ADD CHAPTER 3.57 TO THE EAST PALO ALTO MUNICIPAL CODE ENACTING A GENERAL PURPOSE TRANSACTIONS (SALES) AND USE TAX OF ONE – HALF CENT

The City Council of the City of East Palo Alto is submitting to the voters the question of whether to approve an ordinance that would add Chapter 3.57 to the Municipal Code to enact a general retail transactions and use tax in accordance with California Revenue and Taxation Code sections 7251 and following.

If approved by voters Measure P would enact a one-half cent tax to the price of an item that costs a dollar or one-half of one percent on gross receipts of any retailer from the sale of tangible personal property sold at retail on and after February 28, 2017 (Operative date). This is administered and collected by the California Board of Equalization, including delivery charges when such charges are subject to the State sales and use tax.

Because Measure P does not limit the use of tax revenue it is a "general tax" not a "special tax" which restricts the funds to specific purposes. If approved, all proceeds of this local tax will go into the City's general fund to be able to support general city services including but not limited to police, streets, parks, infrastructure such as storm drains and water delivery pipes and recreation services including youth and senior programs.

An excise tax is imposed on the storage, use, or other consumption of tangible personal property (known as goods) purchased from any retailer in the City on and after the Operative date at the rate of one-half cent of the sales price. The sales price includes delivery charges when such charges are subject to state sales or use tax.

With some exceptions, all provisions of the California Revenue and Taxation Code (sections 6001 and following) are adopted and made part of the ordinance.

A retailer engaged in business in the City shall not be required to collect the use tax unless the retailer ships or delivers the goods into the City or participates within the City in making the sale.

An independent financial audit of revenues generated shall be performed annually. The City Council shall hold a community forum annually to review the independent audit results and discuss use of the revenues generated by the ordinance. The discussion shall include spending priorities as part of the City's annual strategic budget process. The tax proceeds cannot be legally taken by the State.

The authority to levy the tax imposed by Chapter 3.57 shall not expire unless ended by the voters of East Palo Alto.
A "yes" vote will add Chapter 3.57, as described above, to the East Palo Alto Municipal Code to impose a one-half cent sales and use tax, until ended by voters with citizens oversight, and independent annual audits.

A "no" vote will not add Chapter 3.57 to the East Palo Alto Municipal Code, and therefore no additional sales and use tax will be enacted in the City of East Palo Alto.

Measure C would be approved if it received a simple majority of "Yes" votes.

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