

Office of the City Manager

CONSENT CALENDAR
July 13, 2004

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Subject: Placing Measures on the November 2, 2004 Ballot to: 1) Increase the Emergency Medical Services Tax; 2) Increase the Library Services Tax; 3) Increase the Utility Users' Tax; and 4) Increase the Property Transfer Tax

RECOMMENDATION

Adopt four Resolutions placing four separate measures on the November 2, 2004 ballot to: 1) increase the Emergency Medical Services Tax; 2) increase the Library Services Tax; 3) increase the Utility Users' Tax; and 4) increase the Property Transfer Tax (Special Tax to fund Youth Services and Youth Safety Programs).

FISCAL IMPACTS OF RECOMMENDATION

Voter approval of all of these measures would generate approximately \$8 million of additional revenue to compensate for General Fund and Special Fund deficits, as well as add new priority programs. The cost of placing a measure on the ballot varies based on the length of the text. Each measure will cost approximately \$5,000 to \$10,000. Funds to cover elections are included in the City Clerk Department budget for FY 2004 and FY 2005.

CURRENT SITUATION AND ITS EFFECTS

The Council has held several discussions during the past months, as part of the budget balancing discussions, regarding the need to increase taxes as a means of adding to the City's revenues, for both the short and long term. The proposed tax measures require approval by two-thirds of the electorate casting ballots on each of these measures for passage, with the exception of the increase to the utility users tax, which requires a simple majority to pass.

July 13, 2004

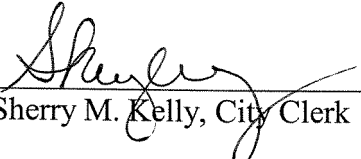
BACKGROUND

The Council held several public discussion on the various funding mechanisms; the amount of revenue to be generated by any tax increase; whether or not a tax measure should have a sunset provision and if so, the duration. On June 15, 2004 the Council expressed the desire to move forward with four separate tax measures including to: 1) increase the Emergency Medical Services Tax; 2) increase the Library Services Tax; 3) increase the Utility Users' Tax; and 4) increase the Property Transfer Tax for purposes of funding youth services and youth safety programs. On June 22, 2004 the City Attorney presented the text, title and City Attorney's analysis for each of these ballot measures. The Council provided additional comments and directed staff to finalize the report for Council approval and placement on the November 2004 ballot.

CONTACT PERSON

Sherry M. Kelly, City Clerk, 981-6900

Approved by:



Sherry M. Kelly, City Clerk

Enclosure – Resolutions

RESOLUTION NO. -N.S.

SUBMITTING TO THE BERKELEY ELECTORATE A MEASURE AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.56 INCREASING THE TAX RATE AND AMENDING INFLATION ADJUSTMENT IN LIBRARY RELIEF ACT OF 1980

WHEREAS, the Berkeley City Council has elected to submit to the voters at the November 2, 2004 General Municipal Election, a measure increasing the tax rate and amending the inflation adjustment in the Library Relief Act of 1980; and

WHEREAS, the Council has requested that the Alameda County Board of Supervisors consolidate the General Municipal Election with the Statewide General Election; and

WHEREAS, the Council desires to submit all measures to be placed upon the ballot at said consolidated election.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Board of Supervisors of Alameda County is hereby requested to include on the ballots and sample ballots the measure enumerated above to be voted on by the voters of the qualified electors of the City of Berkeley.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Berkeley, the Government Code and the Elections Code of the State of California.

BE IT FURTHER RESOLVED, that the Registrar of Voters of Alameda County is required to perform necessary services in connection with said election.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to obtain printing, supplies and services as required.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized to provide such other services and supplies in connection with said election as may be required by the Statutes of the State of California and the Charter of the City of Berkeley.

BE IT FURTHER RESOLVED, that said proposed measure shall appear and be printed upon the ballots to be used at said election as follows:

CITY OF BERKELEY ORDINANCE	
Shall the special tax for the Berkeley Public Library be amended to: increase the per foot tax rate from \$ 0.132172 to \$0.1540 for residential property and \$0.2001 to \$0.2331 for other property; change the annual inflation adjustment to 5%; increase the expenditure limitation through FY 2008? <u>Financial Implications</u> The annual cost in FY 2005 would be \$292.60 for a 1,900 square foot home and \$2,331.00 for a 10,000 square foot building.	YES
	NO

BE IT FURTHER RESOLVED, that the text of the initiative ordinance be shown as Exhibit A and the City Attorney's Analysis be as shown on Exhibit B, attached hereto and made a part hereof.

TEXT OF ORDINANCE

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.56 AUTHORIZING INCREASE IN TAX RATE OF LIBRARY RELIEF ACT OF 1980, AMENDING INFLATION ADJUSTMENT AND INCREASING EXPENDITURE AUTHORITY

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

Section 1. That Berkeley Municipal Code Section 7.56.030 is amended to read as follows:

7.56.030 Imposition of tax.

There is hereby imposed a tax on the square footage of all improvements in the City of Berkeley, except where the improvements are otherwise exempt from taxation by Section 7.56.100 and/or Section 7.56.035 of this chapter.

The rate of tax for the fiscal year ~~1989-90~~ 2005-06 to support the usual and current expenses of operating the City of Berkeley Library Services ~~shall be, is increased 5.7 percent over last year's rate, and is hereby fixed and apportioned upon the square feet of improvements, as defined below:~~

A. ~~\$0.1540 For all dwelling units, the tax shall be imposed at the rate of \$0.0761 per square foot of all dwelling units; and-~~

B. ~~\$0.2331 For all industrial, commercial and institutional buildings, the tax shall be imposed at the rate of \$0.1151 per square foot of all other taxable buildings.~~

Section 2. That Berkeley Municipal Code Section 7.56.040 is amended to read as follows:

7.56.040 Limited authority of City Council to annually increase the tax hereby imposed to reflect cost of living and personal income growth increases.

~~A.—The City Council of the City of Berkeley is hereby authorized to increase the tax rate authorized by this Ordinance by up to 5% annually. Subject to the conditions of subsection B below, the City Council of the City of Berkeley is hereby authorized to increase the tax rates imposed by this chapter.~~

~~—B. The City Council may increase the taxes imposed hereby only upon a finding that the cost of living in the immediate San Francisco Bay Area, or personal income growth in the state of California, as verified by official United States economic reports has increased; and the increase of the taxes imposed hereby shall not exceed this verified increase in the cost of living in the immediate San Francisco Bay Area, or personal income growth in California, whichever is greater.~~

Section 3. That Berkeley Municipal Code Section 7.56.120 is amended to read as follows:

7.56.120 Increase appropriations limit.

Pursuant to California Constitution Article XIII B, the appropriation limit for the City of Berkeley is hereby increased by the aggregate sum authorized to be levied by this special tax for each of the four fiscal years from ~~2000-01~~ 2005-06 through ~~2003-04~~ 2008-09.

CITY ATTORNEY ANALYSIS

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.56 AUTHORIZING INCREASE IN TAX RATE OF LIBRARY RELIEF ACT OF 1980, AMENDING INFLATION ADJUSTMENT AND INCREASING EXPENDITURE AUTHORITY

The City's main library and branch libraries are almost entirely funded by a citywide special tax of \$0.132172 per square foot on all improvements to residential real property in the City of Berkeley, and \$0.2001 per square foot on all improvements to commercial, industrial and institutional real property. In Fiscal Year 2004, the library tax raised approximately \$11,272,200. The tax is indexed to the greater of the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in California. If approved, this measure would increase the tax rates on residential property from \$0.132172 to \$0.1540 per square foot, and on other property from \$0.2001 to \$0.2331 per square foot, to pay for existing library costs such as facilities, personnel, books and supplies, as well as expansion of the literacy program. It would also change the annual inflation factor from the greater of the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in California to a maximum of 5%. Finally, if approved this measure would increase the City's authority to expend the proceeds of this tax to equal the amount collected.

Financial Implications

The proposed tax rate would limit the annual cost for an average 1,900 square foot home to \$292.60 in FY2005-06. It is estimated that the tax will cost residential taxpayers no more than the following average amounts during FY 2005-06:

<u>Square Feet</u>	<u>Annual Tax</u>
1,200	\$ 184.80
1,500	\$ 231.00
1,900	\$ 292.60
3,000	\$ 462.00
10,000	\$2,331.00

RESOLUTION NO. -N.S.

SUBMITTING TO THE BERKELEY ELECTORATE A MEASURE AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.90 INCREASING THE RATE OF EMERGENCY MEDICAL SERVICES TAX, AMENDING INFLATION ADJUSTMENT, AND AUTHORIZING EXPENDITURE OF ADDITIONAL TAX PROCEEDS

WHEREAS, the Berkeley City Council has elected to submit to the voters at the November 2, 2004 General Municipal Election, a measure increasing the tax rate and amending the inflation adjustment for Emergency Medical Services and authorizing expenditure of additional tax proceeds; and

WHEREAS, the Council has requested that the Alameda County Board of Supervisors consolidate the General Municipal Election with the Statewide General Election; and

WHEREAS, the Council desires to submit all measures to be placed upon the ballot at said consolidated election.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Board of Supervisors of Alameda County is hereby requested to include on the ballots and sample ballots the measure enumerated above to be voted on by the voters of the qualified electors of the City of Berkeley.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Berkeley, the Government Code and the Elections Code of the State of California.

BE IT FURTHER RESOLVED, that the Registrar of Voters of Alameda County is required to perform necessary services in connection with said election.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to obtain printing, supplies and services as required.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized to provide such other services and supplies in connection with said election as may be required by the Statutes of the State of California and the Charter of the City of Berkeley.

BE IT FURTHER RESOLVED, that said proposed measure shall appear and be printed upon the ballots to be used at said election as follows:

CITY OF BERKELEY ORDINANCE	
Shall the special tax for paramedic services be amended to: increase the tax rate from \$ 0.02626 to \$0.041634 per square foot; add personal income growth as an alternative inflation adjustment; and authorize the expenditure of the additional proceeds?	YES
<u>Financial Implications</u> The annual cost in fiscal year 2005-06 would be \$79.10 for a 1,900 square foot home, \$124.90 for a 3,000 square foot home and \$416.34 for a 10,000 square foot building.	NO

BE IT FURTHER RESOLVED, that the text of the initiative ordinance be shown as Exhibit A and the City Attorney's Analysis be as shown on Exhibit B, attached hereto and made a part hereof.

TEXT OF ORDINANCE

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.90 INCREASING RATE OF EMERGENCY MEDICAL SERVICES TAX, ALLOWING ANNUAL ADJUSTMENT BASED ON INCREASE IN PER CAPITA PERSONAL INCOME GROWTH AND AUTHORIZING EXPENDITURE OF ADDITIONAL TAX PROCEEDS

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

Section 1. The City of Berkeley is currently experiencing financial difficulties due to statewide and national economic conditions. In order to remedy these difficulties, the City has made significant cuts in its expenditures. However, in order to be able to balance its budget while preserving the services desired by the people of Berkeley, the City also needs to raise additional revenues. In particular, Berkeley residents benefit from paramedic services provided by the Berkeley Fire Department, and desire to increase the existing special tax that funds these services to make up an anticipated deficit, and to enable paramedic services to be expanded so that they are available from all of the City's fire stations.

Section 2. That Berkeley Municipal Code Section 7.90.020 is amended to read as follows:

7.90.020 Tax authorized--Tax rate—Indexing ~~Reduction of tax if County measure passes.~~

- A. The City Council is hereby authorized to impose a special tax of up to ~~\$0.0329~~ \$0.041634 per square foot of improvements in the City of Berkeley.
- B. The tax imposed by this chapter shall be operative on July 1, ~~1997~~ 2005.
- C. The City Council of the City of Berkeley is hereby authorized to increase the tax rate authorized by this Ordinance to the extent that the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in California has increased, whichever is greater.

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 from 2005-06 through 2008-09.

CITY ATTORNEY ANALYSIS

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.90 INCREASING RATE OF EMERGENCY MEDICAL SERVICES TAX, ALLOWING ANNUAL ADJUSTMENT BASED ON INCREASE IN PER CAPITA PERSONAL INCOME GROWTH AND AUTHORIZING EXPENDITURE OF ADDITIONAL TAX PROCEEDS

Ambulance-based paramedic service, which is also referred to as Advanced Life Support (ALS), is provided by three Fire Department ambulance transport units. Approximately 40% of the cost of this service is funded by a special tax of \$ 0.02626 per square foot on all improvements to real property in the City of Berkeley, which raised approximately \$1,965,000 in FY 2004. This tax, if approved, will increase the paramedic special tax to a rate of \$0.041634 to cover the projected FY 2005 deficit in the ALS program of \$1 million, and provide an additional \$200,000 that can be used to expand paramedic service to all of the City's fire stations. Paramedics with the equipment, skills, and training to provide ALS intervention prior to the arrival of an ambulance would be assigned to each of the City's seven fire engines. At present, this tax may be increased annually by the cost of living in the immediate San Francisco Bay Area. This measure would allow it to be increased by the greater of the increase in the cost of living or per capita personal income growth in California. This measure would also authorize the expenditure of the additional tax proceeds resulting from the rate increase through fiscal year 2008-09.

Financial Implications

The proposed tax rate would limit the annual cost for an average 1,900 square foot home to \$79.10 in FY 2005-06. It is estimated that the tax will cost residential taxpayers no more than the following average amounts during FY 2005-06:

<u>Square Feet</u>	<u>Annual Tax</u>
1,200	\$ 49.96
1,500	\$ 62.45
1,900	\$ 79.10
3,000	\$ 124.90
10,000	\$ 416.34

RESOLUTION NO. -N.S.

SUBMITTING TO THE BERKELEY ELECTORATE A MEASURE AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.70 INCREASING THE RATE OF UTILITY USERS TAXES AND AUTHORIZING EXPENDITURE OF PROCEEDS OF TAX

WHEREAS, the Berkeley City Council has elected to submit to the voters at the November 2, 2004 General Municipal Election, a measure amending Berkeley Municipal Code Chapter 7.70 increasing the rate of Utility Users taxes and authorizing expenditure of proceeds of tax; and

WHEREAS, the Council has requested that the Alameda County Board of Supervisors consolidate the General Municipal Election with the Statewide General Election; and

WHEREAS, the Council desires to submit all measures to be placed upon the ballot at said consolidated election.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Board of Supervisors of Alameda County is hereby requested to include on the ballots and sample ballots the measure enumerated above to be voted on by the voters of the qualified electors of the City of Berkeley.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Berkeley, the Government Code and the Elections Code of the State of California.

BE IT FURTHER RESOLVED, that the Registrar of Voters of Alameda County is required to perform necessary services in connection with said election.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to obtain printing, supplies and services as required.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized to provide such other services and supplies in connection with said election as may be required by the Statutes of the State of California and the Charter of the City of Berkeley.

BE IT FURTHER RESOLVED, that said proposed measure shall appear and be printed upon the ballots to be used at said election as follows:

CITY OF BERKELEY ORDINANCE	
Shall the utility users tax be temporarily increased from 7.5% to 9.0% for the calendar years 2005-2008, expenditure of the additional proceeds be authorized, and prior amendments to the tax be ratified?	YES
<u>Financial Implications</u> The estimated cost in FY 2005-06 for a Berkeley resident with combined monthly utility (gas, electricity, cable, telephone and cell phone) bills of \$300 currently would be approximately \$27 per month versus \$22.50 per month.	NO

BE IT FURTHER RESOLVED, that the text of the initiative ordinance be shown as Exhibit A and the City Attorney's Analysis be as shown on Exhibit B, attached hereto and made a part hereof.

TEXT OF ORDINANCE

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.70 AUTHORIZING INCREASE IN RATES OF UTILITY USERS TAXES AND AUTHORIZING EXPENDITURE OF PROCEEDS OF TAX

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

Section 1. This ordinance shall be known as the Temporary Economic Recovery Act of 2004.

Section 2. The City of Berkeley is currently experiencing financial difficulties due to statewide and national economic conditions. In order to remedy these difficulties, the City has made significant cuts in its expenditures. However, in order to be able to balance its budget while preserving the services desired by the people of Berkeley, the City also needs to raise additional revenues for a limited period of time, until economic conditions improve.

Section 3. That Section 7.70.076 is added to the Berkeley Municipal Code to read as follows:

7.70.076 Temporary increase in taxes.

A. For the calendar years 2005 through 2008, the tax rate in Sections 7.70.050, 7.70.060, 7.70.070, and 7.70.075 shall be increased from 7.5% to 9.0%.

B. This section shall be deemed automatically repealed and of no further force and effect as of midnight on December 31, 2008, and as of January 1, 2009, the tax rates in Sections 7.70.050, 7.70.060, 7.70.070, and 7.70.075 shall revert to 7.5%.

C. The City Council may at any time reduce or eliminate the tax increase imposed by this section.

Section 4. 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 calendar years from 2005 through 2008.

Section 5. The voters of the City of Berkeley hereby ratify all amendments to Chapter 7.70 of the Berkeley Municipal Code (Utility Users Tax) adopted prior to November 2, 2004.

CITY ATTORNEY ANALYSIS

AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.70 AUTHORIZING INCREASE IN RATES OF UTILITY USERS TAXES AND AUTHORIZING EXPENDITURE OF PROCEEDS OF TAX

Currently, the City's existing utility users tax raises \$13,900,000 for general governmental purposes such as police, fire, health and human services, recreation, and city administrative services, through a 7.5% tax on gas, electric, telephone, and video service bills. This amendment would increase that tax rate temporarily, beginning 2005 through 2008, to make up for existing and projected decreases in other sources of revenue. The increase in the tax would expire December 31, 2008, after which the tax would revert to the current rate of 7.5%. However, the Council could repeal the tax increase at any time. This measure would also authorize the expenditure of the additional tax proceeds resulting from the rate increase through calendar year 2008; and ratify various technical changes to the utility users taxes (Berkeley Municipal Code Chapter 7.70) that have been adopted by the City Council.

Financial Implications

The proposed tax increase would increase the annual cost for a Berkeley resident with combined utility (gas, electricity, cable, telephone and cell phone) bills currently totaling \$300 per month (or \$3,600 annually) from \$270 per year to \$324 per year.

RESOLUTION NO. -N.S.

SUBMITTING TO THE BERKELEY ELECTORATE A MEASURE AMENDING BERKELEY MUNICIPAL CODE CHAPTER 7.52 TO ADD A SPECIAL TAX TO FUND YOUTH SERVICES AND YOUTH SAFETY PROGRAMS AND AUTHORIZING EXPENDITURE OF PROCEEDS OF TAX

WHEREAS, the Berkeley City Council has elected to submit to the voters at the November 2, 2004 General Municipal Election, a measure amending Berkeley Municipal Code Chapter 7.52 to add a special tax to fund youth services and youth safety programs and authorizing expenditure of proceeds of tax; and

WHEREAS, the Council has requested that the Alameda County Board of Supervisors consolidate the General Municipal Election with the Statewide General Election; and

WHEREAS, the Council desires to submit all measures to be placed upon the ballot at said consolidated election.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Board of Supervisors of Alameda County is hereby requested to include on the ballots and sample ballots the measure enumerated above to be voted on by the voters of the qualified electors of the City of Berkeley.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to cause the posting, publication and printing of notices, pursuant to the requirements of the Charter of the City of Berkeley, the Government Code and the Elections Code of the State of California.

BE IT FURTHER RESOLVED, that the Registrar of Voters of Alameda County is required to perform necessary services in connection with said election.

BE IT FURTHER RESOLVED, that the City Clerk is hereby directed to obtain printing, supplies and services as required.

BE IT FURTHER RESOLVED, that the City Clerk is hereby authorized to provide such other services and supplies in connection with said election as may be required by the Statutes of the State of California and the Charter of the City of Berkeley.

BE IT FURTHER RESOLVED, that said proposed measure shall appear and be printed upon the ballots to be used at said election as follows:

CITY OF BERKELEY ORDINANCE	
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?	YES
<u>Financial Implications</u> 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.	NO

BE IT FURTHER RESOLVED, that the text of the initiative ordinance be shown as Exhibit A and the City Attorney's Analysis be as shown on Exhibit B, attached hereto and made a part hereof.

TEXT OF ORDINANCE

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

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

Section 1. That Section 7.52.041 is added to the Berkeley Municipal Code 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, health and mental health programs, 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:

7.51.060 Exceptions.

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.

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 calendar years beginning 2005 through 2008.

CITY ATTORNEY ANALYSIS

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

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 break and summer programs, crossing guards, school-based police officers, violence prevention efforts, health and mental health programs, 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.