



DEPARTMENT OF
PUBLIC WORKS
OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 207
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SACRAMENTO, CA
95814-2673

September 26, 1990

916-449-5283

ADMINISTRATION
916-449-8747

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: RECOMMENDATION TO SUPPORT PROPOSED LEGISLATION LEVYING A 2 PERCENT STATE SALES TAX ON DOG AND CAT PRODUCT CONTAINERS

SUMMARY

The Los Angeles City Council has asked the League of California Cities to sponsor legislation establishing a 2 percent State sales tax on every dog and cat product container sold by a distributor to a dealer or retail outlet in California. This report recommends that the Law and Legislation Committee declare the City's support for this proposed legislation and convey this position to the League of California Cities.

BACKGROUND

Animal control agencies throughout California are struggling to provide services to growing human and animal populations within limited budgets and dwindling resources. In June of this year, the City of Los Angeles Department of Animal Regulation devised a partial solution to the funding problem. The Department proposed establishing a new tax program to augment and support government animal care and control agencies.

On June 26, 1990, the Los Angeles City Council approved sponsorship of a resolution requesting that the League of California Cities seek a State sales tax of 2% on every dog and cat product container sold in California by a distributor to a dealer or retail outlet.

The tax proposal provides that the 2% sales tax shall be collected by the distributor and remitted to the State Board of Equalization for deposit by the State Treasurer in an Animal Control Fund. All revenues derived from the tax shall be allocated by the State Board of Equalization to local governmental animal care and control agencies to augment and support established programs and activities. Those agencies contracting with cities and counties for performing animal care and control activities could also be direct beneficiaries of tax monies collected and dispersed.

Animal Care and
Control Agencies
and Humane Societies

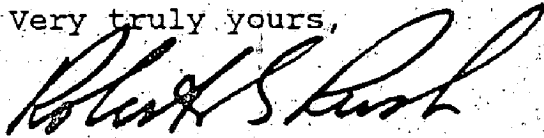
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August 30, 1990

As we all know, current revenues in most agencies are not sufficient to fund animal care and control programs at the local level. The obvious push and competition to acquire additional sources of funding in this decade are critical and must constitute a high priority for all animal care and control agencies at every level.

Your support is requested and we are transmitting a copy of our proposed legislation for your review and consideration in introducing similar legislation within your own respective states. We urge you to take immediate and positive action during the remaining months of 1990 to assure continued animal care and control service.

Very truly yours,



ROBERT I. RUSH
General Manager

RIR:ss

Attachment

A:Tax

The Revenue and Taxation Law is hereby amended by adding a new article to read as follows:

- Section 1. Legislative Intent.
2. Definitions.
3. Imposition of Tax.
4. Use of Tax Funds.
5. Powers of the State Board of Equalization.
6. Animal Control Fund.

Section 1. Legislative Intent. The legislature hereby finds that the overpopulation of unwanted dogs and cats is a growing problem of State concern and a threat to the health, safety and welfare of the citizens of this state. Unrestrained and unwanted dogs and cats roaming our streets pose a hazard to the physical well-being of the public, cause serious injury to persons and animals, create a hazard to vehicular traffic on all roads and freeways, and increase the cost of removing, sheltering and making disposition of these animals at an increasing rate. Additional funds are needed to increase enforcement activities, humane investigations and improve the quality of life for impounded animals and provide necessary rescue, shelter, care, and humane disposition of unwanted animals and to promote and support the sterilization of dogs and cats in order to alleviate the dog and cat overpopulation problem.

Section 2. Definitions. When used in this article, the following words shall have the following meanings:

1. "Director" - means the director of the State Board of Equalization.

2. "Dealer" - means any person, firm or corporation who engages in the sale of dog or cat products to a consumer.

3. "Distributor" - means any person, firm or corporation who engages in the sale of dog or cat products to any dealer.

4. "Dog or cat product" - means any food, product or accessory that is packaged and/or sold for consumption or use by dogs or cats.

5. "Dog or cat product container" - means the individual separate, sealed metal, cardboard or other substance used for containing a dog or cat product.

Section 3. Imposition of Tax. There shall hereby be imposed on every dog and cat product container sold in this State by a distributor to a dealer, a tax of two per cent of the sales price. The tax shall be collected by the distributor and remitted to the State Board of Equalization.

Section 4. Use of Tax Funds. The monies collected as the proceeds of tax on dog and cat product containers sold in this State shall be forwarded by distributors on the first day of each month for the previous month to the State Board of Equalization. These funds shall be deposited in the Animal Control Fund and used for the purposes set forth in Section 6 of this Code.

Section 5. Powers of the State Board of Equalization. The Board may promulgate rules and regulations governing record keeping and such other rules and regulations as deemed necessary and appropriate to the implementation of this tax.

Section 6. Animal Control Fund. There is hereby established an Animal Control Fund in the State Treasury. The fund shall consist of the revenues derived from the tax on the sale of dog and cat product containers imposed by Section 3 of this Act. These monies shall be allocated by the State Board of Equalization to local governmental animal care and control agencies in proportion to the number of residents serviced by each agency. The distribution of funds shall be made on an annual basis based upon the number of residents served by governmental animal care and control agencies during the twelve months preceding distribution. All payments from the Animal

Control Fund shall be made to governmental animal care and control agencies by the State Treasurer following approval and allocation of these funds by the State Board of Equalization. The monies shall be used by local governmental animal care and control agencies to augment established programs and activities and may be used for the acquisition, construction and maintenance of land and capital improvements and the purchase of equipment, services, furnishings in support of such programs and activities, for improving veterinarian care and treatment, and for subsidizing the spaying and neutering of dogs and cats.

a:taxlaw.doc

Law and Legislation Committee

Recommendation to Support Proposed Legislation Levying a 2 Percent State Sales Tax on Dog and Cat Product Containers

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This approach constitutes a user fee concept, assigning a portion of the cost of animal control services to the distributors of pet products. (A copy of the proposed legislation is attached.)

FINANCIAL

Passage of the proposed legislation will result in increased revenue for the City's Animal Control Division. The measure is expected to yield some \$10 million in new revenue in the first year statewide. The City of Sacramento's share would be approximately \$120,000.

POLICY CONSIDERATIONS

The proposed legislation is consistent with City Legislative Policy Guideline 7.6(g) which states that the City shall support legislation which "permits cities to use the tax structure as an instrument to effectuate public policy".

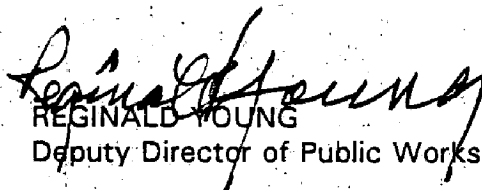
M/WBE IMPACTS

There are no M/WBE impacts associated with this item.

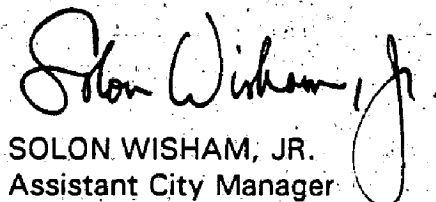
RECOMMENDATION

It is recommended that the Law and Legislation Committee endorse the proposed legislation establishing a 2 percent sales tax on dog and cat products at the distributor level and direct staff to convey the City's support to the League of California Cities.

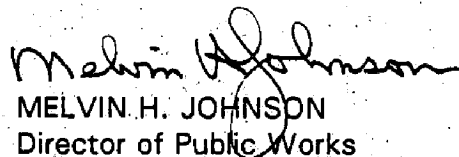
Respectfully submitted,


REGINALD YOUNG
Deputy Director of Public Works

RECOMMENDATION APPROVED:


SOLON WISHAM, JR.
Assistant City Manager

APPROVED:


MELVIN H. JOHNSON
Director of Public Works

Contact Person:
Roberta Larson, Administrative Services Officer
449-5877

September 26, 1990
ALL DISTRICTS

RL4-L&Lrpt.926

CITY OF LOS ANGELES

CALIFORNIA



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MAYOR

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DEPARTMENT OF ANIMAL REGULATION

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485-5771

ROBERT I. RUSH
GENERAL MANAGER

RECEIVED SEP 04 1990

August 30, 1990

To Animal Care and Control Agencies
and Humane Societies

Dear Director:

Re: IMPOSITION OF A SPECIAL SALES
TAX ON DOG AND CAT PRODUCTS AT
DISTRIBUTOR LEVEL TO FUND ANIMAL CARE
AND CONTROL PROGRAMS AND ACTIVITIES

Recently the City of Los Angeles approved a resolution to support legislation to impose an additional tax on every dog and cat product container sold in California. The proposed legislation would provide a tax of two percent of the sales price from the distributor to the dealer which would be collected by the distributor and remitted to the State Board of Equalization for deposit in an Animal Control Fund by the State Treasurer. All revenues derived from the tax shall be allocated by the State Board of Equalization to local governmental animal care and control agencies or organizations contracting with governmental agencies for animal care and control services to augment and support established programs and activities.

Animal care and control agencies have historically sought revenues and funding for operations from licenses and fees. Unless we reach out to a larger constituency and broaden our funding base, animal care and control agencies at the local level will not have sufficient revenues to expand activities and enhance the quality of life for animals within our respective jurisdictions.