



Legislation Text

File #: 1990-2017, **Version:** 1

BACKGROUND: This legislation authorizes the Finance and Management Director to enter into a Voluntary Disclosure Agreement with the State of Ohio for purposes of remitting state sales and use tax related to the sale of compressed natural gas to the general public via the City's compressed natural gas fueling stations. It was determined through meetings with the Ohio Department of Taxation, the Department of Finance and Management, and the Columbus City Attorney's Office, that the sale of compressed natural gas to external entities falls under the State's definition of Tangible Personal Property and as such is subject to a 7.5% state sales and use tax. It should be noted that the internal use of compressed natural gas by City vehicles will not be subject to this tax. The Department of Finance and Management began collecting and depositing these funds into an agency fund beginning in November 2016. This Voluntary Disclosure Agreement will govern the remittance of such proceeds and covers all taxable sales of compressed natural gas for the period June 1, 2014 through May 31, 2017. It is estimated that the total state sales and use tax proceeds to be remitted currently is \$118,457.86. It should be noted that the City will be required to remit such tax proceeds on a monthly basis going forward. The annual remittance of such tax proceeds going forward is estimated at approximately \$70,000.00.

Emergency action is requested to ensure that tax proceeds can be remitted to the State of Ohio promptly.

FISCAL IMPACT: This ordinance authorizes the expenditure of up to \$150,000.00, collectively from the Fleet Management Operating Fund 5200 and the Taxes to Remit Fund 3305, with the State of Ohio for purpose of remitting state sales and use tax proceeds related to the public sale of compressed natural gas.

To authorize the Finance and Management Director to enter into a Voluntary Disclosure Agreement with the State of Ohio; to authorize the City Auditor to transfer funds within the Fleet Management Operating Fund; to authorize the expenditure of \$104,309.72 from the Fleet Management Operating Fund; to authorize the expenditure of \$45,690.28 from the Taxes to Remit Fund; and to declare an emergency. (\$150,000.00)

WHEREAS, the Department of Finance and Management has determined that the sale of compressed natural gas to external entities is subject to a 7.5% State of Ohio sales and use tax; and

WHEREAS, it is necessary to enter into a Voluntary Disclosure Agreement with the State of Ohio to process past, current, and future tax proceed remittances to the State of Ohio; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Finance and Management, in that it is immediately necessary to enter into said Voluntary Disclosure Agreement to ensure the timely remittance of sales and use tax proceeds to the State of Ohio, thereby preserving the public health, peace, property, safety, and welfare; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

SECTION 1. That the Finance and Management Director be and is hereby authorized to enter into a Voluntary Disclosure Agreement with the State of Ohio for purposes of remitting State of Ohio sales and use tax proceeds related to the sale of compressed natural gas to internal entities and the general public.

SECTION 2. That the transfer of \$104,309.72 or so much thereof as may be needed, is hereby authorized within the Fleet Management Operating Fund 5200 per the account codes in the attachment to this ordinance.

SECTION 3. That the expenditure of \$104,309.72, or so much thereof as may be needed, is hereby authorized in the Fleet Management Operating Fund 5200 in Object Class 03 Contractual Services per the accounting codes in the attachment to this ordinance.

SECTION 4. That the City Auditor is hereby authorized to process the necessary State of Ohio sales and use tax payments from the Fleet Management Operating Fund 5200 and the Taxes to Remit Fund 3305, as needed.

SECTION 5. That for the reason stated in the preamble hereto, which is hereby made a part hereof, this ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.