

1 EXHIBIT A

2 ORDINANCE NO. 2,268

3 AN ORDINANCE OF THE CITY OF COMPTON
4 IMPOSING A TRANSACTIONS AND USE TAX TO BE
5 ADMINISTERED BY THE STATE BOARD OF
6 EQUALIZATION

7 THE PEOPLE OF THE CITY OF COMPTON, CALIFORNIA DO HEREBY ORDAIN
8 AS FOLLOWS:

9 Section 1. Sections 3-5.1 through 3-5.16 are hereby added to Chapter III of the Compton
10 Municipal Code, to read as follows:

11 "3-5 TRANSACTIONS AND USE TAX

12 **3-5.1 Title.** This ordinance shall be known as the Compton Transactions and Use Tax
13 Ordinance. The City of Compton hereinafter shall be called "City." This ordinance shall be
14 applicable in the incorporated territory of the City.

15 **3-5.2 Operative Date.** "Operative Date" means the first day of the first calendar quarter
16 commencing more than 110 days after the adoption of this ordinance, the date of such adoption
17 being as set forth below.

18 **3-5.3 Purpose.** This ordinance is adopted to achieve the following, among other
19 purposes, and directs that the provisions hereof be interpreted in order to accomplish those
20 purposes:

21 A. To impose a retail transactions and use tax in accordance with the provisions of
22 Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and
23 Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance
24 which shall be operative if a majority of the electors voting on the measure vote to approve the
25 imposition of the tax at an election called for that purpose.

26 B. To adopt a retail transactions and use tax ordinance that incorporates provisions
27 identical to those of the Sales and Use Tax Law of the State of California insofar as those
28 provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of
29 Division 2 of the Revenue and Taxation Code.

30 C. To adopt a retail transactions and use tax ordinance that imposes a tax and
31 provides a measure therefore that can be administered and collected by the State Board of
32 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 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.

3-5.4 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 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, 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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

3-5.5 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 one (1%) percent 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 ordinance.

3-5.6 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 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.

3-5.7 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 said territory at the rate of one (1%) percent 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.

3-5.8 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.

3-5.9 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 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 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.

1 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715,
2 6737, 6797 or 6828 of the Revenue and Taxation Code.

3 B. The word "City" shall be substituted for the word "State" in the phrase "retailer
4 engaged in business in this State" in Section 6203 and in the definition of that phrase in Section
5 6203.

6 **3-5.10 Permit Not Required.** If a seller's permit has been issued to a retailer under
7 Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be
8 required by this ordinance.

9 **3-5.11 Exemptions and Exclusions.**

10 A. There shall be excluded from the measure of the transactions tax and the use tax
11 the amount of any sales tax or use tax imposed by the State of California or by any city, city and
12 county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the
13 amount of any state-administered transactions or use tax.

14 B. There are exempted from the computation of the amount of transactions tax the
15 gross receipts from:

16 1. Sales of tangible personal property, other than fuel or petroleum products,
17 to operators of aircraft to be used or consumed principally outside the county in which the sale is
18 made and directly and exclusively in the use of such aircraft as common carriers of persons or
19 property under the authority of the laws of this State, the United States, or any foreign
20 government.

21 2. Sales of property to be used outside the City which is shipped to a point
22 outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his
23 agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the
24 purposes of this paragraph, delivery to a point outside the City shall be satisfied:

25 a. With respect to vehicles (other than commercial vehicles) subject
26 to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the
27 Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code,
28 and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the
29 Vehicle Code by registration to an out-of-City address and by a declaration under penalty of
30 perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of
31 residence; and

32 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 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 ordinance, the storage, use
 or other consumption in this City of tangible personal property:

1
2 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.

3 2. Other than fuel or petroleum products purchased by operators of aircraft
4 and used or consumed by such operators directly and exclusively in the use of such aircraft as
5 common carriers of persons or property for hire or compensation under a certificate of public
6 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.

7 3. If the purchaser is obligated to purchase the property for a fixed price
8 pursuant to a contract entered into prior to the operative date of this ordinance.

9 4. If the possession of, or the exercise of any right or power over, the
10 tangible personal property arises under a lease which is a continuing purchase of such property
11 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.

12 5. For the purposes of subparagraphs (3) and (4) of this section, storage, use,
13 or other consumption, or possession of, or exercise of any right or power over, tangible personal
14 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.

15 6. Except as provided in subparagraph (7), a retailer engaged in business in
16 the City shall not be required to collect use tax from the purchaser of tangible personal property,
17 unless the retailer ships or delivers the property into the City or participates within the City in
18 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.

19
20 7. "A retailer engaged in business in the City" shall also include any retailer
21 of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with
22 Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section
23 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.

24 D. Any person subject to use tax under this ordinance may credit against that tax any
25 transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer
26 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.

27
28 **3-5.12 Amendments.**

29 A. All amendments subsequent to the effective date of this ordinance to Part 1 of
30 Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not
31 inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all
32 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.

B. Pursuant to California Elections Code Section 9217 or any successor statute, the
City Council of the City of Compton may amend or repeal this ordinance and any of its exhibits,
but not increase the rate of tax imposed herein, without a vote of the people.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

3-5.13 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.

3-5.14 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.

3-5.15 Compton Taxpayers Committee. By no later than January 7, 2017, the City Council shall establish a Compton Taxpayers Committee to review the expenditure of the revenues collected pursuant to this ordinance. The Committee shall consist of at least five members appointed by the City Council. The Committee members shall be residents in the City. The terms of the Committee members and their specific duties shall be established by resolution of the City Council.

3-5.16 Independent Financial Audit. By no later than December 31 of each year, the City's independent auditors shall complete a Transactions and Use Tax Ordinance Compliance and Internal Control Audit Report. Such report shall review whether the tax revenues collected pursuant to this ordinance are collected, managed, and expended in accordance with the requirements of this ordinance."

Section 2. Effective Date. This ordinance relates to the levying and collecting of the City transactions and use tax and shall take effect immediately following certification of the vote by the City Council.

Section 3. Filing Copies of Ordinance. Copies of this ordinance shall be filed in the offices of the City Clerk, City Manager, and City Attorney.

Section 4. Publication or Posting of Ordinance. The City Clerk shall cause this ordinance or a summary of this ordinance to be published or posted in accordance with the City of Compton Charter and shall forward a copy of the adopted ordinance to the State Board of Equalization.

Section 5. Signature and Attestation. The Mayor shall sign and the City Clerk shall attest to the adoption of this ordinance.

ADOPTED by the voters of Compton, California at an election held on the 7th day of June 2016.



MAYOR OF THE CITY OF COMPTON

ATTEST:


CITY CLERK OF THE CITY OF COMPTON