MEASURE G

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE G

The San Jose City Council has placed Measure G on the November 8, 2016 ballot, asking voters to adopt an ordinance revising San Jose's 1986 business tax. Currently, unless exempt, businesses pay an annual business tax based on the number of (1) employees; (2) units, lots, or square feet leased; or (3) water company meter connections. For most businesses, the annual tax is $150 for up to 8 employees with an additional $18 tax for every employee over 8, located in San Jose, capped at $25,000 annually. For residential real estate and mobile home parks, the tax is based on the number of units or lots leased in San Jose and is capped at $5,000 annually, and for commercial real estate the tax is based on the number of square feet leased in San Jose, capped at $5,000 annually. Water companies pay a tax based on the number of meter connections in San Jose, capped at $20,000 annually. The tax is not currently adjusted for inflation.

If approved by a majority of the voters, Measure G would enact an ordinance, effective on July 1, 2017, to (1) increase the minimum base tax from $150 to $195; (2) require payment of the minimum base tax by all businesses; (3) set graduated rates for businesses with more employees paying higher rates and residential and commercial landlords paying more per unit, lot, and square feet of leased space; (4) require water companies pay $1 per San Jose meter connection; and (5) raise the annual caps on the maximum amount of tax payable to $150,000. Where a business owes the tax based on both its number of employees and leased number of units, lots, or square feet, the business is required to pay the higher of the two calculations. The proposed ordinance also provides for annual adjustment for inflation based on a consumer price index beginning on July 1, 2018, subject to specified limits. The ordinance should be consulted for a description of each of the proposed rate increases.

The proposed ordinance maintains various exemptions including the exemptions for nonprofits and financial hardship for small business owners while adding an exemption for certain small business owners with limited household incomes. It also provides the option for online registration and payment of the tax.

If approved, the tax will continue until repealed by the voters or suspended in whole or in part by the City Council. The tax revenue will be placed in the City's general fund and may be used to fund essential services such as police, emergency response, and pothole repair.

A "yes" vote is a vote to increase rates and revise the business tax as set forth in the proposed ordinance.

A "no" vote is a vote to maintain the current tax rates.

/s/ Richard Doyle
City Attorney, City of San Jose

The above statement is an impartial analysis of Measure G. If you would like to read the full text of the measure, see http://sanjoseca.gov/businesstax2016 or call 408-535-1260 and a copy will be sent at no cost to you.

ARGUMENT IN FAVOR OF MEASURE G

Measure G will modernize San Jose's business tax to:

- enable business owners to register and pay online,
- expand exemptions for small businesses,
- adjust the tax annually for inflation,
- ensure larger businesses pay their fair share, and
- generate revenues to improve public safety, road maintenance, and other essential city services.

San Jose's business tax has not changed since 1986, despite a 120% increase in consumer prices due to inflation. **Measure G contains a regular inflation adjustment so that businesses pay their fair share** for road repair, public safety, and other basic services.

The current business tax unfairly overburdens small businesses. Measure G **exempts smaller businesses and expands exemptions for financial hardship,** so more small businesses starting out or going through hard times won't pay the tax at all. **Measure G ensures that larger companies pay for their share** of essential public services that support their success.

The City Council unanimously voted to place Measure G on the ballot because it also will help pay for basic city services to:

- Improve police response to violent crimes and burglaries;
- Repair roads and fill potholes that cost San Jose auto drivers, on average, more than $700 annually in car repairs; and
- Enable residents suffering from heart attacks, strokes, and other medical emergencies to get the immediate attention they need to increase their chances for survival.

Measure G resulted from productive negotiations between the City and the local business community, who have come together to acknowledge that the City needs to modernize the business tax, and make it more fair.

Join Mayor Liccardo, San Jose firefighters, police officers, community leaders, and business owners in **voting "Yes" on Measure G:** to modernize our business tax, protect small businesses, enable online registration and payment, and improve public safety and basic services.

/s/ Sam Liccardo
Mayor, City of San Jose

/s/ Rob Davis
Chief of Police, San Jose (Retired)

/s/ James H. Carter
San Jose Fire Deputy Fire Chief Retired

/s/ Dung T. Tran
Business Owner

/s/ Adolfo Gomez
Business Owner

NO ARGUMENT AGAINST MEASURE G WAS SUBMITTED