IMPARTIAL ANALYSIS OF MEASURE "E"

Under California law, local governments may levy a general transaction and use tax if approved by their legislative body and a majority of qualified voters. 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. Certain types of items are excluded from local sales taxes, such as many food and grocery items, prescription medicine, certain medical devices, diapers, and hygiene products.

The Santa Cruz County Board of Supervisors ("the Board") placed Measure "E" on the ballot. It did so in connection with a resolution declaring the County to be in a state of fiscal distress due to recent reductions in federal and related state funding and other long-term economic challenges which negatively impact funding for County services. To address this problem, the Board is asking voters to approve an ordinance amending the County Code to temporarily increase the County's transactions and use tax ("sales tax") by one-half percent throughout the County, including cities within the County. The tax would be in place for five years, taking effect on April 1, 2027, and continuing through April 1, 2032.

If Measure "E" is approved, the County estimates that it will receive approximately $6,750,000 in Fiscal Year 2026-27 and approximately $27,000,000 in future fiscal years thereafter. Any revenues raised from Measure "E" 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 keeping local hospitals/emergency rooms open, sustaining access to urgent healthcare, supporting local food/housing assistance, and providing other essential services.

When the Board approved Measure "E" for the ballot, it identified Budget Priorities for the proposed tax increase that include protecting emergency medical services and healthcare, strengthening mental health and substance abuse services, reducing food insecurity, and preserving housing stability and homelessness response, among others.

If approved by a majority of voters, Measure E will change the sales tax rates for local jurisdictions for a period of five years as reflected in the following chart:

Jurisdiction	Current Rate	Proposed Rate
County Unincorporated Area	9.5%	10%
City of Santa Cruz	9.75%	10.25%
City of Watsonville	9.75%	10.25%
City of Capitola	9.25%	9.75%
City of Scotts Valley	9.75%	10.25%

What Does A "Yes" Vote Mean?

A "yes" vote on Measure "E" is a vote to approve a half-cent sales tax increase in the unincorporated area of the County and the incorporated cities for five years.

What Does A “No” Vote Mean?

A “no” vote on Measure “E” is a vote against raising the sales tax and a vote to keep the rate as it currently stands in the unincorporated area of the County and the incorporated cities.

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