

## **IMPARTIAL ANALYSIS OF MEASURE K**

Under the California Constitution and other related state laws, local governments may levy a general transaction and use tax if approved by at least two-thirds of all members of the Board of Supervisors and subsequently approved by a majority of qualified voters within its jurisdictional boundaries. Transaction and use taxes, also known as “sales taxes,” are taxes imposed for the privilege of selling tangible personal property at retail and for the storage, use, or other consumption of tangible personal property purchased from a retailer. Under state law, certain types of items are excluded from local sales taxes, such as many foods and groceries, prescription medicine and some medical devices, diapers, and hygiene products.

Measure K has been placed on the ballot by the Board of Supervisors (“the Board”) of Santa Cruz County (“the County”). The Board is asking voters to approve amending the County Code to increase the County’s Transactions and Use Tax (“Sales Tax”) by one-half percent on retail transactions concerning tangible personal property in the unincorporated area of the County.

Currently, the Sales Tax in the unincorporated area of the County is charged at the rate of nine (9%) percent. If Measure K is approved by a majority of voters, the new sales tax rate will be 9.5% in the unincorporated area of the County. Sales tax rates within the jurisdiction of any incorporated city will not be affected.

Any revenues raised from Measure K will be placed in the County’s General Fund and may be used for any lawful government purpose. This may include, but is not limited to, items identified in the ballot question such as enhancing wildfire, emergency, and disaster response, prevention, and recovery services; addressing the affordable housing crisis for workforce retention; maintaining and improving neighborhood parks; repairing roads and public facilities; supporting programs to reduce homelessness; and providing other essential services, such as mental health and substance abuse services, and improving public safety.

If Measure K is approved, the County estimates that it will receive between \$5 to 7.5 million in Fiscal Year 2024-25 and approximately \$10,000,000 in future fiscal years thereafter. The Board has identified Budget Priorities for Fiscal Year 2024-2025 to include \$1 million for housing and essential work force retention, \$1 million for Countywide homeless services, \$1 million to support climate resiliency and County parks, \$1 million to fund road repair and infrastructure projects, and an unspecified additional amount for other identified County services.

The change in the sales tax rate would take effect on July 1, 2024, and continue until ended by the voters.

A “yes” vote on Measure K is a vote to approve raising the sales tax by one-half percent to a new rate of 9.5 percent in the unincorporated area of the County.

A “no” vote on Measure K is a vote against raising the sales tax and a vote to keep the rate at 9 percent.

JASON M. HEATH, COUNTY COUNSEL

By: Ruby Márquez, Chief Assistant County Counsel