

Impartial Analysis of City of Encinitas Measure K

If adopted by a majority of the voters of the City of Encinitas, Measure K would approve an ordinance (“Ordinance”) levying a one-cent per dollar general transactions and use tax on sales transactions (“Tax”) in the City of Encinitas (“City”) for a period of 10 years. The Ordinance would be codified as Chapter 3.25 of the Encinitas Municipal Code.

The Tax proposed by Measure K is a general tax. Revenues would be placed into the City’s general fund and could be used for any lawful municipal purpose. The Tax is expected to generate an estimated \$15.4 million annually. The proceeds of the Tax would be subject to the same existing independent annual audit and reporting requirements as other general fund revenue. Annual review of and reporting on expenditures from the Tax revenue are also required to be performed by a separate citizens’ sales tax oversight committee appointed by the City Council. The Tax would be paid in addition to current sales taxes and would be collected at the same time and in the same manner as existing sales taxes. If Measure K is adopted, the cumulative sales tax rate in Encinitas would increase from 7.75% to 8.75%.

State law authorizes the City to levy a general transactions and use tax at a rate of 1.0% so long as the tax is approved by a majority of the voters. If approved, the Tax would remain in effect for 10 years, unless earlier repealed by a majority vote of the City voters at a subsequent election. Approval by the voters would be required to increase the tax rate, revise the methodology for calculating the Tax in a manner that would result in a tax increase, impose the Tax on transactions and uses not previously subject to the Tax (unless this occurs automatically by operation of state law), or extend or terminate the Tax prior to the termination date. The City Council may otherwise amend the Ordinance without approval by the voters in any manner that does not constitute a tax "increase" pursuant to Government Code section 53750(h).

Measure K was placed on the ballot by the City Council. A “yes” vote would authorize the City to levy a 1.0% transactions and use (sales) tax. A “no” vote would continue the existing inability of the City to levy a 1.0% transactions and use (sales) tax.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE K. IF YOU WOULD LIKE A COPY OF MEASURE K, PLEASE CONTACT THE ENCINITAS CITY CLERK’S OFFICE AT (760) 633-2601 AND A COPY WILL BE MAILED TO YOU AT NO COST AND IS ALSO AVAILABLE ONLINE AT

<https://encinitasca.gov/Government/Municipal-Elections>

Dated: August 13, 2024
s/ Tarquin Preziosi
City Attorney