

What is now Measure X got started 15 months ago, long before the COVID-19 pandemic was detected / recognized.

- At a **May 21, 2019** Contra Costa Board of Supervisors meeting, a second run at a Transportation Authority half-percent sales-tax measure was under discussion. Supervisor Gioia predicted a loss. Measure J went on ballot anyway and lost in March 2020.
- During public comment, 5 representatives of County employee organizations themselves requested strongly that the transportation measure (needing two-thirds affirmative vote) be tabled, and that a half-percent “County services” measure go to ballot instead.
- Supv. Gioia noted: a general sales tax would require only a simple majority. Though the matter was not on the agenda, Supv. Mitchoff suggested that she and Supv. Gioia (= BOS Finance Subcommittee) begin to meet with interested parties to consider the general tax. That motion carried.

The “*Contra Costa County Needs Assessment*” for what became Measure X

- As of 2017, “21.7% of County residents fell below 200 percent of the poverty level.” (MTC study, February 2019)
- From County’s current *Revised Recommended Budget* , FY 2020-21: County’s HHS budget alone is \$2,857,643,630. With 1.16 million residents, average per-person HHS spending = \$2,463 annually. But most County residents are net funders (via taxes) of HHS.
- *Needs Assessment* document cites Economic Roundtable report from April 2020 saying 40% of Contra Costa County’s 547,413 workers now face high unemployment risk due to the pandemic.
- Assuming 40% of County *population* receives County HHS assistance, avg. HHS spending per person rises to \$6,158. If 20% get HHS assistance, HHS spending per person = \$12,316.

Measure X's Major Problems:

1. It's regressive, adding extra cost for those least able to afford it.
2. It advertises specific purposes, but in fact it's a GENERAL tax.
3. It's a 20-year tax which even now isn't needed.
4. Its ballot eligibility relies on underhanded, doublespeak legislation.



The anticipated mailing date for Contra Costa ballot booklets is September 24. Measure X ballot arguments (both sides) will be presented there, providing additional detail.

Measure X, intended to increase Contra Costa County sales taxes by another half percent, is **regressive**:

Sales taxes disproportionately burden our poorest and most vulnerable residents, those least able to afford that extra burden — especially in the very expensive Bay Area, and especially during a time of pandemic impact.

Thousands of small businesses closed.... Millions unemployed.... Those still working often seeing smaller paychecks.... Too many people now face impossible choices in trying to pay for necessities such as food, clothing, rent, healthcare — and taxes. **As is now, already:**

Item	Price	Contra Costa Sales-Tax Add-On <u>NOW</u> , 8.25% to 9.75%
 Paper Towels, 12-count, Costco	\$19.88	\$1.64 to \$1.94
Child's shoes, Walmart	\$24.97	\$2.06 to \$2.44
Family Automobile	\$20,000	\$1650 to \$1950

Measure X advertises specific purposes (implying falsely that some are *new obligations*). But in fact, it's a GENERAL tax.

To keep Contra Costa's regional hospital open and staffed; fund community health centers; provide timely fire and emergency response; support crucial safety-net services; invest in early childhood services; protect vulnerable populations; and for other essential county services, shall the Contra Costa County measure levying a ½ cent sales tax, exempting food sales, providing an estimated \$81,000,000 annually for 20 years that the State cannot take, requiring fiscal accountability , with funds benefitting County residents, be adopted?	YES
	NO

Measure X's underlying ordinance recognizes its GENERAL tax elasticity:

From County Ordinance 2020-22 — August 4, 2020: “General Tax The tax imposed by this chapter is **enacted solely for general governmental purposes and not for specific purposes**. All of the proceeds from the tax imposed by this chapter shall be **placed in the County's general fund and used for general governmental purposes**.”

- So the County could undertake all or none of Measure X's listed purposes. Measure X funds could be used to backfill existing general-fund dollars that are “freed up” for raises, current benefits, and pension set-asides.
- Since **“requiring fiscal accountability”** doesn't appear in the ordinance, Superior Court Judge Austin ordered the phrase struck on August 21.
- As a *general* tax, Measure X requires only 50% + 1 to pass.

Measure X, a 20-year sales-tax increase, isn't needed!

From County's BOS Budget Presentation, 08-04-20 (Slide #5, Annotated Here)

Net Adjustments to Total Appropriations (All Funds)

Use of Funds	2018-19 Actuals	2019-20 Budget	Originally Recommended FY 2020-21	Recommended Adjustments	Revised Recommended FY 2020-21
Health and Human Services	\$2,641,040,699	\$2,801,908,354	\$2,861,027,630	(\$3,384,000)	\$2,857,643,630
General Government	500,510,920	688,392,139	580,251,202	(\$19,140,573)	\$561,110,629
Law and Justice	497,331,595	564,505,919	542,084,858	(\$1,444,949)	\$540,639,909
Total Requirements	\$3,638,883,214	\$4,054,806,412	\$3,983,363,690	(\$23,969,522)	\$3,959,394,168

**Note: \$415,923,198 (11.4%)
HIGHER than for 2018-19.**

**This is ultimately only a \$95,412,244 (2.4%)
reduction from FY 2019-20's spending.**

Measure X isn't needed (continued)!

County Summary Information

CHANGES IN PROJECTED FUND BALANCE

Major Governmental Funds (in thousands)

	Ending Fund Balance June 30, 2016	Ending Fund Balance June 30, 2017	Ending Fund Balance June 30, 2018	Ending Fund Balance June 30, 2019	% Change	Projected Fund Balance June 30, 2020	% Change
General Fund (Major Fund)							
Nonspendable	9,807	7,501	8,997	4,414	(50.9%)	4,414	0.0%
Restricted	9,869	8,233	30,035	36,830	22.6%	36,830	0.0%
Committed	1,440	1,440	1,398	1,235	(11.7%)	1,235	0.0%
Assigned	116,089	123,302	199,972	206,628	3.3%	206,628	0.0%
Unassigned	232,953	299,837	254,848	335,404	31.6%	345,404	3.0%
Total	370,158	440,313	495,250	584,511	18.0%	594,511	1.7%

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Unassigned (residual net resources)

- Total fund balance in excess of non-spendable, restricted, committed, and assigned fund balance
- Excess of non-spendable, restricted, and committed fund balance over total fund balance

County of Contra Costa FY 2020-2021 Recommended Budget

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<https://www.contracosta.ca.gov/DocumentCenter/View/64835/2020-21--Recommended-Budget?bidId=>

Measure X isn't needed (continued)!

Debt Service Requirements for Outstanding Lease Revenue and Pension Obligation Bonds (As of June 30, 2019)

Fiscal Year Ending 6/30	Total Lease Debt Service (1)	Total POB Debt Service	Total Debt Service
2020	37,582,605	43,600,400	81,183,005
2021	37,577,704	45,452,243	83,029,947
2022	35,067,292	47,382,398	82,449,690
2023	35,045,074		35,045,074
2024	25,031,119		25,031,119
2025	22,824,201		22,824,201
2026	20,446,724		20,446,724
2027	19,244,912		19,244,912
2028	12,863,233		12,863,233

County of Contra Costa FY 2020-2021 Recommended Budget

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No need to copy long URL; just Google *Budget Documents, Contra Costa County*.

How about other tax measures which could bring additional revenue to the County?

In *Getting Real About Reform II*, USC demographers estimate that if Prop. 15 passes, Contra Costa jurisdictions will receive \$349 Million to \$422 Million in new annual property-tax revenue. If allocated in the same way as current property taxes, the County will get 13% of that windfall.
https://dornsife.usc.edu/assets/sites/242/docs/Updated_2019_Rev_Est_memo_Design_v5.pdf

Greater care in — and some re-purposing of — existing spending appears to be in order. As an example:

PRELIMINARY EMPLOYEE DATA FY 2019/20

Notes in red added to this County slide.

- 9,801 FTE (11 FTE Increase over 2018)
- Total salary and benefit cost of \$1,475,271,591
 - (\$71.5 million increase over 2018)
- Average budgeted wages of \$92,601
- Average retirement cost of \$34,491
- Average health insurance cost \$14,250
- Average total cost of a position \$150,516

= 5.1% increase

TransparentCalifornia.com shows 384 C.C. County employees with total 2019 compensation > \$300,000.

Measure X's eligibility for the ballot relies on underhanded, doublespeak legislation.

California *Revenue and Taxation Code* section 7251.1 says that “The combined rate of all [sales taxes] in any county may not exceed 2 percent. No tax shall be considered... if, upon its adoption, the combined rate in the county will exceed 2 percent.”

This is usually referenced as the “2% cap” on local sales taxes over and above the State’s own 7.25% level. So local rates are not to exceed 7.25% + 2.00% = **9.25%**.

Community	Current Sales-Tax Rate	With New County Sales Tax	With Own New Sales Tax Added
El Cerrito	9.750%	10.250%	N/A, Same as in County Column
Antioch	9.250%	9.750%	N/A, Same as in County Column
Martinez	9.250%	9.750%	N/A, Same as in County Column
Moraga	9.250%	9.750%	N/A, Same as in County Column
Pinole	9.250%	9.750%	N/A, Same as in County Column
Rheem Valley	9.250%	9.750%	N/A, Same as in County Column
Richmond	9.250%	9.750%	N/A, Same as in County Column
Concord	8.750%	9.250%	9.750%
Orinda	8.750%	9.250%	9.750%
San Pablo	8.750%	9.250%	9.750%

If Measure X passes, several more communities will exceed the 2% cap. So State Sen. Glazer sponsored **SB1349**, to make room for Measure X. SB1349 says that 1.5% or 2.0% of local existing/prospective sales taxes will now **NOT** be counted against the 2.0% cap, and this **“does not constitute a change in, but is declaratory of, existing law.”**

What's this 20-year tax increase all about?

Charts below are from the current recommended General Fund budget.

