

CITY OF ARCATA
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE H
0.75% TRANSACTIONS AND USE TAX (KNOWN AS "SALES TAX")

Transaction and Use Taxes, also known as sales taxes, are taxes imposed on the sale of tangible goods at the retail level, which local agencies are authorized to impose under section 7285.9 of the Revenue and Taxation Code. Sales taxes do not apply to unprocessed groceries, prescription medicine, utilities, or payment for services.

Under the California Constitution, local governments may vote to levy a new sales tax, subject to approval by the voters at an election. While revenues from most sales taxes are divided among state and local government, revenues from a new local sales tax, approved by a majority of voters, remain in the local jurisdiction, such as the City of Arcata.

On June 12, 2024, the Arcata City Council unanimously voted to place Measure H on the ballot for the November 5, 2024, general municipal election. If approved by a majority of City of Arcata voters (50% + 1), this measure would authorize an additional 0.75% (\$0.75 per \$100 purchased taxable goods), sales tax within the City of Arcata. The City of Arcata currently has an 8.50% sales tax rate. If the measure passes, the new sales tax rate would be 9.25%. The sales tax is a "general tax," meaning that revenues raised from the tax would go into the City's general fund to pay for any lawful City program, service, or improvement.

According to the City Council, the new tax is proposed to address a budget deficit and will help maintain and improve public facilities and services. It is estimated by the City Council that the proposed sales tax will provide an additional \$2.6 million (\$2,600,000) in annual local funding. The funds may be used to maintain and improve emergency and climate change response; services to address homelessness and its impacts; mental health response to crisis; sidewalks, bike lanes, transit, roads and trails; recreation and parks; and other vital programs. The measure would also require audited spending reports and citizens' oversight.

The change in the sales tax rate would take effect on April 1, 2025, and remain in effect until ended by Arcata voters at an election. The tax would be collected in the same manner as existing sales taxes.

A "yes" vote on Measure H will authorize the 0.75% sales tax.

A "no" vote on Measure H will not authorize the 0.75% sale tax.

The above statement is an impartial analysis of Measure H written by the City Attorney for the City of Arcata. If you desire a copy of the measure, please contact the City Clerk's Office at (707) 825-2103 or rvarley@cityofarcata.org and a copy can be mailed at no cost to you.

/s/

Douglas White
City Attorney