



Local Ballot Measure: S

Impartial Analysis of Measure S

Measure S - Gonzales 2024 Transactions and Use Tax Measure (General Transactions and Use Tax)

The Gonzales City Council has placed Measure S on the November 5, 2024, Consolidated Statewide Election ballot to ask the voters to consider approval of an ordinance that will create and impose a new one-half percent (0.5%) transactions and use tax ("TUT"). The new TUT would be collected until rescinded by the voters. When added to the City's existing one percent (1.0%) TUT, the City would have a new total TUT of one and one-half percent (1.5%). The City's new TUT of one and one-half percent (1.5%) will be reduced to one-half percent (0.5%) in 2044 if the existing one percent (1.0%) TUT is not extended.

If approved, the tax would add a new one-half cent (\$.005) tax on an item that costs a dollar (\$1.00) or fifty cents (\$.50) on an item that costs one hundred dollars (\$100.00). The tax is imposed on all retail sales in Gonzales, and on purchases of tangible personal property from any outside retailer for storage, use or consumption in Gonzales.

If the proposed new one-half percent (0.5%) TUT increase was levied on a retail sale or use of tangible personal property in Gonzales, the total tax rate for most such purchases in the City would increase to 9.25%. Of this total, the City would receive one and one-half cents (\$.015) in TUT for every dollar spent if the voters approve Measure S. It is estimated that the new tax will generate \$800,000 annually.

Revenue generated from the TUT would be deposited in the City's general fund. All monies collected could then be used for any general governmental purposes, such as infrastructure improvements (Fire House rehabilitation; repair of city streets, roads and sidewalks; City parks), equipment purchases, and ongoing and new adult and youth programs and services. As such, this ballot measure is a "general tax," rather than a "special tax."

Measure S requires that all new TUT revenues will be subject to an annual audit of tax revenues received and expenditures thereof, accompanied by an annual report from the City Manager and City Finance Director that reviews the status and performance of programs and services funded with tax proceeds. Additionally, the City Council will create a new oversight committee comprised of five members of the public appointed to review expenditures and recommend the use of the new tax proceeds.

A "Yes" vote is a vote to approve the enactment and imposition of a new one-half-percent (0.5%) TUT, with expenditure oversight by a committee of members of the public. A "No" vote is a vote against the new proposed one-half percent (0.5%) TUT. Measure S would be approved if it receives a simple majority (over 50%) of "Yes" votes.

Dated: August 14, 2024

/s/ Michael F. Rodriguez, City Attorney