



Sales and Use Tax Law. The tax is generally allocated to the jurisdiction where the sale is negotiated or the order taken.

The basic statewide sales and use tax rate is 7.25% and is divided as follows:

- 6.00% State
- 1.00% Local Jurisdiction (City or county of place of sale or use)
- 0.25% Local Transportation Fund (County of place of sale or use)

The City's Bradley-Burns 1.00% local jurisdiction sales tax revenues are estimated to be \$63.1 million in FY 2016-17 and approximately \$65.6 million in FY 2017-18.

### District Tax

"District Taxes" are imposed locally under the Transactions and Use Tax Law. The tax rate in various cities and counties may be higher than 7.25% depending on the district taxes that apply there. In general, the district tax follows the merchandise. The tax is distributed to the district where goods are delivered and presumably used. However, there is an exception for sales or leases of vehicles, vessels and aircraft. Generally, the district tax for these sales is distributed to the district based on the address where the vehicle, vessel, or aircraft is registered.

The City's Measure Z 1.00% transaction and use revenues are estimated to be \$10 million in FY 2016-17 and approximately \$51.6 million in FY 2017-18.

### Updated Sales Tax Projections

In the near future, the City will meet with HdL to update Measure Z revenue projections, if necessary. HdL's estimates are based on past audit research and analysis of companies reporting sales in Riverside, per capita averages, and review of other jurisdictions levying a transaction tax that have similar baskets of goods to Riverside. Future projections will become more accurate once the City receives 18-24 months of Measure Z revenues.

During the First Quarter Financial Update to the City Council, staff lowered the City's Bradley-Burns 1.00% local sales tax revenue estimates from an increase of 5.9% (FY 2016/17) and 5.5% (FY 2017/18) to 4.5% (FY 2016/17) and 4% (FY 2017/18). In June 2017, during the Mid-Cycle Budget Update, staff may recommended additional changes to the estimated sales tax growth based on changes in the economy at that time.

### **FISCAL IMPACT:**

There is no fiscal impact associated with the discussion on Measure Z revenue estimates.

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### Attachments:

1. Preliminary HdL Revenue Estimates
2. City's 25-Year Sales Tax History
3. Presentation