

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF CHINO HILLS, ADDING A NEW CHAPTER 3.30 TO TITLE 3 OF THE CHINO HILLS MUNICIPAL CODE TO ESTABLISH A NEW TRANSACTIONS AND USE TAX AT THE RATE OF 1.0% TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

The people of the City of Chino Hills do ordain as follows:

SECTION 1: A new Chapter 3.30 is added to Title 3 of the Chino Hills Municipal Code to read as follows:

“Chapter 3.30 - TRANSACTIONS AND USE TAX OF 2026

3.30.010 - Short title.

This chapter shall be known as the Transactions and Use Tax Ordinance of 2026. The City of Chino Hills hereinafter shall be called "city." The provisions of this chapter shall be applicable in the incorporated territory of the city in addition to any and all other taxes levied within the city, specifically including, without limitation, sales and use taxes levied under Chapter 3.28 hereof.

3.30.020 - Operative date.

“Operative date” means the first day of the first calendar quarter commencing more than one hundred ten (110) days after the adoption of the ordinance adding this chapter, the date of such adoption being as set forth below.

3.30.030 - Purpose.

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

- A. To impose a retail transactions and use tax in accordance with the provisions of part 1.6 (commencing with section 7251) of division 2 of the Revenue and Taxation Code and section 7285.9 of part 1.7 of division 2 which authorizes the city to adopt this chapter which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.
- B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in part 1.6 of division 2 of the Revenue and Taxation Code.
- C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected

by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

- D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of part 1.6 of division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this chapter.

3.30.040 - Contract with state.

Prior to the operative date, the city shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the city shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.30.050 - Transactions tax rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the city at the rate of one percent (1.0%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this chapter.

3.30.060 - Place of sale.

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

3.30.070 - Use tax rate.

An excise tax is hereby imposed on the storage, use or other consumption in the 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 of one percent (1.0%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.30.080 - Adoption of provisions of state law.

Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of part 1.6 of division 2 of the Revenue and Taxation Code, all of the provisions of part 1 (commencing with section 6001) of division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.30.090 - Limitations on adoption of state law and collection of use taxes.

In adopting the provisions of part 1 of division 2 of the Revenue and Taxation Code:

- A. Wherever the State of California is named or referred to as the taxing agency, the name of this city shall be substituted therefor. However, the substitution shall not be made when:
 - 1. The word "state" is used as a part of the title of the state controller, state treasurer, California Department of Tax and Fee Administration, state treasury, or the Constitution of the State of California;
 - 2. The result of that substitution would require action to be taken by or against this city or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this chapter.
 - 3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the state under the provisions of part 1 of division 2 of the Revenue and Taxation Code, or
 - b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would be subject to tax by the state under the said provision of that code.
 - 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.
- B. The word "city" shall be substituted for the word "state" in the phrase "retailer engaged in business in this state" in section 6203 and in the definition of that phrase in section 6203.

3.30.100 - Permit not required.

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

3.30.110 - Exemptions and exclusions.

- A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.
- B. There are exempted from the computation of the amount of transactions tax the gross receipts from:
 - 1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this state, the United States, or any foreign government.
 - 2. Sales of property to be used outside the city which is shipped to a point outside the city, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the city shall be satisfied:
 - a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to chapter 1 (commencing with section 4000) of division 3 of the Vehicle Code, aircraft licensed in compliance with section 21411 of the Public Utilities Code, and undocumented vessels registered under division 3.5 (commencing with section 9840) of the Vehicle Code by registration to an out-of-city address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and
 - b. With respect to commercial vehicles, by registration to a place of business out-of-city and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
 - 3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.
 - 4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this chapter.
 - 5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to

terminate the contract or lease upon notice, whether or not such right is exercised.

- C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in this city of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.
 4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease that is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this chapter.
 5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
 6. Except as provided in subparagraph (7), a retailer engaged in business in the city shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the city or participates within the city in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the city or through any representative, agent, canvasser, solicitor, subsidiary, or person in the city under the authority of the retailer.
 7. "A retailer engaged in business in the city" shall also include any retailer of any of the following: vehicles subject to registration pursuant to chapter 1 (commencing with section 4000) of division 3 of the Vehicle Code, aircraft licensed in compliance with section 21411 of the Public Utilities Code, or undocumented vessels registered under division 3.5 (commencing with section 9840) of the Vehicle Code. That

retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

- D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to part 1.6 of division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.30.120 - Amendments.

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

3.30.130 - Enjoining collection forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the state or the city, or against any officer of the state or the city, to prevent or enjoin the collection under this chapter, or part 1.6 of division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.30.140 - Termination date of tax.

The taxes imposed by this chapter shall remain in effect until repealed by the voters of the City of Chino Hills.

3.30.150 - General tax.

The proceeds from the tax imposed by this chapter shall be for unrestricted general revenue purposes of the city and shall be placed into the general fund of the city.

3.30.160 - Amendment by City Council.

Except for amendments that would increase the tax rate, impose the tax on transactions and uses not previously subject to the tax, or be inconsistent with the purposes of this chapter, the City Council may exercise all applicable powers set forth in the Government Code including, without limitation, amending this chapter by ordinance upon three affirmative votes by its members. It may, in addition, adopt by ordinance or resolution such additional regulations that may be necessary to implement the purposes of this chapter.

3.30.170 - Severability.

If any provision of this chapter or the application thereof to any person or circumstance is held invalid, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

3.30.180 - Annual audit.

The proceeds resulting from this transactions and use tax shall be deposited into the city's general fund and become subject to the same independent annual audit requirements as other general fund revenue. The independent auditor's report, which shall include an accounting of the revenues received and expenditures made from the transactions and use tax, will be presented annually to the City Council and made available for public review. Further, such independent auditor's report and such presentation thereof to the City Council may be combined with the city's annual financial audit.

3.30.190 - Effective date.

Pursuant to Elections Code Section 9217, this chapter shall be considered adopted on the date that the City Council declares that the voters of the City of Chino Hills have approved Ordinance No. ____ by a vote of no less than a majority of the votes cast by the electors voting at the election held on Tuesday, November 3, 2026, and shall go into effect ten (10) days after the date that the City Council certifies the election results in accordance with Elections Code § 9217.

SECTION 2: Environmental Compliance. The city hereby determines that this Ordinance does not constitute a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation California Code of Regulations, Title 14, Sections 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the adoption of the ordinance itself may have a significant effect on the environment. This Ordinance relates to a transactions and use tax and relates to the creation of City funding mechanisms and City fiscal activities, which does not involve any commitment to any project which may result in a potentially significant physical impact on the environment.

SECTION 3: Interpretation; Severability. This Ordinance must be interpreted so as to be consistent with all federal and state laws, rules, and regulations. Should any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance be declared unconstitutional or invalid for any reason, such declaration shall not affect the validity of the remaining portions of this Ordinance. The voters declare that this Ordinance, and each section, subsection, sentence, clause, phrase, part or portion thereof, would have been adopted or passed irrespective of the fact that one or more sections, subsections, sentences, phrases, parts, or portions is found to be invalid. If any provision of this Ordinance is held invalid as applied to any person or circumstance, such invalidity does not affect any application of this Ordinance that can be given effect without the invalid application.

SECTION 4: Date of Adoption; Effective Date. Pursuant to Elections Code Section 9217, this Ordinance shall be considered adopted on the date that the City Council declares that the voters of the City of Chino Hills have approved this Ordinance by a vote of no less than a majority of the votes cast by the electors voting at the General Municipal Election held on Tuesday, November 3, 2026, and shall go into effect ten days thereafter.

SECTION 6: Execution. The Mayor shall sign this Ordinance and the City Clerk shall attest and certify to the passage and adoption of this Ordinance if a majority of the voters voting in the city's general municipal election on November 3, 2026, approve it.

SECTION 7: Publication. The City Clerk shall cause this Ordinance to be published in the manner required by law.

PASSED, APPROVED AND ADOPTED BY THE PEOPLE OF THE CITY OF CHINO HILLS at the General Municipal Election held on November 3, 2026.

BRIAN JOHSZ, MAYOR

ATTEST:

CHERYL BALZ, CITY
CLERK/ELECTION OFFICIAL

APPROVED AS TO FORM:

MARK D. HENSLEY, CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF CHINO HILLS)

I, CHERYL BALZ, City Clerk of the City of Chino Hills, DO HEREBY CERTIFY that Ordinance No. ____ was adopted on _____, 2026, as a result of the approval by a sufficient number of affirmative votes of a new transactions and use tax at a General Municipal Election held November 3, 2026, by the People of the City of Chino Hills.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Chino Hills, California, on the day and year last written below.

CHERYL BALZ, CITY CLERK/ELECTION
OFFICIAL

(DATE)