

Impartial Financial Analysis of Measure R

Measure R authorizes the City of Watsonville to impose a transaction and use tax of one half of one percent (0.50%) on transactions in the City of Watsonville. The tax proceeds will be deposited into the City's General Fund and can be expended for any lawful purpose of the City. The proceeds and uses from the tax will be reviewed at least bi-annually by the City Revenue Measure Oversight Committee and appropriated by the City Council. The tax will remain in effect until repealed by voters.

I estimate the approval of this tax measure will generate an additional \$5,100,000 annually. The tax rate cannot be increased by action of the City Council without voter approval.

The projected revenues appear accurate based on my analysis of past transaction and use tax revenues provided by City staff. In this analysis, I relied on the best data available at this time; however, actual revenues may be more or less than City staff's estimates due to increased or decreased activity in activities generating Transaction and Use Tax due to changes in the general economy.

August 19, 2022

Cynthia Czerwin, Administrative Services Director, City of Watsonville