

SONOMA'S LOCAL SALES TAX

What's the history on this Sales Tax Measure?

Local is the operative word when discussing the renewal of Sonoma's Sales Tax Measure U. Unlike many other current and prior taxes handed down from the State (such as State sales tax, Redevelopment property tax, Gas tax, Cigarette tax and Alcohol Beverage tax), Measure U is sheltered from State intervention because it is a local tax. By law, what is approved through a local tax measure cannot be taken by State action.

Overview of the Current Local Sales Tax Measure

As a component of the fiscal management plan, the City has in place a local transaction and use tax which provides a stabilizing foundation to public services. In 2012 the City went to the voters presenting Measure J for consideration which consisted of the addition of a half-cent local transactions and use tax to fund City services. This half percent tax is added to general Sales Tax on purchases in the City. Until this measure was brought forward, the City of Sonoma had not turned to its constituents for a new tax in 20 years. The measure passed with a 67.1% affirmative vote, well over the simple majority (50%+1) needed. The current Measure J was initially set with a 5-year sunset clause in a calculated and focused approach to (1) review the performance of the local sales tax, and (2) assure taxpayers that the City could and would demonstrate its ability to manage and use the funds in a fiscally responsible way. It also provided for the breathing room to analyze how the State would ultimately realign redevelopment activities, fund affordable housing and transfer further responsibilities to cities without benefit of additional funding.

History

Since 1984, the City's budget structure included the resources of Sonoma's redevelopment agency (approximately \$6.9 in the final year of redevelopment) which was a form of additional local property tax dollars and provided numerous community benefits and improvements such as street upgrades, traffic safety, pedestrian and bicycle improvements, sidewalk repairs, creation of The Haven emergency shelter, renovation of the Sonoma Valley Regional Library, renovation of the League for Historic Preservation's Museum, constructing a new Fire Station, Police Station upgrades including the Community Room/Council Chambers, affordable housing, subsidy to the Sebastiani Theater, contributions to the Sonoma Community Center for facility renovation and programs and other programs that have preserved Sonoma as a great place to live, work and visit. Through the use of redevelopment dollars, the City also established a graffiti abatement program, a successful economic development program,

and financially supported the Sonoma Valley Visitors Bureau all of which are on-going today. The economic development program alone assisted approximately 150 local businesses each year through programs promoting business attraction, expansion and job creation.

With the backing of redevelopment property tax, the City was able to keep the cost of providing city services to our residents low. In fact, in 2008, the City eliminated landscape and lighting assessment districts in order to reduce the tax burden on residents living in certain areas of the City and absorbed those costs into the City's General Fund. The City used the redevelopment funds wisely and for the purposes for which they were intended. Many city projects and core services relied on the use of redevelopment funding to sustain their viability well into the future. In addition to the loss of revenue, the City's General Fund became obligated for on-going basic core service costs formerly funded by redevelopment. This included unfunded capital and infrastructure programs as well as affordable housing programs in the City's 5-year Capital Improvement Plan.

Status of Redevelopment Dissolution & Measure J

Four years ago the Council asked voters to approve a temporary sales tax increase until they determined how the state would address redevelopment activities, fund affordable housing and provide for additional responsibilities to cities. We now have those answers, with no new revenue or no new programs. Council kept their promises, addressing public needs and priorities but the recovery is not yet completed. That is why the City is asking the voters to renew the tax for 5 more years. To regress back to budget cuts and elimination of health and safety program and public service programs would be a costly hit to citizens.

5-YEAR HISTORY OF MAJOR REVENUE SOURCES & THE LOSS OF PROPERTY TAX DUE TO REDEVELOPMENT

