

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF OCEANSIDE ADDING CHAPTER 34, ARTICLE II, DIVISION 3, SECTIONS 34.7.1 THROUGH 34.7.17 TO THE OCEANSIDE CITY CODE TO ESTABLISH A TEMPORARY ONE-HALF CENT GENERAL TRANSACTIONS AND USE (SALES) TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION INCLUDING PROVISIONS FOR CITIZENS' OVERSIGHT AND ACCOUNTABILITY

WHEREAS, Oceanside is a full-service City covering 42 square miles, requiring the ongoing maintenance of 450 miles of streets and 590 miles of water pipes, along with parks, beaches, and public facilities; and

WHEREAS, the City faces a significant capital infrastructure backlog for the repair, replacement, upgrading and maintenance of aging public facilities while the related costs of maintenance, repair, and replacement of such critical public infrastructure continues to rise; and

WHEREAS, the City has determined that the enactment of a temporary one half cent general local transactions and use tax (commonly known as a "sales tax") would allow the City to address public priorities, including keeping streets, sidewalks, parks, and public facilities safe, clean, and well-maintained, restoring/protecting local beaches, modernizing public safety/emergency facilities to improve 911 emergency response and community safety, repairing aging infrastructure, and improving traffic management without compromising existing City services; and

WHEREAS, an independent professional survey commissioned by the City determined that between fifty-four and fifty-eight percent of likely November 2026 Oceanside voters reported being very likely to say yes to a temporary one half cent sales tax increase; and

WHEREAS, pursuant to Article XIII C of the California Constitution, and California Revenue and Taxation Code Section 7285.9, the City has the authority to enact a local sales tax for general purposes with the approval of the majority of voters in the City voting in an election on the issue; and

1 WHEREAS, the City staff presented to the City Council a proposal for submittal to the
2 voters an ordinance enacting a one-half cent sales tax for 10 years consistent with all applicable
3 general purpose tax laws, including measures providing for citizens' oversight, separate
4 accounting and independent audits; and

5 WHEREAS, proposed Sections 34.7.1 through 34.7.17 of the Oceanside City Code, set
6 forth below, establish a transactions and use (sales) tax to be administered by the California
7 Department of Tax and Fee Administration consistent with City Council direction; and

8 NOW, THEREFORE, subject to approval by an affirmative, simple majority vote of the
9 people as required by law, the People of the City of Oceanside do ordain as follows:

10 SECTION 1: The Oceanside Code is hereby revised to add Chapter 34, Article II,
11 Division 3, Sections 34.7.1 through 34.7.17 as set forth below, thereby enacting a local
12 transactions and use (sales) tax within the City of Oceanside, to be administered by the
13 California Department of Tax and Fee Administration:

14 **CHAPTER 34, ARTICLE II, DIVISION 3, SECTIONS 34.7.1 THROUGH 34.7.17**
15 **- TEMPORARY ONE-HALF CENT TRANSACTION AND USE (SALES) TAX**
16 **Sec. 34.7.1 - Title.**

17 This ordinance shall be known as the Oceanside Temporary One-Half Cent Transaction
18 and Use Tax Ordinance. The City of Oceanside hereinafter shall be called "City." This
19 Ordinance shall be applicable in the incorporated territory of the City.

20 **Sec. 34.7.2 - Purpose.**

21 This Ordinance is adopted to achieve the following, among other purposes, and directs
22 that the provisions hereof be interpreted in order to accomplish those purposes:

- 23 (a) To impose a retail transactions and use tax (commonly referred to as a sales tax),
24 in accordance with the provisions of Part 1.6 (commencing with Section 7251) of
25 Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division
26 2 which authorizes the City to adopt this tax ordinance which shall be operative if a
27 majority vote of the electors voting on the measure vote to approve the imposition of the
28 tax at an election called for that purpose.

1 (b) To adopt a retail transactions and use tax ordinance that incorporates provisions
2 identical to those of the Sales and Use Tax Law of the State of California insofar as
3 those provisions are not inconsistent with the requirements and limitations contained in
4 Part 1.6 of Division 2 of the Revenue and Taxation Code.

5 (c) To adopt a retail transactions and use tax ordinance that imposes a tax and
6 provides a measure therefore that can be administered and collected by the California
7 Department of Tax and Fee Administration in a manner that adapts itself as fully as
8 practicable to, and requires the least possible deviation from, the existing statutory and
9 administrative procedures followed by the California Department of Tax and Fee
10 Administration in administering and collecting California State Sales and Use Taxes.

11 (d) To adopt a retail transactions and use tax ordinance that can be administered in a
12 manner that will be, to the greatest degree possible, consistent with the provisions of
13 Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of
14 collecting the transactions and use taxes, and at the same time, minimize the burden of
15 record keeping upon persons subject to taxation under the provisions of this Ordinance.

16 **Sec. 34.7.3 - Operative date.**

17 "Operative Date" means the first day of the first calendar quarter commencing more than
18 110 days after the approval of the voters of the City of a measure approving the imposition of
19 the transactions and use tax set forth herein, unless a later Operative Date becomes effective
20 under the provisions of section 34.7.6.

21 **Sec. 34.7.4 - Transactions and use tax imposition rate.**

22 (a) For the privilege of selling tangible personal property at retail, a tax is hereby
23 imposed upon all retailers in the incorporated territory of the City at the rate of one-half
24 of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible
25 personal property sold at retail in said territory on and after the Operative Date of this
26 Ordinance.

27 (b) An excise tax is hereby imposed on the storage, use or other consumption in the
28 City of tangible personal property purchased from any retailer on and after the Operative
Date of this Ordinance for storage, use or other consumption in said territory at the rate

1 of one-half of one percent (0.5%) of the sales price of the property. The sales price shall
2 include delivery charges when such charges are subject to State sales or use tax
3 regardless of the place to which delivery is made.

4 **Sec. 34.7.5 - Termination date.**

5 The authority to levy the tax imposed by this Ordinance shall expire on April 1, 2037.

6 **Sec. 34.7.6 - Contract with California Department of Tax and Fee Administration.**

7 Prior to the Operative Date, City shall contract with the California Department of Tax
8 and Fee Administration to perform all functions incident to the administration and operation of
9 this Ordinance; provided, that if the City shall not have contracted with the California
10 Department of Tax and Fee Administration prior to the Operative Date, it shall nevertheless so
11 contract, and in such a case the Operative Date shall be the first day of the first calendar quarter
12 following the effective date of such a contract.

13 **Sec. 34.7.7 - Place of Sale.**

14 For the purposes of this Ordinance, all retail sales are consummated at the place of
15 business of the retailer unless the tangible personal property sold is delivered by the retailer or
16 his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state
17 destination. The gross receipts from such sales shall include delivery charges, when such
18 charges are subject to the State sales and use tax, regardless of the place to which delivery is
19 made. In the event a retailer has no permanent place of business in the State or has more than
20 one place of business, the place or places at which the retail sales are consummated shall be
21 determined under rules and regulations to be prescribed and adopted by the California
22 Department of tax and Fee Administration.

23 **Sec. 34.7.8 - Adoption of provisions of state law.**

24 Except as otherwise provided in this Ordinance and except insofar as they are
25 inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all
26 of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and
27 Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth
28 herein.

1 **Sec. 34.7.9 - Limitations on adoption of state law and collection of use taxes.**

2 In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

3 (a) Wherever the State of California is named or referred to as the taxing agency, the
4 name of this City shall be substituted therefor. However, the substitution shall not be
5 made when:

6 (1) The word "State" is used as part of the title of the State Controller, State
7 Treasurer, Victim Compensation and Government Claims Board, California
8 Department of Tax and Fee Administration, State Treasury, or the Constitution of
9 the State of California;

10 (2) The result of that substitution would require action be taken by or against
11 this City or any agency, officer, or employee thereof, rather than by or against the
12 California Department of Tax and Fee Administration, in performing the
13 functions incident to the administration or operation of this Ordinance.

14 (3) In those sections, including but not necessarily limited to sections referring
15 to the exterior boundaries of the State of California, where the result of the
16 substitution would be to:

17 a. Provide an exemption from this tax with respect to certain sales, storage,
18 use or other consumption of tangible personal property which would not
19 otherwise be exempt from this tax while such sales, storage, use or other
20 consumption remain subject to tax by the State under the provisions of Part
21 1 of Division 2 of the Revenue and Taxation Code; or

22 b. Impose this tax with respect to certain sales, storage, use or other
23 consumption of tangible personal property which would not be subject to
24 tax by the State under the said provision of that code.

25 (4) In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715,
26 6737, 6797 or 6828 of the Revenue and Taxation Code.

27 (b) The word "City" shall be substituted for the word "State" in the phrase "retailer
28 engaged in business in this State" in Section 6203 and in the definition of that phrase in
Section 6203.

1 **Sec. 34.7.10 - Permit not required.**

2 If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and
3 Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

4 **Sec. 34.7.11- Exemptions and exclusions.**

5 (a) There shall be excluded from the measure of the transactions tax and the use tax
6 the amount of any sales tax or use tax imposed by the State of California or by any city,
7 city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use
8 Tax Law or the amount of any State-administered transactions or use tax.

9 (b) There are exempted from the computation of the amount of transactions tax the
10 gross receipts from:

11 (1) Sales of tangible personal property, other than fuel or petroleum products,
12 to operators of aircraft to be used or consumed principally outside the county in
13 which the sale is made and directly and exclusively in the use of such aircraft as
14 common carriers of persons or property under the authority of the laws of this
15 State, the United States, or any foreign government.

16 (2) Sales of property to be used outside the City which is shipped to a point
17 outside the City, pursuant to the contract of sale, by delivery to such point by the
18 retailer or his agent, or by delivery by the retailer to a carrier for shipment to a
19 consignee at such point. For the purposes of this paragraph, delivery to a point
20 outside the City shall be satisfied:

21 a. With respect to vehicles (other than commercial vehicles) subject to
22 registration pursuant to Chapter 1 (commencing with Section 4000) of
23 Division 3 of the Vehicle Code, aircraft licensed in compliance with
24 Section 21411 of the Public Utilities Code, and undocumented vessels
25 registered under Chapter 2 of Division 3.5 (commencing with Section
26 9840) of the Vehicle Code by registration to an out-of-City address and by
27 a declaration under penalty of perjury, signed by the buyer, stating that
28 such address is, in fact, his or her principal place of residence; and

1 b. With respect to commercial vehicles, by registration to a place of
2 business out-of-City and declaration under penalty of perjury, signed by
3 the buyer, that the vehicle will be operated from that address.

4 (3) The sale of tangible personal property if the seller is obligated to furnish
5 the property for a fixed price pursuant to a contract entered into prior to the
6 operative date of this Ordinance.

7 (4) A lease of tangible personal property which is a continuing sale of such
8 property, for any period of time for which the lessor is obligated to lease the
9 property for an amount fixed by the lease prior to the operative date of this
10 Ordinance.

11 (5) For the purposes of subsections (3) and (4) of this section, the sale or lease
12 of tangible personal property shall be deemed not to be obligated pursuant to a
13 contract or lease for any period of time for which any party to the contract or
14 lease has the unconditional right to terminate the contract or lease upon notice,
15 whether or not such right is exercised.

16 (c) There are exempted from the use tax imposed by this Ordinance, the storage, use
17 or other consumption in this City of tangible personal property:

18 (1) The gross receipts from the sale of which have been subject to a
19 transactions tax under any State-administered transactions and use tax ordinance.

20 (2) Other than fuel or petroleum products purchased by operators of aircraft
21 and used or consumed by such operators directly and exclusively in the use of
22 such aircraft as common carriers of persons or property for hire or compensation
23 under a certificate of public convenience and necessity issued pursuant to the
24 laws of this State, the United States, or any foreign government. This exemption
25 is in addition to the exemptions provided in Sections 6366 and 6366.1 of the
26 Revenue and Taxation Code of the State of California.

27 (3) If the purchaser is obligated to purchase the property for a fixed price
28 pursuant to a contract entered into prior to the operative date of this Ordinance.

1 (4) If the possession of, or the exercise of any right or power over, the tangible
2 personal property arises under a lease which is a continuing purchase of such
3 property for any period of time for which the lessee is obligated to lease the
4 property for an amount fixed by a lease prior to the Operative Date of this
5 Ordinance.

6 (5) For the purposes of subparagraphs (3) and (4) of this section, storage, use,
7 or other consumption, or possession of, or exercise of any right or power over,
8 tangible personal property shall be deemed not to be obligated pursuant to a
9 contract or lease for any period of time for which any party to the contract or
10 lease has the unconditional right to terminate the contract or lease upon notice,
11 whether or not such right is exercised.

12 (6) Except as provided in subparagraph (7), a retailer engaged in business in
13 the City shall not be required to collect use tax from the purchaser of tangible
14 personal property, unless the retailer ships or delivers the property into the City or
15 participates within the City in making the sale of the property, including, but not
16 limited to, soliciting or receiving the order, either directly or indirectly, at a place
17 of business of the retailer in the City or through any representative, agent,
18 canvasser, solicitor, subsidiary, or person in the City under the authority of the
19 retailer.

20 (7) "A retailer engaged in business in the City" shall also include any retailer
21 of any of the following: vehicles subject to registration pursuant to Chapter 1
22 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft
23 licensed in compliance with Section 21411 of the Public Utilities Code, or
24 undocumented vessels registered under Division 3.5 (commencing with Section
25 9840) of the Vehicle Code. That retailer shall be required to collect use tax from
26 any purchaser who registers or licenses the vehicle, vessel, or aircraft at an
27 address in the City.

28 (d) Any person subject to use tax under this Ordinance may credit against that tax
any transactions tax or reimbursement for transactions tax paid to a district imposing, or

1 retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and
2 Taxation Code with respect to the sale to the person of the property the storage, use or
3 other consumptions of which is subject to the use tax.

4 **Sec. 34.7.12 - Amendments to revenue and taxation code.**

5 All amendments subsequent to the effective date of this Ordinance to Part 1 of Division
6 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not
7 inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all
8 amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall
9 automatically become a part of this Ordinance, provided however, that no such amendment
10 shall operate so as to affect the rate of tax imposed by this Ordinance.

11 **Sec. 34.7.13 - Enjoining collection forbidden.**

12 No injunction or writ of mandate or other legal or equitable process shall issue in any
13 suit, action or proceeding in any court against the State or the City, or against any officer of the
14 State or the City, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of
15 Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be
16 collected.

17 **Sec. 34.7.14 - Amendments by City Council.**

18 The following amendments to this Ordinance must be approved by the voters of the
19 City: increasing the tax rate; revising the methodology for calculating the tax, such that a tax
20 increase would result; imposing the tax on transactions and uses not previously subject to the
21 tax (unless such amendment occurs automatically by operation of law); or extending the term
22 of the tax. The City Council may otherwise amend this Ordinance without submitting the
23 amendment to the voters for approval.

24 **Sec. 34.7.15 - Use of Proceeds.**

25 The proceeds from the tax imposed by this Ordinance shall be for unrestricted general
26 revenue purposes of the City and shall be received into the general fund of the City. Nothing in
27 this Ordinance shall constitute the tax imposed under this Ordinance as a special tax, or bind
28 the City to use the proceeds for any specific purpose or function; the City Council shall retain
discretion to expend the proceeds of the tax for any lawful purpose of the City.

1 **Sec. 34.7.16 - Citizen's oversight and accountability.**

2 In order to provide for citizens' oversight, transparency and accountability in connection
3 with expenditures of tax revenues generated under the terms of this Ordinance, the City shall do
4 the following:

5 (a) *Separate fund accounting.* All revenue generated by the tax shall be accounted in
6 the General Fund as a separate line item entitled "Local Sales and Use Tax – Measure
7 ' _ ' Revenues." These revenues will then be transferred to a General Fund subfund
8 entitled "Measure ' _ ' Fund." Any and all expenditures of Measure ' _ ' Fund monies will
9 be tracked and accounted for by City Finance Services Department staff in accordance
10 with Generally Accepted Accounting Principles (GAAP), and presented annually in a
11 report (the "Financial Services Department Report") to the Citizens' Oversight
12 Committee ("COC") created pursuant to subdivision (d) below.

13 (b) *Initial and annual submittal of spending plan.* If the ballot measure is approved
14 by the voters, the City Manager shall, prior to City Council consideration of the City's
15 annual budget, prepare and present to the COC for its review a spending plan for the
16 revenues generated by this ordinance. It is the intent that funds be used to improve
17 infrastructure and the delivery of related public services, including: keeping streets,
18 sidewalks, parks, and public facilities safe, clean, and well-maintained;
19 restoring/protecting local beaches; modernizing public safety/emergency facilities to
20 improve 911 emergency response and community safety; repairing aging infrastructure;
21 and improving traffic management. The plan annual spending plan shall reflect these
22 priorities and include specific proposals for near term expenditures as well as a plan for
23 expenditures throughout the ten (10) year term of the tax, and finance options for larger-
24 scale projects that may require the pledge of revenues. After review and
25 recommendation by the COC, the spending plan shall be presented to the City Council
26 for its consideration and final decision, in its discretion, as part of the City's annual
27 budget process. The City Council must consider for approval the expenditure of
28 projected revenues generated by this ordinance as a separate line item category in each
year's budget.

1 (c) *Annual independent audit.* Beginning with the fiscal year that ends June 30, 2027,
2 the City's independent auditors shall, as part of their annual audit of the City's
3 statements, review the collection and expenditure of revenue from the tax generated by
4 this ordinance. Along with the City's Finance Department report provided in subsection
5 (a), above, the auditors' review of such revenues ("Auditor Report") shall be presented
6 each year to the COC at a public meeting for its review for compliance with the terms of
7 this ordinance. The results of the COC review shall then be transmitted through the City
8 Manager's Office to the City Council for its consideration at a public meeting.

9 (d) *Citizens' oversight committee.* Prior to the Operative Date, the City Council shall
10 create and convene a Measure " _ " Citizens' Oversight Committee ("COC"). The
11 function of the COC shall be to review and report on City compliance with the terms of
12 this ordinance and the required spending plan presented and approved by the City
13 Council thereafter. Specific COC responsibilities shall include: (1) public review and
14 comment on each year's finance department report, required Spending Plan and Auditor
15 Report (as provided in subsections (a)-(c), above); (2) preparation of an annual report
16 regarding compliance with the City Council adopted Spending Plan for presentation to
17 the City Council at a public meeting; and (3) working with City staff to identify and
18 apply "best practices" for tracking and reporting on revenues and expenditures under this
19 ordinance relative to other City revenues and expenditures. Current elected City officials
20 and employees are disqualified from membership. COC members shall be appointed by
21 the City Council in accordance with existing City policies and will include individuals
22 with a range of expertise, including accounting, finance and engineering. The members
23 of the COC may be the same as those of the Measure X Citizens Oversight Committee
24 and they may hold joint meetings if the City Council so approves. The COC shall
25 operate in accordance with the Ralph M. Brown Act, which includes requirements that
26 meetings be noticed in advance and held in public. The COC shall be created by City
27 Council ordinance consistent with the terms of this Section adopted no later than April
28 30, 2027.

1 **Sec. 34.7.17 - SEVERABILITY.**

2 If any provision of this ordinance or the application thereof to any person or
3 circumstances is held invalid, such invalidity shall not affect other provisions or applications of
4 the ordinance which can be given effect without the invalid provision or application, and to this
5 end the provisions of this ordinance are severable. This City Council hereby declares that it
6 would have adopted this ordinance irrespective of the invalidity of any particular portion
7 thereof and intends that the invalid portions should be severed and the balance of the Ordinance
8 be enforced.

9
10 SECTION 2: The City Clerk shall be authorized to replace the terms "Measure _"
11 wherever they appear in this Ordinance with the respective ballot designations determined by
12 the County Registrar before this Ordinance is codified.

13
14 SECTION 3: This Ordinance shall take effect ten days after the certification of its
15 approval by a simple majority of the voters voting on the question at the consolidated
16 November 3, 2026 general election pursuant to Elections Code section 9217. If approved by
17 the voters, the operative date for implementation of the sales tax is the first day of the calendar
18 quarter commencing more than 110 days after the approval of the voters of the City, unless a
19 contract with the Dept of Tax & Fee Admin specifies a later date.

20
21 SECTION 4. Upon approval by the voters, the City Clerk shall certify to the passage
22 and adoption of this ordinance and shall cause it to be published according to law.

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1 INTRODUCED at a regular meeting of the City Council of the City of Oceanside,
2 California, held on the ____ day of _____, 2026, and, thereafter,

3 PASSED AND ADOPTED at a regular meeting of the City Council of the City of
4 Oceanside California, held on the ____ day of _____, 2026, by the following vote:

5 AYES:

6 NAYS:

7 ABSENT:

8 ABSTAIN:

9 
MAYOR OF THE CITY OF OCEANSIDE

10
11 ATTEST:

APPROVED AS TO FORM:

12
13 _____
CITY CLERK

14 
CITY ATTORNEY

15 AN ORDINANCE OF THE CITY OF OCEANSIDE ADDING CHAPTER 34, ARTICLE II,
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