



Promoting accountable, cost-effective
and efficient government and opposing
unnecessary taxes and spending

July 2022

Presentation by Dan Romero, Hercules Councilmember to CoCoTax 7/24/2022

Council person Dan Romero, was elected to Hercules City Council June, 2011, serving 11 years to date, including three as Mayor. His resolve for city improvement reached a peak when, as a citizen resident, he went to a special council meeting on possible law enforcement cutbacks and entered empty council chambers, with council behind closed doors. Dan believes in open Government and believes that Hercules City business should always be discussed in open sessions and not behind closed doors and Hercules residents should always be part of the process.

His aim was to change the culture of deceptive politics in Hercules. Hercules now has a promising future with economic growth and fiscal responsibility. But then the proposal to change governance from a general law city to a charter city came up from a newer council member (now the Mayor). Making this change would allow the city to implement a "Real Property Transfer Tax" also called an RPTT. (Note that cities have nothing to do with facilitating such transferring property as this is a county function.)

The reason for the change (including imposing a tax on home sales) was never properly articulated, no public workshops were held, needs for funding were not identified, the amount of the RPTT was never discussed or decided by the Council, and a large number of residents opposed the Charter City/RPTT on social media and at several council meetings. The matter finally failed.

During all this charter city discussion, there was also the matter of proposed extension of the User Utility Tax (UUT) which is a modest tax on all utilities – power, water, cellular/internet/cable, etc.- that tax is subject to Citizen Oversight and an independent auditor. This affects all utility users and not just property owners. The UUT required 4 of 5 council members approving, but, with one council member absent and the Mayor opposing, it failed to pass. Dan's motion for a special meeting when all council members could be present prevailed and the UUT passed 5-0 at the special meeting, thus placing the measure on the November ballot to protect the residents from an increase in the UUT until 2025.

The Charter City discussion is one that is on the table in a number of cities. There are two facets – drafting a charter and the Real Property Transfer Tax. Because of the complexity and recent movements in several Contra Costa cities, CoCoTax is starting a committee to investigate and monitor charter city trends in the county. To be part of this committee, contact CoCoTax at info@cocotax.org.

**Contact
CoCoTax**

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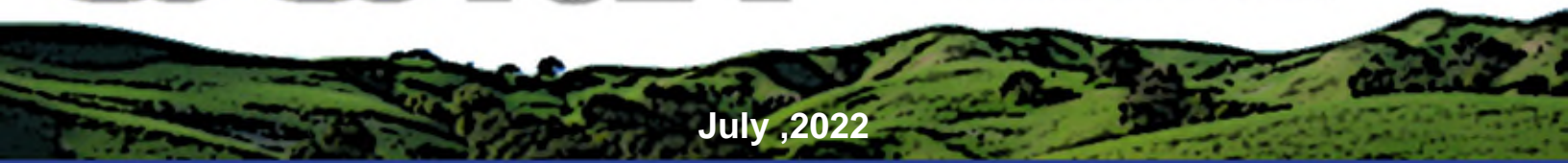


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July ,2022

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CoCoTax Proposed November Measures – July 2022

The Charter City Measure is Bad Government

Cities that have not adopted a charter are General law cities. They are governed by General state law on municipal affairs. There are 14 general law cities in Contra Costa County. There are 2 Charter cities. A Charter may grant cities supreme authority over municipal affairs. A charter may maximize its local control. The charter may contain a declaration that the city intends to avail itself of the full power provided by the California Constitution. The charter cities may broaden voter power to tax and enact broader tax assessment powers than a general law city. They council may impose business license taxes for any lawful purpose. Charter cities may impose real property transfer taxes for any lawful purpose. The use of funds may have nothing to do with transfers of real property.

A charter may be drafted by the City Council on its own motion or by a committee established by the Council. The amount that may be charged is not minimal. A small percentage of a sale price may be huge. Even though the sale itself will result in an increase in the assessed value of the property and an increase in property tax for the City. The 14 General law cities have a property Transfer Tax Rate of \$0.55 cents per \$1,000 property sale value. The two Contra Costa County Charter cities have a much larger property Transfer Tax Rate. It can be 1) \$12.00 per \$1,000 of property sale value, or 2) .7% of the sale price under \$1 million, progressively escalating as the sales prices increases.

What is the difference? A real property transfer tax on an \$800,000 home in a general law city is \$440. Under the two Charter cities it is \$9,600.00 and \$5,600.00 respectively. These increased taxes are used to increase employee’s salaries and fund public works projects. These general municipal needs should be funded by the entire City population through a sales tax increase so that everyone shares in the cost fairly. The proposed charter city authorized tax impacts on a vulnerable small percent of the population of the city, the aged who can’t care for their home and have to sell, the sick or unhealthy who must move, divorcees who are forced to sell, and single parent mothers who can’t afford the home, and elders on a fixed income. This tax punishes our most vulnerable people in need.

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