IMPARTIAL ANALYSIS OF MEASURE "___"

By

Charles Parkin, City Attorney

On June 7, 2016, Long Beach voters approved Measure "A", a general Transactions and Use (Sales) Tax ("TUT") enacted for a period of ten (10) years on the sale and/or use of all tangible personal property sold at retail in the City of Long Beach. Measure "A" initially set the TUT rate at one percent (1%) for the first six operative years of the tax (January 1, 2017 – December 31, 2022), and declining to one-half percent (1/2%) for the remaining four operative years of the tax (January 1, 2023 – December 31, 2026), with the tax scheduled to sunset on January 1, 2027.

Voter approval of this measure (Measure "__") would eliminate the ten (10) year sunset and the Long Beach TUT would remain in effect until ended by voters at a later election. This measure would also adjust the TUT rate as follows:

- From January 1, 2017 through December 31, 2022 – one percent (1%) on the sale and/or use of all tangible personal property sold at retail in the City. This is the same rate currently authorized by Measure "A" through December 31, 2022;

- From January 1, 2023 through September 30, 2027, three-quarters percent (3/4%) on such sale and/or use;

- From October 1, 2027 and thereafter, one percent (1%) on such sale and/or use.

Under Measure "___", which was placed on the ballot by the Long Beach City Council, the TUT would remain a general tax, from which the revenue would be placed in the City's general fund. This measure requires a majority vote of the electorate.

Except as set forth above, the City's current TUT ordinance would remain the same. For example, the five-member citizens advisory committee would be retained. This committee is authorized to make recommendations to the City Council on the priority of TUT-funded projects and to review the use of these funds by the City. The requirement for annual audits of expenditures also remains.

The proposed adjusted TUT tax would continue to be administered by the California State Board of Equalization, in the same manner that sales tax is currently administered, in order to reduce the cost of collecting the tax and to minimize the burden of record-keeping upon retailers subject to the tax.

A "yes" vote is a vote in favor of authorizing the extension and rate adjustment for the TUT. A "no" vote is a vote against authorizing the extension and rate adjustment for the TUT.