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CITY OF SOUTH SAN FRANCISCO MEASURE W
CITY ATTORNEY'S IMPARTIAL ANALYSIS

Measure W is a ballot measure that, if approved by the voters, would authorize a one-half percent (0.5%) transactions and use tax. Because Measure W does not limit the use of tax revenue generated by this tax to specified uses, it is a "general" tax. Therefore, the City may use the funds for any legitimate governmental purpose. If approved by the voters, the tax will be deposited into the City of South San Francisco's general fund and may be used to pay for services, such as maintaining neighborhood police patrols/911 response, programs for seniors/disabled residents, crime/gang suppression programs, repairing potholes/streets, maintaining youth/teen educational/recreational programs, providing a police operations center that meets earthquake safety codes, and other city services. Tax revenue could also be used to pay the debt on bonds or other financing to accelerate projects. The tax would terminate automatically 30 years after collection begins, unless extended by the voters.

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If approved, Measure W would also require independent citizen oversight, mandatory financial audits, and yearly reports. Additionally, the City Council would be required to appoint a five-member citizen oversight committee that would review expenditures and an external auditor's report annually on the use of the tax funds. In the event that bonds were issued, the committee would also review use of bond funds.

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While Measure W, which was placed on the ballot by the City Council, is a "transactions and use tax," it is commonly understood by residents as a sales tax. The proposed transactions and use tax would add half a penny to the price of an item that costs a dollar (if the item is normally subject to sales tax). Currently, the cumulative tax on retail sales in South San Francisco is 9% of the purchase price. On a taxable sales transaction of one dollar, South San Francisco current receives one cent from the State and the remainder is paid to other public agencies including the State and the County.

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A transactions and use tax is levied on the same purchases as the existing sales tax, with some minor exceptions. Examples of sales that would not be subject to the tax would be: unprocessed food, such as groceries from a grocery store or farmers market; real estate transactions; and services. Retailers and other businesses that collect the tax at the time of sale remit the funds to the State Board of Equalization, which administers the tax. The State Board of Equalization then transmits the City's share of the tax to the City. Revenue from the tax would go to the City's general fund and be available to support the full range of municipal services.

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A "Yes" vote is a vote to approve a one-half cent transactions and use tax for 30 years. A "No" vote is a vote against the tax. Measure W would be approved if it received a majority of "Yes" votes.

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Steven Matias, City Attorney

CLERK OF SAN MATEO COUNTY

AUG 21 2015

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