

ORDINANCE NO. 881

AN ORDINANCE OF THE CITY OF CATHEDRAL CITY, CALIFORNIA, AMENDING CHAPTER 3.44 OF THE CATHEDRAL CITY MUNICIPAL CODE TO INCREASE THE CITY'S TRANSACTIONS AND USE TAX BY ONE-HALF CENT

WHEREAS, previous actions by Sacramento politicians resulted in the loss of \$30 million in local revenue over the past five years, impacting Cathedral City's ability to maintain the basic services on which our community relies; and

WHEREAS, in the last year alone, approximately 77% of calls to Cathedral City Fire Department have been related to medical emergencies; and

WHEREAS, most recent crime data reports for Cathedral City found a five-year high with over 825 reported burglaries and thefts, including more than 250 car thefts; and

WHEREAS, the City does not have the funding needed to provide lifesaving equipment, help maintain 911 emergency response times to continue saving lives, or provide sufficient police patrols in neighborhoods and business areas to keep residents and their property safe; and

WHEREAS, prior to this year's rainy season, independent engineers rated nearly two-thirds of Cathedral City's streets and roads as "fair," "poor," or "very poor"; and the roads have only gotten worse; and

WHEREAS, the City does not have the funding needed to complete street and pothole repairs before the problem gets even worse and more expensive to fix; and

WHEREAS, in 2010 the voters of the City of Cathedral City approved Measure H establishing a one cent transactions and use tax for a period of five years, and in 2014 the voters of the City of Cathedral City approved Measure B removing the sunset date on the tax and allowing it to be levied unless and until it is repealed by the voters; and

WHEREAS, a citizens safety ad-hoc committee that reviewed the city's fiscal condition has recommended a local measure be placed on the ballot for voters to consider to increase the City's transactions and use tax by one-half cent; and

WHEREAS, the measure would provide an additional source of local funding to help maintain basic services, including 911 medical emergency, paramedic, fire protection and police response, addressing homelessness, road and pothole repair, keeping parks safe and secure, and maintaining disaster response services with funding that the state cannot take; and

WHEREAS, the measure includes tough accountability provisions and fiscal safeguards including public disclosure of all spending and annual independent financial audits; and

WHEREAS, Article XIIC, section 2(b) of the California Constitution requires that any general tax must be approved by a majority vote of the voters voting on the issue; and

WHEREAS, Article XIIC, section 2(b) of the California Constitution requires that an election by the voters to approve a general tax must be consolidated with a statewide general election at which members of the City Council will be elected; and

WHEREAS, November 5, 2024, is the date of the statewide general election at which members of the City Council will be elected.

THE PEOPLE OF THE CITY OF CATHEDRAL CITY, CALIFORNIA HEREBY ORDAIN AS FOLLOWS:

SECTION 1. CHAPTER 3.44 AMENDED. The following amendments are made to Chapter 3.44 of the Cathedral City Municipal Code, with deletions shown in strikethrough and additions shown in underline:

A. Section 3.44.030 (Purpose), paragraph A, is amended to read as follows:

“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 the tax ordinance codified in this chapter ~~which shall be effective for a period of five years 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. Section 3.44.050 (Transactions tax rate) is amended to read as follows:

“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 and one-half 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 the ordinance codified in this chapter.”

C. Section 3.44.070 (Use tax rate) is amended to read as follows:

“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 the ordinance codified in this chapter for storage, use or other consumption in said territory at the rate of one and one-half 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.”

SECTION 2. CEQA. This activity is not a “Project” as defined under Section 15378(b)(4) of the California Environmental Quality Act (CEQA) Guidelines because it is a financing decision without commitment to a specific project that may result in a potentially significant physical impact on the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the actions proposed are not subject to CEQA.

SECTION 3. SEVERABILITY. If any provision of this Ordinance is held invalid, such invalidity shall not affect the remaining provision of this Ordinance, which shall remain in effect absent the provision held to be invalid, and to this end, the provisions of this Ordinance are declared to be severable.

SECTION 4. ELECTION REQUIRED; EFFECTIVE DATE. This ordinance shall be submitted to the voters at the regular municipal election to be held on November 5, 2024. This ordinance shall not become operative unless and until a majority of the electors voting on the

measure vote to approve this ordinance, in which case this ordinance shall go into effect ten (10) days after the date on which the election results are declared by the City Council.

PASSED, APPROVED, AND ADOPTED BY THE PEOPLE OF THE CITY OF CATHEDRAL CITY AT THE REGULAR MUNICIPAL ELECTION HELD ON THE 5TH DAY OF NOVEMBER, 2024.

ATTEST:

Tracey R. Hermosillo, City Clerk