

AGREEMENT FOR STATE ADMINISTRATION OF LOCAL SALES AND USE TAXES

To carry out Part 1.5 of Division 2 of the Revenue and Taxation Code and the sales and use tax ordinance of the City hereinabove designated, hereinafter called the City, copy of which ordinance is attached hereto, the City and the State Board of Equalization, hereinafter called the Board, do agree as follows:

ARTICLE I

DEFINITIONS

Unless the context requires otherwise, wherever the following terms appear in this Agreement they shall be interpreted to mean the following:

1. "Local Taxes" shall mean the sales and use taxes, penalties, and interest imposed by the City under an ordinance which complies with Part 1.5, Division 2, of the Revenue and Taxation Code.

2. "Conforming Taxing Jurisdiction" shall mean any county, city, or city and county of this State which has adopted a sales and use tax ordinance of the kind described in Part 1.5 of Division 2 of the Revenue and Taxation Code and which has entered into a contract with the State Board of Equalization to perform all functions incident to the administration and operation of the ordinance.

3. "City Ordinance" shall mean the Uniform City Sales and Use Tax Ordinance attached hereto, as amended from time to time.

ARTICLE II

ADMINISTRATION AND COLLECTION OF LOCAL TAXES

A. Administration. The Board and the City agree that the Board shall perform exclusively all functions incident to the administration and operation of the City ordinance.

B. Other applicable laws. The City agrees that all provisions of law applicable to the administration and operation of the State Sales and Use Tax Law shall be applicable to the administration and operation of the City ordinance and that money collected pursuant to the City ordinance may be deposited in the State Treasury to the credit of the Retail Sales Tax Fund and may be drawn from that Fund for the purpose of making refunds, for the purpose of compensating and reimbursing the Board pursuant to Article IV of this Agreement and for the purpose of transmitting to the City the amount to which the City is entitled.

C. Transmittal of money. Except as otherwise provided herein, all local taxes collected under the provisions of the City ordinance shall be transmitted to the City periodically as promptly as feasible. A statement shall be furnished indicating the amount withheld pursuant to Article IV of this Agreement.

D. Rules. The Board shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and operation of the City ordinance and the distribution of the local taxes collected thereunder.

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E. Preference. Unless the payor instructs otherwise and except as otherwise provided in this Agreement, the Board shall give no preference in applying money received for sales and use taxes owed by a taxpayer but shall apply all monies collected to the satisfaction of the claims of the State and the claims of the City as their interests appear.

F. Security. The Board agrees that any security which it hereafter requires to be furnished under the State Sales and Use Tax Law will be upon such terms that it also will be available for the payment of the claims of the City for local taxes owing to it as its interest appears. The Board shall not be required to change the terms of any security now held by it and the City shall not participate in any security now held by the Board.

G. Names of sellers. The Board agrees to furnish the names, addresses, account numbers, and the business classification codes of all sellers holding sellers' permits within the City.

H. Records of the Board. Subject to executive approval under Section 7056 of the Revenue and Taxation Code, the Board agrees to permit authorized personnel of the City to examine the records and procedures of the Board concerning taxpayers subject to the City ordinance.

I. City tax rate. The City agrees that any change in the rate of its conforming local sales and use tax will be made effective at the beginning of a calendar quarter and that it will give the Board at least two months' notice thereof and that it will also give notice to the Board of Supervisors of the County in which the City lies.

J. Annexation. The City agrees that the Board shall not be required to give effect to an annexation, for the purpose of collecting and distributing city sales and use taxes, earlier than the first day of the calendar quarter which commences not less than two months after notice to the Board. The notice shall include the address of the property nearest to the extended city boundary on every street crossing that boundary.

ARTICLE III

ALLOCATION OF TAX

A. Deficiency determination. All local taxes collected as a result of determinations or billings made by the Board, and all amounts refunded or credited may be distributed or charged to the respective conforming taxing jurisdictions in the same ratio as the taxpayer's self-declared local tax for the period for which the determination, billing, refund, or credit applies.

B. Allocation. When the local tax is collected from or refunded or credited to the following:

- (1) Retailers having traveling sellers' permits or certificates of authority to collect use tax issued by the Board;
- (2) Persons regarded by the Board as retailers pursuant to Section 6015 of the Revenue and Taxation Code;
- (3) Persons for whom no continuing account number was active at the date of payment; or
- (4) Other retailers or purchasers having no permanent place of business within the State as determined by the Board;

or when the local tax is collected by way of deduction from refunds of motor vehicle fuel license taxes, the Board may distribute or charge such local tax to all conforming taxing jurisdictions in the county in which the sale or use occurred using the ratios reflected by the distribution of taxes collected from all other taxpayers in that county. To the extent that this cannot be done in a manner consistent with the economic and efficient performance of the duties of the Board under the Revenue and Taxation Code and the provisions of this Agreement, the Board may distribute or charge such local tax to all conforming taxing jurisdictions of this State using the ratios reflected by the distribution of taxes collected from all other taxpayers in the State.

C. Motor Vehicles. For the purposes of the foregoing allocation with respect to vehicles required to be registered under the Vehicle Code, the address of the registered owner appearing upon the application for registration may be used by the Board in determining the county of use.

ARTICLE IV COMPENSATION

A. Numerator. The cost of administering Parts 1 and 1.5 of Division 2 of the Revenue and Taxation Code and the conforming local sales and use tax ordinances for each fiscal year shall be determined in the manner herein set forth. Such cost shall include costs incurred by the Board and by other State agencies, including but not limited to the Attorney General, the State Controller, the State Personnel Board, the State Treasurer, and the Department of Finance. Such cost is referred to as "the administrative cost".

B. Denominator. The amounts transferred during each fiscal year from the Retail Sales Tax Fund to conforming taxing jurisdictions and to the General Fund of the State, pursuant to Section 7102 of the Revenue and Taxation Code, together with amounts withheld pursuant to this Article of this Agreement, shall be determined. Such amounts are referred to as "the tax distributed".

C. Ratio. The administrative cost for the fiscal year shall be compared to the tax distributed during the fiscal year and a percentage computed. Such percentage shall be rounded off to the nearest one hundredth of one percent. This percentage is referred to as "the actual cost percentage" for the fiscal year. The actual cost percentage computed for the most recent fiscal year is referred to as "the tentative cost percentage".

D. Compensation. From the amounts otherwise available for distribution to the City during a fiscal year, the Board is entitled to the actual cost percentage of such amounts as compensation to the Board and reimbursement to it for the cost of rendering the service of administering the City ordinance. There shall be withheld from amounts collected for the City the tentative cost percentage of such amounts. When the actual cost percentage for a fiscal year has been computed, the amounts which should have been withheld shall be determined. If these amounts are less than those withheld using a tentative cost percentage, the excess shall be included in the next distribution of money to the City; if more, the deficiency shall be withheld from the next distribution to the City.

E. Computation and notification. The costs and percentages required by this Article shall be computed by the Board and approved by the Department of Finance. The Board will notify the City of the results of its computations at least fifteen days before they are submitted to the Department of Finance for approval.

ARTICLE V

MISCELLANEOUS PROVISIONS

A. **Communications.** Communications and notices may be sent by first-class United States Mail. A notification is complete when deposited in the mail. Communications and notices to be sent to the Board shall be addressed to:

State Board of Equalization
Sacramento 8, California

Attention: Secretary

Communications and notices to be sent to the City shall be addressed to:

B. **Term.** The date of this Agreement is the date on which it is approved by the State Department of Finance. The Agreement shall take effect on the first day of the calendar quarter next succeeding the date of such approval, but in no case before the operative date of the City ordinance, nor on a day other than the first day of a calendar quarter. This Agreement shall continue until September 30 next following the operative date of the City ordinance, and shall thereafter be renewed automatically from year to year unless one of the parties gives written notice of termination at least two months before the end of the term.

STATE BOARD OF EQUALIZATION

By _____
Secretary

CITY OF _____

By _____
(Signature on this line)

(Type name here)

(Type title here)

IMPORTANT INSTRUCTIONS

1. Insert name of the City at top of page 1; insert address for communications and notices to City in Section A, Article V.
2. Sign five copies of the Agreement, sending all of them to the Secretary, State Board of Equalization, Sacramento 8, California. (If the City desires to keep a file copy of the Agreement, an additional copy should be prepared for that purpose.)
3. Attach to each copy of the Agreement sent to the Board, a certified copy of the City Sales and Use Tax Ordinance, also attach to each copy a certified copy of the order, motion or resolution of the City Council authorizing the execution of the Agreement.

Explanation

When an Agreement is transmitted in accordance with the foregoing instructions, it will be executed on behalf of the Board and submitted to the State Department of Finance for approval. When approved, one copy will be returned to the City with endorsement of approval. If a copy has been retained by the City, it may then be conformed to the approved copy.