

City Attorney's Impartial Analysis of Measure GG

The City Council of the City of Newark has placed Measure GG on the ballot to ask the City's voters to approve a one-half of one percent (0.5%) transactions and use tax for 25 years. The proposed tax would add a half a penny to the price of an item purchased in Newark that costs a dollar (if the item is normally subject to sales tax).

Because Measure GG does not limit the use of tax revenue, it is a "general tax" and not a "special tax" that restricts the funds to specific purposes. Therefore, the City may use the funds for any legitimate governmental purpose. The ballot question approved by the City Council identifies priorities for use of the revenue from the tax: "facilities and services, including replacing the seismically unsafe police operations/emergency operations center to survive an earthquake; providing updated crime-fighting technology; replacing aging library/city facilities," among other things.

The tax would terminate automatically 25 years after collection begins, unless extended by the voters.

The Measure requires the City's independent auditors to annually prepare a publicly available report on the revenue and expenditure of the tax. Additionally, it requires the creation of a five-member independent committee to review expenditures of tax revenue.

The proposed measure is a "transactions and use tax." If approved, the tax would be levied on many, but not all, of the same purchases as the existing sales tax. Retailers and other businesses would collect the tax at the time of sale and remit the funds to the Board of Equalization, which administers the tax and transmits the funds to the City. The funds would be deposited into the City's General Fund and could not be taken away by the State. The funds could be used for any legitimate governmental purpose, including the projects identified in the ballot question.

Currently, the sales tax in Newark is 9.5% of the purchase price and will be reduced to 9.25% starting January 1, 2017. The City currently receives 1% to pay for general municipal services. If Measure GG is approved, the total sales tax rate for most items purchased in Newark would be 9.75% and the City would receive 1.5%.

A "Yes" vote is a vote to approve a half-cent transactions and use tax for 25 years. A "No" vote is a vote against the tax. Measure GG would be approved if it receives a simple majority of "Yes" votes.

The above statement is an impartial analysis of Measure GG. The full text of the measure and ordinance is printed in the Voter Information Pamphlet and is available on the City of Newark website at www.newark.org.

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