



City of Culver City

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Staff Report Details (With Text)

File #: 24-672 **Version:** 1 **Name:** CC - FAC Measures C & CC and Real Property Transfer Tax Status Reports
Type: Minute Order **Status:** Consent Agenda
File created: 1/22/2024 **In control:** City Council Meeting Agenda
On agenda: 2/12/2024 **Final action:**
Title: CC - CONSENT ITEM: Receipt and Filing of Measure CC and Measure C Sales Tax Status Reports (FY 2022-2023, Fourth Quarter) and Real Property Transfer Tax Status Report (FY 2023-2024, First Quarter), as Approved by the Finance Advisory Committee.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2024_02_12 ATT1 - Measures CC C Status Report Q4 FY23.pdf, 2. 2024_02_12 ATT - Real Property Transfer Tax Q1 FY24.pdf

Date	Ver.	Action By	Action	Result
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CC - CONSENT ITEM: Receipt and Filing of Measure CC and Measure C Sales Tax Status Reports (FY 2022-2023, Fourth Quarter) and Real Property Transfer Tax Status Report (FY 2023-2024, First Quarter), as Approved by the Finance Advisory Committee.

Meeting Date: February 12, 2024

Contact Person/Dept.: Lisa Soghor/Finance Department

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Fiscal Impact: Yes ☐ No ☒ **General Fund:** Yes ☐ No ☒

Attachments: Yes ☒ No ☐

Public Notification: (E-Mail) Meetings and Agendas - City Council (02/07/2024); (Email) Meetings and Agendas - Fiscal and Budget Issues (02/07/2024)

Departmental Approval: Lisa Soghor, Chief Financial Officer (02/05/2024)

RECOMMENDATION

Staff recommends the City Council receive and file the attached Measure CC and Measure C Sales Tax Status Reports (FY 2022-2023, Fourth Quarter) and Real Property Transfer Tax Status Report (FY 2023-2024, First Quarter), as approved by the Finance Advisory Committee (FAC) on January 10, 2024.

BACKGROUND/DISCUSSION

In November 2012, Culver City residents voted to adopt Measure Y, a half cent transaction and use tax to maintain critical City services for the next 10 years. In March 2020, Culver City residents voted to adopt **Measure CC** to continue the half cent tax through 2033. The FAC Work Plan states that the FAC will “continue to provide quarterly reports to the City Council on Measure CC proceeds.”

In November 2018, Culver City voters passed **Measure C**, a quarter cent local transaction and use tax to maintain the current level of public safety services, community programs, infrastructure maintenance, and other City services funded through the City’s General Fund. Measure C collections began in April 2019 and will remain in effect until ended by voters. The ballot measure included the stipulation that, if passed, the FAC would provide quarterly reports of fund proceeds and expenditures to the City Council. This task is included in the FAC Work Plan.

Due to a lag in receiving data from, the State of California, the reporting agency, Measure CC and Measure C reports for review this period cover the **Fourth Quarter of Fiscal Year 2022-2023 (April 1 - June 30, 2023)**. The FAC and staff worked with the City’s Sales Tax consultant, HdL Industries, to prepare the reports and continue to refine them.

The City’s Measure CC and Measure C actual tax receipts were down 6.5% from the same period in 2022. Although the City’s casual dining and grocery stores experience year over year growth, this decrease in this period was driven by consumers pulling back on spending across all retail sectors and reductions in gas and lumber prices. Taxable sales were down throughout the region during this period. However, Culver City’s receipts were down slightly more than the County overall which experienced a 4.2% decline.

Overall, the City’s Fiscal Year 2022-2023 Sales Tax revenue was down \$1 million from Fiscal Year 2021-2022. The City had estimated that Sales Tax revenue in Fiscal Year 2022-2023 would be reduced from Fiscal Year 2021-2022 as consumption patterns normalized post-pandemic. The Fiscal Year 2022-2023 actuals came in slightly under the City’s projections.

On January 10, 2024, the FAC reviewed and approved the report. The Committee also noted their concern with the decline in sales tax from gas purchases which will likely continue to decline with the rise of electric vehicles.

Additionally, the FAC has requested to review and transmit a **Real Property Transfer Tax Status Report** to the City Council. The Real Property Transfer Tax (RPTT) is a one-time tax imposed by the City when property is sold in Culver City. As a result, this revenue source is highly elastic and unpredictable.

RPPT are issued directly to the City from Los Angeles County and are not subject to the same delay as sales tax. Therefore, the RPTT report for review this period covers the **First Quarter of Fiscal Year 2023-2024 (July 1 - September 30, 2023)**.

The results from the first quarter of Fiscal Year 2023-2024 continue to demonstrate the unpredictability of this revenue source. The City received \$2.6 million in RPPT during this period as compared to \$6.9 million in 2022 and \$5.1 million in 2021. Economic factors including high interest

rates and shifting lending policies continue to have a cooling effect on the real estate market. In response real estate market slowdown, the City reduced its estimates for this revenue source in Fiscal Year 2023-2024 to \$8 million.

FISCAL ANALYSIS

The receipt and filing of these reports do not create a fiscal impact.

ATTACHMENTS

1. Measure CC & Measure C Status Report (FY 2022-2023 Q4)
2. Real Property Transfer Tax Status Report (FY 2023-2024 Q1)

MOTIONS

That the City Council:

Receive and file the Measure CC, C, and Real Property Transfer Tax Status Reports.