



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

C-9

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

October 10, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the Financial Management Department to process a refund check in the amount of \$166,700 to the Internal Revenue Service, to correct a calculation error in the 2016 Liquefied Natural Gas (LNG) fuel tax rebate; and,

Increase appropriations in the Fleet Fund (IS 386) in the Financial Management Department (FM) by \$166,700. (Citywide)

DISCUSSION

On May 10, 2017, the Internal Revenue Service conducted an audit of the 2015 and 2016 alternative fuel tax filings for the City of Long Beach. In 2016, the unit of measure for LNG gallons was changed to diesel gallon equivalents (DGE), and one LNG gallon is equal to 1.71 DGE. With the revenue credit change from \$0.50 per LNG gallon to \$0.50 per DGE, this reduced the amount of the City's claim by 42 percent. We were reimbursed \$401,445, but should only have received \$234,745. Therefore, a refund of \$166,700 is due to the Internal Revenue Service.

In accordance with Long Beach Municipal Code Section 3.48.040C, which requires that refunds exceeding \$10,000 be approved by the City Attorney and City Council, authorization to process the refund is requested.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on September 21, 2017 and by Assistant Finance Director Lea Eriksen on September 15, 2017.

TIMING CONSIDERATIONS

City Council action is requested on October 10, 2017, to expedite processing of the refund check.

FISCAL IMPACT

The amount of \$166,700 will be refunded from the Fleet Fund (IS 386) in the Financial Management Department (FM). An appropriation increase of \$166,700 is needed to cover this refund. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL

October 10, 2017

Page 2

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG
K:\EXEC\COUNCIL LETTERS\FLEET SERVICES\2017\10-10-17 CCL -IRS TAX REFUND.DOCX

APPROVED:



PATRICK H. WEST
CITY MANAGER