City of Soledad
City Attorney Impartial Analysis

Measure I-Amending Chapter 3.09 -Temporary Transactions and Use Tax of the Soledad Municipal Code by Extending Its Term
(General Transactions and Use Tax)

The City Council of the City of Soledad has placed Measure I on the November 4, 2014 Consolidated Statewide Election ballot to ask the voters to approve an ordinance that would amend Chapter 3.09 of the Soledad Municipal Code by extending the existing five year term of the City's temporary one percent (1.0 %) Transactions and Use Tax by an additional fifteen years.

Pursuant to the terms of the existing Temporary Transactions and Use Tax, which was approved by the voters as Measure Y at an election on June 5, 2012, the City receives the equivalent of one percent (1.0%) or one cent of every dollar spent. This Transactions and Use Tax is levied on the sale or use of tangible personal property sold at retail in the City. The total tax rate for most purchases in the City, which includes the Transactions and Use Tax, is currently 8.25%.

The revenue generated from the tax is deposited in the City's general fund and can be used for general governmental purposes, such as police, fire safety, recreation, park and road maintenance, youth programs, and other essential services. As such, this ballot measure is a "general tax," rather than a "special tax." To date, Transactions and Use Tax revenues have been approved and used for City marketing services, economic development, the purchase of park maintenance equipment, computers and technology upgrades for the police department, the purchase of equipment used for police and fire department services, and lighting upgrades to the Soledad Community Center parking lot.

The proposed extension would extend the term of the Soledad Temporary Transactions and Use Tax for an additional fifteen years, to 2032, and automatically terminate thereafter.

Measure I does not modify existing provisions codified in Chapter 3.09 of the Soledad Municipal Code that require preparation of an annual audit of the receipt and use of all Transactions and Use Tax revenues, as well as an annual report from the City Manager and City Finance Director that reviews the status and performance of programs and services funded with tax proceeds. Additionally, Transactions and Use Tax revenues will continue to be subject to the oversight of a five-person committee, comprised of members of the public appointed by the Mayor and City Council, tasked to review expenditures and recommend the use of tax proceeds.

A "Yes" vote on Measure I is a vote to approve the extension of the existing five year term of the one-cent Soledad Temporary Transactions and Use Tax for an additional 15 years, with continued independent audits and oversight by a committee of members of the public. A "No" vote is a vote against the tax extension. Measure I would be approved if it receives a simple majority (over 50%) of "Yes" votes.

Dated: August 21, 2014

Michael F. Rodriquez, City Attorney