

**CITY ATTORNEYS' IMPARTIAL ANALYSIS OF MEASURE GG
CITY OF GARDENA**

Measure GG seeks voter approval of an ordinance imposing a 0.25% transactions and use tax in the City of Gardena.

Transactions and use taxes are commonly called "local sales taxes" because they are generally collected along with California "sales taxes" (which are technically "sales and use taxes").

A 0.25% tax is commonly called a "1/4 cent tax" because the tax is one quarter of a cent for each dollar spent on a taxable transaction. At this rate, the tax on a \$10.00 taxable purchase is two and a half cents.

The combined rate of all state and local taxes applicable to taxable transactions (sales) in Gardena is currently 10.5%. Of this 10.5%, only 1.75% is imposed by the City of Gardena. The remainder is levied (and controlled by) by the state and the county. If Measure GG is adopted, the combined tax rate for state, county and city taxes would be 10.75%, but 2.0% of this would go to Gardena.

The proposed tax would apply and be collected as provided by the state law governing transactions and use taxes. The tax would be administered for the City by the California Department of Tax and Fee Administration. Purchases in Gardena that are exempt from the statewide sales tax would also be exempt from the proposed tax. For example, most groceries, prescription drugs and purchases of services would be exempt from the tax.

As a transactions and use tax, the tax on the purchase of a motor vehicle applies based on the location at which the vehicle is first registered, not the location of the sale.

The tax would remain in effect until repealed by the voters. It is anticipated to generate approximately \$3.0 Million annually, which would be deposited in the City's general fund and available only for lawful municipal purposes.

Expenditures from the general fund are controlled locally, by the Gardena City Council, and neither the state nor the county government can expend these funds. The City Council has noted that general fund is used to fund City services such as maintaining fire, paramedic, police, 911 response; hiring and retaining well-trained police helping prevent property crimes; keeping public areas/parks safe/clean; addressing homelessness; repairing streets and potholes; and maintaining afterschool programs and senior services. Tax proceeds would be audited annually by an independent Certified Public Accountant and the report of the audit would be posted on the City's website and made available to the public.

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

A YES vote approves the measure and approves the proposed local sales tax.

A NO vote rejects the measure and rejects the proposed local sales tax.

The above statement is an impartial analysis of Measure GG. If you desire a copy of the measure, please call the elections official's office at (310) 217-9565 and a copy will be mailed at no cost to you.

/s Carmen Vasquez, City Attorney