



**DATE:** December 17, 2024

**TO:** Mayor and City Council

**FROM:** Director of Finance

**SUBJECT:** Authorize the City Manager to Execute Agreements with the California Department of Tax and Fee Administration (CDTFA) for Implementation of a Local Transactions and Use Tax; and Approved Authorization for the Examination of Sales or Transactions and Use Tax Records

**RECOMMENDATION**

That Council adopts the following resolutions:

1. Resolution (Attachment II) authorizing the City Manager to sign implementation agreements with the California Department of Tax and Fee Administration (CDTFA) to administer the City’s extension of its existing half cent transaction and use tax.
2. Resolution (Attachment III) designating and authorizing “officers” to examine ‘confidential’ transactions and use tax information maintained by the CDTFA; and explicitly authorize access to the City’s transactions and use tax information, specific to Measure K1 maintained by CDTFA to Avenu Insights & Analytics.

**SUMMARY**

In June 2014, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City’s Transaction and Use (sales) Tax by half a percent for twenty years (sunset 2034).

During the November 2024 municipal election, the voters of the City of Hayward passed a ballot measure (Measure K1) to extend the current half cent sales tax for an additional twenty years beyond the current sunset to 2054.

In addition to the execution of agreements with CDTFA, authorization explicitly granting access to the City’s transactions and use tax (Measure K1) information is required.

## **BACKGROUND & DISCUSSION**

In June 2014, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City's Transaction and Use (sales) Tax by half a percent for twenty years (sunset 2034).

During the November 2024 municipal election, the voters of the City of Hayward passed a ballot measure (Measure K1) to extend the current half cent sales tax for an additional twenty years beyond the current sunset to 2054.

CDTFA administers and collects all Transactions and Use Tax on behalf of the City and remits payment revenues to the City. In order for CDTFA to administer, collect, and remit the Transaction and Use Tax approved by the voters, the CDTFA requires that the City to enter into a Preparatory Agreement and an Administration Agreement to facilitate this process (Exhibits A and B to the Resolution). The City Council must explicitly authorize the City Manager to execute these documents.

Along with administering, collecting and remitting payment of half cent sales tax revenues to the City, CDTFA also maintains confidential registration information and monthly allocation data. To view or receive half cent sales tax related transactions and use tax revenue information, CDTFA requires that City Council explicitly designate and authorize by resolution the specific officers to be granted access. The following positions are recommended for designation as officers for the City for this purpose:

City Manager  
Assistant City Manager  
City Attorney  
Director of Finance  
Deputy Director of Finance  
Revenue Manager  
Chief Economic Development Officer

Access to this data will assist City staff in managing and projecting revenues throughout the year to assist with its long-term projections and the budget process.

In addition, the City also authorizes Avenu Insights & Analytics to be provided with the same level of access. The City is engaged with Avenu Insights & Analytics to provide audit, compliance and analytic services for the City's Sales/Use Tax (including the Transactions and Use Tax), as well as the City's Utility Users Tax, Transient Occupancy Tax and Business License Tax programs. Avenu Insights & Analytics has been provided with access to the City's sales and use tax information including data specific to Hayward's Transactions and Use Tax (Measure C tax revenues). This action will authorize access for the extension of the tax (Measure K1). Continued authorization this data will allow Avenu Insights & Analytics to provide the same audit, compliance and analytic services the City currently receives for the Sales and Use Tax.

## **STRATEGIC ROADMAP**

There is no direct impact on the Strategic Roadmap.

## **ECONOMIC & FISCAL IMPACT**

There is no direct fiscal impact related to the requested action. However, the revenues to be generated by the extension of the half cent transactions and use tax are estimated to be approximately \$20-\$23 million per year under current projections and economic conditions.

## **PUBLIC CONTACT**

This agenda item was published in accordance with all Brown Act requirements.

## **NEXT STEPS**

Upon approval by City Council, staff will proceed with executing agreements with CDFTA, and submit all necessary forms in accordance with requirements set forth by CDFTA.

*Prepared & Recommended by:* Nicole Gonzales, Director of Finance

Approved by:



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Dustin Claussen, Interim City Manager