



Staff Report

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Item #: C-14.

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

Meeting Date: October 28, 2024

Contact Person/Dept.: Lisa Soghor/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/23/2024); (Email) Meetings and Agendas - Fiscal and Budget Issues (10/22/2024)

Departmental Approval: Lisa Soghor, Chief Financial Officer (10/14/2024)

RECOMMENDATION

Staff recommends the City Council receive and file the attached Measure CC and Measure C Sales Tax Status Reports (FY 2023-2024, Third Quarter) and Real Property Transfer Tax Status Report (FY 2023-2024, Fourth Quarter), as approved by the Finance Advisory Committee (FAC) on September 25, 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 10 years. In March 2020, Culver City residents voted to adopt **Measure CC** to continue the half-cent tax through 2033.

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 to the City Council.

The FAC Fiscal Year 2024-2025 Schedule of Activities/Work Plan includes the review of Measure C and CC proceeds.

The California Department of Tax and Fee Administration (CDFTA) is responsible for administering sales and other taxes for the entire state. Due to the time that it takes the CDFTA to collect sales tax, reconcile amounts received, remit payment and report quarterly sales tax data, there is a delay in the reporting of sales tax data. As a result, the Measure CC and Measure C reports for review this period cover the **Third Quarter of Fiscal Year 2023-2024 (January 1 - March 31, 2024)** or the first quarter of the calendar year.

The City's Measure CC and Measure C actual tax receipts were down 1.6% and 1.7% respectively from the same period in 2023 after adjusting for audit corrections, delayed payments and other reporting modifications. Some business groups such as general consumer goods and the food and drugs sector increased from the same period in 2023 while others, most notably business and industry and autos and transportation, declined. In comparison, Los Angeles County declined 0.8% over the comparable time period. The report for Third Quarter of Fiscal Year 2023-2024 (January 1 - March 31, 2024) is provided as Attachment 1.

Additionally, the FAC has requested to review and transmit a **Real Property Transfer Tax Status Report** to the City Council as part of its Fiscal Year 2024-2025 Schedule of Activities/Work Plan. 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 funds are issued directly to the City from Los Angeles County. As a result, the reporting for RPPT data does not have the same delay as the sales tax collected and administered by the state. Therefore, the RPTT report for review this period covers the **Fourth Quarter of Fiscal Year 2023-2024 (April 1 - June 30, 2024)**.

The results from the fourth quarter of Fiscal Year 2023-2024 continue to demonstrate the unpredictability of this revenue source. The City received \$970,246 in RPPT during this period as compared to \$596,020 in 2023 and approximately \$5.3 million in 2022. Economic factors including relatively high interest rates and low inventory continue to have a cooling effect on the real estate market. In response to declining revenue and market trends, the City reduced the anticipated revenue from Measure RE to \$8 million in the Adopted Budget for Fiscal Year 2023-2024; however, the actual (unaudited) revenue received from Measure RE for Fiscal Year 2023-2024 is closer to \$7.4 million. The report for Fourth Quarter of Fiscal Year 2023-2024 (April 1 - June 30, 2024) is provided as Attachment 2.

On September 25, 2024, the FAC reviewed and approved the attached reports on Measure CC, Measure C and Measure RE for transmittal to Council.

FISCAL ANALYSIS

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

ATTACHMENTS

1. Measure CC & Measure C Status Report (FY 2023-2024 Q3)
2. Real Property Transfer Tax Status Report (FY 2023-2024 Q4)

MOTIONS

That the City Council:

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