

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE O

PROPOSED ORDINANCE ENACTING A LOCAL TRANSACTION AND USE TAX OF ONE-HALF OF ONE PERCENT (.5%) FOR TEN YEARS

The City Council of the City of Sausalito placed Measure O on the ballot to ask the City's voters to approve a temporary one-half of one percent (0.50%) transaction and use tax. The proposed tax would add a half-cent to the price of an item that costs one dollar, or 50 cents to the price of an item that costs \$100.

Measure O does not limit the use of the tax revenue to a specific purpose. Therefore it is a "general tax." Funds derived from the tax would be placed in the City's General Fund and may be used for any legitimate municipal purposes including but not limited to maintaining and repairing storm drains, fixing potholes, maintaining and repairing streets, and fixing sidewalks. The authorization to collect the tax would expire in ten years unless extended by the voters.

The measure requires that the City include - in its annual audit of the City's financial operations by an independent certified public accountant - an accounting of the revenue generated by the tax and how the revenue was used.

Currently, the total "sales tax" rate in Sausalito is 8.5%. This "sales tax" is actually a combination of "sales and use tax" and "transactions and use tax." Both are levied on the sale or use of tangible personal property sold at retail with some exceptions. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization which administers the tax. Measure O would authorize a 0.50% transaction and use tax, increasing the total sales tax rate in Sausalito to 9%.

A "Yes" vote is a vote to approve a half-cent sales tax for ten years with annual review by independent auditors. A "No" vote is a vote against the tax. Measure O would be approved if it receives a simple majority of "Yes" votes and would go into effect on April 1, 2015.

s/MARY WAGNER

City Attorney

City of Sausalito