

RESOLUTION NO. 26-023

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
SUBMITTING A PROPOSED GENERAL TRANSACTIONS AND USE TAX TO THE
CITY'S VOTERS AT THE ELECTION TO BE HELD ON NOVEMBER 3, 2026**

WHEREAS, as previously approved by the electorate, the City currently imposes a general 1.5% local transactions and use tax (Pacific Grove Muni. Code, Ch. 6.07); and

WHEREAS, due to increasing costs to provide local services to the City's residents, including keeping streets, sidewalks, beaches, parks, playgrounds and public facilities safe, clean, and well-maintained; repairing/replacing aging infrastructure; fixing potholes and streets; and providing fire protection, paramedic, crime prevention, and 9-1-1 response, the City Council wishes to increase this tax by 0.375%, to a total of 1.875%; and

WHEREAS, to increase a general tax like the City's transactions and use tax, two-thirds of the City Council must approve that increase, and then a simple majority of the City's voters must approve it in an election consolidated with a regularly scheduled general election for members of the City Council (Cal. Const., art. XIII C, § 2(b); Gov. Code, § 53274(b); Rev. & Tax. Code, § 7285.9); and

WHEREAS, in passing this Resolution by a two-thirds majority, the City Council intends to both approve the proposed tax and present its voters at the general municipal election set for November 3, 2026; and

WHEREAS, the City Council seeks assistance from the Monterey County Elections Department ("County Elections Official") to consolidate this election with the statewide election set to occur on the same date; and

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any city or district may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city or district relating to the conduct of an election. The city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of

its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order the consolidation. The resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

SECTION 1. The foregoing recitals are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. By adopting this Resolution by a two-thirds majority, the City Council hereby approves the measure attached hereto as Exhibit A.

SECTION 3. Pursuant to the laws of the State of California, the City Council hereby calls and notices a general municipal election to be held on November 3, 2026 (the “Election”), to consider the following measure:

Measure ____

Preserving General Services Measure. Shall the measure, to provide funding for the City of Pacific Grove services, such as keeping streets, sidewalks, beaches, parks, playgrounds and public facilities safe, clean, and well-maintained; repairing/replacing aging infrastructure; fixing potholes and streets; and providing fire protection, paramedic, crime prevention, and 9-1-1 response by establishing a 0.375% transactions and use (“sales”) tax, providing approximately \$1,000,000 annually for 10 years, with independent audits, and all money locally controlled, be adopted?”	Yes ____ No ____
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The full Ordinance comprising this measure is attached hereto as Exhibit A and is incorporated here by this reference. This Ordinance requires the approval of a simple majority (50% plus one) of those voting on it.

SECTION 4. The City Council hereby asks the Monterey County Board of Supervisors (“Board of Supervisors”) to authorize the County Elections Official to render all services necessary to conduct the Election. The City Council hereby asks the Board of Supervisors to consolidate the Election with any other election the County Elections Official is to administer on November 3, 2026, and to order the Election to be conducted by the County Elections Official. (Elec. Code, §§§ 10400, 10402, 10403.) The City Council acknowledges that the Election will be held and conducted in the manner prescribed in Elections Code section 10418. The ballots to be used in the election shall be in form and content as required by law.

The City Clerk is authorized and directed to work with the County Elections Official and to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia as needed to properly and lawfully conduct the Election. In all particulars not recited in this Resolution, the Election shall be held and conducted as provided by law for holding municipal elections. The City of Pacific Grove will reimburse Monterey County for the reasonable and actual costs incurred in conducting the Election upon receipt of a bill stating the amount due.

The notice of the time and place of holding the Election is hereby given, and the City Clerk and County Elections Official are authorized to give further notice of the Election as required by law.

SECTION 5. Pursuant to Elections Code Section 10002 said governing body hereby requests the Board of Supervisors of the County of Monterey to permit the Monterey County Elections Department to provide any and all services necessary for conducting an election and agrees to pay for said services in full.

SECTION 6. The City Clerk is directed to file certified copies of this Resolution with the Board of Supervisors, with a copy to the County Elections Official. (Elec. Code, § 10402.) The City Clerk is further authorized and directed to perform all other acts necessary or required by law to implement this Resolution and related to the Election.

SECTION 7. The City Clerk shall set the deadline for submission of arguments in favor of or against the Ordinance and provide notice of that deadline. The City Clerk may do this in coordination with the County Elections Official, as necessary. In all respects, the process to choose these arguments shall accord with Elections Code sections 9280 et seq. and 9600 et seq.

Further, the City Council hereby adopts the provisions of Elections Code section 9285(a) authorizing rebuttal argument only as to arguments for the Election. This adoption is repealed, and the provisions of section 9285(a) shall not apply, thereafter.

SECTION 8. The City Clerk is directed to transmit a copy of the Ordinance to the City Attorney, who shall prepare an impartial analysis of the Ordinance in accordance with applicable law. The impartial analysis shall indicate that the measure was placed on the ballot by the City Council.

If the entire text of the Ordinance is not printed in the voter information pamphlet, the following shall be printed immediately below the impartial analysis in no smaller than 10-point type: "The above statement is an impartial analysis of Measure _____. The full text of Measure _____ can be found online at https://www.cityofpacificgrove.gov/our_city/city_clerk/november_3_2026_general_election_and_ballot_measures.php. If you desire a copy of the measure, please call the election official's office at 831-648-3181 and a copy will be mailed at no cost to you."

SECTION 9. The adoption of this Resolution is exempt from the California Environmental Quality Act (CEQA), Public Resources Code section 21000 et seq. and California Code of Regulations, title 14, section 15000 et seq. (CEQA Guidelines). The calling of a

municipal election is not a project within the meaning of CEQA Guidelines section 15378. Further, the general tax proposed by this Resolution is a government funding mechanism that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and thus adopting this Resolution is not a project under CEQA Guidelines section 15378(b)(4).

SECTION 10. If any section, subsection, sentence, clause, phrase or portion of this Resolution or its application to any person or circumstance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution or its application to other persons and circumstances. The City Council hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional and, to that end, the provisions hereof are hereby declared to be severable.

SECTION 11. The City Clerk shall certify the adoption of this Resolution, which shall be effective upon its adoption, and shall give notice of the measure to be voted on in the manner provided by law.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE
this 7th day of July, 2026, by the following vote:

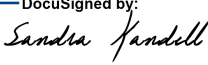
AYES: Mayor Smith, Mayor Pro Tem Amelio, Councilmembers Garfield, McDonnell,
Mourlam, and Rau.
NOES: None.
ABSENT: Councilmember Poduri.

APPROVED:

Signed by:

3A8EFFFFE41634EG...
NICK SMITH, Mayor

ATTEST:
DATED: 7/8/2026

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4F11A61C850B4E1...
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

Signed by:

FBE53BA816BC469...
ALEX LORCA, City Attorney

ORDINANCE NO. 26-____

**AN ORDINANCE OF THE CITY OF PACIFIC GROVE
ADOPTING CHAPTER 6.07A OF THE PACIFIC GROVE MUNICIPAL CODE TO
INCREASE THE GENERAL TRANSACTIONS AND USE (SALES) TAX RATE BY AN
ADDITIONAL THREE-EIGHTHS PERCENT (0.375%), THEREBY ESTABLISHING A
NEW TRANSACTIONS AND USE TAX RATE OF ONE AND SEVEN-EIGHTHS
PERCENT (1.875%) FOR 10 YEARS, TO BE ADMINISTERED BY THE CALIFORNIA
DEPARTMENT OF TAX AND FEE ADMINISTRATION**

THE PEOPLE OF THE CITY OF PACIFIC GROVE do hereby ordain as follows:

SECTION 1. In addition to the 1.5 percent transactions and use tax imposed under Chapter 6.07 of this Code, and for its 10-year term, the People of City of Pacific Grove hereby adopt Chapter 6.07A to impose a 0.375 percent transactions and use tax to read as follows:

Chapter 6.07A

Transactions and Use Tax

6.07A.010. TITLE. This Chapter shall be known as the Supplemental Pacific Grove General Transactions and Use Tax Ordinance. The City of Pacific Grove hereinafter shall be called "City." This Chapter shall be applicable in the incorporated territory of the City.

6.07A.020. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Chapter, the date of such adoption being the date the City Council declares that a majority of the City's voters have approved this Chapter.

6.07A.030. PURPOSE. This Chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative

procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

6.07A.040. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

6.07A.050. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 0.375% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Chapter.

6.07A.060. PLACE OF SALE. For the purposes of this Chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

6.07A.070. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this Chapter for storage, use or other consumption in said territory at the rate of 0.375% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

6.07A.080. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

6.07A.090. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.
2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;
 - b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

6.07A.100. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Chapter.

6.07A.110. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

- a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

- b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Chapter.

5. For the purposes of subparagraphs (B)(3) and (B)(4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Chapter.
4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Chapter.
5. For the purposes of subparagraphs (C)(3) and (C)(4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
6. Except as provided in subparagraph (C)(7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and

Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

SECTION 2. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

SECTION 3. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 4. SEVERABILITY. If any section, subsection, phrase or clause of this Ordinance is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause of this Ordinance irrespective of whether one or more sections, subsections, phrases or clauses are declared unlawful.

SECTION 5. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the City's transactions and use taxes, and it shall take effect immediately if approved by a simple majority of the City's voters in the election to be held November 3, 2026.

SECTION 6. TERMINATION DATE. This Ordinance shall remain in effect until it has been collected for 10 years. After it expires, the City Clerk is directed to remove Chapter 6.07A from the Municipal Code

PASSED AND ADOPTED by the City Council of the City of Pacific Grove this ____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

NICK SMITH, Mayor

ATTEST:

DATED _____

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

ALEX J. LORCA, City Attorney