

CITY OF EL CERRITO MEASURE __
CITY ATTORNEY'S IMPARTIAL ANALYSIS

The City Council of the City of El Cerrito has placed Measure __ on the ballot to ask the City's voters to approve a temporary one percent (1.00%) transactions and use tax. The proposed tax would add a penny to the price of an item that costs a dollar (if the item is normally subject to sales tax).

Because Measure __ does not limit the use of tax revenue, it is a "general tax," not a "special tax" that restricts the funds to specific purposes. Therefore, the City may use the funds for any legitimate governmental purpose. The ballot question approved by the City Council and the City's adopted two-year budget identify priorities for use of the revenue from the tax, if approved by the voters: fire prevention and emergency services; emergency response times; neighborhood police patrols; firefighter and police staffing; crime prevention and investigation resources; after-school programs; library support; senior services; open space, parks, paths and playfields; and increasing the City's emergency reserves.

The tax would terminate automatically 12 years after collection begins, unless extended by the voters.

The Measure requires the City's independent auditors to prepare annually a publicly available report on the collection, management and expenditure of revenue from the tax. Additionally, it requires the City's Financial Advisory Board ("FAB") to review that report as part of its review of the annual audit of the City's finances.

Currently, the cumulative tax on retail sales in El Cerrito is 9.50% of the purchase price. The City's share is only approximately 1.75% of that 9.50%.

Technically, the proposed measure is a "transactions and use tax." A transactions and use tax is levied on the same purchases as the existing sales tax, with some minor exceptions. Retailers and other businesses collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax. The State Board of Equalization then transmits the funds collected to the City.

In 2010, City voters approved a 0.50% transactions and use tax to support general municipal services (Measure R). The proposed Measure would extend Measure R and set the rate at 1%. The total sales tax rate in El Cerrito would be 10%. Revenue from the tax would go to the City's general fund and be available to support the full range of municipal services.

A "Yes" vote is a vote to approve a one-cent transactions and use ("sales") tax for 12 years, with annual audits and review by the FAB. A "No" vote is a vote against the tax. Measure __ would be approved if it received a simple majority of "Yes" votes.

The above statement is an impartial analysis of Measure __. If you desire a copy of the ordinance or measure, please call the City Clerk's office at (510) 215-4305 or cmorse@ci.el-cerrito.ca.us and a copy will be mailed at no cost to you.



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