



Meeting Date 5/16/2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input checked="" type="checkbox"/> Study Session

Prepared By: Dennis L. Scala, City Manager's Office Agenda Item No. Q-1
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: April 27, 2006
TO: City Council
FROM: Dennis L. Scala, Management Analyst
 City Manager's Office

SUBJECT: City of Oxnard's Fair Share Program.

RECOMMENDATION

That City Council consider a report concerning the implementation of the "City of Oxnard Fair Share Program" and provide direction to the City Manager.

DISCUSSION

The City of Oxnard's Fair Share Program (Program) is an innovative way in which the City and businesses can partner to provide a greater benefit to the community with little to no cost on the part of the business.

The Program is designed to assist the City in capturing the sales and use tax revenue that it is not currently receiving from the State Board of Equalization through its normal allocation process. The Program is a voluntary program that provides a way for local businesses to help the City maintain a quality level of services to its businesses and residents without increasing the tax the business would pay.

Under California's Bradley-Burns Uniform Local Sales and Use Tax provision, a city receives up to 1% on taxable sales and uses of tangible personal property when the point of sale is within the city. However, in practice, sellers and buyers often do not directly allocate use tax to a city when a purchase is made of property subject to use tax. Rather, the seller or purchaser commonly allocates the use tax to a statewide pool. The pooled revenue is distributed to all jurisdictions in the state in direct proportion to the sales tax allocated to them. Pooling in this manner may result in a significant loss of use tax revenue.

In order for the cities to capture all of the use tax revenues to which they are entitled, the California legislature and the State Board of Equalization (Board) have adopted laws and regulations that allow the direct allocation of use tax to a single jurisdiction that otherwise would have been placed in a statewide pool. By participating in the Program, businesses can ensure that the City receives 100% of

Memo to City Council
May 9, 2006
Page 2

the local use tax the business is already paying and will not increase the amount of use tax the business would have otherwise paid. City staff will work with a business's purchasing and accounting staff to provide the business with the necessary procedures and forms to implement the Program.

Mayor Holden and City staff met with representatives of Hass Automation on April 25, 2006, where Hass Automation agreed to participate in the Program. Haas Automation will submit the necessary paperwork to participate in the Program and ensure that the City receives the full allocation of use tax paid by the business. Staff will work with representatives of Hass Automation to help implement the Program and monitor the impact. With City Council's direction, staff will contact other businesses to seek their participation in the Program.

FINANCIAL IMPACT

Staff cannot predict the exact amount of additional use tax that might be allocated to the City through the implementation of this Program. Staff estimates that the City could collect between \$150,000 to \$350,000 of additional use tax revenue annually.

(DLS, dls)

000094