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2016 MAR 22 AM 9:28 CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE B

Measure B is a ballot measure that, if approved by a majority of the voters, would amend the San José Municipal Code to enact a one-quarter percent (0.25%) transactions and use tax. The Measure is a "general" tax, which means the City of San José may use the tax revenues for any governmental purpose, including improving police response to reduce violent crimes and burglaries; improving 911/emergency medical/fire response times; repairing potholes and streets; expanding gang prevention; and maintaining the City's long-term financial stability. The tax would terminate automatically on September 30, 2031, unless extended by voters.

If approved, Measure B would also require annual financial audits and yearly reports of the tax revenues. Additionally, the City Council would be required to appoint an independent citizen oversight committee that would review expenditures of the tax revenues.

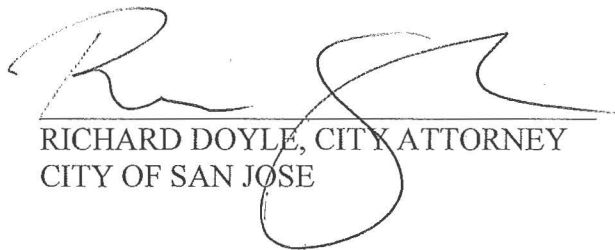
While Measure B, which was placed on the ballot by the City Council, is a "transactions and use tax", it is commonly referred to as a sales tax. A transactions and use tax is levied on the same purchases as the existing sales tax with some minor exceptions.

Currently, the cumulative tax rate on retail sales in San José is 8.75% of the purchase price. The tax revenue is allocated among the State, Santa Clara County, the City, and other public agencies. San José's share is 1% of the purchase price. Measure B would increase the cumulative tax rate in San José to 9.00% and San José's share would increase from 1% to 1.25%.

Retailers and other businesses that collect the sales tax and the transactions and use tax at the time of sale remit the funds to the State Board of Equalization which administers these taxes, including transmitting payment to the City.

A "Yes" vote is a vote to approve a one-quarter percent transactions and use tax for 15 years.

A "No" vote is a vote against the transactions and use tax.



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