

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE Q
CITY OF DALY CITY LOCAL RECOVERY AND RELIEF MEASURE**

The City Council has placed on the ballot the question of whether to approve the City of Daly City Local Recovery And Relief Measure adopting a transaction and use tax within the City of Daly City. The ordinance would add a transaction and use tax at the rate of one half of one percent (0.5%) of the retail sales price, or one-half cent (1/2 ¢) for an item that costs one dollar, until and unless repealed by the voters of the City.

This ordinance would increase the total sales tax rate within the City of Daly City to 9.75%. The City Council and staff estimate the one half of one percent (0.5%) transactions and use tax increase would result in additional revenue to the City of Daly City of approximately \$6 million annually until repealed by the voters.

This tax on retail sales is paid by non-residents as well as residents. Certain necessities of life, including purchases of food or medicine, are exempt from the tax.

Because this measure does not legally restrict the use of tax revenue to any specific purposes, it is classified as a "general tax," not a "special tax." The tax proceeds will be locally controlled and may be used for any valid municipal government purpose, including but not limited to, maintaining the City's long-term financial stability and City services, such as supporting local businesses, preventing and addressing homelessness, maintaining paramedic and 9-1-1 emergency response, senior services, preparing for natural disaster and public health emergencies, and other general city services. Further, the tax proceeds will be subject to an annual independent audit.

Currently, the tax on retail sales within the City of Daly City is 9.25% of the purchase price. Technically, the existing 9.25% "sales tax" is a combination of the State of California Bradley-Burns Uniform Local Sales and Use Tax Law of 7.25% and taxes enacted by the County of San Mateo of 2%. Both are levied on the sale or use of tangible personal property sold at retail. Retailers collect the tax at the time of sale and remit the funds to the California Department of Tax and Fee Administration, which administers the tax.

A "Yes" vote is a vote in favor of the tax. A "No" vote is a vote against the tax. This measure will be approved if it receives a simple majority of "Yes" votes. If this measure is approved, the total sales tax rate within the City of Daly City will increase to 9.75%. If this measure is not approved, the total sales tax rate within the City of Daly City will remain at 9.25%.

The above statement is an impartial analysis of the City of Daly City Local Recovery And Relief Measure. If you desire a copy of the ordinance, please call the City Clerk's office at (650) 991-8078 and a copy will be mailed to you at no cost.

DATED: August 21, 2020

Rose Zimmerman
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City of Daly City