

## Impartial Analysis of Measure K

The City Council of the City of Half Moon Bay has placed Measure K on the ballot to ask the voters to approve a temporary one percent (1%) transactions and use tax within the City. The proposed tax would add a cent to the price of an item that costs a dollar, or one dollar to the price of an item that costs \$100. Because Measure K is a “general tax,” it can be used for all general City services; it is not a “special tax” that restricts the 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 maintaining current levels of police services, crime prevention and investigation resources; police staffing; earthquake preparedness; afterschool programs for children and teens; senior services; library services and parks and recreation programs.

The tax would terminate automatically seven years after collection begins. Measure K requires the City’s independent auditors to annually prepare a publicly available report on the collection, management and expenditure of revenue from the tax. Additionally, it requires oversight of all expenditures by a Citizens Advisory Committee.

Currently, the cumulative tax on retail sales in Half Moon Bay is 9.25%, of which Half Moon Bay’s share is only 0.75%. The remainder primarily goes to the State of California, with a small percentage dedicated to county transportation funding.

Technically, the existing “sales tax” is a combination of “sales and use tax” and “transactions and use tax.” With some exceptions, both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax.

Measure K would authorize a 1% transactions and use tax, which would increase the total sales tax rate to 10.25%. 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 enactment of the one cent tax for seven years, with annual audits and review by Citizens’ Advisory Committee. A “No”

vote is a vote against the tax. Measure K would be approved if it received a simple majority of “Yes” votes.

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/s/ Anthony P. Condotti  
City Attorney  
City of Half Moon Bay