EXHIBIT A

ORDINANCE NO. 683-AC

AN ORDINANCE OF THE PEOPLE OF THE CITY OF NEEDLES AMENDING THE NEEDLES CITY CODE SECTIONS 20-8 (TAX LEVIED), 20.9 (SUBMITTAL OF REPORT; REMITTAL OF COLLECTIONS), AND 20-10 (PENALTY FOR DELINQUENT REPORTS AND REMITTALS) TO INCREASE THE TRANSIENT OCCUPANCY TAX FROM TEN PERCENT TO FOURTEEN PERCENT

(NOTE: Additions are highlighted in ***bold italics*** and deletions are highlighted in ~~strikeout~~.)

RECITALS

WHEREAS, on July 14, 2026, the City Council resolved to submit this Ordinance to the voters as a measure at the general municipal election to be held on November 3, 2026; and

WHEREAS, the purpose of this Ordinance is to impose an additional general transient occupancy tax of four percent (4%) in addition to the existing transient occupancy tax of ten percent (10%). This increase in transient occupancy tax shall be implemented in phases as follows:

1. As of the January 1, 2027, the transient occupancy tax shall be increased to twelve percent (12%);

2. As of the January 1, 2029, the transient occupancy tax shall be increased to thirteen percent (13%);

3. As of the January 1, 2030, the transient occupancy tax shall be increased to fourteen percent (14%); and

WHEREAS, the current transient occupancy tax is applied to and collected from operators of local hotels, motels, short term residential properties and rental units, and other such properties; and

WHEREAS, the transient occupancy tax is paid only by guests who stay in local hotels and other lodgings so that out-of-town visitors pay their fair share of their use of City roads, parks, recreational facilities, public safety and other City services; and

WHEREAS, and the revenues from the transient occupancy tax remain in the City, are controlled by the City, and are used for unrestricted general municipal purposes such as public safety, infrastructure, street repair and park improvements. Transient occupancy tax revenues cannot be taken by San Bernadino County or the State of California; and

WHEREAS, by increasing the transient occupancy tax by four percent (4%), it is estimated the City will raise approximately $200,000 annually in 2027, $300,000 annually in 2029, and $400,000 annually in 2030. The transient occupancy tax will be used for general city services, including protecting residents' quality of life and property values while continuing to provide excellent services. The full text of Article 20-III Transient Occupancy Tax of the Needles Municipal Code (redlined) is attached hereto as Attachment “1”.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF NEEDLES DO HEREBY ORDAIN AS FOLLOWS:

Section 1. Recitals. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. Text Amendment. Section 20-8, Tax Levied, of the Needles City Code is hereby amended to read as follows, with additions noted by underlined text and deletions noted by struck-through text:

Section 20-8 of the Needles Municipal Code is amended to read:

Tax levied. Every operator of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation, located within the city, shall pay a transient occupancy tax ~~of ten percent~~ which shall be based on the operator's gross monthly receipts received from transient lodgers. ***Effective January 1, 2027, the transient occupancy tax shall be twelve percent (12%). Effective January 1, 2029, the transient occupancy tax shall be thirteen percent (13%). Effective January 1, 2030, the transient occupancy tax shall be fourteen percent (14%).***

Section 3. Text Amendment. Section 20-9, Submittal of Report; Remittal of Collections, of the Needles City Code is hereby amended to read as follows, with additions noted by underlined text and deletions noted by struck-through text:

Section 20-9 of the Needles Municipal Code is amended to read:

Submittal of Report; Remittal of Collections. Every operator shall submit a report of its gross monthly income and submit ~~ten~~ a percentage of its gross monthly income as transient occupancy tax to the city clerk, within thirty days after the end of each calendar month. ***Effective January 1, 2027, the transient occupancy tax shall be twelve percent (12%). Effective January 1, 2029, the transient occupancy tax shall be thirteen percent (13%). Effective January 1, 2030, the transient occupancy tax shall be fourteen percent (14%).***

Section 4. Text Amendment. Section 20-10, Penalty for Delinquent Reports and Remittals, of the Needles City Code is hereby amended to read as follows, with additions noted by underlined text and deletions noted by struck-through text:

Section 20-10 of the Needles Municipal Code is amended to read:

Penalty for Delinquent Reports and Remittals. In the event that the gross monthly income is not reported and the ~~ten percent thereof~~ ***transient occupancy tax in effect is not*** remitted to the city clerk as provided in this article, then any person so violating this article shall pay as a penalty thereof ten percent in addition to the ***transient occupancy tax in effect as stated*** above ~~ten percent levy,~~ after thirty days; after sixty days delinquency an additional ten percent shall be added to both delinquency and penalty; and after ninety days delinquency and additional ten percent shall be added to both delinquency and penalty. If such levy is not ~~the~~ paid, an additional sum of one percent per month shall be paid on all delinquent amounts accrued.

Section 5. Severability. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The people of the City of Needles hereby declare that they would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

Section 6. Environmental Compliance. The City Council hereby finds and determines that this resolution or Measure is exempt from the California Environmental Quality Act, Public Resources Code sections 21000 et seq. ("CEQA") and 14 Cal. Code Regs. sections 15000 et seq. ("CEQA Guidelines"). The calling and noticing of an election for the submission of a ballot measure to voters is not a project within the meaning of CEQA Guidelines 15378. The tax submitted to the voters is a general tax that can be used for any governmental purpose; it is not a commitment to any particular action or actions.

As such, under CEQA Guidelines Section 15378 (b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue generated by the tax were used for a purpose that would have such an effect, the City of Needles would undertake the required CEQA review for that particular project. Therefore, pursuant to CEQA Guideline Section 15060 CEQA analysis

Section 7. Effective date. If this Ordinance is approved by a majority of the electors voting on the issue at the November 3, 2026, general municipal election, pursuant to Elections Code Section 9217, the Ordinance shall become effective ten (10) days after the City Council accepts the certified results of the election.

Section 8. The Mayor is hereby authorized to attest to the adoption of this Ordinance by the People voting thereon on November 3, 2026, by signing where indicated below.

Section 9. The City Clerk is hereby directed to publish this Ordinance at least once, within fifteen (15) days after the election results are certified, in a newspaper of general circulation published and circulated in the City of Needles.

I hereby certify that the foregoing Ordinance was PASSED AND ADOPTED by the People of the City of Needles on the 3rd day of November 2026.

Dated:

Janet Jernigan, Mayor

ATTEST:

Candace Clark, City Clerk

APPROVED AS TO FORM:

John O. Pinkney, City Attorney

Attachment 1

Article 20-III Transient Occupancy Tax (Redlined)

20-8 Tax Levied

Every operator of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation, located within the city, shall pay a transient occupancy tax ~~of ten percent~~ which shall be based on the operator's gross monthly receipts received from transient lodgers. ***Effective January 1, 2027, the transient occupancy tax shall be twelve percent (12%). Effective January 1, 2029, the transient occupancy tax shall be thirteen percent (13%). Effective January 1, 2030, the transient occupancy tax shall be fourteen percent (14%).***

20-8.1 Repealed By Ord No 235-AC

20-8.2 Definitions

The words and phrases set out in this section, when used in this Article, have the following respective meanings, except where the context clearly indicates a different meaning:

(a) "Transient lodger" shall mean a person who occupies a room restricted to twenty nine days consecutive occupancy or, for a period of thirty consecutive calendar days or less, exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or contract. In determining whether a person is a "transient lodger", portions of calendar days shall be counted as full days and uninterrupted periods of time extending both prior and subsequent to the effective date of this Article may be considered.

(b) "Occupancy" shall mean the use or possession, or the right to the use or possession of a lodging space.

(c) "Operator" shall mean the person who is an owner and/or proprietor of a hotel, motel, apartment hotel, apartment motel, trailer court, recreational vehicle park, short term residential rental unit and/or property, or any other commercial establishment furnishing lodging space in exchange for monetary compensation within the city. If an operator utilizes a managing agent who is not an employee, then such agent shall also constitute an "operator" for the purposes of this Article. Compliance with this Article by either the principal or the managing agent shall constitute compliance by both.

(d) "Persons" shall mean any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as unit.

(e) "Lodging space" shall mean (i) one or more rooms used or intended to be used for dwelling or sleeping purposes, (ii) land in a trailer court or recreational vehicle park used or intended to be used for the parking of a trailer, recreational vehicle or other type vehicle used or intended to be for dwelling or sleeping purposes, and or a short term residential rental unit as defined in section 12-68.3.030, as may be amended from time to time.

(f) "Rent roll" shall mean a list of (i) the name of the person or persons who occupy or have the right to occupy the lodging space, (ii) the date or dates upon which the person or persons occupied or had the right to occupy the lodging space, (iii) the revenue received from the person or persons and (iv) the lodging space number or numbers occupied by person or persons, or the lodging space number or numbers to which the person or persons had the right to occupy.

(g) "Fee schedule" shall mean a list of the rents charged for lodging space which shall separately identify those rents charged on a daily, weekly and monthly rate.

20-9 Submittal Of Report; Remittal Of Collections

Every operator shall submit a report of its gross monthly income and submit ~~ten~~ a percent<u>age</u> of its gross monthly income ***as transient occupancy tax*** to the city clerk, within thirty days after the end of each calendar month. ***Effective January 1, 2027, the transient occupancy tax shall be twelve percent (12%). Effective January 1, 2029, the transient occupancy tax shall be thirteen percent (13%). Effective January 1, 2030, the transient occupancy tax shall be fourteen percent (14%).***

20-10 Penalty For Delinquent Reports And Remittals

<u>Penalty for Delinquent Reports and Remittals</u>. In the event that the gross monthly income is not reported and the ~~ten percent thereof~~ ***transient occupancy tax in effect is not*** remitted to the city clerk as provided in this article, then any person so violating this article shall pay as a penalty thereof ten percent in addition to the ***transient occupancy tax in effect as stated*** above ~~ten percent levy,~~ after thirty days; after sixty days delinquency an additional ten percent shall be added to both delinquency and penalty; and after ninety days delinquency and additional ten percent shall be added to both delinquency and penalty. If such levy is not the paid, an additional sum of one percent per month shall be paid on all delinquent amounts accrued.

20-10.1 Liability Of Successor Of Operator

(a) If any operator liable for any amount under this article sells out his business or quits the business, his successor or assignee shall withhold sufficient of the purchase price to cover such amount until the seller produces a receipt from the city clerk showing that it has been paid or a certificate stating that no amount is due.

(b) Within ten days after receiving a written request from the successor or seller for such receipt or certificate, or within thirty days from the date upon which the city clerk is notified in writing that the seller's records are available for audit, whichever occurs later, the city clerk shall either issue the receipt or certificate, or the mail notice to both the seller and the successor, at the addresses indicated upon the request, of the amount of estimates taxes, interest and penalties due and that must be paid as a condition of issuing a receipt. Failure of the city clerk to mail the notice will release the successor from any further obligation to withhold funds from the purchase price as provided herein.

(c) If the successor has not received a receipt or certificate from the seller, or from the city clerk except an excused by subsection (b), within thirty days after such successor commences to conduct business, the successor shall deposit the withheld amount of estimated taxes, interest and penalties, along with the last known address of the seller, with the city clerk in satisfaction of seller's outstanding tax liability and shall mail a notice to the seller indicating the amount deposited by the successor. If the successor fails to withhold and/or deposit a sufficient portion of the purchase price as required by this section, the successor shall be personally liable to the city for the payment of the amount required to be withheld and/or deposited, up to the full amount of the purchase price. This section is intended to impose liability upon a successor for any taxes, interest and penalties which may be dues at the time of transfer.

20-10.2Procedure For Collecting Unremitted Taxes

(a) Lien Imposed upon Failure to Remit Transient Occupancy Tax when Due.

(1) If any amount required to be remitted to the city under this article is not paid when due, the city may, within three years after the amount is due, estimate the amount of tax owed based on the information available to the city. The city then may file for record in the office of the San Bernardino County recorder, or with the Secretary of State, or both, a certificate specifying the amount of tax, penalties and interest due, the name and address, as it appears on the records of the city, of the operator, successor operator, or both, liable for the same and the fact that the city has complied with the provisions of this article in the determination of the amount required to be paid. Before such filing, the city shall give ten days written notice of its intent to file the lien to the operator, and successor operator if liable, including specification of the amount due. If the property is owned by a different party than the operator or successor operator, then the city shall also give ten days written notice to the real property owner before filing the lien.

(b) Initiation of Legal Action. The city attorney, on behalf o the city as plaintiff, may bring suit for the recovery of sums due under this article.

(c) The provisions of this article may be enforced by any other method authorized by law, including but not limited to misdemeanor or infraction prosecution pursuant to section 520 of the Needles City Charter.

20-10.3Review Of Determination Of Amounts Due

(a) Application for Informal Review. Within twenty days of mailing of a notice described in section 20-10.1(b), section 20-10.1(c), or section 20-10.2(a), any liable party may apply in writing to the city manager for informal review of the amount assessed. If the liable party is mailed notice pursuant to more than one such subsection, the time within which to request a hearing begins to run from the mailing of the first notice. If application for informal review is not made within the time prescribed, the taxes, interest and penalties, if any, determined to be owing pursuant to this article shall become final and conclusive and immediately due and payable. If a request for informal review is timely made, notice of the date, time and place of the review shall be given by mail, written notice within the five days of the request, and the hearing shall be held no sooner that fifteen days, nor later than thirty days thereafter, unless agreed between the liable party and the review hearing officer.

(b) Conduct of Informal Review. The informal review shall be conducted by the city manager, or his/her designated representative, and he/she shall be known as the “review hearing officer.” The liable party may be represented by an attorney, the hearing shall be informal and technical rules of evidence shall not apply. The review hearing officer shall render a written decision within ten days of the hearing, which shall be final unless timely appealed. The amount, if any, determined to be due following hearing shall be due within twenty days of the mailing of notice of decision unless an appeal is taken.

(c) Appeal. An appeal of the decision of the review hearing officer shall be a de novo review and may be made by giving notice, in writing, to the city council of the City of Needles within twenty days of the date of mailing of the review hearing officer’s decision. The appeal hearing shall be conducted by a neutral appeal hearing officer designated by the city council. The appeal hearing shall be conducted no sooner than fifteen days, not later than thirty days, of the mailing of the written notification of appeal, unless agreed between the liable party and the appeal hearing officer.

(d) Conduct of Appeal Hearing. Formal rules of evidence shall not apply and any evidence which would ordinarily be considered by reasonable persons addressing serious business may be presented. Evidentiary decisions shall be made by the appeal hearing officer. The liable party may speak on his own behalf, may be represented by an attorney, may call and examine witnesses and may cross examine witnesses called against him. Any party may request that court reporter transcribe the proceedings by depositing, in full, the cost of such reporter. If a reporter is present at the hearing at the request at the request of any party, any party shall be entitled to purchase a copy of the transcript from the reporter at the reporter’s normal charge. The liable party may, but is not required to, submit written argument up to two business days prior to the date of the hearing, and may attached copies of documentary evidence to be presented at the hearing. The appeal hearing officer shall render a written decision within ten days of the appeal hearing, including findings of fact and conclusions of law. The decision of the appeal hearing officer is a final, binding determination and shall be conclusive of the issues unless timely appealed to the city council.

(e) Appeal to City Council. Within ten days of mailing of the decision of the appeal hearing officer, the liable party may appeal the decision of the appeal hearing officer by written notice of appeal to the city council. City council review shall be conducted at public hearing to be held within thirty days of the date of mailing of notice of appeal to the city council. City council review shall be limited to a review of the appeal hearing officer’s decision based upon the record and not additional evidence may be presented. However, the liable party, or his attorney if he desires to be so represented, may present written argument to the city council up to two business days prior to the hearing, and may speak at the hearing. The city council shall render its decision no later than the next regularly scheduled council meeting, and may affirm the decision of the appeal hearing officer, remand for the taking of additional evidence or for reconsideration or both, or may overturn the decision of the appeal hearing officer. The decision of the city council is a final and binding determination of the issues, except as the issues remanded, unless timely appealed to the Superior Court of the State as provided in the California Code of Civil Procedure. Unless so appealed, payment of the taxes due, as well as interest and penalties, shall be due and payable within ten days of the date the city council renders its decision.

(f) The provisions of subsections (d) and (e) shall apply to proceedings following remand of issues to be appeal hearing officer, and city council review thereafter, except that evidence and argument presumed shall be limited to the issues remanded.

(g) If the party requesting a hearing or appeal under this section fails to appear at the hearing without just cause, the hearing may be conducted in the requesting party's absence.

20-10.4 Revocation Of Business License For Noncompliance

Failure to comply with the provisions of this article constitutes good cause for revocation of any operator's or successor's business license under section 12-7 of the code of the city, with respect to the hotel, motel, apartment hotel or motel or trailer court business from which such noncompliance arises. Notwithstanding the foregoing, a revocation arising from a noncompliance for which review has been requested pursuant to section 20-10.3 shall be stayed pending completion of review. Any applicable requirement for the posting of a bond set forth in the California Code of Civil Procedure shall apply pending any court review.

20-11 Right Of Entry Of City Officials To Audit Records

The city, for purposes deemed necessary by it, through the proper city official, shall have the right of entry to conduct an audit of the records of operators for the current year and the three preceding years.

20-11.1 Records That May Be Audited

For the purposes of this section, the term "records" shall mean any and all documents or things that substantiate gross lodging revenues subject to this Article and any adjustments or exemptions from gross revenues claimed. The term "records" includes, but is not limited to, (i) income tax returns filed for the operator subject to this Article; (ii) monthly bank statements; (iii) daily maid service reports; (iv) fee schedules, (v) rent rolls; and (vi) copies of the monthly transient occupancy tax reports filed pursuant to this Article, along with proof of payment.

20-11.2 Term Of Records Retention

For the purposes of this section, operators shall maintain records for the current year and three preceding years.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss
CITY OF NEEDLES)

I, Candace Clark, City Clerk of the City of Needles, do hereby certify the foregoing Ordinance No. 683-AC was duly adopted by the voters of the City of Needles on the 3rd day of November, 2026, and thereafter signed and approved by the Mayor and attested by the City Clerk.

Date: ___________________________ ______________________________________
City Clerk