



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

H

City of Chico Sales and Use Tax Measure

To support vital city services including: maintaining/repairing streets, storm drains, sidewalks, and fixing potholes; addressing homelessness; protecting 911 emergency response times; preserving the number of on-duty police officers and fire fighters; maintaining/improving Bidwell Park, neighborhood parks, and funding other general services and essential activity; shall an ordinance establishing a 1 percent sales tax, providing approximately \$24,000,000 annually until ended by voters, subject to annual audits, with all funds staying local, be adopted? YES or NO

IMPARTIAL ANALYSIS OF MEASURE H

Measure H asks voters to approve an ordinance (“Ordinance”) enacting a one percent (1%) general transactions and use (sales) tax by adding a new Chapter 3.90 to Title 3 of the City’s Municipal Code. The proposed tax is a general tax. The City estimates this Measure will raise approximately \$24 million per year in new local revenue for use in the City. Funds generated would be placed in the City’s general fund, are not restricted, and may be used for any City general fund purposes. The City Council’s adopted ballot question states this new revenue would be used for essential services including, but not limited to:

- Maintaining/repairing streets, storm drains, sidewalks, and fixing potholes
- Addressing homelessness
- Protecting 911 emergency response times
- Preserving the number of on-duty police officers and fire fighters
- Maintaining/improving Bidwell Park, neighborhood parks, and
- Funding other general services and essential activity

Currently, State and local sales tax in Chico is 7.25 cents per dollar, of which the City receives 0.95%. The remainder goes to the State and the County of Butte. This general transactions and use tax of 1% would be imposed upon retailers’ gross receipts from the retail sale of most tangible personal property sold within the City, and an excise tax upon the storage, use or other consumption of tangible personal property purchased from retailers for storage, use or other consumption within the City at a rate of 1% of the sales price of the property. Measure H would increase the total sales tax rate in Chico from 7.25% to 8.25%, adding one cent to the price of an item that costs one dollar. Purchasers of goods, including visitors, in the City will be subject to the sales tax.



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

California law gives cities the authority to adopt local measures like this one, in the amount proposed, with the voters' approval. Under current law, the local tax may not be increased beyond the rate proposed in the Ordinance and will be in effect until ended by the voters. If adopted, collection of the tax is expected to commence April 1, 2023.

The Ordinance provides that the revenue will be collected by the State of California under a contract with the City. Accountability over revenue and expenditures from the Ordinance will be part of the City's annual independent audit, which is available to the public.

Article XIIC of the California Constitution, commonly known as Proposition 218, requires that the proposed general tax be approved by a majority of the voters voting on the Measure in order to take effect. A "YES" vote on Measure H is to adopt the Ordinance. A "NO" vote on Measure H is to not adopt the Ordinance.

The above statement is an impartial analysis of the Measure. If you desire a copy of the Ordinance or Measure, a copy is available from the City Clerk's office.

s/Vincent Ewing, City of Chico Attorney

ARGUMENT IN FAVOR OF MEASURE H

We join the diverse, bi-partisan coalition of Chico residents, business leaders, and community advocates asking you to VOTE YES on Measure H.

This is our home. Our residents need to feel safe, we need attainable solutions to address Chico's housing needs, and our public parks and open spaces require improved maintenance and care. We cannot stand by and watch our beautiful city decline.

The City of Chico works hard to be fiscally responsible, and maintain essential city services. Population growth, the Camp Fire, COVID-19, and state mandates have all stressed our finances, and our budget can't keep pace. Communities around us have already taken this step; now it's our turn to protect the city we love.

Measure H funding would support:

- PUBLIC SAFETY: Protect 911 emergency response times, maintain neighborhood police patrols, preserve the numbers of on-duty first



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

responders, expand training, and maintain emergency and disaster preparedness.

- PARK & ROAD MAINTENANCE: Experts say we need \$10M/year just for road maintenance, but the City only has \$3M to allocate. And we need sufficient resources to refresh and restore our public parks.
- HOUSING: Provide the critical funding necessary to help develop durable solutions for our unhoused residents and expand housing options for our entire community.

There is never a good time to propose a tax and recognizing the responsibility to Chico residents, this measure was thoughtfully developed with care.

- By law, the State cannot take this funding away—all Measure H funds will be locally controlled in Chico, for Chico.
- Basic necessities like groceries, rent, and prescription medications WON'T be taxed. Visitors to Chico will pay their fair share, so residents won't shoulder the entire cost.
- These resources will help us leverage additional grant funding, so the funds are doing double-duty.

Together, we can protect Chico. VOTE YES ON H!
YesOnH_Chico.org

s/James "Brandon" Slater, City of Chico Resident

s/Ann Schwab, Former Mayor – City of Chico

s/Matt Gallaway, Architect - RGA

s/Diane Slater, Retired Teacher - CUSD

s/Daniel Gonzales, President – Meriam Park Development

s/Kory Honea, Butte County Sheriff

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE H

Measure H proponents claim revenues would be used for specific purposes but have no guarantee since H is a general measure. A general measure goes into the General Fund, with no restrictions on spending. A special tax levied for a specific purpose requires 2/3's voter approval.

Sales tax applies to "basic necessities" - clothes, shoes, school supplies, non-prescription medicines, hygiene and household products, gasoline, car repairs, even haircuts. The 2022-23 budget projects \$28,800,000 in sales tax receipts, \$8,000,000 in Utility Users Tax, \$3,700,000 more in franchise fees from PG&E



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

and garbage bills. "Visitors" contribute \$3,500,000 in bed tax. Of \$4,800,000 in gas tax received last year, only \$2,500,000 was budgeted toward all capital expenditures, including road maintenance. Where does the money go?

Proponents admit H will not provide enough revenue to do needed maintenance, instead it will be used to secure grants. Grants are restricted to certain uses, like bike bridges and roundabouts. They are competitive, and must be matched, creating more debt.

Proponents claim budget shortfalls, blaming the Camp Fire and COVID. In truth, refugees contributed a \$3 million sales tax surplus in 2019. Property values went up 30%, raising property taxes permanently. The 2023 budget is more than \$68,000,000 larger than the previous budget, much of it from federal pandemic funding.

Chico doesn't have a revenue problem, it's a spending problem. An unrestricted tax can be spent on anything, the promises proponents are making are meaningless. Demand accountability, vote NO on Measure H.

ARGUMENT AGAINST MEASURE H

Measure H is a simple majority measure with no restrictions on spending. Furthermore, with inflation at 9.1%, this tax adds to the cost of living in a volatile economy.

With historic increases in gas, groceries, utilities and housing, raising sales tax brings more across the board inflation. Sales tax, like gas tax, raises prices by adding expense to production and distribution. Sales tax is regressive. Working people and those on fixed incomes pay a disproportionate chunk of their budget on necessities like food, rent and transportation. Taxing necessities like clothes and household goods reduces discretionary income, more bad news for the economy.

Our economy is slowly recovering. City sales tax revenues increased steadily since the Camp Fire, which generated a \$3,000,000 surplus. Chico has retained a strong retail sector that generated over \$26,000,000 in sales tax in 2021, without a tax increase. Where does the money go?



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

We won't know that, because Measure H is a simple majority measure with no restrictions on spending. Only 50% of voter turnout plus one vote would permanently raise our sales tax a full cent. While city officials allude to spending the money on services and infrastructure, it will go to the General Fund. Council changes, oftentimes dramatically, every two years. There is no guarantee that this money will be spent on infrastructure or public safety. You have to look at the record and past spending priorities. Staff admittedly deferred maintenance and services while making extra payments on their pension deficit - next year budgeting more than \$12 million in taxpayer money to the pensions. Council made poor decisions that led to multiple pending lawsuits, and some have admitted they did not understand legal matters on which they voted. Are you sure the unrestricted revenues from this measure would be spent wisely?

Vote No.

s/Juanita Sumner, City of Chico Voter

REBUTTAL TO ARGUMENT AGAINST MEASURE H

We proudly add our names to the diverse, bi-partisan coalition of Chico residents, business leaders, and community advocates asking you to VOTE YES on Measure H.

Don't be fooled by scare tactics and abstract numbers—just like our own personal budgets, income must be weighed against expenses. The city needs to cover the actual costs of running and maintaining our city, and preparing for the future.

Maintaining roads, refreshing/restoring our parks, keeping residents safe, and creating durable housing solutions takes resources the city does not have. Real numbers:

- Chico's retail tax generates less than half of what it costs to cover city expenses.
- Roads cost \$9M/Yr to maintain current quality. We only have \$3M to spend.
- The one-time income boost that followed the Camp Fire was temporary, and has already begun to abate.
- Of the 7.25% of California Sales Tax only 1% comes to Chico.



City of Chico Measure

Arguments in Support of, or in opposition to, the proposed laws are the opinions of the authors.

- Of the only 8 cities over 50,000 people without a local sales tax, Chico has the lowest general fund budget/ capita.

This measure has an unusually diverse, broad base of support because it specifically supports the Chico community, and will stay here locally.

- Groceries, rent, and prescription medications WON'T be taxed.
- Chico visitors will pay their fair share, so residents won't shoulder the entire cost.
- The State cannot take this funding—all Measure H funds will be locally controlled in Chico, for Chico.

Together, we can protect Chico. We ask you to please VOTE YES ON H—because the future of our community depends on it.

YesOnH_Chico.org

s/Maureen A. Kirk – Former City of Chico Mayor, Retired Butte County Board of Supervisor

s/Howard Slater – Past Chair of CEPCP, Chamber Board of Directors, Slater & Son

s/Nancy Wolfe – Commissioner of Bidwell Park & Playground & Realtor

s/Tom D. Giovanni – OnFlume Coworking, DCBA President

s/Laura Cootson – Former Executive Director, Jesus Center

FULL TEXT MEASURE H

If you desire a copy of the Measure, please contact the City of Chico Clerk's office.