

CITY ATTORNEY IMPARTIAL ANALYSIS

Measure M is an ordinance authorizing the City of Citrus Heights to levy a one cent (1.0%) transactions and use tax. This type of tax, commonly referred to as a “local sales tax,” is collected along with other state and local sales and use taxes. At the one cent rate, the tax on a \$100.00 taxable purchase would be \$1.00.

The combined rate of all state and local sales taxes applicable to taxable sales in the City of Citrus Heights is currently 7.75%. Of this 7.75%, only a 1.0% sales tax, known as the Bradley-Burns Tax, is imposed by the City of Citrus Heights. The remaining taxes are imposed by the state or by the county or its agencies. The proposed new tax would increase the combined tax rate to 8.75%.

Purchases in Citrus Heights that are exempt from the statewide sales tax would also generally be exempt from the proposed new tax. For example, most groceries, prescription drugs and purchases of services would be exempt from taxation. The primary difference between a transactions and use tax and a sales and use tax is that the tax on the sale of a motor vehicle within California applies based on the location where the motor vehicle will be registered, not on the location where the sale occurs. Thus, someone who purchases a car or other motor vehicle from a dealer anywhere in the state would pay the city’s proposed tax if they will be registering the vehicle in Citrus Heights, while a person who purchases a vehicle in Citrus Heights for registration at a California location outside of the city would not pay the proposed tax.

The tax would be administered by a state agency. Proceeds of the tax, less administration costs, would be deposited to the city’s general fund, controlled by the City Council of the City of Citrus Heights (not the state), and available for any lawful municipal purpose. Examples of permissible uses, as identified by the City Council, are 9-1-1 emergency response times; crime investigation/prevention; well-trained community police officers; contributing to school safety/security; pothole/street repair; homelessness reduction programs; and local business/jobs support.

This tax would remain in effect until terminated by the voters. It is anticipated that this tax will initially generate approximately \$12 million in revenue annually for the city’s general fund. The proceeds of the tax would be audited annually by an independent certified public accountant. The report of this audit would be reviewed annually by a Citizen’s Oversight Committee appointed by the City Council.

This measure was placed on the ballot by the City Council of the City of Citrus Heights.

A YES vote approves the measure and authorizes the proposed tax.

A NO vote rejects the measure and the proposed tax.

Ryan Jones
City of Citrus Heights, City Attorney