

ORDINANCE NO. 722

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARPINTERIA,
ADDING SECTION 3.18 TO THE CARPINTERIA MUNICIPAL CODE TO
IMPOSE A ONE AND A QUARTER PERCENT (1.25%) LOCAL
TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE
CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

The City Council of the City of Carpinteria does hereby ordain as follows:

SECTION 1. FINDINGS. The People of Carpinteria hereby find and declare the following to be true and correct.

- A. The City of Carpinteria provides vital local services to the Carpinteria community such as:
- Disaster response and community preparedness;
 - Street pavement and sidewalk maintenance and repair;
 - Park maintenance and repair;
 - Clean water projects and improvements required under the Americans with Disabilities Act;
 - Library support;
 - Addressing homelessness; and
 - Support for other local services necessary to protect public health, safety and general welfare.
- B. The City of Carpinteria has a very good quality of life, high property values, a favorable business climate and is an attractive visitor destination.
- C. Most of the City's infrastructure is over fifty (50) years old requiring a greater amount and more expensive maintenance than in the past. Most street pavements in the City are now rated as poor.
- D. Expenses for law enforcement, library, and other important services are rising significantly faster than revenue growth.
- E. The City is mandated by State and federal law to prevent creek and ocean water pollution from storm water runoff, and to update public facilities to insure that they are accessible to the public.
- F. Despite new mandates and growing costs for City services, overall, State and federal financial support has declined.

- G. Addressing homelessness and other important public health and safety issues has increasingly become the responsibility of cities, including Carpinteria.
- H. The City recently completed a Five-Year Financial Plan that, in part, determined that a \$1.5 million annual revenue shortfall exists for infrastructure maintenance and capital projects, and the City determined that this shortfall increases to at least \$2.3 million annually due to increased costs for law enforcement, library, and other necessary and desirable public services.
- I. The City conducted a survey and held community meetings and determined that there is significant community support for imposing a one and a quarter (1.25%) local transactions and use tax (“Local Sales Tax”).
- J. At least fifty percent (50%) of the City’s sales tax revenue is paid by visitors to Carpinteria who have a significant impact on costs for City services; and
- K. A Local Sales Tax of one and a quarter percent (1.25%) would generate approximately \$2.3 million in annual revenue for unrestricted general revenue purposes, all of which would stay in the City of Carpinteria.

SECTION 2. AMENDMENT OF TITLE 3 OF CARPINTERIA MUNICIPAL CODE. The Carpinteria Municipal Code is hereby amended to add Chapter 3.18 to read as follows:

Chapter 3.18 – LOCAL TRANSACTIONS AND USE TAX

3.18.010	Title
3.18.020	Operative Date
3.18.030	Purpose
3.18.040	Contract with State
3.18.050	Transactions Tax Rate
3.18.060	Place of Sale
3.18.070	Use Tax Rate
3.18.080	Adoption of Provision of State Law
3.18.090	Limitations of Adoption of State Law and Collection of Use Taxes
3.18.100	Permit Not Required
3.18.110	Exemptions and Exclusions
3.18.120	Amendments
3.18.130	Enjoining Collection Forbidden
3.18.140	Severability
3.18.150	Effective Date
3.18.160	Attestation by Mayor

- 3.18.170 Publication**
- 3.18.180 Termination Date**

3.18.010 Title.

This chapter shall be known as the Local Transactions and Use Tax Ordinance. The City of Carpinteria hereinafter shall be called "City." This Chapter shall be applicable in the incorporated territory of the City.

3.18.020 Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the effective date of this chapter, the date of which is as set forth below in Section 13.18.150.

3.18.030 Purpose.

This Chapter 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 impose a retail transactions and use tax 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 to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax 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 California Department of Tax and Fee Administration 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 California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

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 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.

3.18.040 Contract with State.

Prior to the Operative Date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this Chapter; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration 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.

3.18.050 Transactions Tax Rate.

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 the rate of 1.25 % of the gross receipts 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 Chapter.

3.18.060 Place of Sale.

For the purposes of this Chapter, 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 or 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 California Department of Tax and Fee Administration.

3.18.070 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 Chapter for storage, use or other consumption in said territory at the rate of 1.25% 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.

3.18.080 Adoption of Provisions of State Law.

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

3.18.090 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. 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 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 California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Chapter.

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 of that phrase in Section 6203.

3.18.100 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 Chapter.

3.18.110 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 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 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 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 Chapter.

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 Chapter.

5. For the purposes of subparagraphs (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 Chapter, 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 Chapter.

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 Chapter.

5. For the purposes of subparagraphs (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 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.

3.18.120 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 Chapter.

3.18.130 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 Chapter, 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.

3.18.140 Severability.

If any provision of this Chapter 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.

3.18.150 Effective Date.

The Ordinance amending Chapter 3.18 of Title 3 of the Carpinteria Municipal Code shall be in full force and effect ten (10) days after the date on which the City Council has approved the canvas of votes and declared that the voters of the City of Carpinteria have approved said Ordinance by a vote of no less than a majority of the votes cast by the electors voting on the tax measure set forth in this Ordinance at the general municipal election to be held Tuesday, November, 6, 2018.

3.18.160 Attestation by Mayor

The Mayor is hereby authorized to attest to the adoption of this Ordinance by signing where indicated below.

3.18.170 Publication

The City Clerk shall publish this Ordinance as required by law.


3.18.180 Termination Date.

The authority to levy the tax imposed by this Ordinance shall expire when terminated by the voters of the City of Carpinteria.

I hereby certify that the foregoing ordinance was PASSED, APPROVED, AND ADOPTED this 10th day of December, 2018, by the People of the City of Carpinteria voting on the sixth day of November, 2018 by the following electoral results:

VOTES IN FAVOR: 3,016

VOTES AGAINST: 2,340



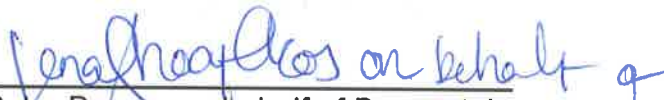
Mayor of the City of Carpinteria

ATTEST:



Fidela Garcia, City of Carpinteria

APPROVED AS TO FORM:



Peter Brown, on behalf of Brownstein
Hyatt Farber Schreck, LLP acting as
City Attorney of the City of Carpinteria