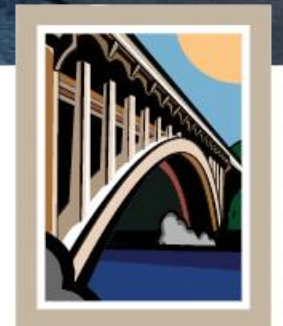


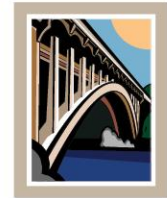
Potential Special Sales Tax Ballot
Measure for the November, 2024
General Municipal Election and
Direction to Staff

April 9, 2024 Folsom City Council Meeting



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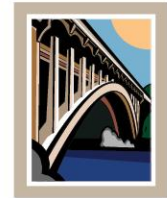
How We Got Here...



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- Multiple presentations have been made by staff over the last four-plus years concerning the City's financial constraints and the possibility of placing a local sales tax measure before Folsom's voters.
- January 9, 2024 City Council meeting: Council directed staff to again bring special sales tax language back for Council consideration.
- Community members continue to gather signatures to qualify a local special sales tax initiative for the November, 2024 ballot.

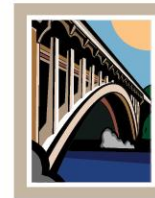
What is Our Sales Tax Rate Now?



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- 7.75% sales tax rate in Folsom
 - This is the state minimum of 7.25%, plus a .50% Sacramento County tax for transportation maintenance and improvements (Measure A)
- Folsom receives 1¢ of the 7.75¢ tax paid per dollar spent
 - The majority goes to the State
 - ½ cent goes towards Sacramento County transportation maintenance and improvements
 - Small amount goes directly to County for programs

What Is A Special Tax?



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- A special tax is any tax levied for a *specific purpose*.
- If revenue from a tax is earmarked in a legally binding way for a service such as public safety, parks and recreational facilities and/or maintenance, transportation infrastructure, and economic development, it is a special tax.

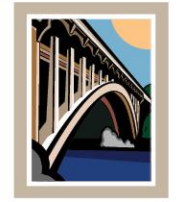
How Special Tax Revenue Can (or Cannot) Be Used



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- The revenue from a special tax could only be used for the specific needs laid out in the ballot language, and using it for any other purpose would be illegal because it would thwart the will of the voters.
- A special tax would benefit the functions and departments called out in the ballot language, while other functions and departments would be left to use only non-special tax revenues that are not constricted.
 - This could result in a fairly dramatic shift in how the City's traditional allocation pie is cut.

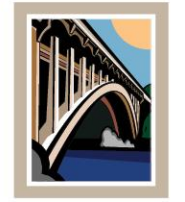
What Does It Take to Get A Special Tax Passed?



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- Special taxes imposed by local governments are subject to approval of two-thirds of the City Council AND two-thirds of qualified voters voting on the measure.

Revenue Generation



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- A one percent local sales tax would initially generate *approximately* \$29 million per year until and unless repealed by voters.
- If a one percent local sales tax measure passed in the November, 2024 election, collection of the proposed tax would begin on April 1, 2025.

One Percent Local Sales Tax Measure



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- If voters were to approve a local sales tax measure, 100 percent of the revenue from that measure would go to the City of Folsom; that is to say, the revenue would not be shared with other agencies.
- A successful sales tax measure raising Folsom's rate by one percent would increase the cumulative tax rate in Folsom to 8.75 percent, and Folsom's share of the purchase price would increase from 1.0 percent to 2.0 percent.
- With a successful sales tax measure of one percent, it is interesting to note that shoppers would only pay one percent more, but for the City, it's not just a one percent increase; it would double the local sales tax received. The City would go from receiving one percent to two percent, or from about \$29 million to about \$58 million.

- Traditional estimates show that up to 40 percent of sales tax is paid by non-residents.

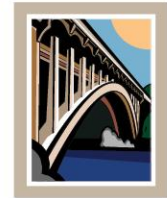
Current Sales Tax Rates in Sacramento County (plus Roseville)



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- Galt: 9.25 percent
- Elk Grove: 8.75 percent
- Rancho Cordova: 8.75 percent
- Sacramento: 8.75 percent
- Citrus Heights: 7.75 percent
- Folsom: 7.75 percent
- Roseville (Placer County): 7.75 percent *BUT* they don't pay the .50 we do for Sacramento County's Measure A, so it's not apples to apples and their local tax is actually *higher* than ours once you consider that

Sample Special Local Sales Tax Measure Language



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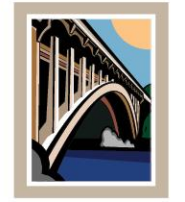
MEASURE “ _____ ”

FOLSOM PUBLIC SAFETY AND ESSENTIAL CITY SERVICES MEASURE

Shall the measure to enhance public safety and services by enacting a 1 percent special sales tax (transaction and use tax), providing approximately \$29 million annually until ended by voters, for these specific purposes: _____% for police, _____% for fire, _____% for parks/trail improvement, _____% for traffic/street maintenance, _____% for economic development, and _____% for capital improvement projects, requiring local control, citizen oversight and independent annual audits, with all funds staying in Folsom, be adopted?

YES	
NO	

Council Direction, Please



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- **Does the City Council wish to direct staff to move forward with placing a special local sales tax measure on the ballot for the November, 2024 General Election?**
 - If **yes**, does the City Council wish to provide specific feedback to fill in the blanks on the sample measure language staff has presented tonight?
 - If **no**, is there any related direction the City Council wishes to provide on the issue of a local sales tax measure?