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OFFICE OF THE CITY CLERK
OAKLAND

2019 FEB -7 PM 2:30

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Finance Department

SUBJECT: Authorization to Examine
Sales and Use Tax Records

DATE: January 29, 2019

City Administrator Approval

Date:

2/7/19

RECOMMENDATION

Staff Recommends Amending Resolution No. 85476 C.M.S. And Authorizing The City Administrator To Update And Expand The List Of Designated City Officials Authorized To Examine Sales And Use Tax Records For The City Of Oakland From The State Board Of Equalization Pursuant To California Revenue And Taxation Code Section 7056(B) To: (1) Include The City Administrator, Assistant City Administrator, Finance Director, Revenue And Tax Administrator, Assistant Revenue And Tax Administrator, Revenue Operations Supervisor, Budget Administrator, Assistant Budget Administrator, Finance Manager, Principal Budget Analyst, Director Of Economic And Workforce Development , Deputy Director Economic And Workforce Development, Urban Economic Analyst III, Principal Revenue Analyst, Principal Financial Analyst, Revenue Analyst, Account Clerk II Assigned To The Revenue Bureau, Tax Auditor II, Tax Auditor III, Accountant II Assigned To The Revenue Bureau, Tax Enforcement Officer II, Collections Officer, Revenue Assistant, City Attorney, Chief Assistant City Attorney, Deputy City Attorney V, Deputy City Attorney IV, Deputy City Attorney III, Special Counsel And Consultant Hinderliter De Llamas And Associates; And (2) Remove Budget Director, City Administrator Analyst, And Tax Representative II.

EXECUTIVE SUMMARY

With the adoption of the proposed resolution, the City will be in compliance with California Revenue and Taxation Code Section 7056(b), which sets forth certain requirements and conditions for the disclosure of information contained in, or derived from, the City's sales and use tax records of the Board of Equalization Board (here after referred to as the "Board"). This resolution will be an amendment to Resolution No. 85476 C.M.S.¹ to update and expand the list of authorized City positions to receive and review sales and use tax records for the City of Oakland ("City") from the Board. The requested positions to be added to the list require access to sales and use tax data for review and analysis as part of their job responsibilities. In addition,

¹ RESO. 85476 C.M.S Resolution authorizing and to update and expand the List of Designated city officials to include the authority to examine Sales and Use Tax records for the City of Oakland from the State of California Board of Equalization pursuant to California Revenue and Taxation Code Section 7056(b).

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the proposed resolution also authorized the consulting firm Hinderliter, de Llamas and Associates (here after referred to as "HdL") to receive and review sales and use tax records on behalf of the City.

BACKGROUND / LEGISLATIVE HISTORY

In 2015, Resolution No. 85476 C.M.S. was approved by City Council, authorizing the update and expansion of the List of Designated City Officials who can receive and examine City of Oakland sales and use tax records from the Board. In addition, the resolution also authorized the consulting firm HdL to receive and review Sales and Use Tax records of the Board in behalf of the City.

ANALYSIS AND POLICY ALTERNATIVES

The City entered into a contract with the Board to perform all functions related to the administration and collection of local sales and use taxes. California Revenue and Taxation Code Section 7056(b), sets forth requirements and conditions for the disclosure of Board records. To ensure the continued confidentiality to sales and use tax records, the City will restrict access to collections receipts to those positions requested in this resolution. Therefore, to maintain the highest level of security, staff recommends: (1) add those positions stated in this resolution, and (2) remove those position titles that no longer exist, and (3) to add a consultant authority to examine sales and use tax records for the City from the Board.

As consultant and representative of the City, HdL is authorized to examine all of the sales and use tax records of the Board pertaining to sales and use taxes collected by the Board on behalf of the City. HdL is required to have an existing contract with the City to represent the City in matters requiring examination of sales tax records. In addition, HdL is required by that contract to disclose information contained in, or derived from, those sales tax records only to an officer or employee of the City who is authorized by resolution to examine the information. Further, the information obtained by the designated representatives is vital for revenue audits and compliance review, economic development programs, budget and forecasting, and sales and use tax related issues as authorized by the Revenue and Tax Administrator.

FISCAL IMPACT

There was no cost or fiscal impact associated with the adoption of this report and resolution.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This staff report was prepared by the Revenue Management Bureau in coordination with the City Administrator's Office.

SUSTAINABLE OPPORTUNITIES

Economic: The designation and authorization of City staff and representatives allows the City to maintain the integrity of the City's tax enforcement and compliance efforts.

Environmental: There are no environmental impacts associated to this report.

Social Equity: The designation and authorization of City staff and representatives allows the City to maintain confidentiality of sales and use tax receipts and promote equitable treatment of all taxpayers.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends amending Resolution No. 85476 C.M.S. and authorizing the City Administrator to update and expand the list of designated City officials authorized to examine sales and use tax records for the City Of Oakland from the State Board Of Equalization pursuant to California Revenue And Taxation Code Section 7056(B) to: (1) Include the City Administrator, Assistant City Administrator, Finance Director, Revenue And Tax Administrator, Assistant Revenue And Tax Administrator, Revenue Operations Supervisor, Budget Administrator, Assistant Budget Administrator, Finance Manager, Principal Budget Analyst, Director Of Economic and Workforce Development , Deputy Director Economic and Workforce Development, Urban Economic Analyst III, Principal Revenue Analyst, Principal Financial Analyst, Revenue Analyst, Account Clerk II assigned to the Revenue Bureau, Tax Auditor II, Tax Auditor III, Accountant II assigned to the Revenue Bureau, Tax Enforcement Officer II, Collections Officer, Revenue Assistant, City Attorney, Chief Assistant City Attorney, Deputy City Attorney V, Deputy City Attorney IV, Deputy City Attorney III, Special Counsel and Consultant Hinderliter De Llamas And Associates; and (2) Remove Budget Director, City Administrator Analyst, and Tax Representative II.

For questions regarding this report, please contact Andy Best, Principal Revenue Analyst, at 237-7009.

Respectfully submitted,



KATANO KASAINÉ
Finance Director

Reviewed by:

Margaret O'Brien, Revenue & Tax Administrator

Prepared by:

Andy Best, Principal Revenue Analyst

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OAKLAND CITY COUNCIL

Approved as to Form and Legality


City Attorney

RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AMENDING RESOLUTION NO. 85476 C.M.S. AND AUTHORIZING THE CITY ADMINISTRATOR TO UPDATE AND EXPAND THE LIST OF DESIGNATED CITY OFFICIALS AUTHORIZED TO EXAMINE SALES AND USE TAX RECORDS FOR THE CITY OF OAKLAND FROM THE STATE BOARD OF EQUALIZATION PURSUANT TO CALIFORNIA REVENUE AND TAXATION CODE SECTION 7056(B) TO: (1) INCLUDE THE CITY ADMINISTRATOR, ASSISTANT CITY ADMINISTRATOR, FINANCE DIRECTOR, REVENUE AND TAX ADMINISTRATOR, ASSISTANT REVENUE AND TAX ADMINISTRATOR, REVENUE OPERATIONS SUPERVISOR, BUDGET ADMINISTRATOR, ASSISTANT BUDGET ADMINISTRATOR, FINANCE MANAGER, PRINCIPAL BUDGET ANALYST, DIRECTOR OF ECONOMIC AND WORKFORCE DEVELOPMENT, DEPUTY DIRECTOR ECONOMIC AND WORKFORCE DEVELOPMENT, URBAN ECONOMIC ANALYST III, PRINCIPAL REVENUE ANALYST, PRINCIPAL FINANCIAL ANALYST, REVENUE ANALYST, ACCOUNT CLERK II ASSIGNED TO THE REVENUE BUREAU, TAX AUDITOR II, TAX AUDITOR III, ACCOUNTANT II ASSIGNED TO THE REVENUE BUREAU, TAX ENFORCEMENT OFFICER II, COLLECTIONS OFFICER, REVENUE ASSISTANT, CITY ATTORNEY, CHIEF ASSISTANT CITY ATTORNEY, DEPUTY CITY ATTORNEY V, DEPUTY CITY ATTORNEY IV, DEPUTY CITY ATTORNEY III, SPECIAL COUNSEL AND CONSULTANT HINDERLITER DE LLAMAS AND ASSOCIATES; AND (2) REMOVE BUDGET DIRECTOR, CITY ADMINISTRATOR ANALYST, AND TAX REPRESENTATIVE II.

WHEREAS, pursuant to Oakland Municipal Code Section 5.04.150 "Disclosure of Business Taxpayers, etc. Limitation on Rule," the City of Oakland entered into a contract with the State Board of Equalization (hereafter referred to as Board) to perform all functions related to the administration and collection of local Sales and Use Taxes; and

WHEREAS, the City Council of the City of Oakland (City) deems it desirable and necessary for authorized representatives of the City to examine confidential Sales and Use Tax records of the Board pertaining to Sales and Use Taxes collected by the Board for the City pursuant to that contract; and

WHEREAS, California Revenue and Taxation Code Section 7056(b) sets forth requirements and conditions for the disclosure of Boards records, and provides that when requested by

resolution of the legislative body the Board shall permit the authorized officers or employees designated by that resolution to examine all sales and use tax records of the Board pertaining to those sales and use taxes collected by the Board pursuant to contract; now, therefore, be it

RESOLVED: That the City Council of the City of Oakland hereby authorizes the City Administrator to update the list of designated City officials authorized to examine sales and use tax records for the City of Oakland from the Board pursuant to California Revenue and Taxation Code section 7056(b) to: (1) include the City Administrator, Assistant City Administrator, Finance Director, Revenue and Tax Administrator, Assistant Revenue and Tax Administrator, Revenue Operations Supervisor, Budget Administrator, Assistant Budget Administrator, Finance Manager, Principal Budget Analyst, Director of Economic and Workforce Development, Deputy Director Economic and Workforce Development, Urban Economic Analyst III, Principal Revenue Analyst, Principal Financial Analyst, Revenue Analyst, Account Clerk II assigned to the Revenue Bureau, Tax Auditor II, Tax Auditor III, Accountant II assigned to the Revenue Bureau, Tax Enforcement Officer II, Collections Officer, Revenue Assistant, City Attorney, Chief Assistant City Attorney, Deputy City Attorney V, Deputy City Attorney IV, and Deputy City Attorney III, and Special Counsel and (2) remove the positions of Budget Director, City Administrator Analyst, and Tax Representative II; and be it

FURTHER RESOLVED: That the information obtained by the designated representatives of the City through the examination of Board records shall be used only for purposes related to the collection of City sales and use taxes by the Board and governmental functions such as:

- a) Revenue Audits and Compliance Review;
- b) Economic Development Programs;
- c) Budget and Forecasting; and,
- d) And other sales and use tax related issues as authorized by the Revenue and Tax Administrator; and be it

FURTHER RESOLVED: That pursuant to California Revenue and Taxation Code Section 7056(b), the City Council of the City of Oakland designates Hinderliter de Llamas and Associates, (hereafter referred to as "Consultant") as a representative of the City of Oakland to examine all of the sales and use tax records of the Board pertaining to sales and use taxes collected by the Board on behalf of the City of Oakland and certifies that the Consultant meets all of the following conditions:

- a. Consultant has an existing contract with the City to represent the City in matters requiring examination of sales tax records;
- b. Consultant is required by that contract to disclose information contained in, or derived from, those sales tax records only to an officer or employee of the City who is authorized by resolution to examine the information;
- c. Consultant is prohibited by the contract from performing consulting services for a retailer during the term of the contract; and

- d. Consultant is prohibited from retaining the information contained in, or derived from, those sale tax records, after the contract has expired; and be it

FURTHER RESOLVED: That the information obtained by examination of Board records shall be used only for purposes related to the collection of City sales and use taxes by the Board pursuant to the contract between the City and the Board and the purposes related to the governmental functions of the City listed in this resolution; and be it

FURTHER RESOLVED, that this Resolution shall take effect immediately upon passage.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO
AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the City
of Oakland, California