

ORDINANCE 2016-21

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF VISALIA
ENACTING THE CITY OF VISALIA SALES TAX ACCOUNTABILITY ORDINANCE
TO ESTABLISH ACCOUNTABILITY MEASURES APPLICABLE TO THE
EXPENDITURE OF FUNDS COLLECTED PURSUANT TO CERTAIN SALES TAX
MEASURES ENACTED BY VOTERS OF THE CITY OF VISALIA**

WHEREAS, over the last several years the State of California has gone from one financial crisis to another with no end in sight; and

WHEREAS, during each of the past several years the State of California has reduced or taken funding from cities, counties and school districts in order to fund its deficits and may continue to do so into the foreseeable future; and

WHEREAS, sales tax revenues, which have been the significant source of locally-controlled funds available to pay for essential City services, have been declining, or growth in sales taxes has failed to keep pace with demand for services, due to changing consumer habits, including increased reliance on internet-initiated sales; and

WHEREAS, the City of Visalia needs dependable and local sources of revenue to fund and to support essential, necessary and appropriate general City services; and

WHEREAS, a local funding measure would provide a protected, local revenue source to limit or prevent additional cuts to essential, necessary and appropriate general City services; and

WHEREAS, the City Council has submitted a measure to the voters of the City of Visalia that would establish an additional half cent sales tax on transactions within the City of Visalia; and

WHEREAS, if adopted by the voters, the City Council intends that the funds collected pursuant to such measure be subject to certain accountability measures, including planning, oversight, and audit provisions, and therefore desires to established such accountability measures by adoption of this Ordinance.

NOW THEREFORE, the City Council of the City of Visalia does ordain as follows:

SECTION 1 – Adoption of Sales and Use Tax Accountability Ordinance

Chapter 3.40 (Sales and Use Tax Accountability Measures) is hereby added to Title 3 (Revenue and Finance) of the Visalia Municipal Code, to read as follows:

Chapter 3.40 Sales and Use Tax Accountability Measures

Section 3.40.010 Title.

This Chapter 3.40 shall be known as the City of Visalia Sales Tax Accountability Ordinance.

Section 3.40.020 Applicability.

The provisions of this Chapter 3.40 shall apply to the proceeds of any sales and use tax that is made specifically subject to this Chapter by the ordinance that enacts such sales and use tax.

Section 3.40.030 Initial And Subsequent Expenditure Plans.

A. The City Council shall, prior to the imposition of a sales and use tax that is subject to the provisions of this Chapter, adopt, by resolution approved by a majority of the Council, an initial spending plan specifying the uses of the proceeds of the sales or use tax. The initial expenditure plan shall cover the period between implementation of the sales and use tax and the end of the subsequent fiscal year.

B. Prior to expiration of the initial expenditure plan and as part of adoption of an annual City general fund budget, the City Council shall adopt, by resolution approved by a majority of the Council, an annual expenditure plan specifying the uses of the proceeds of the sales or use tax that is subject to the provisions of this Chapter, applicable to the coming fiscal year.

C. The initial expenditure plan and any subsequent annual expenditure plan may be amended at any time by resolution adopted by a majority of the Council, following 1) submission for comment and recommendation to the Sales Tax Oversight Committee as established pursuant to Section 3.040.040, and 2) public hearing during at least two regularly scheduled and appropriately noticed meetings of the City Council.

D. Following adoption, the City shall make the initial expenditure plan, any subsequent annual expenditure plan, and any amended expenditure plan publicly accessible at all times.

E. Each expenditure plan shall fund an economic uncertainty fund which may only be accessed in times of fiscal emergencies. A fiscal emergency requires that 4/5ths of the City Council declare a fiscal emergency. The economic uncertainty fund shall equal 10% of the budgeted revenues for the coming year and when used, either be replenished the following year or suspended in times of fiscal emergency.

F. Each expenditure plan shall fund 10% of the budgeted revenues in a maintenance and emerging needs fund to be used by Council for maintenance and emerging needs of the City. Two percent (2%) of the ten percent (10%) shall be used for youth programs.

G. In no case shall the expenditure plan for a tax measure subject to this Chapter provide that proceeds of the tax be used to pay annual debt service payments.

Section 3.40.040 Sales Tax Oversight Board.

The Council will appoint an eleven member standing oversight committee to be made up of the following Visalia residents to serve up to three (3) two-year (2) terms from the following:

- a. Five (5) Council appointments, one from each of the Council members;
- b. Two (2) members from the Citizen Advisory Committee, appointed by that committee;
- c. Four (4) members from, and appointed by, concerned groups as follows:
 - i. One (1) member from the Visalia Economic Development Corporation
 - ii. One (1) member from the Hispanic Chamber of Commerce of Tulare/Kings County or the Visalia Chamber of Commerce. The two organizations may either jointly chose a representative or alternate service for 6 year periods. If the organizations choose alternate selections, the beginning selection shall occur by random selection.
 - iii. One (1) member from the Downtown Alliance that represents the Property Based Improvement District owners or the Downtown Merchants.
 - iv. One (1) member from the Home Builders Association or the Board of Realtors. The two organizations may either jointly chose a representative or alternate service for 6 year periods. If the organizations choose alternate selections, the beginning selection shall occur by random selection.

These members will serve as the independent Sales Tax Oversight Board to review the expenditure of funds collected pursuant to the tax imposed by this Ordinance. In the event the entities on this list no longer exist, the Council shall appoint other individuals or bodies to serve on this eleven (11) member advisory body for the purpose of serving as a replacement members for the purposes of this Ordinance.

Section 3.40.050 Annual Audit.

The City shall ensure that annual independent audits are conducted to account for the tax revenues received and expenditures made in relation to the tax that is subject to this Ordinance, and to ensure consistency with the advisory expenditure plan required by section 3.40.030. Such audits will be provided to the citizens oversight board as established by section 3.40.040.

SECTION 3 Any provision of the Visalia Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance, except that any existing, duly adopted sales and use tax existing as of date of adoption of this Ordinance shall remain in effect and the sales and use tax imposed by this Ordinance shall be additive thereto.

SECTION 4. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption.

PASSED AND ADOPTED:

STEVE NELSEN, MAYOR

ATTEST:

MICHAEL OLMOS, CITY CLERK

APPROVED BY CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF VISALIA)

I, Michael Olmos, City Clerk of the City of Visalia, certify the foregoing is the full and true Ordinance 2016-21 passed and adopted by the Council of the City of Visalia at a regular meeting held on _____ and certify a summary of this ordinance has been published in the Visalia Times Delta.

Dated:

MICHAEL OLMOS, CITY CLERK

By Michelle Nicholson, Chief Deputy City Clerk