CITY ATTORNEY IMPARTIAL ANALYSIS OF MEASURE 0
ONE AND A HALF PERCENT (1.5%) BUSINESS LICENSE TAX ON GROSS RECEIPTS OF OWNERS OF FIVE OR MORE RESIDENTIAL UNITS

This ordinance, placed on the ballot by the City Council, amends section 5.08.120 and adds section 5.08.125 to the East Palo Alto Municipal Code. Section 5.08.120 currently provides that all rentals shall pay an annual license fee as set forth in the fee schedule. As revised, and further amended by section 5.08.125, an annual general tax of 1.5% will be imposed on gross residential rental receipts and applies to owners of five or more rental residential units in the City who lease the units to tenants.

The following types of units will not be subject to the 1.5% gross receipts tax, but will be subject to the annual license fee established by the City:

a) Dwelling units owned by a nonprofit corporation whose primary purpose is providing affordable housing;

b) Dwelling units whose rents are controlled at rental rates affordable to households earning no more than 80% of Average Media Income and whose tenants must be income qualified;

c) Units occupied by tenants receiving monthly rental assistance from the County of San Mateo Department of Housing;

d) Any dwelling unit during the first 10 years after the issuance of the certificate of occupancy.

Hardship exemptions from payment of the tax may be applied for due to exceptional circumstances. These applications may be approved by the Rent Stabilization Administrator for good cause. Any hardship exemption is effective for one tax year only. Taxpayers who seek hardship exemptions must reapply every year.

The City Council may reduce the tax rate and may terminate any such reductions without voter approval.

A "yes" vote would revise section 5.08.120 and add section 5.08.125 to the East Palo Alto Municipal Code to impose a 1.5% gross receipts tax on rentals of five or more units, as set forth above.

A "no" vote would leave section 5.08.120 of the East Palo Alto Municipal Code unchanged and would not approve section 5.08.125, which would mean all rentals are subject only to an annual license fee as set forth in the then current fee schedule.

Rafael E. Alvarado Jr.
City Attorney

815 words

FILED IN THE OFFICE OF THE CHIEF ELECTIONS OFFICER OF SAN MATEO COUNTY, CALIF.

AUG 19 2016

MARK CHURCH, Chief Elections Officer

DEPUTY CLERK