

CITY COUNCIL OF THE CITY OF OXNARD

ORDINANCE NO. 2779

AN UNCODIFIED ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OXNARD ADOPTING THE "VITAL CITY SERVICES TRANSACTIONS (SALES) AND USE TAX", TO SUNSET IN TWENTY YEARS WITH CITIZEN OVERSIGHT AND INDEPENDENT ANNUAL FINANCIAL AUDITS, TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

WHEREAS, the City Council of the City of Oxnard desires to provide enhanced levels of vital community services including police, fire and emergency response, increasing street paving and sidewalk/pothole repair to improve traffic flow, expanding youth recreation, after-school and anti-gang prevention programs, acquiring property for parks/open space preservation, upgrading storm water drains, improving senior services, increasing building code compliance, and other general City services; and

WHEREAS, the City Council has maintained balanced budgets with healthy general fund reserves for over 10-years despite losing millions of dollars in State budget takeaways over that same time period; and

WHEREAS, new sources of revenues will be required in order for the City Council to meet the expectations of Oxnard residents for enhanced City services, and also to restore losses in funding from State takeaways; and

WHEREAS, a City-voter adopted sales tax is an appropriate way of adding new funds, because the current sales tax rate in the City is the lowest in the State, and as such, even with the increase of one-half cent, the sale tax rate will be equal to or lower than the rate paid by 80% of the State's residents; a sales tax increase is broad based and does not single out any one type of consumer, business or industry; and basic commodities and services like housing, food and prescription drugs are exempt from sales taxes.

NOW, THEREFORE, the People of the City of Oxnard do ordain as follows:

Part 1. TITLE. This ordinance shall be known as the "City of Oxnard Vital Services Transactions (Sales) and Use Tax Ordinance." The City of Oxnard hereinafter shall be referred to as "City." This ordinance shall be applicable in the incorporated territory of the City.

Part 2. OPERATIVE DATE. "Operative Date" is the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.

Part 3. PURPOSE. This ordinance 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 protect, maintain, and enhance vital city services by imposing a general purpose retail transactions and use tax of one-half cent 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 Council to adopt this tax ordinance which shall be operative if two-thirds of the City Council and a majority of the electors voting on the measure vote to approve the establishment of this new general purpose revenue source 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 State Board of Equalization 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 State Board of Equalization in administering and collecting the State sales and use tax.

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 retail 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.

Part 4. TWENTY-YEAR SUNSET. The authority to levy the tax imposed by this ordinance shall expire twenty years from the operative date of this ordinance, unless extended by the voters.

Part 5. FISCAL ACCOUNTABILITY PROVISIONS: CITIZEN OVERSIGHT AND INDEPENDENT ANNUAL FINANCIAL AUDITS. Consistent with the City's ongoing commitment to citizen involvement as a fundamental principle of good government, specific citizen oversight and fiscal accountability provisions regarding the revenues collected as a result of the adoption of this ordinance are hereby established as follows:

A. Independent Annual Financial Audit. The amount generated by this new general purpose revenue source and how the revenues were used shall be included in the annual audit of the City's financial operations by an independent certified public accountant.

B. Integration of the Use of Funds into the City's Budget and Strategic Planning Process. The estimated revenue and proposed use of funds generated by this ordinance shall be an integral part of the City's budget and strategic planning process, and significant opportunities will be provided for meaningful participation by citizens in determining priority use of these funds.

C. Annual Community Report. A written report will be provided annually to every household in the City detailing how much revenue is being generated by the ordinance and how funds are being used.

D. Bi-annual Citizen Oversight Meeting. An oversight committee appointed by City Council and modeled after the school bond committee (including a representative from the business community) will convene twice in a yearly period to review and discuss the use of revenue generated by the measure. City staff will also be available to meet with any group that requests a specific briefing with their members to discuss and answer questions about the revenue generated by the measure and its uses.

Part 6. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this retail transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, the City 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.

Part 7. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, an additional tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 0.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in such territory on and after the operative date of this ordinance.

Part 8. PLACE OF SALE. For the purposes of this ordinance, 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/her 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 State Board of Equalization.

Part 9. 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 ordinance for storage, use or other consumption in the City at the rate of 0.5% 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.

Part 10. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance 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.

Part 11. 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. 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 Board of Control, State Board of Equalization, 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 State Board of Equalization, 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, 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 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.

Part 12. 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 ordinance.

Part 13. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the ordinance the amount of any sales tax or use tax imposed by the State 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 retail 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/her agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this subpart, 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/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 ordinance.

(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 ordinance.

(5) For the purposes of subparts (3) and (4) of this Part 13B, 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 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 ordinance.

(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 ordinance.

(5) For the purposes of subparts (3) and (4) of this Part 13C, 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 subpart (7) of this Part 13C, 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.

Part 14. 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.

Part 15. 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.

Part 16. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Part 17. EFFECTIVE DATE. This ordinance relates to the levying and collecting by the City of retail transactions and sales use taxes and is hereby adopted and effective immediately upon approval by the voters of Oxnard.

INTRODUCED on July 1, 2008, and adopted this 8th day of July, 2008, by the following vote:

AYES: Councilmembers Holden, Maulhardt, Zaragoza, and Herrera.

NOES: Councilman Flynn.

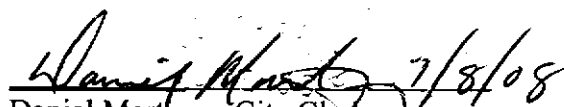
ABSENT: None.

PASSED and ADOPTED by the voters of the City of Oxnard on November 4, 2008 by the following votes.

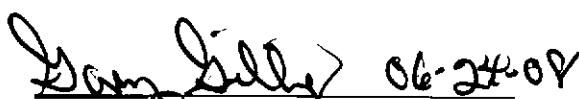
Ayes 29,162 Noes 15,636


Dr. Thomas E. Holden, Mayor

ATTEST:


Daniel Martinez, City Clerk

APPROVED AS TO FORM:


Gary L. Gillig, City Attorney

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.

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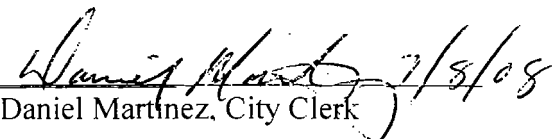
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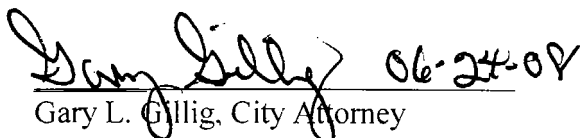
Ayes _____ Noes _____


Dr. Thomas E. Holden, Mayor

ATTEST:


Daniel Martinez, City Clerk

APPROVED AS TO FORM:


Gary L. Gillig, City Attorney