

**CITY OF ARCADIA
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE "A"
3/4% TRANSACTIONS AND USE (SALES) TAX**

On March 5, 2019, the City Council unanimously voted to place Measure "A" on the June 4, 2019 special municipal election ballot. If approved by a majority of Arcadia voters, this Measure would authorize a three-quarters percent (3/4%) retail transactions and use (sales) tax within the City of Arcadia. A 3/4% rate equates to an extra 75¢ per \$100 purchased. It is estimated that Measure "A" will provide an additional \$8,600,000 in annual local funding for general City services such as police and emergency response, retaining/attracting local businesses, and maintaining streets and infrastructure. This tax would be a "general tax," meaning that revenues raised from the tax would go into the City's general fund to pay for any lawful City program, improvement, or service.

California Revenue and Taxation Code section 7285.9 authorizes the City to levy a general transactions and use/sales tax at a rate of three-quarters percent (3/4%) so long as the tax is approved by at least two-thirds (2/3) of all members of the City Council and a majority of the voters voting in an election on that issue. If approved, the tax would become operative on January 1, 2020. Measure "A" would remain in effect until ended by Arcadia voters voting at a subsequent election.

The tax would be paid in addition to current sales taxes and would be collected at the same time and in the same manner as existing sales taxes. All revenues raised by the tax would remain in the City and would not be shared with the State, County or any other agency.

Measure "A" requires annual independent audits to verify that tax revenues are collected, managed and expended in accordance with its terms.

By placing Measure "A" on the ballot, the City complies with Article XIIC of the California Constitution (Proposition 218), which requires a majority of the voters to approve an ordinance which establishes a general tax.

A "yes" vote on Measure "A" will authorize the 3/4% transactions and use (sales) tax.

A "no" vote on Measure "A" will not authorize the 3/4% transactions and use (sales) tax.

City financial records indicate that for Fiscal Year 2018-19, the City's General Fund is projected to have a \$4,500,000 operating deficit. The City projects that by Fiscal Year 2024-25, the General Fund operating deficit will increase to approximately \$8,000,000 annually. If Measure "A" is not approved, the General Fund will not receive the sales tax revenues identified in the Measure. The City Council will then have to decide, as part of the budgeting process, whether other revenues are available to pay for City services, or whether City services will have to be reduced.

The above statement is an impartial analysis of Measure "A". If you desire a copy of the Measure, please call Lisa Mussenden, the City's elections official at (626) 574-5410 and a copy will be mailed at no cost to you.

/s/ STEPHEN P. DEITSCH
City Attorney