

ORDINANCE NO. 12-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIDGECREST AMENDING THE RIDGECREST MUNICIPAL CODE BY ESTABLISHING A TEMPORARY TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST as follows:

1. Purpose.

This Ordinance amends the Ridgcrest Municipal Code in order to establish a temporary transactions and use tax.

2. Amendment.

The following Chapter 3, Article 2, is hereby added to Ridgcrest Municipal Code to read as follows:

“Article 2. Temporary Transactions and Use Tax

3.2.101. Purpose and Operative Date.

- a) The purpose of this article is to impose a retail transactions and use tax in accordance with the provisions of the Revenue and Taxation Code which authorizes the City to adopt this tax if a majority of the qualified voters of the City vote to approve the imposition of the tax. Unlike the tax described in Article 3 of this Chapter, this tax is set for a fixed term of five years from the Operative Date.
- b) “Operative Date” means the first day of the first calendar quarter commencing more than 110 days after the later of the adoption of this ordinance and article, the date of such adoption being as set forth on the ordinance that adopted this article, or the approval of the voters of the City of a measure approving the imposition of the transaction and use tax set forth herein; provided, that if the City shall not have entered into a contract with the State Board as required herein prior to such date, the Operative Date shall be the first day of the first calendar quarter following execution of such a contract.
- c) 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 transactions and use tax article; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it 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.

Sec. 3-2.102. Transactions Tax Rate.

Commencing on the Operative Date and continuing for a period of five years following this date, for the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at a rate of seventy-five one-hundredths of one percent (0.75%) of the gross receipt of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the Operative Date of this article. Such tax shall be in addition to any other transaction (sales) tax imposed by this Code or applicable state law. Specifically, this tax shall be imposed in addition to the sales and use tax imposed by Section 3-3.102 of this Code.

Sec. 3-2.103. Place of Sale.

For the purposes of this article, 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 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.

Sec. 3-2.104. Use Tax Rate.

Commencing on the Operative Date and continuing for a period of five years following that date, 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 or after the Operative Date of this article for storage, use, or other consumption in the incorporated territory of the City at a rate of seventy-five one-hundredths of one percent (0.75%) 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. Such tax shall be in addition to any other use tax imposed by this Code or applicable to state law. Specifically, this tax is in addition to the use tax imposed by 3-3.102 of this Code.

Sec. 3-2.105. Adoption of Provisions of State Law.

Except as otherwise provided in this article, 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 article as though fully set forth herein.

Sec. 3-2.106. 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 therefore. However, 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 article;
 - (3) In those sections, including, but not necessarily limited to, sections referring to the exterior boundaries of the State of California, 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 said 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 to that phrase in Section 6203.

Sec. 3-2.107. 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 article.

Sec. 3-2.108. Exemptions and Exclusions.

- (a) There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California 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 transactions tax and 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 agent or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, 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 Chapter 2 of 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 or 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 article.

 - (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 article.

- (5) For the purposes of subsections (3) and (4) of this section, 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 use tax imposed by this article, 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 article.
 - (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 article.
 - (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 article.
 - (5) For the purposes of subsections (3) and (4) of this section, 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 subparagraph (7), 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 Chapter 2 of 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 article 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.

Sec. 3-2.109. Amendments.

(a) All amendments subsequent to the effective date of this article 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 article, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this article.

(b) The City Council of the City of Ridgecrest may make amendments to this article that do not affect the rate of tax imposed without approval of the voters of the City. The City Council of the City of Ridgecrest may repeal this article by a two-thirds (2/3) vote of the Council without approval of the voters of the City, provided all indebtedness secured by the tax has been satisfied. The City Council may amend the rate of tax imposed herein (increase or decrease) or extend the term of the tax only upon two-thirds (2/3) vote of the Council and with approval of the voters of the City.

Sec. 3-2.110. 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 article, 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.

Sec. 3-2.111. Severability.

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

Sec. 3-2.112. Use of Tax Proceeds.

All proceeds of the tax levied and imposed under this article shall be paid into the general fund for use by the City of Ridgecrest.

Sec. 3-2.113. Establishment of Committee and Purpose.

A Citizens' Oversight Committee is hereby established to oversee expenditures of the revenues received by the City from the sales and use taxes imposed pursuant to this chapter, and to ensure that tax revenues are spent by the City in a manner consistent with the voter approved measure adopting this chapter as well as any voter approved or council approved priorities adopted to implement the provisions of this chapter.

Sec. 3-2.114. Appointment and Tenure of Committee Members.

- (a) The Citizens' Oversight Committee shall consist of five members appointed by the City Council. Three members shall constitute a quorum. The City Manager shall appoint an ex-officio staff person to serve as the secretary and custodian of records who shall not have a vote.
- (b) Upon their appointment and during their incumbency, members of the committee shall be and remain residents of the City; provided, however, that City employees, other city officials, and City vendors shall not be qualified to serve as committee members at any time they occupy such positions or are engaged in such business. Should a member cease to be a City resident, that office shall be deemed vacant and the term of such member terminated. The secretary shall notify the City Council and City Manager of such termination as soon as administratively possible.
- (c) All members of the committee shall serve at the pleasure of the City Council and may be removed by a majority vote of the City Council at any time.

Sec. 3-2.115. Terms of Office.

- (a) Of the members of the committee first appointed, two shall be appointed for terms of one year, two shall be appointed for terms of two years, and one shall be appointed for a term of three years. Succeeding members shall be appointed for terms of four years. The secretary's term shall be designated by the City Manager. All members shall serve until a successor is appointed and qualified.

- (b) Should a member of the committee fail to attend three consecutive meetings, unless excused for cause by the chairperson, that member's office shall be deemed vacant and the member's term ended. The committee secretary shall immediately notify the City Council and City Clerk of such termination.

Sec. 3-2.116. Organization.

- (a) Each January, a board, commission, or committee shall annually organize and elect a chairperson and vice-chairperson from its membership for a one-year term. In the chairperson's or vice-chairperson's absence or disability, the committee may designate a chairperson or vice-chairperson pro tempore.
- (b) Regular meetings shall be held on the day and time established by resolution of the board, commission, or committee as amended from time-to-time.
- (c) Each board commission or committee shall establish a procedure for calling special meetings and may also adopt application requirements, meeting procedures, and other reasonable rules and regulations for conducting business. Minutes shall be kept of all meetings and the secretary shall deliver copies of minutes to the City Manager and City Clerk for filing and distribution to City Council members.
- (d) Any board, commission, or committee may designate one of its members, or a subcommittee composed of not more than two members, to study, review, consider, or make recommendations concerning any matter within its purview, provided that, a board, commission, or committee authorized to consist of seven members may designate one of its members, or a subcommittee composed of not more than three members, to study, review, consider, or make recommendations.

Sec. 3-2.117. Duties.

- (a) The committee is charged with the following responsibilities: (1) reviewing all appropriations of revenues received by the City from the sales and use taxes imposed pursuant to the provisions of this chapter to determine whether such funds are to be used as provided for in this chapter and the voter approved measure that adopted this chapter; (2) reviewing the audit prepared by an independent auditor retained by the City to perform the City's Comprehensive Annual Financial Report to determine whether such funds have been spent as provided for in this chapter and the voter approved measure; and (3) prepare and issue the committee's own annual report setting forth their findings in regard to the foregoing.

- (b) The committee shall confine itself specifically to funds received by the City from the sales and use taxes imposed pursuant to the provisions of this chapter. City revenues and funds generated through other sources are outside the scope of the committee.
- (c) In order to preserve the integrity and independence of the oversight process, committee members will not play a formal role in contracting, project management, construction, or any other aspect of the public safety funding. In addition, the committee is not charged with decision-making on spending priorities, construction schedules, project details, funding source decisions (e.g., leveraged funds, developer fees, etc.), financing plans, tax rate assumptions, or selection of consultants, design, and construction firms.”

3. Effective Date.

This Ordinance relates to the levying and collecting of the City transactions and use taxes, and is a valid and binding ordinance of the City upon passage and approval by the electorate of the City of Ridgecrest. This Ordinance shall be considered as adopted upon the date that the vote is declared by the legislative body, and shall go into effect ten (10) days after that date.

PASSED, APPROVED, AND ADOPTED by the Ridgecrest City Council on June 27, 2012, by the following roll call vote:

AYES: Mayor Carter, Council Members Holloway, Taylor, Morgan, and Patin

NOES: None

ABSENT: None

ABSTAIN: None



Ronald H. Carter, Mayor

ATTEST:



Rachel J. Ford, CMC, City Clerk