

AMENDMENT TO BERKELEY MUNICIPAL CODE CHAPTER 7.52 TO ADD A
SPECIAL TAX TO FUND YOUTH SERVICES AND YOUTH SAFETY PROGRAMS **23**
AND AUTHORIZING EXPENDITURE OF PROCEEDS OF TAX

BALLOT TITLE:

Shall a special tax to fund youth services and youth safety programs, be authorized on real property transfers through December 31, 2010, at the rate of 0.5% on transfers for \$600,000 or more, and 1% on transfers for \$1,000,000 or more,

Financial Implications

Adds 0.5% to existing 1.5% transfer tax on transfers \$600,000 and over and 1% to existing tax on transfers \$1,000,000 and over.

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CITY ATTORNEY'S ANALYSIS:

The City provides various affordable youth services and youth safety programs, including, but not limited to, recreation programs, summer camps, literacy programs, after school, school and summer programs, crossing guards, school-based police officers, violence prevention efforts, grants to community-based agencies that provide services to at-risk youth, and program evaluation and coordination. The current budget identifies significant cuts to these programs. These programs have been funded primarily out of the City's General Fund. This ordinance would authorize a supplemental real property transfer special tax on specified sales of real property. The current real property transfer tax is 1.5% of sales price regardless of the price of the sale. If approved, this amendment would increase the total rate of the City's real property transfer tax on sales of \$600,000 or more to 2.0% of the sales price, and on sales of \$1,000,000 or more to 2.5% of the sales price, in order to pay for these and other similar programs. The tax would be subject to the same exemptions as the existing transfer tax, but not the 1/3 seismic retrofit rebate. Finally, the tax would expire on December 31, 2010. This measure would also authorize the expenditure of the additional tax proceeds resulting from the tax beginning calendar year 2005 through 2008.

Financial Implications

This special tax would be imposed upon all real property with a transfer price of \$600,000 or more. It would add 0.5% to the amount of the existing transfer tax on sales of \$600,000 or more, and 1% to the existing transfer tax on sales of \$1,000,000 or more. The current rate is 1.5% of the sales price on all property regardless of transfer price. The additional transfer tax on sales of \$600,000 or more would cost \$500 for every 100,000 in sales price of property, and the additional transfer tax on sales of \$1,000,000 or more would cost \$1000 for every 100,000 in sales price of property.

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ORDINANCE NO. N.S.

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BE IT ORDAINED by the people of the City of Berkeley as follows:

Section 1. That Berkeley Municipal Code Section 7.52.041 is added to read as follows:

7.52.041 Additional special tax imposed to fund youth services and youth safety programs

A. In addition to the general tax imposed under section 7.52.040, there is hereby imposed on transfers of lands, tenements, or other interests in real property located in the City of Berkeley, an additional real property transfer special tax:

1. at the rate of 0.5% of the value of consideration when the sale price is \$600,000 or more; and
2. at the rate of 1% of the value of consideration when the sale price is \$1,000,000 or more.

Except as set forth in section 7.52.060, this special tax applies regardless of the method by which the transfer is accomplished or the relationship of the parties to the transfer.

B. The supplemental special tax imposed by this section shall be used solely to fund youth services and youth safety programs.

C. "Youth services and youth safety programs" means recreation programs, summer camps and other summer programs, school break programs, after school programs, literacy programs, academic mentoring, cultural enrichment, crossing guards, school-based police officers, violence prevention efforts and other similar services and programs, grants to community-based agencies that provide such affordable services and programs for at-risk youth, and program evaluation and coordination.

D. The supplemental tax imposed by this Section shall expire at midnight on December 31, 2010.

Section 2. That Berkeley Municipal Code Section 7.52.060.K.1 is amended to read as follows:

K. 1. Up to one-third of the tax imposed by Section 7.52.040 of this chapter shall be reduced, on a dollar for dollar basis, for all expenses incurred on or after October 17, 1989 to "seismically retrofit" either any structure which is used exclusively for residential purposes, or any mixed use structure which contains two or more dwelling units.

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Section 3. Pursuant to California Constitution Article XIII B, the appropriation limit for the City is increased by the aggregate sum authorized to be levied by this increase in the tax rate for each of the four fiscal years beginning calendar 2005 through 2008.