

Frequently Asked Questions

How does the City spend its current tax revenues?

- The City spends 69% of its General Fund departmental budget on public safety, and the remaining on services such as parks, libraries, public works, and general government services. City services require people to provide them, and as a result 79% of the City's costs are personnel costs.

What has Long Beach done to control its costs?

- Since 2007, the City has reduced spending by \$134 million, cutting over 700 positions. As an example, the City eliminated the South Police Division (reduced from 4 divisions to 3) and several specialty policing units, eliminating 208 police officer positions. The City has also eliminated 84 Firefighter positions since 2004, including 5 Fire engines, 1 Fire truck, and 1 911 Paramedic Unit. Departments throughout the City have all taken reductions, including parks, libraries, public works, city management, support departments, and elected officials. The City has also held the line on new spending, invested in efficiency improvements, and invested in economic development initiatives.

What has the City done about its pension costs?

- The city has partnered with our employee groups to reform pensions and save the City \$250 million over the next 10 years. Long Beach is the largest CalPERS City in the State to have our employees now pay their full share of the employee's pension costs. Additionally, all new employees now enter the City at a lower pension plan, which is more financially sustainable in the long term.

How much does the City spend on infrastructure a year?

- The City currently spends on average \$68 million per year on infrastructure. These

funds are from the City budget, along with County, State and Federal grant funds. The City recently released a report identifying an outstanding infrastructure need of \$2.8 billion over the next 10 years. To meet that need, the City would need to spend \$280 million per year, or \$212 million per year more than currently available.

What is the future financial outlook for the City?

- In March 2016, the City Council received a report that the City is facing a budget shortfall of \$5.9 million in 2017 and an additional \$4.7 million shortfall in 2018. This is a combined shortfall of \$10.6 million over the next two years.

What did the City Council put before the voters for their consideration?

- **A 1 cent (1%) general transaction and use tax, declining to half a cent (0.5%) after 6 years.** This tax requires a majority vote of the electorate to pass (50% plus one), and would sunset after 10 years (the tax ends after year 10).
- **A Rainy Day Fund** to help balance future shortfalls, with 1% of the new tax going into the Fund.
- **A Citizens Advisory Committee** to review the expenditures from the tax measure proceeds and their compliance with the ballot question and City Council intent.
- **A resolution** expressing the City Council's intent to prioritize public safety and infrastructure funding.

What exclusions or exemptions apply to the new tax?

- When it comes to exclusions or exemptions, the new tax is the same as the old tax. These exclusions continue to include categories such as Necessities of Life (food, medical, housing) and General Public Benefit (alternative energy, museums, public art, nonprofit, religious, and education organizations).

When was the last time general taxes were increased for the City of Long Beach?

- There has not been a new City tax on the general population in 25 years, when the Utility Users Tax (UUT) increased from 5% to 10% in 1991. In 2000, voters reduced the UUT back to 5%, eliminating \$38 million in revenue. No general obligation bonds for City infrastructure have been issued since the 1960's. In 2008, voters considered Measure I, a tax-supported bond to fund City infrastructure. That bond received support from 53% of the voters, but required 66% to pass so it failed.

How much money would the ballot measure raise?

- The temporary 1% tax generates approximately \$48 million per year for six years. When it drops to 0.5% in the remaining four years, it generates approximately \$24 million per year. Long Beach total sales tax rate would be 10% for 6 years, then drops to 9.5% for the remaining four years, then drops to 9% after year 10. The new tax would be paid by everyone, including the City's 6.5 million visitors. Additional tax on a \$1 item would be 1 cent.

How would the funds be spent?

- The tax is a general tax to fund municipal services. The Mayor and City Council have stated their funding priority as public safety and infrastructure. The Police Department's top priority is the restoration of the South Police Division, and the Fire Department's top priority is restoration of Fire Engine 8 in Belmont Shore to help improve response times citywide. The funds would also support millions of dollars of infrastructure

projects, including streets, sidewalks, stormwater protection, and water conservation.

Where would this new tax place the City compared to other cities?

- Cities levy various taxes including property tax, sales tax, and the utility users tax (UUT). While the new 1% sales tax in Long Beach would temporarily make the sales tax rate one of the highest in the region, the overall burden for taxes in Long Beach would be only slightly above average with the new tax. Long Beach surveyed 27 small, medium and large cities for average total tax paid for property, sales and UUT. Long Beach currently ranks 14th of 27 cities for total average tax paid. With a 1% increase, total tax paid would rank Long Beach 12th of 27 cities. The total tax burden would increase by about \$68 per year for a person (\$5.67 a month).

What will happen next with the proposed tax?

- Taxes can only be raised by a vote of the people. Voters will decide on June 7 whether to approve or reject the tax measure. Either way, the City will develop a balanced budget and manage the City's expenses. Any funds approved will be reviewed by the Mayor and City Council each year through the annual budget with community participation.

How was this placed on the ballot?

- Mayor Garcia proposed the measure to the City Council, along with former Mayor Bob Foster and former Mayor Beverly O'Neill. The City Council voted 8-0 to place the measure in front of the voters.

I have questions about information I received from a campaign. Who can I talk to about that?

- City staff are unable to answer questions about any campaign. They can only provide neutral information and facts about the measure, such as this fact sheet. For questions regarding the campaign, please contact the individual campaigns for or against the measure (contact information to be provided once available).