

MEASURE B
CITY ATTORNEY 'S IMPARTIAL ANALYSIS

In response to the fiscal emergency declared and reaffirmed by the City Council of Cathedral City on February 24, 2010 and May 22, 2013 respectively, the City's voters are being asked to vote on Measure B, which, if approved, would amend an ordinance so that the City could continue imposing a one-percent (1%) transactions and use tax on all retailers doing business in the City. Pursuant to Assembly Bill 354, this Measure is being placed on the ballot by the City of Cathedral City's governing body, the City Council.

The proposed continuation is a general tax, the proceeds of which would be deposited in the City's general fund to be used for general governmental purposes, such as City operations, police and fire services, street sweeping and repair, paramedics, parks and recreation, emergency response services, capital projects and other essential services.

If approved, the City estimates Measure B will generate \$4 million dollars annually for essential City services. The proposed continuation of this tax would be imposed on retailers for the selling of tangible personal property at retail and on the storage, use or other consumption in the City of tangible personal property purchased from any retailer, subject to certain exclusions and exemptions which are detailed in the proposed ordinance implementing the tax.

Currently, the combined sales and transactions and use tax rate is 9.00%. Of this 9.00%, the State receives 6.50%, the Riverside County Transportation Commission receives .50%, and the remaining 2.00% is distributed to the City for general purposes. If the voters approve the proposed measure, the continued total tax rate for most purchases in the City would remain at 9.00%. The proposed measure is a continuation of an existing tax not a new tax and would be collected in the same manner and at the same time as such taxes are paid.

The proposed measure provides for independent review of the revenues generated by the tax by the Citizens' Financial Advisory Committee, and requires annual financial audits performed by a qualified, independent third party, the results of which would be available for public review.

The proposed measure is a continuation of an existing general tax, requiring a majority vote (approval by more than fifty percent (50%) of City voters voting in the election) for passage.

A "Yes" vote means the voter is in favor of Measure B authorizing the City to continue to collect a 1% transactions and use tax.

A "No" vote means the voter is not in favor of Measure B and means the current 1% Transactions and Use Tax will expire September 30, 2015.

Charles R. Green
City Attorney

The above statement is an impartial analysis of Measure B. If you desire a copy of the ordinance implementing Measure B, please call the Cathedral City City Clerk's Office at 760-770-0322 and a copy will be mailed at no cost to you.