

**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, has failed to grow as fast as inflation and population growth 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 ordinance 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 Board 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. The initial expenditure plan shall dedicate 10 % of budgeted revenues for the initial year of the plan to establish an economic uncertainty fund, which may only be accessed in times of fiscal emergencies, defined as a deficit in expected revenues such that the other features of the plan are not able to be funded as planned. The Council may direct that the economic uncertainty fund be accessed in order to fund the remainder of the plan in the case of a fiscal emergency, as determined by 4/5ths vote of the City Council. Annual expenditure plans shall provide for the dedication of such budgeted funds as are necessary to maintain the economic uncertainty fund at 10 % of budgeted revenues and to replenish any amounts used in the event of a fiscal emergency in the prior year.

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, as determined from time to time by the City Council. Twenty percent (20%) of the ten

percent (10%) (a total of two percent (2%) of all annual budgeted revenues) shall be dedicated within this fund to youth programs.

G. In no case shall any expenditure plan provide for the use of funds to pay debt service payments.

#### **Section 3.40.040 Sales Tax Oversight Board.**

The Council will appoint an eleven member standing oversight committee to constitute the Sales Tax Oversight Board (the "Board"). Each member of the Board shall be a Visalia resident. The members of the Board shall serve two year terms, and may be reappointed for up to two additional two-year terms for a total of three consecutive terms. The members of the Sales Tax Oversight Board shall be selected in the following manner:

- a. Each City Council member shall select one (1) member for the Board;
- b. The Citizens' Advisory Committee shall select two (2) of its members to serve as a member of the Board;
- c. Four (4) members of the Board shall be appointed by the following:
  - i. One (1) member selected by the Visalia Economic Development Corporation
  - ii. One (1) member selected by 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 selected by the Downtown Alliance that represents the Property Based Improvement District owners or the Downtown Merchants.
  - iv. One (1) member selected by 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.

In the event any of the entities described in sections b. and c. above no longer exist, the Council shall identify replacement entities to select members, or the Council may appoint individuals directly as necessary to maintain a total of eleven (11) members for the Board.

#### **Section 3.40.050 Annual Audit.**

The City shall provide for an annual independent audit 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 Sales Tax 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: August 15, 2016

STEVE NELSEN, MAYOR

ATTEST:

  
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MICHAEL OLMOS, CITY CLERK

APPROVED BY CITY ATTORNEY

  
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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 August 15, 2016 and certify a summary of this ordinance has been published in the Visalia Times Delta.

Dated: 8/24/16

MICHAEL OLMOS, CITY CLERK



By Michelle Nicholson, Chief Deputy City Clerk