

ORDINANCE NO. 24-2411

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, AMENDING SECTION 3101.5 (GENERAL PROVISIONS) OF CHAPTER 1 (FIRE PREVENTION) OF ARTICLE III (PUBLIC SAFETY) OF THE CARSON MUNICIPAL CODE TO: (1) REQUIRE PERMITTEES TO SUBMIT DOCUMENTATION SUPPORTING REPORTED REVENUES, COSTS OF OPERATION, AND USE OF NET PROCEEDS OF PERMITTED FIREWORKS STANDS; AND (2) REQUIRE AUDITING OF PERMITTEES' REPORTED REVENUES, COSTS OF OPERATION, AND USE OF NET PROCEEDS OF PERMITTED FIREWORKS STANDS TO VERIFY TRUTHFULNESS AND ACCURACY OF SAME AND COMPLIANCE WITH THE CITY'S PERMITTING REGULATIONS

WHEREAS, each Fourth of July season, the City issues a limited number of permits authorizing the operation of stands selling safe and sane fireworks at retail pursuant to Section 3101 *et seq.* (Fireworks Regulation) of Chapter 1 (Fire Prevention) of Article III (Public Safety) of the Carson Municipal Code ("CMC").

WHEREAS, among other eligibility requirements, each permittee must be a nonprofit, charitable corporation or association currently recognized as a Section 501(c)(3) organization under the Internal Revenue Code or as a Section 27301(d) organization under the Revenue and Taxation Code. Each permittee is required to use the net proceeds derived from its operations under the permit only for nonprofit, charitable, or religious service projects that shall be of direct benefit to the City of Carson and for no other purpose.

WHEREAS, CMC 3101.5(b) currently requires permittees to file a statement of accounting and report with the City Revenue Division stating the gross funds derived from the sale of fireworks, costs of fireworks inventory sold, and itemized operating expenses. It also provides that the City Revenue Division shall have the right to request and review supporting documentation for all fireworks sales receipts and expenses, and it is the City Revenue Division's practice to do so. Additionally, CMC 3101.5(c) currently requires permittees to file a report with the Revenue Division giving a description of the nonprofit, charitable, or religious service projects for which the permittee used its net proceeds, together with an accounting of the funds derived from its operations under the permit.

WHEREAS, to ensure full transparency and accuracy of permittees' revenues, costs of operation, and use of net proceeds, and to better identify, remedy and deter any violations of the CMC related to permitted fireworks stands, the City Council now sees fit and intends to amend CMC Section 3101.5(b)-(c) to: (1) require permittees to submit documentation supporting all reported revenues, costs of operation, and use of net proceeds of their permitted fireworks stands, independent of any request from the City Revenue Division; and (2) require the City Revenue Division to review and audit all reported revenues, costs of operation, and use of net proceeds of permitted fireworks stands to verify the truthfulness and accuracy of same and compliance with the City's permit regulations, Carson Municipal Code Section 3101 *et seq.*

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA DOES ORDAIN AS FOLLOWS:

SECTION 1. RECITALS. The foregoing recitals are true and correct, and are incorporated herein by this reference as findings of fact.

SECTION 2. AMENDMENT. Section 3101.5 (General Provisions) of Chapter 1 (Fire Prevention) of Article III (Public Safety) of the Carson Municipal Code is hereby amended to read in its entirety as follows (added text is shown in ***bold italics***, deleted text is shown in ~~strike through~~):

“3101.5 General Provisions

(a) The permittee shall use the net proceeds derived from its operations under such permit only for such nonprofit, charitable, or religious service projects that shall be of direct benefit to the City of Carson and for no other purpose. Specifically, such net proceeds shall not be used (1) to support political activities (including, but not limited to, contributions to legal defense organizations); (2) for property-related expenditures (including, but not limited to, mortgage payments and property taxes) related to properties located outside of the City; (3) for contributions to national or regional organizations (contributions to Carson-based units of such organizations are permitted if the funds will be expended locally as required by this Section); or (4) for any other purpose unrelated to a service project that directly benefits the City. The City Manager shall have final authority to determine whether each use of such net proceeds complies with this provision.

(b) Upon the expiration of the retail sales permit granted for the operation of a fireworks stand, but prior to the first Tuesday of September, the permittee shall file a statement of accounting and report with the City Revenue Division stating the gross funds derived from the sale of fireworks, costs of fireworks inventory sold, and itemized operating expenses, ***together with supporting documentation for all gross funds derived from the sale of fireworks, costs of fireworks inventory sold, and operating expenses.*** The City Revenue Division shall ~~have the right to request and review~~ ***the statement of accounting and report and supporting documentation and audit the statement of accounting and report to verify the truthfulness and accuracy of same, and for that purpose shall have the right to inspect, examine and copy all receipts, invoices, evidence of transfers or disbursements of funds, and other documents and information of the permittee that relate to or evidence the permittee’s gross funds derived from the sale of fireworks, cost of fireworks inventory sold, and/or operating expenses, to the extent not furnished in the supporting documents that the permittee submitted with the statement of accounting and report*** ~~supporting documentation for all fireworks sales receipts and expenses.~~

(c) On or before the first Thursday of March of the following year, the permittee shall file a report with the City Revenue Division giving a description of *the permittee's use of the net proceeds derived from its operations under the permit for nonprofit, charitable, or religious* such service projects *in accordance with subsection (a) of this Section*, together with *supporting documentation evidencing the permittee's use of all such proceeds (including proof of expenditure or disbursement and the date and recipient of each expenditure or disbursement transaction) and* an accounting of the funds derived from the sale of fireworks for the previous year. The permittee shall fully expend the net proceeds derived from its operations under such permit, in accordance with the provisions of subsection (a) of this Section, prior to the filing of the report. The City Manager may grant an extension, not to exceed one (1) year, for the expending of the proceeds upon receiving satisfactory proof that the funds are earmarked for specific service projects that will take place after the March filing date. No such extension shall be granted unless the permittee specifically identifies the proposed expenditures and the projected dates of completion. Upon completion of such service projects, the permittee shall file an amended financial report that accounts for the use of the proceeds, *together with supporting documentation as described above. The City Revenue Division shall review each report filed pursuant to this subsection (including the supporting documentation) and audit the report to verify the truthfulness and accuracy of same and compliance with applicable provisions of CMC 3101, and for that purpose shall have the right to inspect, examine and copy all receipts, invoices, evidence of transfers or disbursements of funds, and other documents of the permittee that relate to or evidence the permittee's use of the net proceeds derived from its operations under the permit, to the extent not furnished in the supporting documents that the permittee submitted with the report.*

(d) No one (1) organization may receive more than one (1) permit for a fireworks stand during any one (1) calendar year.

(e) No organization shall receive a permit for a fireworks stand if such organization received a permit for the previous year and has failed to file the reports required in subsections (b) and (c) of this Section or otherwise violated any provisions of the Carson Municipal Code relating to such prior year's permit or to the permittee's operations thereunder.

(f) Every fireworks stand operator (nonprofit organizations selling fireworks) shall designate two (2) or more responsible individuals who shall attend a Fireworks Stand Operators Safety Seminar and Orientation Session, which is conducted by the wholesale distributors of fireworks. Such seminar shall be subject to prior review by, and shall incorporate the recommendations of, the Los Angeles County Fire Department. Failure of an organization to have two (2) or more responsible

individuals attend said safety program and orientation session shall be grounds for revocation of the organization's eligibility for a fireworks permit in the City of Carson that year.

(g) No person under the age of eighteen (18) shall be allowed to purchase fireworks.

(h) All permits shall expire at 12:00 midnight on July 4th of the year in which the permit was granted.

(i) The total number of permits for fireworks stands issued in the City of Carson in any one (1) calendar year shall not exceed twenty (20). The maximum number of licenses issued shall annually be adjusted downward to the number of licenses issued in the preceding year to a minimum of not less than ten (10).

(j) Permits shall be issued first to applicants which held a permit during the immediately preceding Fourth of July season and faithfully complied with all requirements of this Code in connection therewith. Any remaining permits shall thereafter be granted to qualified applicants in the order in which their applications are filed with the City. In the event that there are more applications than permits available, applicants not receiving permits will be placed on a waiting list in the order their applications are filed with the City. The waiting list will be maintained from year to year; provided, that the waiting list applicants continue to annually file a timely application and pay the required application fee in accordance with CMC 3101.3. Any permits which become available after the establishment of the waiting list shall be granted to qualified applicants in the order in which their names appear on the waiting list.”

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, phrase, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

SECTION 4. EFFECTIVE DATE. This ordinance shall be in full force and effect thirty (30) days after its adoption.

SECTION 5. CERTIFICATION. The City Clerk shall certify to the adoption of this ordinance, and shall cause the same to be published and codified in the manner required by law.

[signatures on the following page]

PASSED, APPROVED and ADOPTED by a vote of the City Council at a regular meeting of the City Council on this ____ day of _____, 2024.

Lula Davis-Holmes, Mayor

ATTEST:

Dr. Khaleah K. Bradshaw, City Clerk

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney