

City Council gets first draft of sales tax increase proposal

July 23, 2020



The City Council got its first look Monday at an ordinance to present to voters Nov. 3 asking for a 1-cent increase in the sales tax for public safety in Crescent City.

City Attorney Martha Rice explained to the councilors the tax would go into effect on April 1, 2021 if approved. She added that much of the ordinance contains legal language required by the state since it will be collecting, administering and disbursing the tax revenue to the city.

City Manager Eric Wier explained that if the city's sales tax measure passes, it would increase the tax rate within its jurisdiction from 7.5 percent to 8.5 percent through 2022. He added that after 2022, when a sales tax benefitting the Del Norte County Fairgrounds expires, the city's tax rate would decrease to 8.25 percent.

If approved, the city's proposed sales tax measure would generate \$1.3 million to be applied to Crescent City Fire & Rescue, the Crescent City Police Department, the Fred Endert Municipal Pool and to fix potholes, resurface streets and install and repair sidewalks. The sales tax would apply to businesses within city limits.

A similar sales tax increase is being pursued by the Del Norte County Board of Supervisors to pay for public safety but would apply to sales in unincorporated areas.

In addition to the sales tax, the ordinance creates an oversight committee with five residents appointed by the mayor, and approved by the council, to serve two-year terms.

“The job of those residents is really to review how much money the city’s getting, where the city’s spending that money and to report to the people,” Rice said. “It’s to make sure everybody feels this is a transparent process.”

She added the ordinance also requires the city to conduct an annual audit of the proposed sales tax that also outlines the amount of revenue it generated and how the city spent that money.

Rice said the measure will be brought back to the City Council Aug. 3 for final approval to place on the Nov. 3 ballot. She also recommended that they create an ad-hoc committee at that meeting responsible for drafting an argument in favor of the proposed tax as well as a rebuttal against any opposing viewpoint.

Last week, the council approved spending \$33,900 for a professional service agreement with PlanWest Partners, working with San Francisco-based TBWBH Props & Measures, to help inform the public about the tax measure.