

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE D

This measure would approve an ordinance enacting a one half-cent (0.50%) temporary transactions and use (sales) tax within the City of Martinez. The tax is a special tax requiring a 2/3 vote, with legal restrictions as to its use. The tax will be limited to funding road improvements and maintenance in the City of Martinez in accordance with the Expenditure Plan also proposed to be approved by the voters as a part of Measure D. The tax may not legally be used for any other purpose.

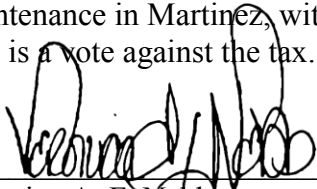
The City is required to hold the funds from the tax in a separate account and prepare an annual report which discloses the amount of funds collected and expended and the status of any project funded with the proceeds of the tax. The tax ordinance requires the appointment of a Citizens' Oversight Committee to review the expenditures of tax revenues. All meetings of the Citizens' Oversight Committee must be conducted in public and comply with the provisions of the Ralph M. Brown Act (Government Code Section 34950 et seq.).

Certain necessities of life, including purchases of food or health related products such as medicine, are exempt from the tax. If adopted, it will not go into effect until April 1, 2017 and will expire on March 31, 2032.

Technically, the sales tax is a combination of "sales and use tax" and "transactions and use tax." Retailers collect both taxes at the time of sale and remit the funds to the State Board of Equalization, which administers the taxes. Both are levied on the retail sale or use of personal property, with certain exceptions. The special tax will be collected where the sale is made in Martinez or where the goods are delivered and placed into use in Martinez. Merchandise purchased in a "walk-in" retail store is assumed by the state to be used within the city in which the store is located and is paid by both non-residents as well as residents, unless the retailer is asked to ship the merchandise outside the city as part of the sale or it is a motor vehicle (which is taxed based on the city of registered use).

State and local tax on retail sales and use in Martinez is currently 8.5% of the purchase price. Due to the expiration of a temporary sales tax increase authorized by Proposition 30 of .25% statewide on December 31, 2016, the passage Measure D, authorizing a 0.50% transactions and use tax, would result in an increase of the total sales tax rate in Martinez to 8.75%. The revenue from the tax increase proposed by Measure D would go only to the City, and not to the State or any other governmental entity.

A "Yes" vote is a vote to approve the additional one-half cent tax for road improvements and maintenance in Martinez, with annual reporting and a Citizens' Oversight Committee. A "No" vote is a vote against the tax. A full copy of the ordinance is printed in these ballot materials.



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