City Attorney’s Impartial Analysis of Measure A, the City of Pacific Grove

City Services and Financial Stability Transactions & Use Tax

Measure A proposes to amend section 6.07 of the Pacific Grove Municipal Code (Municipal Code) to increase the General Purpose Transactions and Use Tax (Sales Tax) rate within the City of Pacific Grove by an additional half percent (0.5%).

The City Council holds authority under Elections Code Section 9222, Revenue and Taxation Code Section 7285.9, and Government Code Sections 53723 and 53724 to place this ballot measure before the voters which will set the local Transactions and Use Tax for general municipal purposes.

On November 3, 2020, voters, by a 20-point margin (60 percent to 40 percent), approved a similar but defective ballot measure to increase the City Sales Tax. The Sacramento Superior Court ruled the 2020 ballot measure was invalid and could not be implemented by the California Department of Taxation and Fee Administration. Here, Measure A has been revised to correct those defects and has been placed on this ballot by unanimous vote of the City Council.

Local governments in Monterey County, with voter approval, are authorized to levy a total Transactions and Use Tax rate of 9.25% within their jurisdictions. Neighboring cities of Carmel-by-the-Sea, Monterey, Seaside, Del Rey Oaks and Marina each set Transactions and Use Tax rates at the 9.25% ceiling. Certain necessities, including purchase of food or medicine, are exempt from this tax. The majority of Sales Tax is paid by non-residents on retail sales of tangible personal property.

Increasing the Pacific Grove Sales Tax rate to match the tax rate of other local cities will increase the local Transactions and Use Tax by one half percent (0.5%). This is estimated to yield the City an additional one million dollars each year for deposit into the City general fund. This money would support the full range of local City services such as to maintain public safety and emergency response, fund capital needs, invest in community facilities and spaces, provide municipal services, and preserve long-term financial stability for the City. The tax would be collected by the California Department of Taxation and Fee Administration, after approval by a majority of the voters at the April 12, 2022, Special Election. Collection would begin on the first date allowed by California Revenue and Taxation Code, section 7265.

This Measure does not have a sunset date but can be terminated at any time by majority vote.

A “Yes” vote is a vote in favor and would increase the Transactions and Use Tax imposed in the City of Pacific Grove on gross receipts from the sale of tangible property from one percent
(1.0%) to one and one-half percent (1.5%). Measure A will be approved if it receives a simple majority of “Yes” votes.

A “No” vote is a vote to not increase the tax.

By:  
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The above statement is an impartial analysis of the City Services and Financial Stability Transactions & Use Tax ballot measure proposed to enact “An Urgency Ordinance of the Council of the City of Pacific Grove Amending Chapter 6.07 of the Pacific Grove Municipal Code to Increase the General Purpose Transactions and Use Tax (Sales Tax) Rate by an Additional Half-Percent (0.50%) Thereby Establishing a New Transactions and Use Tax Rate of One and One-Half Percent (1.5%) To Be Administered by the California Department of Tax and Fee Administration, Subject to Adoption by the Electorate.”

The full text of the Ordinance is available at this website address: www.cityofpacificgrove.org.

If you desire a copy of this Ordinance, please call the City Clerk’s office at 831-648-3170; a copy will be mailed to you at no cost.