

## MEASURE H

### CITY ATTORNEY IMPARTIAL ANALYSIS

Measure H asks voters to approve an ordinance (“Ordinance”) enacting a one percent (1%) general transactions and use (sales) tax by adding a new Chapter 3.90 to Title 3 of the City’s Municipal Code. The proposed tax is a general tax. The City estimates this Measure will raise approximately \$24 million per year in new local revenue for use in the City. Funds generated would be placed in the City’s general fund, are not restricted, and may be used for any City general fund purposes. The City Council’s adopted ballot question states this new revenue would be used for essential services including, but not limited to:

- Maintaining/repairing streets, storm drains, sidewalks, and fixing potholes
- Addressing homelessness
- Protecting 911 emergency response times
- Preserving the number of on-duty police officers and fire fighters
- Maintaining/improving Bidwell Park, neighborhood parks, and
- Funding other general services and essential activity

Currently, State and local sales tax in Chico is 7.25 cents per dollar, of which the City receives 0.95%. The remainder goes to the State and the County of Butte. This general transactions and use tax of 1% would be imposed upon retailers’ gross receipts from the retail sale of most tangible personal property sold within the City, and an excise tax upon the storage, use or other consumption of tangible personal property purchased from retailers for storage, use or other consumption within the City at a rate of 1% of the sales price of the property. Measure H would increase the total sales tax rate in Chico from 7.25% to 8.25%, adding one cent to the price of an item that costs one dollar. Purchasers of goods, including visitors, in the City will be subject to the sales tax.

California law gives cities the authority to adopt local measures like this one, in the amount proposed, with the voters’ approval. Under current law, the local tax may not be increased beyond the rate proposed in the Ordinance and will be in effect until ended by the voters. If adopted, collection of the tax is expected to commence April 1, 2023.

The Ordinance provides that the revenue will be collected by the State of California under a contract with the City. Accountability over revenue and expenditures from the Ordinance will be part of the City’s annual independent audit, which is available to the public.

Article XIIC of the California Constitution, commonly known as Proposition 218, requires that the proposed general tax be approved by a majority of the voters voting on the Measure in order to take effect. A “YES” vote on Measure H is to adopt the Ordinance. A “NO” vote on Measure H is to not adopt the Ordinance.

The above statement is an impartial analysis of the Measure. If you desire a copy of the Ordinance or Measure, a copy is available from the City Clerk’s office.