



Local ballot measure: Y

Y

City of Capitola Sales Tax

Ballot question

To protect essential city services including public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses, shall City-of-Capitola replace its quarter-percent sales tax, approved by voters in 2016, with a one-half percent sales tax, generating an estimated \$2.2 million annually for general government use, for ten years, with independent audits, and all funds staying local?

Pregunta de Boleta

Para proteger los servicios esenciales de la ciudad, incluyendo la seguridad pública y los servicios de emergencia; reparar baches, mantener calles, aceras, carriles para bicicletas, playas, el nuevo muelle y programas de recreación para jóvenes; mejorar la seguridad vial; y apoyar a las empresas locales, ¿Debería la Ciudad de Capitola reemplazar su impuesto sobre las ventas de un cuarto por ciento, aprobado por los votantes en 2016, a un impuesto sobre las ventas de un medio por ciento, generando un estimado de \$2.2 millones anuales para uso del gobierno general, durante diez años, con auditorías independientes, y todos los fondos permaneciendo locales?

What your vote means:

YES	NO
A "Yes" vote is a vote in favor of the tax.	A "No" vote is a vote against the tax.

For and against Measure Y

Titles used by argument signers are for identification purposes only and does not necessarily reflect the position of the organization in question. If an asterisk (*) follows a name, it means the person is signing on behalf of that agency/organization.

FOR	AGAINST
<p>Yvette Brooks* Capitola Vice Mayor</p> <p>Joe Clarke* Capitola City Council Member</p> <p>Kristen Brown* Capitola Mayor</p> <p>Margaux Morgan* Capitola City Council Member</p> <p>Alexander Pedersen* Capitola City Council Member</p>	<p>No Argument against Measure Y was filed</p>



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Arguments and replies are the opinions of the authors. We print them exactly as submitted, including errors.

Argument for Measure Y	Argument against Measure Y
<p>In 2016, Capitola voters overwhelmingly approved Measure F, a 10-year 0.25% sales tax to revitalize our ocean-front infrastructure, including the flume, jetty, and iconic Capitola wharf. We're pleased to report that though careful planning, these projects, including the impressive \$11 million renovation of the wharf, have been completed ahead of schedule.</p> <p>Now, the City proposes an early repeal of Measure Y, to be replaced by a new 0.5% sales tax initiative to secure Capitola's financial future. This new measure addresses financial challenges due to inflation and the expiration of Measure F in 2027. With this step, the City can avoid a likely deficit in the next few years.</p> <p>The proposed 0.5% sales tax will help Capitola sustain vital services. Services such as providing for our police and workforce, enhancing public safety and maintaining our beautiful parks, beaches and wharf, and improving our streets, infrastructure, and recreation programs. This measure is also crucial for securing nearly \$8 million in federal funding to stabilize Cliff Drive against coastal erosion.</p> <p>After careful consideration, the City Council determined that a sales tax is the fairest way to address our budget challenges. Both visitors and residents contribute to our local economy, sharing the responsibility of maintaining our community's well-being. Importantly, City Staff estimates that less than one-third of Capitola's sales tax revenue is paid by residents; the vast majority is paid by visitors.</p> <p>Even with this new measure, Capitola will maintain the lowest tax rate in the County, staying 0.5% below other cities' rates. Capitola is a special community that we cherish. Let's ensure it remains vibrant and sustainable for future generations.</p> <p>Vote YES on Measure Y to Protect Capitola's Future.</p> <p>To learn more visit votemeasureY.com</p> <p>Yvette Brooks*, Capitola Vice Mayor</p> <p>Joe Clarke*, Capitola City Council Member</p> <p>Kristen Brown*, Capitola Mayor</p> <p>Margaux Morgan*, Capitola City Council Member</p> <p>Alexander Pedersen*, Capitola City Council Member</p>	<p>No Argument against Measure Y was filed.</p>

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Impartial Analysis of Measure Y

Samantha W. Zutler, City Attorney

This measure was placed on the ballot by the City Council. If approved, Measure Y would replace the City's current one-quarter percent sales tax, set to expire in 2027, with a one-half percent sales tax, which would expire in ten years.

In 2004, the City of Capitola voters approved a temporary one-quarter percent sales tax, to be used for general municipal purposes. The voters extended the tax in 2008, and then again in 2016, via Measure F. Since its inception, the temporary tax has been used to fund the purchase of a beach loader to grade and rake beach sand to prepare it for summer usage and lagoon management, rehabilitate the flume and jetty, and to partially fund the Wharf Resiliency and Public Access Project. The temporary tax is set to expire on December 31, 2027.

If approved, Measure Y would replace the current quarter-percent temporary sales tax authorized by Measure F with a half-percent sales tax. Like Measure F, Measure Y is a general tax, so tax proceeds may be used for any valid municipal purpose, including road maintenance, public safety, parks and recreation, and repairs to the Capitola wharf.

Unless extended by the voters, the half-cent sales tax would expire on December 31, 2034.

The current sales tax rate in Capitola is 9.0%. Of that 9.0%, Capitola receives 1.5%. The tax authorized by Measure Y is expected to generate an estimated \$22 million over the ten-year life of the tax.

A "Yes" vote is a vote in favor of the tax.

A "No" vote is a vote against the tax.

Measure Y will be approved if it receives a simple majority of "Yes" votes. If Measure Y is approved, the current one-quarter percent temporary sales tax authorized by Measure F will be replaced by a one-half percent sales tax, effective in 2025, and expiring in 2034. If Measure Y is not approved, the current one-quarter percent temporary sales tax authorized by Measure F will remain in effect until December 31, 2027.

The full text of Measure Y is printed in the Voter's Information Pamphlet and available on the City of Capitola's website at: <https://www.cityofcapitola.org/cityadministration/page/current-elections>. If you desire a copy of the Measure, please call the elections official's office at 831-475-7300 and a copy will be mailed at no cost to you.

Fiscal Impact Statement Measure Y

Jim Malberg, Finance Director/City Treasurer

The Capitola City Council has placed a measure on the November 5, 2024, ballot, asking voters to repeal the existing one-quarter cent (0.25%) transaction and use ("Sales") tax and replace it with a one-half cent (0.50%) sales tax for ten years. If passed by a simple majority of the voters voting on the measure, the Ordinance would expire automatically on December 31, 2034, unless further extended by the voters.

It is estimated that the sales tax measure will generate approximately \$2.2 million annually for a total of \$22 million over ten years. The actual amount of revenue will vary based on economic conditions, growth or declines in the sales tax base, and inflation.

The revenue generated will fund general governmental essential city services including public safety and emergency services; repair potholes, maintain streets, sidewalks, bike lanes, beaches, the new wharf, and recreation programs for youth; improve traffic safety; and support local businesses.



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Full text of Measure Y

AN ORDINANCE OF THE CITY OF CAPITOLA AMENDING SECTIONS 3.10.050 AND 3.10.070 OF THE CAPITOLA MUNICIPAL CODE AND AMENDING SECTION 16 OF ORDINANCE 880 TO INCREASE THE TRANSACTION AND USE TAX TO 0.5% OF ONE CENT AND EXTENDING THE TERMINATION DATE OF THE TRANSACTIONS AND USE TAX THROUGH DECEMBER 31, 2034.

WHEREAS, on November 2, 2004, City of Capitola voters adopted Ordinance No. 880, imposing a one-quarter cent (0.25%) on the dollar transactions and use tax ("Sales Tax") for general purposes, which would expire, or sunset, on June 30, 2010; and

WHEREAS, on November 4, 2008, Capitola voters adopted Ordinance No. 935, which extended the sunset date of the Sales Tax to December 31, 2017; and

WHEREAS, on November 8, 2016, the Capitola voters adopted Ordinance No. 1008, which again extended the sunset date of the Sales Tax to December 31, 2027; and

WHEREAS, proceeds generated by the Sales Tax are deposited into the City's General Fund and support important City services such as police, fire, and paramedic services; 911 emergency response; emergency street repairs and maintenance; neighborhood park and recreation services; and

WHEREAS, the City's budget forecast indicates a fiscal shortfall due to the impending expiration of the Sales Tax, increased pension liabilities, and the steady erosion of retail sales tax when adjusted for inflation; and

WHEREAS, as a result of this budget forecast, on April 11, 2024, the City Council directed staff to prepare a ballot measure replacing the existing one-quarter of one cent (0.25%) Sales Tax with a one-half of one cent (0.50%) Sales Tax, and further extending authority to collect the Sales Tax for another 10 years; and

WHEREAS, the City's budget forecast anticipates budget shortfalls, which would impact the City's ability to perform its functions and maintain the quality of life in the City of Capitola; and

WHEREAS, additional funding will help maintain the City of Capitola's financial viability in coming years and improve the city's local infrastructure, including repairing, paving and maintaining city streets, and maintaining city beaches, including the new Wharf infrastructure and services related thereto; and

WHEREAS, Revenue and Taxation Code Section 7285.9 authorizes the City Council for the City of Capitola to levy, increase or extend a general transactions and use tax if the ordinance proposing the tax is approved by a two-thirds vote of all members of the City Council, and the tax is approved by a simple majority (50%+1) vote of the qualified voters of the City voting in an election on the issue; and

WHEREAS, the City desires to levy an additional one-quarter of one percent (0.25%) Sales Tax for general purposes for a total Sales Tax rate of one-half of one percent (0.50%) for an additional 10 years through December 31, 2034; and

WHEREAS, the amendments proposed by this Measure do not purport to amend the provisions of Capitola Municipal Code Chapter 3.11; and

WHEREAS, if the voters do not adopt the additional 0.25% tax rate, for a total of 0.50%, the City wishes to retain the current 0.25% tax rate, until its sunset date of December 31, 2027.

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

Section 1. Findings

The People of the City of Capitola find that the above referenced recitals are true, correct, and material to the adoption of this Ordinance.

Section 2. Amend Section 3.10.050 – "Transactions tax rate" of the Capitola Municipal Code. Section 3.10.050 of the Capitola Municipal Code is amended as indicated below, with amended text shown in underlined text, and deleted text shown in ~~strikeout~~ text.

Section 3.10.050 Transactions tax rate.



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

Section 3. Amend Section 3.10.070 – “Use tax rate” of the Capitola Municipal Code. Section 3.10.070 of the Capitola Municipal Code is amended as indicated below, with amended text shown in underlined text, and deleted text shown in ~~strikeout~~ text.

Section 3.10.070 Use tax rate.

An excise tax is 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 the territory at the rate of ~~one-quarter~~ one-half 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.

Section 4. Amendment of Ordinance 880 (uncodified). Section 16 of Ordinance 880, as amended by Ordinance Nos. 935 and 1008, is hereby amended to read as follows:

“Section 16. Termination Date. The authority to levy the tax imposed by this ordinance shall expire December 31, 2034.”

Section 5. Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance.

Section 6. Voter Approval.

This ordinance shall be submitted to the voters at an election to be held on November 5, 2024. Upon approval by a majority of the voters of the City voting on this ordinance, a Transactions and Use Tax shall be authorized.

Section 7. Severability.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 8. Effective Date.

This Ordinance shall take effect ten (10) days after the certification by the City Council of the election returns indicating passage of the Ordinance by a majority of voters casting votes in the election.

Section 9. Codification. Sections 2 and 3 of this ordinance shall be codified in the Capitola Municipal Code.

Section 10. CEQA. For purposes of the California Environmental Quality Act (Public Resources Code Section 21000, et seq.), a “project” is defined in State CEQA Guidelines Section 15378 (a) as “the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment”. The people of the Capitola hereby find that the proposed Ordinance will not result in any change in the environment and thus is not a project subject to the requirements of CEQA. Additionally, the proposed Ordinance involves the creation of a government funding mechanism which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment and thus the proposed Ordinance is not a project subject to the requirements of CEQA pursuant to CEQA Guidelines Section 15378 (b)(4). Further, even if the adoption of this Ordinance was deemed to be a project subject to CEQA, the people of the City of Capitola find the proposed Ordinance is exempt from CEQA under the common sense exemption set forth in Section 15061(b)(3), which provides that CEQA only applies to projects which have the potential for causing a significant effect on the environment, and thus where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.