



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

LEGAL DEPARTMENT

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Director

January 7, 2025

Benjamin P. Fay
555 12th Street, Suite 1630
Oakland, CA 94607

Re: City of Long Beach Transactions and Use Tax

Dear Mr. Fay:

Thank you for your December 27, 2024 email, including your letter and attachments, regarding your explanation of the City of Long Beach's ("City") position on the issue of the City's Transaction and Use Tax ("TUT") following our meeting on December 24, 2024.

The California Constitution states, "No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote." (Cal. Const., art. XIII C, § 2, subd. (b).) Accordingly, a city may increase its transactions and use tax for general purposes if, "The tax is approved by a majority vote of the qualified votes of the city voting in an election on the issue." (Rev. & Tax. Code § 7285.9.)

As you describe in your letter, prior to the approval of Measure A by the voters on March 3, 2020, the tax rate in effect from January 1, 2023 to December 31, 2026 was set to be 0.5 percent. Via Measure A, the voters of the City of Long Beach approved an increase and extension of the tax rate pursuant to the schedule set forth in section 3.62.030 of Measure A. (Long Beach Mun. Code, § 3.62.030.)

The termination of Los Angeles County's Measure H does not impact CDTFA's analysis due to the unambiguous language of section 3.62.030. While the parenthetical reference to Measure H in section 3.62.030, the references to Measure H in section 3.62.140, and the sample ballot materials may have provided voters with an explanation as to the purpose of the schedule of rate increases, it does not change the plain language of the ordinance, which states that rate of the City's TUT will increase to one percent on a particular date, October 1, 2027.

Accordingly, the information in the materials provided on December 27, 2024, does not change CDTFA's position as explained in our meeting on December 24, 2024.

Thank you for providing your explanation of the City's position and the materials you provided.

Very truly yours,

Andrew Miller

Andrew Miller
Attorney III

cc: Chris Schutz, Chief Counsel
Amy Kelly, Assistant Chief Counsel