CITY ATTORNEY’S IMPARTIAL ANALYSIS OF MEASURE C

The City Council of the City of Larkspur placed Measure C on the ballot to ask the City’s voters to approve a temporary one-half of one percent (0.50%) transactions and use tax. The proposed tax would add a half-cent to the price of an item that costs a dollar, or 50¢ to the price of an item that costs $100.

Because Measure C would not limit the use of tax revenue, it is a “general tax,” not a “special tax” that restricts the funds to specific purposes. Therefore, the City may use the funds for any legitimate governmental purpose. At the time that the City Council called for an election on Measure C, it also directed the preparation of an alternative City budget to be considered at a subsequent meeting of the City Council. The alternative budget would be implemented in the event that voters approve Measure C, directing the spending of additional revenue on projects and services such as repairing neighborhood streets and roads; pothole repair; maintaining police and fire protection; maintaining 9-1-1 emergency and medical response; and clearing hazardous and flammable brush to prevent fires and improve emergency vehicle access.

The proposed tax would terminate automatically after five years, unless extended by the voters.

Measure C would require the formation of a Citizens’ Oversight Committee consisting of at least five members of the public, which could be residents, representatives of Larkspur businesses, or a mix of the two. Each year, the City’s auditors would complete a report reviewing the collection, management, and expenditure of revenue from Measure C. The Oversight Committee would review the report, evaluate the projects and services provided with revenue from Measure C, and make recommendations to the City Council regarding priorities for expenditure of revenue from Measure C in the following budget year, such as spending funds on street and road repair. Measure C requires the City Council to consider those recommendations as part of its annual budget deliberations while Measure C is in effect.

Currently, the total “sales tax” rate in Larkspur is 8.5%. The City’s share is only 0.75% of that 8.5%.

Technically, the existing “sales tax” is a combination of “sales and use tax” and “transactions and use tax.” With some exceptions, both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the State Board of Equalization, which administers the tax.

Measure C would authorize a 0.50% transactions and use tax, increasing the total sales tax rate in Larkspur to 9%. Revenue from the tax would go to the City’s general fund and be available to support the full range of municipal services.

A “Yes” vote is a vote to approve a half-cent sales tax for five years, with annual review by independent auditors and a citizens’ oversight committee. A “No” vote is a vote against the tax. Measure C would be approved if it received a simple majority of “Yes” votes.

DATED: August 16, 2013

Sky Woodruff, City Attorney
City of Larkspur