ORDINANCE 2013-10-22-1601

AN ORDINANCE AMENDING THE STOCKTON MUNICIPAL CODE, CHAPTER 3.16, BY ADDING SECTION 3.16.190 TO CREATE A USE TAX BUSINESS INCENTIVE PROGRAM

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

SECTION I. AMENDMENT OF CODE.

Chapter 3.16 of the Stockton Municipal Code is amended to add a new section 3.16.190, to read as follows:

3.16.190 Use Tax Business Incentive Program

A. Eligibility for Use Tax Rebate

Any person doing business within the Stockton City limits is eligible for the Use Tax Rebate described herein if all of the following conditions have been satisfied:

1. The person or business has submitted a Use Tax Business Incentive Program application with the City of Stockton.

2. The person or entity has obtained a State of California Use Tax Direct Payment Permit pursuant to California Revenue and Taxation Code Section 7051.3 or a Sub Sellers Permit pursuant to State Board of Equalization Operation Memo No. 1023 ("Permit").

3. The City of Stockton is properly identified in the Permit as the jurisdiction in which the items acquired under the permit is the first functional use or where the items will be stored or consumed.

B. Rebate Claim Procedures

1. Within forty-five (45) days after the close of the State’s tax reporting quarter, a person or entity doing business in Stockton may file a rebate claim with the City’s Economic Development Department, via the Use Tax Business Incentive Program application form.

2. The application must contain evidence of the amount of Use Tax paid to the State of California. The Economic Development Department may request additional information from the applicant necessary to substantiate the rebate claim.
C. Calculations and Issuance of Use Tax Rebate

1. The Economic Development Department shall issue the rebate within ninety (90) days of verification that the City received the correct amount of funds from the State. The Use Tax Rebate shall be based upon the following chart:

<table>
<thead>
<tr>
<th>Net New Use Tax Received by the City of Stockton (based on 4 consecutive quarters)</th>
<th>Rebate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $200,000</td>
<td>15%</td>
</tr>
<tr>
<td>$200,001 - $500,000</td>
<td>20%</td>
</tr>
<tr>
<td>$500,001 and greater</td>
<td>25%</td>
</tr>
</tbody>
</table>

2. The rebate shall be paid by check directly to the applicant, but shall be increased or decreased in accordance with any adjustment made by the State to a prior Use Tax payment by the applicant.

3. Upon submitting a Use Tax Business Incentive Program application form to the Economic Development Department, the City will determine the baseline Use Tax received by the City from the taxpayer (applicant) as follows:
   a. For Direct Payment permittees, by averaging the amount of tax revenue received by the City from the taxpayer over the past three (3) consecutive years prior to applying for a use tax rebate.
   b. For Sub Sellers permittees, by averaging the amount of tax received from its construction site over the past three (3) consecutive years prior to applying for a use tax rebate.

4. "Net New Use Tax", for the purposes of this Chapter, shall mean the difference between the amount of taxes actually received by the City resulting from the taxpayer’s Permit and the baseline amount as calculated for the taxpayer upon application to the Use Tax Business Incentive Program.

5. The rebate will be paid bi-annually based on 15 percent (15%) of the Net New Use Tax received during a six (6) month period. After four (4) consecutive quarters, the City will adjust the percentage, if warranted, based on the total Net New Use Tax received over the past year. The rebate amount for the four (4) consecutive quarters will reflect the amount attributed to the adjusted percentage, if applicable.

6. For the purposes of this calculation, the quarters are based on the taxpayer’s tax reporting calendar, but the calculation is based on the four (4) consecutive quarters immediately following application to the Use Tax Business Incentive Program.
7. Once the rebate has been provided for the fourth consecutive quarter, the calculation of the rebate for the next four (4) quarters will begin again.

D. Amendment or Discontinuance

The City reserves the right to amend or discontinue any provision of this Use Tax Business Incentive Program without voter approval. Any amendment shall be made by ordinance and shall be applicable to any transaction made subsequent to the effective date of any ordinance.

E. Term of Use Tax Business Incentive Program

The Use Tax Business Incentive Program, as set forth in this Chapter, shall be in effect for a period of three years from the date of passage of this ordinance or until such time as the City Council takes action to modify this termination date. The City Manager shall have the discretion to extend the ordinance an additional two years from the termination date.

SECTION II. EFFECTIVE DATE

This ordinance shall take effect and be in full force thirty (30) days after its passage.

ADOPTED: October 22, 2013

EFFECTIVE: November 21, 2013

ANTHONY SILVA, Mayor
of the City of Stockton

ATTEST:

BONNIE PAIGE, City Clerk
of the City of Stockton