

## MEASURE F

### CITY ATTORNEY'S IMPARTIAL ANALYSIS

The Santa Cruz City Council has placed Measure F on the ballot to ask the voters to approve a one half of one percent (0.5%) sales tax within the City. The proposed tax would add 5 cents to the price of an item that costs ten dollars, or 50 cents to the price of an item that costs \$100. Because Measure F does not limit the use of tax revenue, it is a “general tax,” not a “special tax” that restricts the use of funds to specific purposes. Therefore, as explained in the ballot question, the City may use the funds for a variety of purposes, including but not limited to mitigating the impacts of homelessness, creating more affordable housing, maintaining City streets and facilities and maintaining current levels of public safety services and parks and recreation programs.

Currently, the cumulative tax on retail sales in Santa Cruz is 9.25%, of which Santa Cruz's share is 1.75%. The remainder primarily goes to the State of California, with a small percentage dedicated to county transportation funding and the Santa Cruz City-County Library System.

Technically, the existing “sales tax” is a combination of “sales and use tax” and “transactions and use tax.” With some exceptions (e.g., groceries, prescription medicine, diapers and feminine hygiene products), both are levied on the sale or use of tangible personal property sold at retail as well as upon the storage, use or other consumption of tangible personal property purchased from any retailer in the jurisdictional limits of the City. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax, a portion of which is then remitted to the City.

Measure F would authorize a 0.5% transactions and use tax, which would increase the total sales tax rate to 9.75%. If approved, this additional increment would go exclusively to the City's general fund and be available to support the full range of local municipal services.

A “Yes” vote is a vote to approve the proposed one half of one percent (0.5%) sales tax increase. “No” vote is a vote against the tax. Measure F would be approved if it receives a simple majority (50% + 1) of “Yes” votes.

DATED: March 14, 2022

/s/

Anthony P. Condotti, City Attorney  
City of Santa Cruz