

MEASURE G

City of Fortuna Impartial Analysis

The City Council placed Measure G on the ballot to ask the City's voters to approve extending the existing three-quarter of one percent transaction and use tax for an additional eight (8) years beyond the current expiration date of March 31, 2025. The proposed tax would continue the existing tax, which adds $\frac{3}{4}$ of a cent to the price of an item that costs a dollar. A sales tax of $\frac{3}{4}$ of a cent is estimated to provide approximately \$1,400,000 annually for essential City services, including police services; nuisance abatement; streets, sidewalks, and drainage; parks maintenance; and programs for youth and seniors.

Because Measure G would not limit the use of tax revenue, it is a "general tax," not a "special tax", which would restrict the funds to a specific purpose. Therefore, the City may use revenue from this tax for any legitimate governmental purpose to support the full range of City services.

This Measure G will continue to utilize the independent community oversight committee formed under Measure E (2016) to review the expenditure of the revenue from the tax. The committee consists of five members appointed by the Mayor and approved by the City Council. Separately, the City's independent auditors will continue to annually prepare a separate accounting of the revenue received from the tax and the expenditures of revenue to be included in the City's annual audited financial statements.

This tax will automatically sunset on March 31, 2033, which is eight years after the current tax is set to expire, unless sooner repealed by the voters or the City Council.

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 merchants 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.

A "Yes" vote is a vote to approve the extension of the existing $\frac{3}{4}$ of a cent tax for 8 additional years with continued annual review by independent auditors and a community oversight committee. A "No" vote is a vote against extending the tax beyond March 31, 2025. Measure G would be approved if it received a simple majority of "Yes" votes.

/s/ Ryan Plotz, City Attorney, City of Fortuna