

CORRECTED CITY ATTORNEYS' IMPARTIAL ANALYSIS OF MEASURE J CITY OF MILPITAS

Measure J seeks voter approval of an ordinance that adds eight additional years to the term of the City of Milpitas's existing, voter-approved, "Measure F Tax". This quarter-cent transactions and use tax is commonly referred to as a "local sales tax" because it is generally collected along with the state's sales and use tax (which is commonly referred to as the "state sales tax").

The combined rate of all state and local sales taxes in Milpitas is currently 9.375%. Of these taxes, the City of Milpitas only controls the Measure F Tax and the one cent (1.0%) "Bradley-Burns" tax that is levied by each city in California. The rest of the sales taxes that apply in Milpitas are controlled by the state, the county, and various regional transportation agencies.

At the November 3, 2020 general election, Milpitas voters approved the City of Milpitas Public Services Measure (Measure F) for an initial eight-year term that began on April 1, 2021 and will end on March 31, 2029. If Measure J is adopted, the reauthorized tax will continue for eight additional years beyond that end date. The additional period will begin on April 1, 2029 and end on March 31, 2037. The rate of the tax will remain at one quarter-cent (0.25%).

The Measure F Tax currently generates approximately \$7 million in revenues per year. Because the tax rate will not change during the additional period, the City estimates that annual revenues from the reauthorized tax will be similar.

Proceeds of the reauthorized tax would continue to be (i) deposited in the City's general fund, (ii) annually audited and publicly reported in the City's annual audit, and (iii) available for any lawful municipal purpose. Most services provided by the City, such as police/fire/ambulance services, street and sidewalk repair services, and park and recreation services, are funded from the general fund. The general fund budget, and expenditures from the general fund, are controlled locally by the Milpitas City Council.

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

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

The above statement is an impartial analysis of Measure J. If you desire a copy of the measure, please call the elections official's office at 408.586.3005 and a copy will be mailed at no cost to you.

/s Michael Mutalipassi, City Attorney