

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN BUENAVENTURA ADDING NEW CHAPTER 4.142 TO THE SAN BUENAVENTURA MUNICIPAL CODE ENTITLED, "COMMUNICATION SERVICES TAX"

THE PEOPLE OF THE CITY OF SAN BUENAVENTURA ORDAIN AS FOLLOWS:

SECTION 1: That a new Chapter 4.142 be added to Division 4 of the San Buenaventura Municipal Code to be entitled, "Communication Services Tax," and to read as follows:

"Chapter 4.142"

Communication Services Tax

Sec. 4.142.010. Short title.

This chapter shall be known as the "Communication Services Tax Law of the City of San Buenaventura."

Sec. 4.142.020. Definitions.

The following words and phrases, whenever used in this chapter shall, be construed as defined in this section.

1. "*Ancillary telecommunication services*" means services that are associated with or incidental to the provision, use, or enjoyment of telecommunications services, including but not limited to the following services:
 - (a) *Conference bridging service* means an ancillary service that links two or more participants of an audio or video conference call and may include the provision of a telephone number. Conference bridging service does not include the telecommunications services used to reach the conference bridge.
 - (b) *Detailed telecommunications billing service* means an ancillary service of separately stating information pertaining to individual calls on a customer's billing statement.
 - (c) *Directory assistance* means an ancillary service of providing telephone number information, and/or address information.

- (d) *Vertical service* means an ancillary service that is offered in connection with one or more telecommunications services which offers advanced calling features that allow customers to identify callers and to manage multiple calls and call connections, including conference bridging services.
 - (e) *Voice mail service* means an ancillary service that enables the customer to store, send, or receive recorded messages. Voice mail service does not include any vertical services that the customer may be required to have in order to utilize the voice mail service.
2. *Ancillary video services* means services that are associated with or incidental to the provision or delivery of video services, including but not limited to, electronic program guide services, search functions, or other interactive services or communications that are associated with or incidental to the provision, use, or enjoyment of video programming.
 3. *Billing address* means the mailing address of the service user where the service supplier submits invoices or bills for payment by the customer.
 4. *Coin-operated communications service* means a communications service paid for by means of inserting coins in a coin-operated telephone.
 5. *Communication services* means: “telecommunication services,” “ancillary telecommunication services,” “video services,” and “ancillary video services.”
 6. *800 service* means a “telecommunications service” that allows a caller to dial a toll-free number without incurring a charge for the call. The service is typically marketed under the name “800”, “855”, “866”, “877”, and “888” toll-free calling, and any subsequent numbers designated by the Federal Communications Commission.
 7. *Mobile telecommunications service* has the same meaning and usage as set forth in the Mobile Telecommunications Sourcing Act (4 U.S.C. Section 124) and the regulations thereunder.
 8. *Month* means a calendar month.
 9. *900 service* means an inbound toll “telecommunications service” purchased by a subscriber that allows the subscriber’s customers to

call in to the subscriber's prerecorded announcement or live service. "900 service" does not include the charge for: collection services provided by the seller of the "telecommunications services" to the subscriber, or service or product sold by the subscriber to the subscriber's customer. The service is typically marketed under the name "900" service, and any subsequent numbers designated by the Federal Communications Commission.

10. *Place of primary use* means the street address representative of where the customer's use of the communications service primarily occurs, which must be the residential street address or the primary business street address of the customer.
11. *Post-paid telecommunication service* means the telecommunication service obtained by making a payment on a communication-by-communication basis either through the use of a credit card or payment mechanism such as a bank card, travel card, credit card, or debit card, or by charge made to a service number which is not associated with the origination or termination of the telecommunication service.
12. *Prepaid telecommunication service* means the right to access telecommunication services, which must be paid for in advance and which enables the origination of communications using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars of which the number declines in a known amount with use.
13. *Private telecommunication service* means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which such channel or channels are connected, and includes switching capacity, extension lines, stations, and any other associated services that are provided in connection with the use of such channel or channels. A communications channel is a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points (*i.e.*, the location where the customer either inputs or receives the communications).
14. *Service address* means either:
 - (a) The location of the service user's communication equipment from which the communication originates or terminates, regardless of where the communication is billed or paid; or,

- (b) If the location in subpart (a) of this definition is unknown (e.g., mobile telecommunications service or VoIP service), the service address means the location of the service user's place of primary use.
 - (c) For prepaid telecommunication service, "service address" means the location associated with the service number.
15. *Service supplier* means any entity or person, including the City, that provides communication service to a user of such service within the City.
 16. *Service user* means a person required to pay a tax imposed under the provisions of this Chapter.
 17. *Tax Administrator* means the Chief Finance Officer of the City or his or her designee.
 18. *Telecommunications services* means the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point, or between or among points, whatever the technology used. The term "telecommunications services" includes such transmission, conveyance, or routing in which computer processing applications are used to act on the form, code or protocol of the content for purposes of transmission, conveyance or routing without regard to whether such services are referred to as voice over internet protocol (VoIP) services or are classified by the Federal Communications Commission as enhanced or value added, and includes video and/or data services that are functionally integrated with "telecommunication services". "Telecommunications services" include, but are not limited to, the following services, regardless of the manner or basis on which such services are calculated or billed: ancillary telecommunication services; mobile telecommunications service; prepaid telecommunication service to the extent that it is practicable for the service supplier to collect the correct amount of the tax imposed under this Article from the service user; post-paid telecommunication service; private telecommunication service; paging service; 800 service (or any other toll-free numbers designated by the Federal Communications Commission); and 900 service (or any other similar numbers designated by the Federal Communications Commission for services whereby subscribers call in to pre-recorded or live service). "Telecommunication services" shall not include digital downloads that are not "ancillary telecommunication services," such as books, music, ringtones,

games, and similar digital products, nor shall they include coin-operated communication service.

19. *Video programming* means those programming services commonly provided to subscribers by a “video service supplier” including but not limited to basic services, premium services, audio services, video games, pay-per-view services, video on demand, origination programming, or any other similar services, regardless of the content of such video programming, or the technology used to deliver such services, and regardless of the manner or basis on which such services are calculated or billed.
20. *Video service* means any and all services related to the providing or delivering of “video programming” (including origination programming and programming using Internet Protocol, e.g., IP-TV and IP-Video) using one or more channels by a “video service supplier”, regardless of the technology used to deliver or provide such services, and regardless of the manner or basis on which such services are calculated or billed, and includes data services, “telecommunication services”, or interactive communication services that are functionally integrated with “video services”.
21. *Video service supplier* means any person, company, or service which provides or sells one or more channels of video programming, or provides or sells the capability to receive one or more channels of video programming, including any communications that are ancillary, necessary or common to the provision, use or enjoyment of the video programming, to or from a business or residential address in the City, where some fee is paid, whether directly or included in dues or rental charges for that service, whether or not public rights-of-way are utilized in the delivery of the video programming or communications. A “video service supplier” includes, but is not limited to, multi-channel video programming distributors [as defined in 47 U.S.C.A. Section 522(13)]; open video systems (OVS) suppliers; and suppliers of cable television; master antenna television; satellite master antenna television; multi-channel multipoint distribution services (MMDS); video services using internet protocol (e.g., IP-TV and IP-Video, which provide, among other things, broadcasting and video on demand), direct broadcast satellite to the extent federal law permits taxation of its video services, now or in the future; and other suppliers of video programming or communications (including two-way communications), whatever their technology.

Sec. 4.142.030. Communication users tax.

A. There is hereby imposed a tax upon every person in the City using communication services. The tax imposed by this section shall be at the rate of four and one-half percent (4.5%) of the charges made for such services and shall be collected from the service user by the services supplier or its billing agent. There is a rebuttable presumption that communication services, which are billed to a billing or service address in the City, are used, in whole or in part, within the City's boundaries, and such services are subject to taxation under this chapter. If the billing address of the service user is different from the service address, the service address of the service user shall be used for purposes of imposing the tax. As used in this section, the term "charges" shall include the value of any other services, credits, property of every kind or nature, or other consideration provided by the service user in exchange for the communication services.

B. Mobile telecommunications services shall be sourced in accordance with the sourcing rules set forth in the Mobile Telecommunications Sourcing Act (*4 U.S.C. Section 124*). The Tax Administrator may issue and disseminate to communication service suppliers, which are subject to the tax collection requirements of this chapter, sourcing rules for the taxation of other communication services, including but not limited to post-paid communication services, prepaid communication services, and private communication services, provided that such rules are based upon custom and common practice that further administrative efficiency and minimize multi-jurisdictional taxation.

C. The Tax Administrator may issue and disseminate to service suppliers, which are subject to the tax collection requirements of this chapter, an administrative ruling identifying those communication services, or charges therefore, that are subject to the tax of subpart A of this Section.

D. As used in this section, the term "telecommunication services" shall include, but are not limited to charges for: connection, reconnection, termination, movement, or change of telecommunication services; late payment fees; detailed billing; central office and custom calling features (including but not limited to call waiting, call forwarding, caller identification and three-way calling); voice mail and other messaging services; directory assistance; access and line charges; universal service charges; regulatory, administrative and other cost recovery charges; local number portability charges; and text and instant messaging. "Telecommunication services" shall not include digital downloads that are not "ancillary telecommunication services," such as books, music, ringtones, games, and similar digital products, nor shall they include coin-operated communication service.

E. Charges for communication services (video) shall include, but are not limited to, charges for the following:

- (1) Franchise fees and public access fees (PEG);
- (2) Initial installation of equipment necessary for provision and receipt of communication services;
- (3) Late fees, collection fees, bad debt recoveries, and return check fees;
- (4) Activation fees, reactivation fees, and reconnection fees;
- (5) All video programming services (e.g., basic services, premium services, audio services, video games, pay-per-view services, or on demand programming);
- (6) Ancillary programming services (e.g., electronic program guide services, search functions, or other interactive services or communications that are ancillary, necessary or common to the use or enjoyment of the video programming);
- (7) Equipment leases (e.g., converters, remote devices); and,
- (8) Service calls, service protection plans, name changes, changes of services, and special services.

Sec. 4.142.040. Tax credits.

To prevent actual multi-jurisdictional taxation of communication services subject to tax under this chapter, any service user, upon proof to the Tax Administrator that the service user has previously paid the same tax in another state or city on such communication services, shall be allowed a credit against the tax imposed to the extent of the amount of such tax legally imposed in such other state or city; provided, however, the amount of credit shall not exceed the tax owed to the City under this section.

Sec. 4.142.050. Commingling taxable items with non-taxable items.

Except as otherwise provided by federal or state law, if any nontaxable charges are combined with and not separately stated from taxable service charges on the customer bill or invoice of a service supplier, the combined charge is subject to tax unless the service supplier can identify, by reasonable and verifiable standards, the portions of the combined charge that are nontaxable and taxable through the service supplier's books and records kept in the regular course of business, and in accordance with generally accepted accounting

principles. The service supplier has the burden of proving the proper apportionment of taxable and non-taxable charges.

Sec. 4.142.060. Constitutional, statutory, and other exemptions.

A. Nothing in this chapter shall be construed as imposing a tax upon: (i) any person or service when imposition of such tax upon that person or service would be in violation of a federal or state statute, the Constitution of the United States, or the Constitution of the State of California; and, (ii) the City.

B. Any service user that is exempt from the tax imposed by this Chapter pursuant to subpart A of this Section shall file an application with the Tax Administrator for an exemption; provided, however, this requirement shall not apply to a service user that is a state or federal agency or subdivision with a commonly recognized name. Such application shall be made upon a form approved by the Tax Administrator and shall state those facts, declared under penalty of perjury, which qualify the applicant for an exemption, and shall include the names of all communication service suppliers serving that service user. If deemed exempt by the Tax Administrator, such service user shall give the Tax Administrator timely written notice of any change in communication service suppliers so that the Tax Administrator can properly notify the new communication service supplier of the service user's tax exempt status. A service user that fails to comply with this section shall not be entitled to a refund of communication users' taxes collected and remitted to the Tax Administrator from such service user as a result of such non-compliance. Upon request of the Tax Administrator, a service supplier or non-service supplier, or its billing agent, shall provide a list of the names and addresses of those customers which, according to its billing records, are deemed exempt from the communication users' tax.

Sec. 4.142.070. Substantial nexus / minimum contacts.

A. For purposes of imposing a tax or establishing a duty to collect and remit a tax under this chapter, "substantial nexus" and "minimum contacts" shall be construed broadly in favor of the imposition, collection and/or remittance of the communication users tax to the fullest extent permitted by state and federal law, and as it may change from time to time by judicial interpretation or by statutory enactment. Any communication service (including VoIP) used by a person with a service address in the City, which service is capable of terminating a call to another person on the general telephone network, shall be subject to a rebuttable presumption that "substantial nexus/minimum contacts" exists for purposes of imposing a tax, or establishing a duty to collect and remit a tax, under this chapter. A service supplier shall be deemed to have sufficient activity in the City for tax collection and remittance purposes if its activities include, but are not limited to, any of the following: (i) maintains or has within the City, directly or through an agent or subsidiary, a place of business of any nature; (ii)

solicits business in the City by employees, independent contractors, resellers, agents or other representatives; (iii) solicits business in the City on a continuous, regular, seasonal or systematic basis by means of advertising that is broadcast or relayed from a transmitter with the City or distributed from a location with the City; or (iv) advertises in newspapers or other periodicals printed and published within the City or through materials distributed in the City by means other than the United States mail.

Sec. 4.142.080. Tax collection by service supplier.

A. The tax on communication services imposed by this chapter shall be collected from the service user by the service supplier. The amount of tax collected in 1 month shall be remitted to the Tax Administrator, and must be received by the Tax Administrator on or before the 20th day of the following month.

B. The duty of service suppliers to collect and remit the taxes imposed by the provisions of this chapter shall be performed as follows:

- (1) The tax shall be collected insofar as practicable at the same time as, and along with, the charges made in accordance with the regular billing practice of the service supplier. Where the amount paid by a service user to a service supplier is less than the full amount of the charge and tax which was accrued for the billing period, a proportionate share of both the charge and the tax shall be deemed to have been paid. In those cases where a service user has notified the service supplier of refusal to pay the tax imposed on said charges, section 4.142.130 shall apply.
- (2) The duty of a service supplier to collect the tax from a service user shall commence with the beginning of the first regular billing period applicable to the service user where all charges normally included in such regular billing are subject to the provisions of this chapter. Where a person receives more than one billing, one or more being for different periods than another, the duty to collect shall arise separately for each billing period.

Sec. 4.142.090. Accurate geo-coding of service users.

The City shall make available, upon request of a service supplier, an accurate description of its jurisdictional boundaries based on street addresses and ZIP Plus Four, in an electronic format. If a service supplier relies upon such information in good faith, it shall not be responsible for any errors in taxation that may result.

Sec. 4.142.100. Filing return and payment.

Each person required by this chapter to remit a tax shall file a return with the Tax Administrator or his or her designated agent, on forms approved by the Tax Administrator on or before the due date. The full amount of the tax owed shall be included with the return and filed with the Tax Administrator or his or her designated agent. The Tax Administrator is authorized to require such additional information as he or she deems necessary to determine if the tax is being levied, collected and remitted in accordance with this chapter. Returns are due immediately upon cessation of business for any reason. Pursuant to *California Revenue and Tax Code Section 7284.6*, the Tax Administrator, and its agents, shall maintain such filing returns as confidential information.

Sec. 4.142.110. Collection penalties - Service suppliers or self-collectors.

A. Taxes collected by a service supplier from a service user are delinquent if not received by the Tax Administrator on or before the due date. Should the due date occur on a weekend or legal holiday, the return must be received by the Tax Administrator on or before the first regular working day following the weekend or legal holiday. A direct deposit, including electronic fund transfers and other similar methods of electronically exchanging monies between financial accounts, made by a service supplier in satisfaction of its obligations under this subpart shall be considered timely if the transfer is initiated on or before the due date, and the transfer settles into the City's account on or before the following business day.

B. If a service supplier fails to remit any tax collected, on or before the due date, said person shall pay a penalty for such delinquencies at the rate of fifteen percent (15%) of the total tax that is delinquent in the remittance, and shall pay interest at the rate of three-quarters of one percent ($\frac{3}{4}\%$) per month, or any fraction thereof, on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent, until paid.

C. The Tax Administrator shall have the power to impose additional penalties upon persons required to collect and/or remit taxes pursuant to the provisions of this chapter for fraud or gross negligence in reporting or remitting taxes at the rate of fifteen percent (15%) of the amount of the tax collected and/or required to be remitted, or as recomputed by the Tax Administrator.

D. For collection purposes only, every penalty imposed and such interest that is accrued under the provisions of this section shall become a part of the tax herein required to be paid.

E. Notwithstanding the foregoing, the Tax Administrator may, in his or her discretion, modify the due dates and/or penalty and interest provisions of this chapter to be consistent with any uniform standards or procedures that are

mutually agreed upon by other California cities and counties that levy and collect communication services taxes or other utility-type user taxes.

Sec. 4.142.120. Deficiency determination and assessment – tax application errors.

A. The Tax Administrator shall make a deficiency determination if he or she determines that any person required to collect or self-collect taxes pursuant to the provisions of this chapter has failed to collect and remit the proper amount of tax by improperly or failing to apply the tax to one or more taxable services or charges.

B. The Tax Administrator shall mail a notice of such deficiency determination to the person required to pay or remit the tax, which notice shall refer briefly to the amount of the taxes owed, plus interest at the rate of three-quarters of one percent ($\frac{3}{4}\%$) per month, or any fraction thereof, on the amount of the tax from the date on which the tax should have been received by the City. Within 14 calendar days after the date of service of such notice, the person may submit a request in writing to the Tax Administrator for a hearing on the matter. If the person fails to request a hearing within the prescribed time period, the amount of the deficiency determination shall become a final assessment, and shall immediately be due and owing to the City.

C. If the person requests a hearing, the Tax Administrator shall cause the matter to be set for hearing, which shall be held within 30 days after receipt of the written request for hearing. Notice of the time and place of the hearing shall be mailed by the Tax Administrator to such person at least 10 calendar days prior to the hearing, and, if the Tax Administrator desires said person to produce specific records at such hearing, such notice may designate the records requested to be produced.

D. At the time fixed for the hearing, the Tax Administrator shall hear all relevant testimony and evidence, including that of any other interested parties. At the discretion of the Tax Administrator, the hearing may be continued from time to time for the purpose of allowing the presentation of additional evidence. Within a reasonable time following the conclusion of the hearing, the Tax Administrator shall issue a final determination confirming, modifying or rejecting the original deficiency determination, and shall mail a copy of such final determination to the person requesting the hearing. The decision of the Tax Administrator may be appealed pursuant to section 4.142.180 of this chapter. Filing an application with the Tax Administrator and appeal to the City Manager pursuant to section 4.142.180 of this chapter is a prerequisite to a suit thereon.

E. Payment of the final assessment shall become delinquent if not received by the Tax Administrator on or before the thirtieth (30th) day following the date of receipt of the notice of final assessment. The penalty for delinquency

shall be fifteen percent (15%) on the total amount of the assessment, along with interest at the rate of three-quarters of one percent ($\frac{3}{4}\%$) per month, or any fraction thereof, on the amount of the tax, exclusive of penalties, from the date of delinquency, until paid. The applicable statute of limitations regarding a claim by the City seeking payment of a tax assessed under this section 4.142.120 shall commence from the date of delinquency as provided in this subpart "E."

F. All notices under this section may be sent by regular mail, postage prepaid, and shall be deemed received on the third calendar day following the date of mailing, as established by a proof of mailing.

Sec. 4.142.130. Administrative remedy – nonpaying service users.

A. Whenever the Tax Administrator determines that a service user has deliberately withheld the amount of the tax owed by the service user from the amounts remitted to a person required to collect the tax, or whenever the Tax Administrator deems it in the best interest of the City, he or she may relieve such person of the obligation to collect the taxes due under this Chapter from certain named service users for specific billing periods. Whenever the service user has failed to pay the amount of tax owed for a period of 2 or more billing periods, the service supplier shall be relieved of the obligation to collect taxes due. The service supplier shall provide the City with the names and addresses of such service users and the amounts of taxes owed under the provisions of this chapter.

B. In addition to the tax owed, the service user shall pay a delinquency penalty at the rate of fifteen percent (15%) of the total tax that is owed, and shall pay interest at the rate of three-quarters of one percent ($\frac{3}{4}\%$) per month, or any fraction thereof, on the amount of the tax, exclusive of penalties, from the due date, until paid.

C. The Tax Administrator shall notify the non-paying service user that the Tax Administrator has assumed the responsibility to collect the taxes due for specified billing periods and demand payment of such taxes, including penalties and interest. The notice shall be served on the service user by personal delivery or by deposit of the notice in the United States mail, postage prepaid, addressed to the service user at the address to which billing was made by the person required to collect the tax; or, should the service user have a change of address, to his or her last known address.

D. If the service user fails to remit the tax to the Tax Administrator within 30 days from the date of the service of the notice upon him or her, the Tax Administrator may impose an additional penalty of fifteen percent (15%) of the amount of the total tax that is owed.

Sec. 4.142.140. Actions to collect.

Any tax required to be paid by a service user under the provisions of this chapter shall be deemed a debt owed by the service user to the City. Any such tax collected from a service user which has not been remitted to the Tax Administrator shall be deemed a debt owed to the City by the person required to collect and remit and shall no longer be a debt of the service user. Any person owing money to the City under the provisions of this chapter shall be liable to an action brought in the name of the City for the recovery of such amount, including penalties and interest as provided for in this chapter, along with any collection costs incurred by the City as a result of the person's noncompliance with this Chapter, including, but not limited to, reasonable attorneys' fees. Any tax required to be collected by a service provider or owed by a service user is an unsecured priority obligation under 11 U.S.C.A. Section 507(a)(8)(C).

Sec. 4.142.150. Additional powers and duties of the Tax Administrator.

A. The Tax Administrator shall have the power and duty, and is hereby directed, to enforce each and all of the provisions of this chapter.

B. The Tax Administrator may adopt administrative rules and regulations consistent with provisions of this chapter for the purpose of interpreting, clarifying, carrying out and enforcing the payment, collection and remittance of the taxes herein imposed. A copy of such administrative rules and regulations shall be on file in the Tax Administrator's office.

C. Upon a proper showing of good cause, the Tax Administrator may make administrative agreements, with appropriate conditions, to vary from the strict requirements of this chapter and thereby: (i) conform to the billing procedures of a particular service supplier so long as said agreements result in the collection of the tax in conformance with the general purpose and scope of this chapter; or, (ii) to avoid a hardship where the administrative costs of collection and remittance greatly outweigh the tax benefit. A copy of each such agreement shall be on file in the Tax Administrator's office, and are voidable by the Tax Administrator or the City at any time.

D. The Tax Administrator may conduct an audit, to ensure proper compliance with the requirements of this chapter, of any person required to collect and/or remit a tax pursuant to this chapter. The Tax Administrator shall notify said person of the initiation of an audit in writing. In the absence of fraud or other intentional misconduct, the audit period of review shall not exceed a period of 3 years next preceding the date of receipt of the written notice by said person from the Tax Administrator. Upon completion of the audit, the Tax Administrator may make a deficiency determination pursuant to section 4.142.110 of this chapter for all taxes, penalties and interest owed and not paid, as evidenced by information provided by such person to the Tax Administrator. If said person is

unable or unwilling to provide sufficient records to enable the Tax Administrator to verify compliance with this chapter, the Tax Administrator is authorized to make a reasonable estimate of the deficiency and issue a deficiency determination assessment. Said deficiency determination assessment shall be entitled to a rebuttable presumption of correctness.

E. Upon receipt of a written request of a taxpayer, and for good cause, the Tax Administrator may extend the time for filing any statement required pursuant to this chapter for a period of not to exceed 45 days, provided that the time for filing the required statement has not already passed when the request is received. No penalty for delinquent payment shall accrue by reason of such extension. Interest shall accrue during said extension at the rate of three-quarters of one percent ($\frac{3}{4}\%$) per month, prorated for any portion thereof.

F. The Tax Administrator shall determine the eligibility of any person who asserts a right to exemption from, or a refund of, the tax imposed by this chapter.

G. The Tax Administrator, with the written approval of the City Attorney, may compromise a claim pursuant to this chapter where the portion of the claim proposed to be released is less than the amount set by separate resolution of the City Council relating to the settlement of general liability claims against the City and, with the approval of the City Attorney and the City Council, may compromise such a claim where the portion proposed to be released is equal to or greater than the amount set by separate resolution of the City Council relating to the settlement of general liability claims against the City.

H. Notwithstanding any provision in this chapter to the contrary, the Tax Administrator may waive any penalty or interest imposed upon a person required to collect and/or remit for failure to collect the tax imposed by this chapter if the non-collection occurred in good faith. In determining whether the non-collection was in good faith, the Tax Administrator shall take into consideration industry practice or other precedence.

Sec. 4.142.160. Records.

A. It shall be the duty of every person required to collect and/or remit to the City any tax imposed by this chapter to keep and preserve, for a period of at least three years, all records as may be necessary to determine the amount of such tax that such person may have been liable for the collection of and remittance to the Tax Administrator, which records the Tax Administrator shall have the right to inspect at a reasonable time.

B. The City, through its City Council, may issue an administrative subpoena to compel a person to deliver, to the Tax Administrator, copies of all records deemed necessary by the Tax Administrator to establish compliance with

this chapter, including the delivery of records in a common electronic format on readily available media if such records are kept electronically by the person in the usual and ordinary course of business. As an alternative to delivering the subpoenaed records to the Tax Administrator on or before the due date provided in the administrative subpoena, such person may provide access to such records outside the City on or before the due date, provided that such person shall reimburse the City for all reasonable travel expenses incurred by the City to inspect those records, including travel, lodging, meals, and other similar expenses, but excluding the normal salary or hourly wages of those persons designated by the City to conduct the inspection.

C. The Tax Administrator is authorized to execute a non-disclosure agreement approved by the City Attorney to protect the confidentiality of customer information pursuant to *California Revenue and Tax Code Sections 7284.6 and 7284.7*. The Tax Administrator may request from a person providing transportation or distribution services of gas or electricity to service users within the City, a list of the names, billing and service addresses, quantities of gas or electricity delivered, and other pertinent information, of its transportation customers within the City pursuant to *California Public Utilities Code Section 6354(e)*.

D. If a service supplier uses a billing agent or billing aggregator to bill, collect, and/or remit the tax, the service supplier shall: (i) provide to the Tax Administrator with the name, address and telephone number of each billing agent and billing aggregator currently authorized by the service supplier to bill, collect, and/or remit the tax to the City; and, (ii) upon request of the Tax Administrator, deliver, or effect the delivery of, any information or records in the possession of such billing agent or billing aggregator that, in the opinion of the Tax Administrator, are necessary to verify the proper application, calculation, collection and/or remittance of such tax to the City.

E. If any person subject to record-keeping under this section unreasonably denies the Tax Administrator, or the Tax Administrator's designated representative, access to such records, or fails to produce the information requested in an administrative subpoena within the time specified, the Tax Administrator may impose a penalty of five hundred dollars (\$500) on such person for each day following: (i) the initial date that the person refuses to provide such access; or, (ii) the due date for production of records as set forth in the administrative subpoena. This penalty shall be in addition to any other penalty imposed under this chapter.

F. Notwithstanding the notice provisions of subpart "A" of this section, a service supplier that has collected any amount of tax in excess of the amount of tax imposed by this chapter and actually due from a service user (whether due to overpayment or erroneous or illegal collection of said tax), may refund such amount to the service user, or credit to charges subsequently payable by the

service user to the service supplier, and claim credit for such overpayment against the amount of tax which is due upon any other monthly returns to the Tax Administrator, provided such credit is claimed in a return dated no later than one year from the date of overpayment or erroneous or illegal collection of said tax. The Tax Administrator shall determine the validity of the service user's claim of credit, and the underlying basis for such claim.

Sec. 4.142.170. Refunds.

A. Whenever the amount of any tax has been overpaid, paid more than once, or has been erroneously or illegally collected or received by the Tax Administrator under this chapter, it may be refunded as provided in this section.

B. The Tax Administrator may refund any tax that has been overpaid, paid more than once, or has been erroneously or illegally collected or received by the Tax Administrator under this chapter, provided that no refund shall be paid under the provisions of this section unless the claimant or his or her guardian, conservator, executor or administrator has submitted a written claim, under penalty of perjury, to the Tax Administrator within one year of the overpayment or erroneous or illegal collection of said tax. Such claim must clearly establish claimant's right to the refund by written records showing entitlement thereto. Nothing herein shall permit the filing of a refund claim on behalf of a class or group of taxpayers.

C. The filing of a written claim pursuant to *Government Code Section 935* is a prerequisite to any suit thereon. Any action brought against the City pursuant to this section shall be subject to the provisions of *Government Code Sections 945.6 and 946*. The Tax Administrator shall act upon the refund claim within the time period set forth in *Government Code Section 912.4*. If the Tax Administrator fails or refuses to act on a refund claim within the time prescribed by *Government Section 912.4*, the claim shall be deemed to have been rejected by the City on the last day of the period within which the City was required to act upon the claim as provided in *Government Code Section 912.4*. The Tax Administrator shall give notice of the action in a form that substantially complies with that set forth in *Government Code Section 913*.

D. Notwithstanding the notice provisions of subsection A. of this Section, the Tax Administrator may, at his or her discretion, give written permission to a service supplier, who has collected and remitted any amount of tax in excess of the amount of tax imposed by this chapter, to claim credit for such overpayment against the amount of tax which is due the City upon a subsequent monthly return(s) to the Tax Administrator, provided that: i) such credit is claimed in a return dated no later than one year from the date of overpayment or erroneous collection of said tax; ii) the Tax Administrator is satisfied that the underlying basis and amount of such credit has been reasonably established; and, iii) in the case of an overpayment by a service user to the service supplier that has been

remitted to the City, the Tax Administrator has received proof, to his or her satisfaction, that the overpayment has been refunded by the service supplier to the service user in an amount equal to the requested credit.

E. Notwithstanding subsections A through C above, a service supplier shall be entitled to take any overpayment as a credit against an underpayment whenever such overpayment has been received by the City within the three (3) years next preceding a deficiency determination or assessment by the Tax Administrator in connection with an audit instituted by the Tax Administrator pursuant to Section 4.142.150 D. A service supplier shall not be entitled to said credit unless it clearly establishes the right to the credit by written records showing entitlement thereto. Under no circumstances shall an overpayment taken as a credit against an underpayment pursuant to this subsection qualify a service supplier for a refund to which it would not otherwise be entitled under the one-year written claim requirement of this section.

Sec. 4.142.180. Appeals.

A. The provisions of this section apply to any decision (other than a decision relating to a refund pursuant to section 4.142.170 of this chapter), deficiency determination, assessment, or administrative ruling of the Tax Administrator. Any person aggrieved by any decision (other than a decision relating to a refund pursuant to section 4.142.170 of this chapter), deficiency determination, assessment, or administrative ruling of the Tax Administrator, shall be required to comply with the appeals procedure of this section. Compliance with this section shall be a prerequisite to a suit thereon. [See *Government Code Section 935(b)*.] Nothing herein shall permit the filing of a claim or action on behalf of a class or group of taxpayers.

B. If any person is aggrieved by any decision (other than a decision relating to a refund pursuant to section 4.142.170 of this chapter), deficiency determination, assessment, or administrative ruling of the Tax Administrator; he or she may appeal to the City Manager by filing a notice of appeal with the City Clerk within 14 days of the date of the decision, deficiency determination, assessment, or administrative ruling of the Tax Administrator which aggrieved the service user or service supplier.

C. The matter shall be set for hearing no more than 30 days from the receipt of the appeal. The appellant shall be served with notice of the time and place of the hearing, as well as any relevant materials, at least five calendar days prior to the hearing. The hearing may be continued from time to time upon mutual consent. At the time of the hearing, the appealing party, the Tax Administrator, the City Manager, and any other interested person may present such relevant evidence as he or she may have relating to the determination from which the appeal is taken.

D. Based upon the submission of such evidence and the review of the City's files, the City Manager shall issue a written notice and order upholding, modifying or reversing the determination from which the appeal is taken. The notice shall be given within 14 days after the conclusion of the hearing and shall state the reasons for the decision. The notice shall specify that the decision is final and that any petition for judicial review shall be filed within 90 days from the date of the decision in accordance with *Code of Civil Procedure Section 1094.6*. If the City Manager fails or refuses to act on a refund claim within the 14 day period, the claim shall be deemed to have been rejected by the City Manager on the 14th day.

E. All notices under this section may be sent by regular mail, postage prepaid, and shall be deemed received on the third calendar day following the date of mailing, as established by a proof of mailing.

Sec. 4.142.190. Penalties.

Any person violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction punished pursuant to Chapter 1.150 of this Code.

Sec. 4.142.200. Remedies Cumulative.

All remedies and penalties prescribed by this chapter or which are available under any other provision of law or equity, including but not limited to the California False Claims Act (*Government Code Section 12650 et seq.*) and the California Unfair Practices Act (*Business and Professions Code Section 17070 et seq.*), are cumulative. The use of one or more remedies by the City shall not bar the use of any other remedy for the purpose of enforcing the provisions of this chapter.

Sec. 4.142.210. No Increase in Percentage Tax or Change in Methodology Without Voter Approval.

A. The City Council may not increase the percentage of the tax imposed pursuant to this chapter nor change a methodology for calculating such tax so as to result in an increase in the tax, without voter approval.

B. Notwithstanding subpart "A" of this section, the City may make the following changes without voter approval:

1. Reduce the percentage rate, and at any time thereafter increase such percentage rate, so long as the subsequent increase does not exceed the rate previously approved by the voters in the enactment of this chapter;

2. Change the methodology so as to reduce the amount of the tax being levied, and at any time thereafter change the methodology, so long as the subsequent change in methodology does not result in an increase in the amount being levied under the methodology previously approved by the voters in the enactment of this chapter;
3. Change a methodology or definition so as to avoid or eliminate a discriminatory tax on taxpayers that are similarly situated, so long as the change does not result in an increase in the amount levied on such class of similarly situated taxpayers under the methodology or definition previously approved by the voters in the enactment of this chapter;
4. Establish a class of persons that is exempt or excepted from one or more taxes hereunder, and at any time thereafter, discontinue such exemption or exception;
5. Decide that all or a part of a tax imposed under this chapter should not be enforced for administrative reasons, and at any time thereafter, decide to enforce the full amount of such tax as previously approved by the voters in the enactment of this chapter;
or,
6. Establish, and at any time thereafter change, the value and/or apportionment (including a "safe harbor" percentage) of taxable and nontaxable services that are bundled or packaged under a combined charge, in response to changes in the marketing of combined services and the components thereof, or in reevaluating the values thereof [See *Section 4.142.050*].

Sec. 4.142.220. Notice of changes to provisions of this chapter.

If a tax under this chapter is added, repealed, increased, reduced, or the tax base is changed, the Tax Administrator shall follow the notice requirements of *California Public Utilities Code Section 799*. Prior to the effective date of such change, the service supplier shall provide the Tax Administrator with a copy of any written procedures describing the information that the service supplier needs to implement the change. If the service supplier fails to provide such written instructions, the Tax Administrator, or his or her agent, shall send, by first class mail, a copy of the ordinance change to all collectors and remitters of the City's communication users taxes according to the latest payment records of the Tax Administrator.

Sec. 4.142.230. Future amendment to cited statute

Unless specifically provided otherwise, any reference to a state or federal statute in this chapter shall mean such statute as it may be amended from time to time.

Sec. 4.142.240. Severability.

If any section, subpart, paragraph, sentence, clause or phrase of this chapter or any part thereof is for any reason held to be invalid, unlawful or unconstitutional, such decision, and the decision not to enforce such, shall not affect the validity of the remaining portion of this chapter or any part thereof. The City Council hereby declares that it would have passed each section, subpart, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subparts, subdivisions, paragraphs, sentences, clauses or phrases be declared invalid, unlawful or unconstitutional.

Sec. 4.142.250. Interaction with Prior Tax

A. Satisfaction of Tax Obligation by Service Users. Any person who pays the tax levied pursuant to Sec. 4.142.030 of this Code with respect to any charge for a communication service shall be deemed to have satisfied his or her obligation to pay the tax levied pursuant to Sections 4.140.020 and 4.140.050 of this Code with respect to that charge. Likewise, prior to April 1, 2008, any person who pays the tax levied pursuant to Sections 4.140.020 and 4.140.050 of this Code with respect to any charge for a service shall be deemed to have satisfied his or her obligation to pay the tax levied pursuant to Section 4.142.030 of this Code with respect to that charge. The intent of this paragraph is to prevent the imposition of multiple taxes upon a single utility charge during the transition period from the prior telephone and video users' tax to the new communication users' tax (which transition period ends April 1, 2008) and to permit communications service providers, during that transition period to satisfy their collection obligations by collecting either tax.

B. Collection of Tax by Service Providers. Service providers shall begin to collect the tax imposed by this Chapter as soon as feasible after the effective date of the Chapter, but in no event later than permitted by *Section 799 of the California Public Utilities Code.*"

SECTION 2. Amendment or Repeal. Chapter 4.142 of the San Buenaventura Municipal Code may be repealed or amended by the City Council without a vote of the people except as required by Article XIII C of the California Constitution, where voter approval is required for any amendment that would increase the rate of any tax levied pursuant to this Ordinance.

SECTION 3. Ratification of Prior Tax. The voters of the City of San Buenaventura hereby ratify and approve the past collection of the Telephone and

Cable Television Users Tax under Chapter 4.140 of the San Buenaventura Municipal Code as it existed prior to the effective date of this Ordinance.

SECTION 4. This Ordinance shall become effective immediately upon the date that this Ordinance is confirmed and approved by the voters of San Buenaventura at the Municipal General Election of November 6, 2007.

SECTION 5. Execution. The Mayor is hereby authorized to attest to the adoption of this Ordinance by the voters of the City by signing where indicated below.

I hereby certify that the foregoing Ordinance was PASSED, APPROVED and ADOPTED by the people of the City of San Buenaventura voting on the 6th day of November 2007.

Carl E. Morehouse
Mayor

ATTEST:

APPROVED AS TO FORM:

Mabi Covarrubias Plisky
City Clerk

Christopher G. Norman
Interim City Attorney