

City of South Gate

**FAIR SHARE
PROGRAM**

PROGRAM OVERVIEW

The South Gate "Fair Share Program" (FSP) is designed to assist the City in capturing the Sales and Use Tax revenue that it is not currently receiving from businesses located in the City. FSP is a voluntary program that provides a way for local businesses to help the City maintain a quality level of services to its businesses and residents without increasing the participants' taxes.

BACKGROUND

Under California's Bradley-Burns Uniform Local Sales and Use Tax, a city receives up to 1% on all taxable sales and uses of tangible personal property when the taxable situs (point of sale) is within the City. However, in practice, sellers and buyers often do not directly allocate Use Tax to a City when a purchase is made of property subject to Use Tax, and in certain cases, Sales Tax. Rather, the seller or purchaser commonly allocates the Use Tax to a countywide or statewide pool. The pooled revenue is distributed to all the jurisdictions in that county or the state in direct proportion to the sales tax directly allocated to them under rules and regulations administered by the State Board of Equalization (Board). **Pooling in this manner can result in a significant loss of revenue taking place in a jurisdiction, particularly with respect to business-to-business transactions.**

In order for the cities to capture all of the Bradley-Burns revenues to which they are entitled, the Legislature and the Board have adopted laws and regulations that allow, under specified conditions, direct allocation of Sales and Use Tax revenues to a single jurisdiction that otherwise would have been placed into a countywide or statewide pool for distribution to numerous jurisdictions that may have little or no connection with the taxable activities.

Through your participation in the Fair Share Program, South Gate can receive 100% of the local Sales and Use taxes your business is already reporting or expects to report in the future to the Board. Your participation will NOT increase the amount of tax you pay, but will reallocate your taxes from the county and state "pools" to the City.

WHAT'S INVOLVED

City Finance Department employees or, if needed, consultants retained by the City will work with your purchasing, accounting and/or tax staff to review your purchases, and related accounting practices and reporting procedures. They will conduct an evaluation to see if the related local Sales or Use Tax can be allocated

to South Gate. If so, the City will provide your business with the necessary procedures and forms to make this allocation, and will also help you complete the forms and revise your procedures to implement the program. The additional time or resources invested by your business will be minimal. The City staff will make every effort to mesh this program unobtrusively with your current operations and practices. Any information provided to the City or its consultant will be held in the strictest confidence.

CONTACT INFORMATION

If you have any additional questions, please contact:

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