CITY ATTORNEY'S IMPARTIAL ANALYSIS OF CITY OF ATASCADERO TRANSACTIONS AND USE TAX MEASURE

The City Council has placed on the ballot the question of whether to approve an ordinance adopting a transactions and use tax within the City of Atascadero. The ordinance would add a transactions and use tax at the rate of one percent (1%) of the retail sales price, or one cent for an item that costs one dollar, until and unless repealed by the voters of the City.

This measure would authorize an additional 1% (one percent) transactions and use tax, which would increase the total sales tax rate within the City of Atascadero to 8.75%. The City Council and staff estimate the 1% (one percent) transactions and use tax increase would result in additional revenue to the City of Atascadero of approximately $4.5 million annually until repealed by the voters.

This tax on retail sales is paid by non-residents as well as residents. Certain necessities of life, including purchases of food or medicine, are exempt from the tax.

Because this measure does not legally restrict the use of tax revenue to any specific purposes, it is classified as a “general tax,” not a “special tax.” The tax proceeds will be locally controlled and may be used for any valid municipal government purpose, including but not limited to, fire protection, paramedics, and 911 emergency response, police, crime prevention and investigations, maintenance of parks, public facilities and infrastructure, graffiti removal, and recreation, community services, and other general city services. Further, the tax proceeds will be subject to annual independent audit to ensure the funds are properly spent.

Currently, the tax on retail sales within the Atascadero is 7.75% of the purchase price. Technically, the existing 7.75% “sales tax” is a combination of the State of California Bradley-Burns Uniform Local Sales and Use Tax Law of 7.25% and the Atascadero Transactions and Use Tax of 0.5% authorized by the voters in 2014. The Atascadero Transactions and Use Tax expires on March 31, 2027. Both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the California Department of Tax and Fee Administration, which administers the tax.

A “Yes” vote is a vote in favor of the tax. A “No” vote is a vote against the tax. This measure will be approved if it receives a simple majority of “Yes” votes. If this measure is approved, the total sales tax rate within the City of Atascadero will increase to 8.75%. If this measure is not approved, the total sales tax rate within the City of Atascadero will remain at 7.75% until the City’s existing transactions and use tax rate of one-half percent (0.5%) expires on March 31, 2027.

The above statement is an impartial analysis of the City of Atascadero Transactions and Use Tax Measure. If you desire a copy of the ordinance, please call the City Clerk’s office at (805) 470-3400 and a copy will be mailed at no cost to you.

DATED: July 23, 2020

Brian A. Pierik, City of Atascadero City Attorney

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CITY OF ATASCADERO
CITY CLERK'S OFFICE