue source to maintain essential programs and services desired by the community; and

WHEREAS, the City Manager's transmittal memo and Executive Summary for the 2016-17 Adopted Budget re-emphasized the importance of the continuation of a voter-approved, locally-controlled revenue source and outlined some of the direct impacts to services that are important to the community if the revenue is not continued; and

WHEREAS, by law, all funds from a City of Sonoma Local Revenue Measure must stay in Sonoma to maintain local services and no funds can be taken by the State; and

WHEREAS, if the Local Revenue Measure is approved, the City wishes to maintain and address service priorities that the public has identified as being important to them, including 9-1-1 emergency response times; maintaining city streets, roads, and repairing potholes; addressing housing, homelessness and transportation needs; and maintaining parks; and

WHEREAS, continued locally-controlled funding will allow the City to address and maintain police, fire and emergency medical services, street maintenance, affordable housing, parks and other general community services; and

WHEREAS, the Local Revenue Measure to be submitted to the voters, if approved, would continue to be imposed on retail transactions involving the sale and use of personal property. The tax rate would be one half of one percent (0.50%) of the sales price of the eligible purchase. The tax revenue would continue to be collected by the State Board of Equalization and remitted to the City. The tax would continue to remain in effect for a period of five years and set to expire on the fifth anniversary of the Operative Date, unless extended by a majority vote of the voters of the City.

WHEREAS, the Sonoma City Council is authorized by California Elections Code Section 9222 to place the Continuation Measure before the voters; and

WHEREAS, Elections Code Section 9282 sets forth the procedures for arguments in favor of or in opposition to any City measure; and

WHEREAS, Elections Code Section 9285 sets forth the procedures for rebuttal arguments; and

WHEREAS, on June 6, 2016, the Sonoma City Council adopted a resolution calling for the City's General Municipal Election to be held on the same day as and consolidated with all other applicable elections to be held on November 8, 2016. It is desirable that the election called by this Resolution be consolidated with the City's General Municipal Election and that, within the City, the precincts, polling places, and election officers of the two elections be the same, and that the Elections Department of the County of Sonoma canvass the returns of the General Election and that the election be held in all respects as if there were only one election; and

WHEREAS, based on all of the information presented at this meeting to consider the "City of Sonoma Local Revenue Continuation Measure", both written and oral, including the staff reports and other relevant materials, the City Council finds that under CEQA Guidelines 15060(c)(2) & (3) and 15378(b)(2) & (4), this resolution is exempt from the California Environmental Quality Act (Public Resources Code Sections 21000 et seq, "CEQA", and 14 Cal. Code Reg. Sections 15000 et seq, "CEQA Guidelines"). The transactions and use tax to be submitted to the voters is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular government action. As such, under CEQA Guidelines section 15060(c)(2) the submission of the sales tax measure to the voters will not result in a direct or reasonably foreseeable indirect physical change in the environment. The proceeds of the tax are anticipated to assist the City with retaining existing governmental functions and services to the public. Therefore, pursuant to CEQA Guidelines section 15378(b)(2), the sales tax measure is not a project pursuant to CEQA. In addition, pursuant to CEQA Guidelines section 15060(c)(3) and 15378(b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the city would undertake the required CEQA review for that particular project.

WHEREAS, on July 6, 2016, the City Council adopted Resolution No. 21-2016 placing the City of Sonoma Local Revenue Continuation Measure on the November 8, 2016, ballot, but due to technical issues, that Resolution needs to be rescinded and replaced by this Resolution:

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Sonoma as follows:

1. The foregoing recitals are true and correct and are hereby adopted by the City Council; and
2. Pursuant to California Constitution Article XIII C, Section 2; Government Code Section 53724; and Elections Code Section 9222, the City Council of the City of Sonoma hereby calls an election at which it shall submit to the qualified voters of the City, a measure that, if approved, would continue the existing general sales tax, as authorized by Revenue and Taxation Code Section 7285.9. This measure shall be designated by letter by the Sonoma County Elections Department. Pursuant to Election Code Section 10400 et seq., the election for this measure shall be consolidated with the established election to be held on November 8, 2016; and
3. The question to be presented to the voters shall be as follows:

To continue funding, that cannot be taken by the State, for general city services including preserving the quality of life of Sonoma, and to provide funding for essential services such as police, fire and emergency medical services, street maintenance, affordable housing, parks and other general community services, shall the City of Sonoma extend the existing voter approved sales tax of one-half of one percent for a term of 5 years, with all funds to be spent locally?	YES
	NO

The question requires the approval of a majority of qualified electors casting votes; and

4. The ordinance authorizing the general tax to be approved by the voters pursuant to Sections 2 and 3 of this resolution is as set forth in **Exhibit A** attached hereto. The City Council hereby approves the ordinance, the form thereof, and its submission to the voters of the City at the November 8, 2016 election, as required by Revenue and Taxation Code section 7285.9. The Board of Supervisors of the County of Sonoma is requested to order the County Clerk to set forth in the voter information portion of all sample ballots to be mailed to the qualified electors of the City the full text of the Ordinance and to mail with the sample ballots to the electors printed copies of the full text of the Ordinance, together with the primary arguments and rebuttal arguments (if any) for and against the measure, and to provide absent voters ballots for the election for use by qualified electors of the City who are entitled thereto in the manner provided by law. The Ordinance specifies that the rate of the transactions tax shall be one half of one percent (0.50%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City; it specifies that the rate of the use tax shall be one half of one percent (0.50%) of the sales price of tangible personal property stored, used, or otherwise consumed in the City. The State Board of Equalization shall collect the tax from retailers subject to the tax and remit the funds to the City; and

5. The City Clerk is authorized, instructed and directed to work with the County Elections Department as needed in order to properly and lawfully conduct the election. The ballots to be used in the election shall be in form and content as required by law. The County Elections Department is authorized to canvass the returns of the general municipal election and certify the results to the City Council. Thereafter, in accordance with the time prescribed by the Elections Code, the City Council shall declare and cause to be entered in its minutes a statement of the results of the election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections; and
6. The Board of Supervisors of the County of Sonoma is requested to instruct the County Elections Department to provide such services as may be necessary for the holding of the consolidated election. The election shall be held in all respects as if there were only one election. The City of Sonoma recognizes that the County will incur additional costs because of this consolidation and agrees to reimburse the County for those costs. The City Manager is hereby authorized and directed to expend the necessary funds to pay for the City's cost of placing the measure on the election ballot; and
7. In accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code, the City Clerk is hereby authorized and directed to cause notice of the measure to be published once in the Sonoma Index-Tribune, a newspaper of general circulation, printed, published and circulated in the City of Sonoma and hereby designated for that purpose by the City Council of the City of Sonoma. The City Clerk may request that the County of Sonoma Elections Department prepare and publish the required notice; and
8. The polls for the election shall be open at 7:00a.m. on the day of the election and shall remain open continuously from that time until 8:00p.m. that same day, when the polls shall be closed, except as provided by Section 14401 of the California Elections Code. The notice of the time and place of holding the election is hereby given, and the City Clerk is authorized to give further notice of the election, as required by law.
 - a. The last day for submission of primary arguments for or against the measure shall be by 5:00p.m. on August 22, 2016.
 - b. The last day for submission of rebuttal arguments for or against the measure shall be by 5:00p.m. on September 1, 2016.
 - c. Primary arguments shall not exceed three hundred (300) words and shall be signed by not more than five persons.
 - d. Rebuttal arguments shall not exceed two hundred fifty (250) words and shall be signed by not more than five persons; those persons may be different persons than the persons who signed the primary arguments.
 - e. Pursuant to Elections Code Section 9282 (b), Councilmembers Edwards and Hundley are hereby authorized to prepare a written argument and rebuttal in favor of the proposed ordinance on behalf of the City Council. At Councilmembers Edwards and

Hundley discretion, the argument may also be signed by bona fide associations or by individual voters who are eligible to vote.

f. Pursuant to California Elections Code Section 9280, the City Council hereby directs the City Clerk to transmit a certified copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure, not to exceed five hundred (500) words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit the impartial analysis to the Elections Department as required by law.

g. Pursuant to California Elections Code Section 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor. Rebuttal arguments shall be printed in the same manner as the primary arguments. Each rebuttal argument shall immediately follow the primary argument which it seeks to rebut.

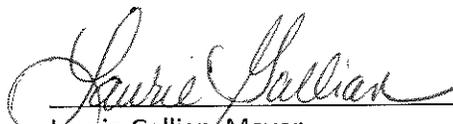
9. The City Clerk is directed to file certified copies of this Resolution with the Board of Supervisors and the County Clerk of the County of Sonoma, together with the attached ballot measure; and
10. The jurisdictional boundaries of the City of Sonoma have not changed since the last general municipal election; and
11. This resolution shall become effective immediately upon its passage and adoption.
12. City of Sonoma Resolution No. 21-2016 is hereby rescinded in its entirety and shall be of no further force or effect.

I HEREBY CERTIFY that the foregoing resolution was duly and regularly adopted by the City Council of the City of Sonoma, Sonoma County, California, at a meeting thereof, held on the 18th day of July, 2016, by the following vote:

AYES: Hundley, Cook, Gallian, Agrimonti, Edwards

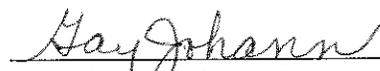
NOES: None

ABSENT: None



Laurie Gallian, Mayor

ATTEST:



Gay Johann, Assistant City Manager/City Clerk

CITY OF SONOMA

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SONOMA
CONTINUING AN EXISTING VOTER APPROVED TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

BE IT ORDAINED BY THE VOTERS OF THE CITY OF SONOMA:

SECTION 1. FINDINGS

- A. In 2012, a majority of the voters of the City of Sonoma approved a one-half of one percent (0.5%) Transactions and Use Tax by the adoption of Ordinance No. 04-2012 ("Ordinance 4-2012"), a true and correct copy of which is attached hereto as **Exhibit A-1**. Under Section 5 of Ordinance 4-2012, the tax imposed under Ordinance 4-2012 shall expire September 30, 2017, unless extended by a vote of the City's voters.
- B. Ordinance 04-2012 was codified in the City's Municipal Code as Chapter 3.13.
- C. It is the desire of the City Council of the City of Sonoma and the voters of the City of Sonoma to continue and extend said Transactions and Use Tax for an additional five (5) years beyond the termination date specified in Ordinance 4-2012.

SECTION 2. ORDINANCE AMENDMENT

- 1. Section 5 of City of Sonoma Ordinance No. 04-2012 is hereby amended to read as follows: "TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire on September 30, 2022, unless extended by a majority vote of the voters of the City."
- 2. Section 3.13.140 is added to the City of Sonoma Municipal Code to read: "The authority to levy the tax imposed by the ordinance codified in this Chapter 3.13 shall expire on September 30, 2022, unless extended by a majority vote of the voters of the City."

SECTION 3. 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 4. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

Upon approval by a majority of the voters of the City, and upon adoption of a resolution declaring the election results, the Mayor shall hereby be authorized to attest to the adoption of this Ordinance by the voters of the City by signing where indicated below.

THE FOREGOING ORDINANCE was adopted by Declaration of the vote of the Sonoma City Council on the _____ day of _____ 2016, at a regular meeting of the Sonoma City Council by the following vote, to wit:

AYES:
NOES:
ABSTAIN:
ABSENT:

, Mayor

ATTEST:

, City Clerk

CITY OF SONOMA

ORDINANCE NO. 04 – 2012

AN ORDINANCE OF THE CITY OF SONOMA
IMPOSING A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

BE IT ORDAINED BY THE VOTERS OF THE CITY OF SONOMA:

SECTION 1. FINDINGS. The voters of the City of Sonoma hereby find and declare as follows:

1. The City is experiencing an existing and immediate funding crisis, which is the result of factors largely outside of its control, namely the California Supreme Court's decision on December 29, 2011 in *CRA v. Matosantos* upholding State legislation, Assembly Bill 1X 26 (AB1X 26). AB1X 26 causes all redevelopment agencies in California including the Sonoma Community Development Agency, which had been in existence for over 28 years, to be dissolved as of February 1, 2012.
2. Recurring State takeaways and borrowing of local funds dramatically impact the City's ability to maintain vital and high quality services. In Fiscal Year 2009-10, the State borrowed 8% of the City's property tax share (\$132,925) and took \$1.9 million from the Sonoma Community Development Agency. In Fiscal Year 2010-11, the State took an additional \$394,918 from the Sonoma Community Development Agency. Other ways to "take" additional monies from cities are continuously being considered by the State Legislature to address the State's own budget crisis, while the City of Sonoma continues to be fiscally prudent. The State's inability to balance its own budget continues to negatively impact our local community and the services provided by the City of Sonoma.
3. Despite the steps the City has taken to align its General Fund budget in a sustainable manner over the past four years of the ongoing nationwide recession, the dissolution of redevelopment has placed the City's General Fund in an unsustainable and structural deficit position which is likely to result in decreasing public safety, road maintenance and other essential services. Absent redevelopment as a funding source, current City General Fund resources cannot support our community's current services, needs and levels of services.
4. The City has not sought new revenue from its voters in 20 years, and has not raised its fee schedule since 2008, in recognition of the difficulties of its residents and businesses in dealing with the effects of the nationwide downturn in the economy which resulted in an extended recession with local impacts.
5. Because of changes in State law, particularly the approval of Propositions 62 and 218, the City has very few means available for increasing General Fund revenue.
6. In 2011, the Sonoma Community Development Agency issued Tax Allocation Bonds in an amount of \$15,750,000 in order to finance major capital improvement projects within the former Redevelopment Project Area including public infrastructure, streets improvements, stormwater infrastructure, bikeway and pedestrian improvements,

sidewalk improvements, traffic safety improvements, handicap accessibility upgrades to parks and public areas, renovation of a public library, capital grants to partner agencies, renovation, seismic upgrades and Americans with Disabilities Act (ADA) compliance upgrades of historic landmark properties, and funding dedicated to affordable housing projects, all projects which were planned and identified in the Sonoma Community Development Agency's 5-Year Implementation Plan publicly adopted in December 2009. In January 2012, the DOF issued its interpretation of the tax allocation bond provisions of AB1X 26. Said DOF interpretations do not allow unexpended bond proceeds to be utilized for the purposes for which the bonds were sold and instead require said funds to be used to defease the bonds whose sale generated said funds at the earliest possible opportunity. Although said DOF interpretations continue to be the subject of debate and challenge, out of an excess of caution the City and Successor Agency have halted approximately one-half of the CDA's planned public improvement projects, most of which were road improvement and upgrade projects.

7. Absent a new source of General Fund revenue, the City's ability to maintain public service levels, roads and infrastructure is uncertain, and the City's General Fund budget will be out of balance by a minimum of approximately \$1,234,926 starting July 1, 2012, and on an ongoing basis thereafter, resulting in either the need for drastic public service reductions and/or depletion of City reserve balances leaving the City at risk of not having adequate reserves set aside for natural or man-made disasters and emergencies.
8. Unless a new funding source is found, public facilities and property will not be properly maintained, road and hardscape surface quality will degrade, public safety standards will degrade, police response times are likely to increase, the community will not have safe and maintained parks and open spaces, graffiti is likely to be left unchecked, businesses and families will be discouraged from moving to or remaining in Sonoma, and the health, safety, and welfare of the residents of Sonoma will be endangered. With police and fire, and emergency medical services comprising over 74% of the City's General Fund budget, the City cannot avoid considering potential cuts to public safety, absent a new revenue source, which could likely result in longer 9-1-1 emergency response times.
9. Because of that threat to the public health, safety, and welfare, an emergency exists in the City, as the term "emergency" is used in Article XIII C, section 2(b) of the California Constitution. The City must immediately address that emergency by ensuring that the City has the resources necessary to preserve the public health, safety, and welfare.
10. The identified emergency necessitates that the City Council submit a tax measure to the voters of Sonoma at the June 5, 2012 election, even though such an election would not be consolidated with a general election for a member of the Council.
11. Article XIII C, section 2(b) of the California Constitution permits the City, in an emergency situation such as that declared herein by the City Council, to seek voter approval for a general tax at an election that is not consolidated with an election for a member of the Council.

SECTION 2: Amendment of Code: Chapter 3.12 "2012 Transactions and Use Tax" shall be added to the Sonoma Municipal Code and shall read as follows

3.13.010 TITLE. This ordinance shall be known as the City of Sonoma Transactions and Use Tax Ordinance. The city of Sonoma hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.13.020 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.

3.13.030 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 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 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.

3.13.040. 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.

3.13.050. 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 one-half of one percent 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.

3.13.060. 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 State Board of Equalization.

3.13.070. 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 one-half of one percent 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.

3.13.080. 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.

3.13.090. 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 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 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.

3.13.100. 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.

3.13.110. 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, county 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.

3.13.120. 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.

3.13.130. 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.

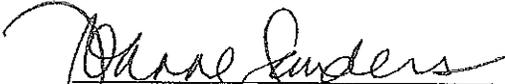
SECTION 3. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 4. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the City transactions and use taxes and shall take effect immediately.

SECTION 5. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire on the fifth anniversary of the Operative Date, unless extended by a majority vote of the voters of the City.

THE FOREGOING ORDINANCE was adopted by Declaration of the vote of the Sonoma City Council on the 2nd day of July, 2012 at a regular meeting of the Sonoma City Council by the following vote, to wit:

AYES:	Barbose, Rouse, Brown, Gallian, Sanders
NOES:	None
ABSTAIN:	None
ABSENT:	None



Joanne Sanders, Mayor

ATTEST:



Gay Johann, City Clerk