

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE M

Background

During the recent recession, the City of Vacaville experienced a decline in sales and property tax revenues. As a result, the City reduced its work force by 20%, decreased employee salaries and benefits, and curtailed expenditures on equipment, supplies, and services provided to persons living and working in Vacaville. Following these cutbacks, the City projected that its general fund would have deficits of \$1.5 million in fiscal year 2013/2014 and \$2.7 million in fiscal year 2014/2015 and in future years. In response, the Vacaville City Council placed a measure on the November 2012 ballot for a quarter-cent sales and use tax for 5 years, which was approved by 70% of the voters. The tax expires on March 31, 2018.

The Measure

The Vacaville City Council has placed this Measure on the ballot, asking voters to renew and modify the current sales and use tax, effective April 1, 2018. The Measure would continue the quarter-cent tax and increase it by an additional half-cent from 7.875% to 8.375% for 20 years.

The tax is levied on the sale or use of tangible products purchased by residents and visitors to the City, such as clothing, household products, and other goods but not on things such as groceries and prescription drugs.

Sales and use tax rates differ throughout California, ranging from 7.5% to 10%. As noted, the current rate in Vacaville is 7.875%. The City receives 1.25% of the revenue generated by the tax (1% from the Bradley-Burns Act and 0.25% from Measure M), with the remainder going to the State (6.25%), Solano County (0.25%), and the Solano County Public Library (0.125%). This Measure would increase the City's share from 1.00% to 1.75%, which is a local tax that may not be taken or used by other agencies, such as the state and federal governments. Should that happen, the Measure provides that the tax will be reduced or not collected in order to offset such taking or use, thereby ensuring that the revenue remains in Vacaville to fund City services and facilities.

Use of Proceeds

The Measure is a general tax. Its revenue is used for general municipal purposes such as police and fire protection, gang suppression, ambulance service, street repair, park maintenance, recreation programs, public parks, sports fields, roadway improvements, the McBride Senior Center, the Walter V. Graham Aquatics Center, the Ulatis Community Center, the Vacaville Performing Arts Theater, and other services and facilities for Vacaville residents.

Fiscal Impact

The Measure continues the current tax and adds an additional half-cent for 20 years in order to maintain City services and facilities. Without the tax, the City forecasts its general fund will be depleted by 2019 thereby requiring further cost cutting and reductions in City services and programs.

A "yes" vote is a vote to continue the current tax and to add an additional half-cent for 20 years. A "no" vote is a vote not to continue the current tax and add an additional half-cent. This Measure requires a simple majority of "yes" votes to take effect.

Melinda C. H. Stewart, City Attorney

The above statement is an impartial analysis of Measure M. If you desire a copy of the Measure, please call the City Clerk's Office at 707-449-5100 and a copy will be mailed to you at no cost.