

City of Salinas

City Attorney Impartial Analysis

Salinas Safe Neighborhoods /Essential Services Measure (General Transactions and Use Tax)

The City Council of the City of Salinas has placed this measure on the November 3, 2009 ballot to ask the voters to approve an ordinance that would enact a one percent (1.0%) transactions and use tax within the City of Salinas. This would be the equivalent of a one-cent (1¢) tax on an item that costs a dollar or one dollar (\$1.00) on an item that costs one-hundred dollars (\$100).

The revenue generated from the proposed tax would be deposited in the City's general fund and, accordingly, all monies collected would be used by the City for any general governmental purpose, such as police, fire safety, paramedics, libraries, recreation, youth gang/ violence prevention programs, after-school recreation and mentoring programs, and other essential services. As such, this ballot measure is a "general tax," rather than a "special tax."

The current combined sales and transactions and use tax in the City is 8.75%. This includes a 1% temporary tax imposed by the State of California that will expire on July 1, 2011. Under the current tax rate, the City receives the equivalent of one and a half percent (1.5%) or one and a half cents of every dollar spent. The proposed transactions and use tax, like the sales and use tax, would be levied on the sale or use of tangible personal property sold at retail. Accordingly, the total tax rate for most purchases in the City would increase to 9.75% (until July 1, 2011) and decrease to 8.75% on July 1, 2011 when the State's temporary tax expires. Of the total, the City will receive two and one-half cents of every dollar spent, if the voters approved the measure.

The proposed City tax has no specific termination date, but may be reduced or repealed by action of the City Council or by the voters through an initiative petition.

The ballot measure also provides for annual audits, an annual expenditure report by the City Manager and Police Chief reviewing the status and performance of the programs and services funded by the measure, and an independent oversight committee. The Mayor and City Council shall each annually appoint one member of the public to serve as an oversight committee for the revenue that the City receives from the proposed tax and to report and recommend the use thereof to the City Council.

A "YES" vote is a vote to approve the ordinance levying the one percent (1.0%) transactions and use tax, with annual audits, expenditure reports and oversight by an independent committee of Salinas residents. A "NO" vote is a vote against the tax. Measure K would be approved if it received a majority (over 50%) of "yes" votes.



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Dated: August 10, 2009