



# Transactions and Use Tax Information

---

City of Fullerton, CA

July 2, 2024



# Sales and Use Tax & Transactions and Use Tax

Sales and Use Tax also referred to as Sales Tax or Bradley Burns

Transactions and Use Tax also referred to as Add-On Sales Tax or Transactions Tax

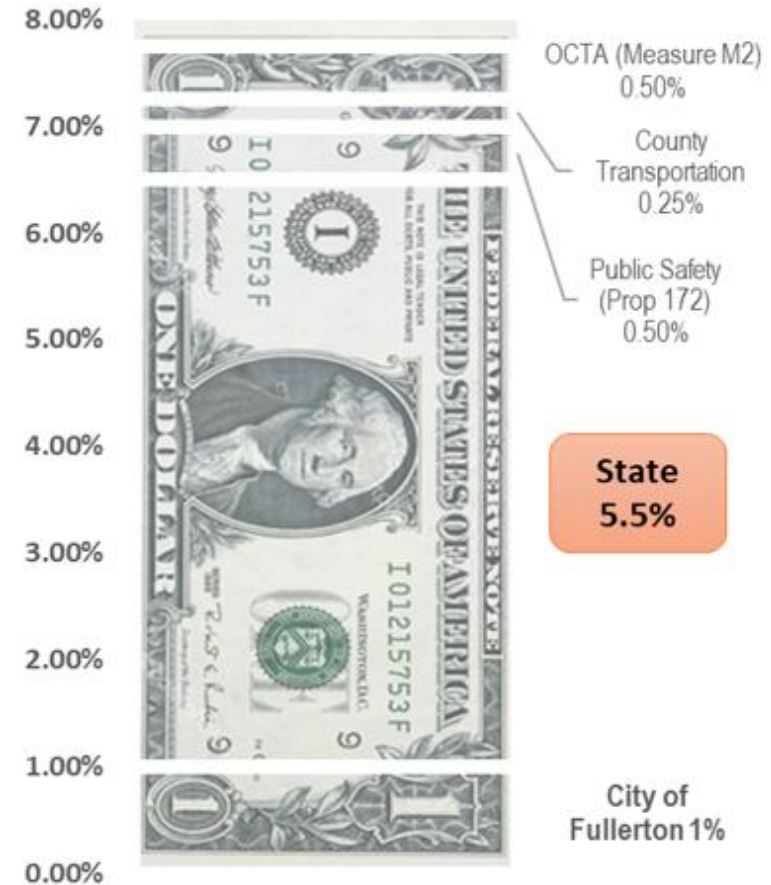
Not levied on:

- Medication
- Groceries (non-prepared)
- Rent



# Sales Tax – Where Do Your Sales Taxes Go?

Public Entity	Sales Tax %	\$1 in Sales Tax Collected
State General Fund	5.50%	\$0.71
County Public Safety (Prop 172)	0.50%	\$0.06
<b>City of Fullerton (Bradley Burns)</b>	<b>1.00%</b>	<b>\$0.13</b>
County – Local Transportation	0.25%	\$0.03
Orange County - OCTA (Measure M2)	0.50%	\$0.06
<b>Total Sales Tax Rate</b>	<b>7.75%</b>	<b>\$1.00</b>





# Transactions Tax

- Transactions Taxes may be approved locally and added to the combined state and local sales and use tax rate.
- Transactions Tax generally applies to the jurisdiction to which goods are delivered or placed in use.
  - Differs from Sales Tax which generally applies to the jurisdiction where the sale is negotiated (point of sale).



# Transactions Tax Ballot Measure

## General Purpose

- Requires 67% or 2/3 vote of City Council to place on ballot
- Requires 50% + 1 or majority of voters to approve

## Special Purpose

- Requires 50% + 1 or majority of City Council to place on ballot
- Requires 67% or 2/3 majority of voters to approve



# Transactions Tax

## Sales Tax Rate of 7.75%

- Generates approximately \$30 million of General Fund revenue annually

## Transactions Tax Rate of 1%

- Estimated to generate approximately \$30 million of General Fund revenue annually



# Questions?

## STAFF RECOMMENDATION

Staff seeks direction from City Council.

## ALTERNATIVE OPTIONS

- Request staff to bring back a Resolution for consideration to place general purpose Transactions and Use tax on November Ballot.
- Request staff to bring back a Resolution for consideration to place special purpose Transactions and Use tax on November Ballot.
- Receive and file and take no further action at this time.
- Request a Resolution for some other revenue measure previously discussed by the City Council.