

CITY ATTORNEY IMPARTIAL ANALYSIS OF MEASURE E

Measure E was placed on the ballot by the City Council and, if approved by a majority of the voters, would enact a real property transfer tax ("Transfer Tax"). The Transfer Tax is a proposed general tax which means the City of San José could use the revenue for any governmental purpose including, but not limited to, assisting the homeless and providing affordable housing. The proposed Transfer Tax is in addition to the existing real property conveyance tax ("Conveyance Tax"), also imposed on a transfer of real property, which is a special tax that is required to be used for certain specified purposes.

The Transfer Tax would be imposed whenever a deed, instrument, or writing, whether recorded or not, transfers real property in the City of San José for consideration. Consideration means the amount paid for, or the value of, the transferred property and includes the amount of any debt and special assessments secured by the transferred property. The Transfer Tax would also apply to a transfer of ownership interests in a legal entity (e.g., a corporation, partnership, or limited liability company) that would be considered an ownership change of real property under State law. Payment of the tax is the responsibility of the parties to the transfer and may be paid by either party.

Transfers under \$2,000,000 would be exempt from the Transfer Tax. Transfers of \$2,000,000 or more would be taxed at one of the following rates applied to the full value of the consideration:

Value of Consideration	Rate
\$2,000,000 to \$5,000,000	0.75%
\$5,000,000.01 to \$10,000,000	1%
Over \$10,000,000	1.5%

For example, a transfer of real property where the value of consideration is \$11,000,000 would be taxed at a rate of 1.5% on the entire \$11,000,000. The tax owed would be \$165,000.

Beginning July 1, 2025, the exemption threshold of under \$2,000,000 (i.e., \$1,999,999.99) will automatically adjust based on a consumer price index every 5 years. The City Council may also increase the exemption threshold at any time, but in no event can the exemption threshold be less than \$1,999,999.99.

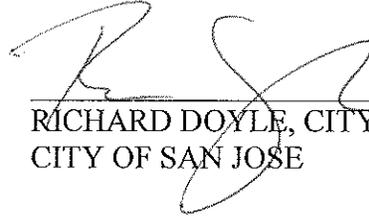
The Transfer Tax includes other exemptions as well including transfers involving gifts, inheritance, divorce, and bankruptcy, in certain circumstances.

Measure E would also require annual financial audits and yearly reports of the revenue collected from the Transfer Tax. The City Council would also be required to appoint a community oversight committee to review expenditures of Transfer Tax revenues.

If approved, the Transfer Tax would be effective July 1, 2020 and would continue until repealed by the voters or suspended in whole or in part by the City Council.

A "Yes" vote is a vote to approve the Transfer Tax.

A "No" vote is a vote to reject the Transfer Tax.



RICHARD DOYLE, CITY ATTORNEY
CITY OF SAN JOSE

The above statement is an impartial analysis of Measure E. If you would like to read the full text of the measure, see www.sanjoseca.gov/measureE or call 408-535-1260 and a copy will be sent at no cost to you.