

**CITY OF GILROY
MEASURE C**

To generate funding that cannot be seized by the State, but stays in Gilroy and is dedicated to public safety (police, fire and ambulance) services and public safety infrastructure projects, shall Gilroy enact a 0.25 percent (one-quarter of one percent) transactions and use tax; and include a citizen oversight committee and annual audits for the tax?

Yes
No

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE C**

The Gilroy City Council has placed Measure C on the November 5, 2024, ballot. If approved by two-thirds of the voters, Measure C will amend the Gilroy City Code to impose a 0.25% (one-quarter of one cent) transactions and use tax, commonly known as a "sales tax," on retail sales in the City to be used exclusively for public safety purposes. The tax would be paid by all consumers purchasing goods in Gilroy beginning April 1, 2025.

All of the funds generated by this tax would remain in the City of Gilroy and their use would be controlled exclusively by the City. As a special purpose tax, the revenues could only be used on the permissible public safety services and public safety infrastructure identified in Ordinance No. 2024-XX (Ordinance) and as authorized in an Implementation Plan adopted by the City Council.

The three categories of public safety for which tax revenues may be spent are (1) Law Enforcement, Police, and Public Safety (including patrol services, gang enforcement, school resource services, support staff, and mental health response teams); (2) Firefighting, Paramedics, Wildfire Risk Reduction and Public Safety (including maintaining firefighter, paramedic and support staff staffing levels, hiring additional firefighters and paramedics to staff fire stations, and purchase of specialized Fire Department equipment); and (3) Public Safety Infrastructure (including enhancing and constructing Fire and/or Police stations and facilities). A more detailed list is given in the Ordinance.

The total sales tax rate currently payable in Gilroy is 9.125% (of which only 1.0% goes to the City). Measure C would increase the sales tax rate in Gilroy by one-quarter percent (0.25%), for a total sales tax rate of 9.375% (of which 1.25% would then go to the City). The measure is expected to generate an estimated \$4,500,000 per year. Funding of the Implementation Plan may not be below the actual revenues received from the tax, and tax revenues may not be used to replace previously budgeted funds unless approved by the City Council based on a finding of fiscal crisis or catastrophic disaster.

A seven-member Citizen Oversight Committee, appointed by the City Council and supported by City Staff, will annually review expenditures of tax revenues and issue a public report to ensure that tax revenues are spent according to the Ordinance and the Implementation Plan.

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE C-Continued**

A "Yes" vote on Measure C would increase the sales tax rate in Gilroy from 9.125% to 9.375% until repealed by the voters.

A "No" vote on Measure C would leave the sales tax rate in Gilroy at 9.125%.

Andrew L. Faber
Esq., Gilroy City Attorney

The above statement is an impartial analysis of Measure C. If you desire a copy of the Ordinance or the Measure, please call the election official's office at 408 846-0204 and a copy will be mailed at no cost to you.

COMPLETE TEXT OF MEASURE C

ORDINANCE NO. 2024-XX

AN ORDINANCE OF THE PEOPLE OF THE CITY OF GILROY ADDING ARTICLE V, SECTIONS 22.33 THROUGH AND INCLUDING 22.48 TO CHAPTER 22 OF THE GILROY CITY CODE IMPOSING A PUBLIC SAFETY SPECIAL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

WHEREAS, pursuant to California Revenue and Taxation Code Section 7285.9 and 7285.91, the City of Gilroy ("City") is authorized to levy a transactions and use tax for specific and special purposes, subject to a two-thirds voter approval; and

WHEREAS, the People of the City desire to levy a transactions and use tax for the special purpose of raising revenues and funding public safety (police, fire, and ambulance) services and public safety infrastructure, at a rate of 0.25%, which is equivalent to \$0.01 for every \$4.00 spent; and

WHEREAS, if approved by the City's voters, this transactions and use tax ordinance will be incorporated into Chapter 22 of the Gilroy City Code.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF GILROY DO HEREBY ORDAIN AS FOLLOWS:

SECTION I

That Article V, Sections 22.33 through 22.48 shall be added to Chapter 22 of the Gilroy City Code to read as follows:

Article V

Public Safety Special Transactions and Use Tax

22.33 Title.

This article shall be known as the "Public Safety Special Transactions and Use Tax." This ordinance shall be applicable in the incorporated territory of the City.

22.34 Definitions.

As used in this chapter, "City" means the City of Gilroy and "tax" means the transactions and use taxes imposed under the provisions of this chapter; "tax revenue" and "tax revenues" mean all proceeds of the tax received by the City from the California Department of Tax and Fee Administration.

22.35 Operative date.

"Operative date" means the first day that the tax is imposed and collected. The operative date shall be April 1, 2025, unless a later operative date becomes effective under the provisions of Section 22.37.

22.36 Purpose.

The ordinance codified in this chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted to accomplish those purposes:

- (a) To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.91 of Part

COMPLETE TEXT OF MEASURE C-Continued

1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be effective if a two-thirds vote of the qualified voters of the city voting in an election on the issue vote to approve the imposition of the tax at an election called for that purpose.

- (b) To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.
- (c) To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.
- (d) To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of the ordinance codified in this chapter.

22.37 Contract with State.

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

22.38 Transactions tax rate

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 0.25 percent (one-quarter of one percent) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of the ordinance codified in this chapter.

22.39 Place of sale.

For the purposes of the ordinance codified in this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

COMPLETE TEXT OF MEASURE C-Continued

22.40 Use tax rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of the ordinance codified in this chapter for storage, use or other consumption in said territory at the rate of 0.25 percent (one-quarter of one percent) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

22.41 Adoption of provisions of State law.

Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

22.42 Limitations on adoption of State law and collection of use taxes.

- (a) Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made in Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code. In addition, the substitution shall not be made when:
 1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State California Department of Tax and Fee Administration, State Treasury, or the Constitution of the State of California;
 2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of the ordinance codified in this chapter.
 3. In those sections, including, but not necessarily limited to, sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - i. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or
 - ii. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the State under the said provision of that Code.
- (b) The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

22.43 Permit not required.

COMPLETE TEXT OF MEASURE C-Continued

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this chapter.

22.44 Exemptions and exclusions.

- (a) There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.
- (b) There are exempted from the computation of the amount of transactions tax the gross receipts from:
 1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.
 2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this section, delivery to a point outside the City shall be satisfied:
 - i. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and
 - ii. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
 3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.
 4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of the ordinance codified in this chapter.
 5. For the purposes of subsections (3) and (4) of this subsection (B), the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional

COMPLETE TEXT OF MEASURE C-Continued

right to terminate the contract or lease upon notice, whether or not such right is exercised.

- (c) There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in this City of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.
 4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of the ordinance codified in this chapter.
 5. For the purposes of subsections (3) and (4) of this subsection (C), storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
 6. Except as provided in subsection (7) of this subsection (C), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.
 7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any

COMPLETE TEXT OF MEASURE C-Continued

purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

- (d) Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

22.45 Permissible uses: Implementation Plan.

- (a) The revenues of the tax shall only be used to fund the following uses and purposes. Funding with tax revenues of all other uses and purposes, except as provided in subsections (c) through (e) of this section, is prohibited.
1. Law Enforcement, Police and Public Safety.
 - i. Law enforcement and police patrol services;
 - ii. Police traffic safety and enforcement services;
 - iii. Gang enforcement, school resource services, and violence reduction;
 - iv. Police support services, including equipment and the financing thereof;
 - v. Mental health response teams, services and resources.
 2. Firefighting, Paramedics, Wildfire Risk Reduction and Public Safety.
 - i. Maintain firefighter and paramedic staffing levels to maintain rapid 9-1-1 emergency response times;
 - ii. Hire additional firefighters and paramedics to staff fire stations;
 - iii. Establishment of additional paramedic units within the Fire Department, including advanced life support paramedic teams;
 - iv. Purchase of specialized equipment for Fire Department use and the financing thereof;
 - v. Programs and services to reduce wildfire risk, including early fire alerts, evacuation planning, defensible space inspections and vegetation management;
 - vi. Mental health response teams, services and resources.
 3. Public Safety Infrastructure.
 - i. Maintain, enhance, construct, and/or relocate fire and/or police stations and facilities (including, but not limited to, land acquisition, facilities design, and use of temporary facilities) and the financing thereof.
- (b) The Council, by resolution, shall approve, and may from time to time amend, a transaction and use tax implementation plan which shall outline the allocation percentages between police, fire and public safety infrastructure appropriations to which the tax revenues will be applied.
- (c) The tax revenues shall be used to enhance police and fire uses and purposes as outlined in subsection (a) and detailed in the transactions and use tax implementation plan. Funding of the implementation plan may not be below the actual revenues

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received from the tax nor shall tax revenues be used to replace previously budgeted funds unless approved by the City Council based on a finding of fiscal crisis or catastrophic disaster. Tax revenues will not be used to supplant the general fund obligations to fund baseline services based upon population and economic conditions, except as provided in subsection (d) below.

- (d) For the duration of the tax, annual funding of the Police Department, Fire Department and public safety programs' purposes may not be a lower amount of City general fund expenditures than was funded under the City's 2024-2025 fiscal year general fund budget, as adopted on June 5, 2023, unless a lower level of funding is first approved by the affirmative vote of a 2/3 majority of Council members.
- (e) The Council, by resolution, shall establish a seven member Citizen Oversight Committee to annually review expenditures and appropriations of the tax revenues to ensure that all such revenues are spent or appropriated for the purposes and uses set forth in subsection (a), in accordance with the approved implementation plan as described in subsection (b), and, as specifically authorized, in subsections (c) and (d). Each member of the Council shall appoint one member of the Committee who shall have a term coinciding with the term of the appointing Council member. Each Committee member shall be a resident of the City at the time of appointment and shall remain a resident of the City while serving on the Committee. The Mayor shall appoint the chairperson of the Committee subject to the approval of the majority of the Council. The Committee shall receive the assistance of City staff and shall:
 - 1. Issue an annual public report on the expenditures and appropriations of the tax revenues;
 - 2. Make recommendations for the City Council to consider regarding the implementation plan; and
 - 3. Undertake such additional duties as the Council may designate not inconsistent with the purposes identified in this chapter.

22.46 Amendments.

All amendments subsequent to the effective date of the ordinance codified in this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

22.47 Enjoining collection forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

22.48 Severability.

If any provision of this chapter or the application thereof to any person or circumstance is held invalid, the remainder of the chapter and the

COMPLETE TEXT OF MEASURE C-Continued

application of such provision to other persons or circumstances shall not be affected thereby.

SECTION II

This ordinance, following its adoption by at least five (5) affirmative votes of the Council and its publication, shall become effective upon the approval of the tax imposed hereunder by two-thirds of the voters of the City voting thereon at an election called for that purpose. The "operative date" of the tax imposed hereunder shall be as provided in section 22.35.

ARGUMENT IN FAVOR OF MEASURE C

"Arguments in support or opposition of the proposed laws are the opinions of the authors"

Our quality of life in Gilroy is one we all treasure. Our safety and emergency medical response services top the list of essential city services that improve our quality of life. In order to bring our public safety services to levels we all expect and deserve, we need more law enforcement, police patrol, and firefighter/paramedics to respond to our growing population. This ¼ of a cent sales tax, known as Measure C, will generate roughly \$4.5 million per year for public safety services in Gilroy. Over half of that revenue will be generated by visitors, non-residents who shop, dine and do business in Gilroy, thereby easing the burden from Gilroy residents alone and shared with non-residents who also use our public safety services when in Gilroy.

The sales tax rate in Gilroy is currently 9.125%, of which only 1% goes to the City. This measure adds ¼ of a cent to our sales tax that would go entirely to the City of Gilroy. The new sales tax rate would be 9.375%, of which Gilroy would receive 1.25%.

Because a two-thirds majority is required to pass Measure C, our residents are guaranteed through state law that future city councils may not choose to spend these funds on anything other than the public safety services for which they are authorized in this ballot measure. Measure C requires strict accountability and an independent Citizen Oversight Committee to ensure that funds are spent as authorized and properly disclosed to the public each year.

Measure C is not a tax on your home, property, food, or prescription medications.

Join the Gilroy Police Officers Association, Gilroy Firefighters Local 2805, Gilroy AFSCME, Gilroy Management Association, the Gilroy City Council, and business and community leaders in voting Yes on C—Keep Gilroy safe!

Marie Blankley
Mayor, City of Gilroy

**NO REBUTTAL TO ARGUMENT IN FAVOR OF
MEASURE C WAS SUBMITTED**

ARGUMENT AGAINST MEASURE C

Now is the worst time for this proposed tax hike.

Now is not the time for "taxation as usual."

Many people have had their working hours reduced, or have lost their jobs entirely, thanks to minimum-wage laws that hit low-skilled workers the hardest.

Their savings have been sapped by monetary inflation, with its resultant skyrocketing prices.

Many businesses are suffering reduced revenue; thousands have been forced to shut down entirely.

Individuals, households, businesses have all had to adapt to the pandemic crisis, by cutting costs and carefully spending their limited funds on only the essentials.

Silicon Valley is still recovering from the century's worst pandemic.

Santa Clara County residents are facing tens of BILLIONS in tax hikes this election!

Let's not sabotage our recovering economy with "tax-and-spend business as usual."

The city must live within its means ... just as we taxpayers are doing.

A sales tax rate hike would impose on Gilroy residents another disincentive for spending, just when the cities' businesses most need customers to feel freer to spend. Please reject Measure C.

This is not the time for "taxation as usual."

What is the core purpose of city governments? To protect your rights and your property.

If voters reject this regressive sales tax increase, **will City Council really lay off 911 operators, EMT techs, firefighters, and police?**

Does any sensible person believe City Council would really act on such a topsy-turvy priority?

This is not the time for "taxation as usual."

This is the time to demand that Gilroy City Council does their job and make public safety their focus, rather than bait to hook us into yet another tax increase.

If this tax-increase measure passes, another hike will be re-introduced in two or three years. "Rinse and repeat."

Vote NO on Measure C.

For more information, visit SVTaxpayers.org.

Mark W.A. Hinkle
President: Silicon Valley Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST MEASURE C

Gilroy is not a "taxation as usual" city. In fact, the last tax measure of the City of Gilroy was over 20 years ago and was to build the library and the police station, both assets our community desperately needed. Managing your tax dollars is my top priority as a CPA and your Mayor, and delivering the best city services we can within the confines of those dollars is where we are today. Measure C is not a threat to lay off public safety personnel; on the contrary, it is a request to add public safety services beyond our existing confines so that we may improve police, fire and medical response to meet our growing population and the quality of life we all treasure in Gilroy that protects our rights, property and life. Our residents and businesses deserve nothing less.

The requirement that Measure C pass by a two-thirds majority is what guarantees that the additional $\frac{1}{4}$ of one cent you authorize not only stays entirely in Gilroy but may only be used for public safety improvements. That revenue may not be redirected by a future City Council to any other purpose and requires a Citizen Oversight Committee to ensure accountability to the public.

Help your local government improve on our existing public safety services in a manner by which the cost is shared by all who use them.

Vote YES on Measure C—Protect our rights, property and life.

Marie Blankley
Mayor, City of Gilroy