

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF CITY OF PACIFIC GROVE
SALES TAX MEASURE

Measure __ proposes to amend the Pacific Grove Municipal Code (Municipal Code) to increase the Uniform Use and Sales Tax (Sales Tax) from 8.75% to 9.25% in the City of Pacific Grove (City). This Measure was placed on the ballot by unanimous vote of the City Council.

Sales Tax is paid by non-residents as well as residents on retail sales of tangible personal property. Certain necessities, including purchase of food or medicine, are exempt from Sales Tax.

Currently, the Sales Tax rate within the City of Pacific Grove is 8.75% of taxable purchases. 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. The City receives 2.0%, the County of Monterey 0.75% and the remaining 6.0% goes to the State.

Measure __ authorizes the City of Pacific Grove to collect an additional 0.50% (one-half of one percent) Sales Tax, and thus increase the total Sales Tax rate within the City to 9.25%. Of that total, 2.5% would be received by the City, deposited in its general fund and be available to support the full range of municipal services.

The City Council and staff estimate the added 0.50% (one-half of one percent) tax increase would raise approximately \$750,000 of additional revenue in City of Pacific Grove. If adopted, the Sales Tax increase begins January 1, 2021. The measure does not have a sunset date but can be terminated at any time by majority vote.

Adoption of Measure __ enacts a general tax. Tax proceeds shall be placed in the City General Fund. The Tax is not intended for regulation. The City Council determined financial circumstances require enactment of this Measure to preserve public peace, health and safety of the community, to avoid service disruptions, and to avoid permanent impairment of community services. Tax proceeds may be used for any valid municipal government purpose, including but not limited to maintain public safety and emergency preparation, fund capital needs, invest in community facilities and spaces, provide general local City services, and to preserve the City's long-term financial stability. The Measure requires tax revenue expenditures be reviewed by an annual independent audit.

A "Yes" vote is a vote in favor and adopts the tax. If this measure is approved, the total sales tax rate within the City of Pacific Grove will increase from 8.75% to 9.25%. This measure will be approved if it receives a simple majority of "Yes" votes.

A "No" vote is a vote against the tax. If this measure is not adopted, the total sales tax rate within the City of Pacific Grove will remain at 8.75%.

By: _____

David C. Laredo
City Attorney, City of Pacific Grove

The above statement is an impartial analysis of the City of Pacific Grove Sales. If you desire a copy of Resolution No. 20-027 (Resolution of the City Council of the City Of Pacific Grove Submitting to the Electors A Measure to Amend Chapter 6.08 of the Municipal Code to Increase the Uniform Sales And Use Tax) please call the City Clerk's office at 831-648-3170 and a copy will be mailed at no cost to you.

U:\GENERAL (NEW)\City of Pacific Grove\Elections\2020 Sales Tax\City Attorney Impartial Analysis.docx