

RESOLUTION NO. 2013-71

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MARINA
PROVIDING STAFF DIRECTION IN SETTING CARDROOM TAX RATE
FOR THE NOVEMBER 2013 ELECTION AND OTHER DIRECTION
THEREIN

WHEREAS, the City's proposed budget includes the possible layoff of 12 positions and significant reductions in City services; and,

WHEREAS, given the City's financial situation, on May 21, 2013, Council discussed the cardroom tax and unanimously approved resolution number 2013-62, directing staff to prepare the appropriate resolutions needed to place a ballot on the November 2013 special election for a general tax measure, with tax percentage rate discussed later, and look at possibility to allow more tables in the cardrooms; and,

WHEREAS, since 1995, the City Council approved a cardroom gross revenue permit fee (municipal code 5.32.124 "gross revenue permit fee"). Specifically, Section 5.32.124 was adopted in 1995 and Proposition 218 in 1996. Proposition 218 required any general tax imposed between January 1, 1995 and November 6, 1996, without voter approval to be submitted to voters within two years. Marina never imposed the tax nor was it submitted to the voters; and

WHEREAS, the City municipal code 5.32.124 "gross revenue permit fee" states:

If the monthly gross revenue is over:	But not over	Computed fee is:	Of amount over:
\$0	\$10,000	\$500	
\$10,000	\$15,000	\$750 + 5%	\$10,000
\$15,000	\$20,000	\$1,200 + 9%	\$15,000
\$20,000	And over	\$1,850 + 13%	\$20,000

WHEREAS, the fees and taxes imposed on California cardrooms vary by jurisdiction. For example, City of Salinas does not impose a cardroom tax while the City of San Jose imposes a 15% cardroom tax; and

WHEREAS, unanimous vote of the City Council is required to adopt a resolution of fiscal emergency to place the general tax measure before the voters on November 2013; and

WHEREAS, in setting the tax rate, Council may wish to consider a variety of factors.

- In January 2013, Council expanded the permitted games by 216% (increased permitted games from 6 to 19, consistent with current State permitted games), giving the businesses flexibility.
- Council does not restrict the betting amount, giving the businesses flexibility.
- State law and City municipal code prohibits new cardroom permits (muni. Code 5.32.102) within the City of Marina

- Increase in the permitted tables will increase business revenue and may increase demands of City services; and

WHEREAS, Council election officials estimate cost of consolidated election is \$4.50 - \$5.00 per registered voter. As of May 1st, the City of Marina has 9,066 registered voters on the rolls, which is approximately a total cost of \$40,000 – \$45,000; and

WHEREAS, the City municipal code 5.32.124 “gross revenue permit fee” was approved by the Council but not by the voters when new legislation took effect. For that reason, 5.32.124 is being providing for illustration purpose only:

If the monthly gross revenue is over:	But not over	Computed fee is:	Of amount over:
\$0	\$10,000	\$500	
\$10,000	\$15,000	\$750 + 5%	\$10,000
\$15,000	\$20,000	\$1,200 + 9%	\$15,000
\$20,000	And over	\$1,850 + 13%	\$20,000

For each \$1 million of annual gross revenue reported by the cardrooms, the above rate structure would provide approximately \$120,000 to the City General Fund.

WHEREAS, it is requested that the City Council provide staff with direction in setting the cardroom tax rate for the November 2013 election and other direction therein (i.e. increase total tables); and

WHEREAS, then, at the meeting of June 18, Council will be requested to (1) unanimously approve resolution of fiscal emergency to place a general tax before the voters and (2) call an election and contract services with County Elections Department.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Marina do hereby direct Staff as follows:

- Place on the November 5, 2013 Special Election Ballot a Cardroom Tax Measure
- 3% to 8% of Annual Gross Revenues
- Staff to meet with Cardroom Business Owners
- Come back at the June 25, 2013 Special City Council Meeting to reconsider percentage

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 18th day of June 2013, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O’Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Bruce C. Delgado, Mayor

ATTEST:

Anita Sharp, Acting Deputy City Clerk

May 30, 2013

Item No. **11a**

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of June 4, 2013

**CITY COUNCIL CONSIDER ADOPTING RESOLUTION NO. 2013-
PROVIDE STAFF DIRECTION IN SETTING CARDROOM TAX RATE
FOR THE NOVEMBER 2013 ELECTION AND OTHER DIRECTION
THEREIN**

REQUEST:

It is requested that the City Council provide staff with direction in setting the cardroom tax rate for the November 2013 election and other direction therein.

BACKGROUND:

The City’s proposed budget includes the possible layoff of 12 positions and significant reductions in City services. Given the City’s financial situation, on May 21, 2013, Council discussed the cardroom tax and unanimously approved resolution number 2013-62, directing staff to prepare the appropriate resolutions needed to place a ballot on the November 2013 special election for a general tax measure, with tax percentage rate discussed later, and look at possibility to allow more tables in the cardrooms.

Since 1995, the City Council approved a cardroom gross revenue permit fee (municipal code 5.32.124 “gross revenue permit fee”). Specifically, Section 5.32.124 was adopted in 1995 and Proposition 218 in 1996. Proposition 218 required any general tax imposed between January 1, 1995 and November 6, 1996, without voter approval to be submitted to voters within two years. Marina never imposed the tax nor was it submitted to the voters.

The City municipal code 5.32.124 “gross revenue permit fee” states:

If the monthly gross revenue is over:	But not over	Computed fee is:	Of amount over:
\$0	\$10,000	\$500	
\$10,000	\$15,000	\$750 + 5%	\$10,000
\$15,000	\$20,000	\$1,200 + 9%	\$15,000
\$20,000	And over	\$1,850 + 13%	\$20,000

The fees and taxes imposed on California cardrooms vary by jurisdiction. For example, City of Salinas does not impose a cardroom tax while the City of San Jose imposes a 15% cardroom tax.

Unanimous vote of the City Council is required to adopt a resolution of fiscal emergency to place the general tax measure before the voters on November 2013.

ANALYSIS:

In setting the tax rate, Council may wish to consider a variety of factors.

- In January 2013, Council expanded the permitted games by 216% (increased permitted games from 6 to 19, consistent with current State permitted games), giving the businesses flexibility.
- Council does not restrict the betting amount, giving the businesses flexibility.
- State law and City municipal code prohibits new cardroom permits (muni. Code 5.32.102) within the City of Marina
- Increase in the permitted tables will increase business revenue and may increase demands of City services.

Council election officials estimate cost of consolidated election is \$4.50 - \$5.00 per registered voter. As of May 1st, the City of Marina has 9,066 registered voters on the rolls, which is approximately a total cost of \$40,000 – \$45,000.

The City municipal code 5.32.124 “gross revenue permit fee” was approved by the Council but not by the voters when new legislation took effect. For that reason, 5.32.124 is being providing for illustration purpose only:

If the monthly gross revenue is over:	But not over	Computed fee is:	Of amount over:
\$0	\$10,000	\$500	
\$10,000	\$15,000	\$750 + 5%	\$10,000
\$15,000	\$20,000	\$1,200 + 9%	\$15,000
\$20,000	And over	\$1,850 + 13%	\$20,000

For each \$1 million of annual gross revenue reported by the cardrooms, the above rate structure would provide approximately \$120,000 to the City General Fund.

It is requested that the City Council provide staff with direction in setting the cardroom tax rate for the November 2013 election and other direction therein (i.e. increase total tables).

Then, at the meeting of June 18, Council will be requested to (1) unanimously approve resolution of fiscal emergency to place a general tax before the voters and (2) call an election and contract services with County Elections Department.

FISCAL IMPACT:

None to this deliberation.

CONCLUSION:

The request is submitted for City Council consideration and possible action.

Lauren Lai, CPA
 Finance Director
 City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina