

ORDINANCE NO.

AN ORDINANCE OF THE VOTERS OF THE CITY OF SALINAS RESTATING AND AMENDING CHAPTER 32, ARTICLE VII OF THE SALINAS MUNICIPAL CODE TO EXTEND A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

BE IT ORDAINED BY THE PEOPLE OF THE CITY OF SALINAS:

SECTION 1. FINDINGS. The voters of the City of Salinas hereby find as follows:

- A. In the November 4, 2014 election, the voters of the City approved the “Salinas Transactions and Use Tax for a Safer, Better Salinas” designated as “Measure G”, a one percent (1.0%) transactions and use tax of the value of the property, to be in effect for fifteen (15) years and sunset in 2030. Measure G was codified as Article VIII of Chapter 32 of the Salinas Municipal Code.
- B. For the last ten years, the one cent general transaction and use tax has been a critical source of funding for many of the City’s most important services including crime prevention, public safety, economic development, and street and sidewalk repairs.
- C. The current general transaction and use tax will expire and stop generating revenues that fund these critical services unless it is extended by the voters of the City.
- D. No amount of budget cuts, fiscal austerity measures or potential grants from the State or Federal government could replace the general transaction and use tax revenues from Measure G without significant impacts to critical City services.
- E. On March 24, 2026, the City Council reviewed the results of a public research survey of Salinas voter’s opinions on the existing tax and whether or not they support extending it. The survey found that overall, 81% of those polled rate the quality of life in Salinas as good or fair and community’s top concerns are maintaining streets and sidewalks, responding to homelessness, and planning for housing availability and affordability. The results demonstrated support from the community to renew Measure G.
- F. California Constitution Article XIIC, Section 2, provides that no local government may impose, extend or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote.
- G. California Constitution Article XIIC, Section 2, provides that a measure proposing to impose, extend or increase a general tax must be consolidated with a regularly scheduled general election for members of the City Council.
- H. The City Council held a noticed public hearing on June 2, 2026, to consider calling a

municipal election to seek voter approval to extend the City's existing general transactions and use tax (or "sales tax"), as authorized by Revenue and Taxation Code section 7285.9.

- I. At the conclusion of that hearing, the City Council concluded that the Council should call an election to ask the voters of the City to approve a restated and amended local transactions and use tax that would continue unless repealed or amended by the voters, the revenue from which would be used to support general municipal services. The City's General Municipal Election is scheduled for November 3, 2026.
- J. This ordinance amends and restates Article VIII of Chapter 32 of the Salinas Municipal Code to extend the existing tax until repealed or amended by the voters. The tax to be submitted to the voters, if approved, would be imposed on retail transactions involving and use of personal property. The tax rate would be one percent (1.0%) of the value of the property. The tax revenue would be collected by the California Department of Tax and Fee Administration and remitted to the City. A committee composed of members of the public would review and report on use of the revenue from the tax. The tax shall be approved if the measure receives at least a majority of affirmative votes.
- K. Elections Code Section 9282 sets forth the procedures for arguments in favor of or in opposition of any City measure.
- L. Elections Code Section 9285 sets forth the procedures for rebuttal arguments.
- M. The City Council finds that under CEQA Guidelines 15060(c)(2) and 15378, subdivisions (2) and (4) of subdivision (b), this action does not constitute a project under CEQA and therefore review under CEQA is not required.

SECTION 2. AMENDMENT OF THE SALINAS CITY CODE. "Article VIII. Transactions and Use Tax for a Safer, Better Salinas" of the Salinas City Code is hereby amended and restated to read as follows:

"Section 32-80. Title. This ordinance shall be known as the City of Salinas Transactions and Use Tax for a Safer, Better Salinas Ordinance. The City of Salinas hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

Section 32-81. 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.

Section 32-82. 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 therefor 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.

Section 32-83. 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.

Section 32-84. 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 percent (1.0%) 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.

Section 32-85. 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.

Section 32-86. 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 (1.0%) 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.

Section 32-87. 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.

Section 32-88. 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 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.

Section 32-89. 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.

Section 32-90. 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 Chapter 2 of 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 Chapter 2 of 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.

Section 32-91. Amendments to State Law. 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.

Section 32-92. 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 32-93. Refunds and credits; suits and legal proceedings.

a. Refunds of and credits for any tax paid pursuant to this article may be made only as provided for in Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code.

b. Suits and proceedings for the recovery of any amount alleged to have been erroneously or illegally determined or collected pursuant to this article may be maintained in any court only as provided for in Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code. A judgment shall not be rendered in favor of the plaintiff in any action brought against the California Department of Tax and Fee Administration to recover any amount paid when the action is brought by or in the name of an assignee of the person paying the amount or by any person other than the person who paid the amount.

Section 32-94. Oversight Committee.

a. By no later than March 31 of each year after the operative date, the City's independent auditors shall complete a report reviewing the collection, management and expenditure of revenue from the tax authorized by this Chapter. The auditors' report shall be a public document.

b. There shall be a committee consisting of no fewer than seven members of the public to review and report on the receipt of revenue and expenditure of funds from the tax authorized by this Chapter. The committee members shall be either City residents or representatives of businesses located in the City. The auditors' annual report required by subparagraph (a) shall be provided to the committee. By May 30 of each year after the operative date, the committee shall review the auditors' report, for each year in which the auditors prepare such a report, and issue a public report to the City Council regarding the use of revenue and such other matters as the City Council may assign.

c. By March 31, 2027, the City Council shall approve a resolution establishing the composition of the committee required by subparagraph (b) and consistent with the Salinas City Council appointment authority as set forth in the Charter of the City of Salinas. The terms of office of the committee members and scope of the committee's responsibilities, which at a minimum shall include reviewing the annual auditor's report regarding the receipt and use of revenue from the tax authorized by this Chapter and consistent with Salinas Municipal Code Chapter 3. The City Council shall appoint all members of the committee by March 31, 2027. Thereafter, appointment of committee members and filling vacancies shall be governed Salinas Municipal Code Chapter 3. .

Section 32-95. Relationship with transactions and use tax imposed by Article VII of Chapter 32. The tax imposed by this article shall be in addition to the tax imposed by Article VII of Chapter 32 of the Salinas City Code.

Section 32-96. Amendment of This Chapter. The following amendments to this chapter must be approved by the voters of the City of Salinas: increasing the tax rate or revising the methodology for calculating the tax such that a tax increase would result; or imposing the tax on transactions and uses not previously subject to the tax (unless such amendment occurs automatically by operation of Section 32-91). The City Council may otherwise amend this ordinance without submitting the amendment to the voters for approval.

Section 32-97. Termination Date. The authority to levy the tax imposed by this ordinance shall expire when the tax is repealed 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 by a court of competent jurisdiction, the remainder of the ordinance and the application of such provision to the other persons or circumstances shall not be affected thereby. The voters of the City of Salinas hereby declare that they would have adopted each and every provision of this ordinance regardless of the invalidity of any other provision.

SECTION 4. CODIFICATION. Upon adoption of this ordinance pursuant to the voter approval referenced herein, the City Clerk, in consultation with the City Attorney, is hereby authorized and directed to codify this ordinance in the Salinas City Code.

SECTION 5. EFFECTIVE DATE. If this ordinance is approved by a majority of the voters voting on the issue at the November 3, 2026 election, pursuant to Elections Code Section 9217, this ordinance shall become effective ten (10) days after the City Council declares the results of the election.

SECTION 6. PUBLICATION. The Clerk of the City of Salinas is hereby directed to cause the ordinance to be published by one (1) insertion in the Monterey County Weekly, a newspaper of general circulation published and circulated in the City of Salinas.

APPROVED by the following vote of the voters of the City of Salinas on November 3, 2026:

YES:

NO:

ADOPTED by declaration of the vote by the City Council of the City of Salinas on _____, 2026

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Soratos, City Clerk

APPROVED AS TO FORM:

Christopher A. Callihan, City Attorney