



RESOLUTION AUTHORIZING EXAMINATION OF TRANSACTIONS AND USE TAX RECORDS

WHEREAS, Pursuant to Resolution 90-2 of the San Francisco County Transportation Authority (Transportation Authority) and Section 7270 of the Revenue and Taxation code, the Transportation Authority entered into a contract with the State Board of Equalization, now called California Department of Tax and Fee Administration (CDTFA), to perform all functions incident to the administration and operation of the transaction sales and use tax; and

WHEREAS, The Transportation Authority deems it desirable and necessary for authorized representatives of the Transportation Authority to examine confidential transactions and use tax records of the CDTFA pertaining to transaction and use taxes collected by the CDTFA for the Transportation Authority pursuant to that contract; and

WHEREAS, Section 7056 of the Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of CDTFA records, and establishes criminal penalties for the unlawful disclosure of information contained in or derived from the transactions and use tax records of the CDTFA; and

WHEREAS, At its July 28, 2021 meeting, the Community Advisory Committee considered the recommended action to seek authorization for designated staff and MuniServices, LLC to access and further examine transactions and use tax records of the CDTFA and unanimously adopted a motion of support for the staff recommendation; now, therefore, be it

RESOLVED, That the Executive Director, Chief Deputy Director, Deputy Director for Finance and Administration, or an officer or employee of the Transportation Authority designated in writing by the Executive Director to the CDTFA is hereby appointed to represent the Transportation Authority with authority to examine transactions and use tax records of the CDTFA pertaining to transactions and use taxes collected for Transportation Authority by the CDTFA pursuant to the contract between Transportation Authority and the CDTFA. The information obtained by examination of CDTFA records shall be used only for purposes related to the collection of the transactions and use taxes by the CDTFA pursuant to the contract; and be it further



RESOLVED, That the Executive Director, Chief Deputy Director, Deputy Director for Finance and Administration, or other officer or employee of Transportation Authority designated in writing by the Executive Director to the CDTFA of is hereby appointed to represent Transportation Authority with authority to examine those transactions and use tax records of the CDTFA for purposes related to the following, governmental functions of Transportation Authority:

- a) Review of sales tax records to ensure proper allocation and remittance to Transportation Authority;
- b) Forecast and budget related functions;
- c) Transportation planning and modeling; and
- d) Other governmental functions as required by Transportation Authority.

The information obtained by examination of CDTFA records shall be used for those governmental functions of Transportation Authority listed above; and be it further

RESOLVED, That MuniServices, LLC is hereby designated to examine the transactions and use tax records of the CDTFA pertaining to the transactions and use taxes collected for the Transportation Authority by the CDTFA. The person or entity designated by this section meets all of the following conditions, which are also included in the contract between the Transportation Authority and MuniServices, LLC:

- a) Has an existing contract with the Transportation Authority to examine those transactions and use tax records;
- b) Is required by that contract to disclose information contained in, or derived from those transactions and use tax records only to the officer or employee authorized above;
- c) Is prohibited by that contract from performing consulting services for a retailer during the term of that contract; and
- d) Is prohibited by that contract from retaining the information contained in, or derived from, those transactions and use tax records after that contract has expired; and be it further

RESOLVED, That the Transportation that the information obtained by examination of CDTFA records shall be used only for purposes related to the collection of Transportation



Authority transactions and use taxes by CDTFA pursuant to the contract between the Transportation Authority and CDTFA and for those purposes relating to the governmental functions of the Transportation Authority listed above; and be it further

RESOLVED, This resolution supersedes all prior resolutions of the Transportation Authority adopted pursuant to subdivision (b) of Revenue and Taxation Code section 7056.



Memorandum

AGENDA ITEM 9

DATE: July 22, 2021

TO: Transportation Authority Board

FROM: Cynthia Fong - Deputy Director for Finance and Administration

SUBJECT: 9/14/21 Board Meeting: Authorize Examination of Transaction and Use Tax Records

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Authorize examination of transaction and use tax records for:</p> <ul style="list-style-type: none"> Executive Director, Chief Deputy Director, Deputy Director of Finance and Administration, employee designated in writing by the Executive Director; and MuniServices, LLC <p>SUMMARY</p> <p>The California Department of Tax and Fee Administration (CDTFA), formerly the State Board of Equalization, collects local sales and use taxes on behalf of the Transportation Authority. CDTFA requires municipalities to adopt a Board resolution to designate individuals and/or consultants permitted to access and examine sales, transactions and use tax records collected by CDTFA for the agency. This recommended action seeks authorization for staff and MuniServices, LLC to further examine detailed sales tax records from CDTFA to analyze data and provide enhanced revenue forecasts.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input checked="" type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
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BACKGROUND

The Transportation Authority was created in 1989 by the voters of the City and County of San Francisco to impose a voter-approved transaction and use tax (i.e., sales tax) of one-half of one percent to fund essential traffic and transportation projects as set forth in the San Francisco County Transportation Expenditure Plan (Prop B Expenditure Plan) for a period not to exceed twenty years. In November 2003, San Francisco voters approved a new 30-year Expenditure Plan (Prop K Expenditure Plan) that superseded Prop B and continued the one-half of one



percent sales tax. CDTFA administers and collects sales tax revenues for municipalities, including the Transportation Authority.

DISCUSSION

Given the economic uncertainty caused by the COVID-19 pandemic, accurate sales tax revenue projections have become essential for short-term budget planning and more difficult to develop than pre-pandemic. In addition, short- and long-term revenue projections are incorporated into the Prop K Strategic Plan financial model, which is our primary financial tool for ensuring that we have sufficient funds to support the sales tax projects and programs, including any financing costs, over the 30-year Expenditure Plan period. Further, sales tax revenue projects are needed to inform the development of the San Francisco Transportation Plan (the long-range countywide transportation plan update being developed as part of ConnectSF) as well as a new Expenditure Plan and reauthorization of the sales tax through a potential June or November 2022 ballot measure, as directed by the Board.

On March 2, 2021, we entered into a professional services agreement with MuniServices, LLC (MuniServices) for sales tax revenue forecasting services. We are recommending authorizing MuniServices to access and examine more comprehensive transaction and use tax records collected by CDTFA for the Transportation Authority, which will allow MuniServices to improve sales tax trend analysis and data reports, and to enhance our sales tax revenue forecasts as we recover from the COVID-19 pandemic. MuniServices shall be prohibited from retaining the information contained in, or derived from, those transactions and use tax records after its contract with the Transportation Authority has expired.

Furthermore, we are also reaffirming and authorizing additional staff, including the Executive Director, Chief Deputy Director, or Deputy Director for Finance and Administration or an officer or employee of the Transportation Authority designated in writing by the Executive Director to the CDTFA to access and examine transactions and use tax records.

FINANCIAL IMPACT

None. Budget for the contract with MuniServices is included in Fiscal Year 2021/22 Adopted Budget and Work Program.

CAC POSITION

The Community Advisory Committee considered this item at its July 28, 2021 meeting, and unanimously adopted a motion of support for the staff recommendation.