

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE RP

Measure RP was placed on the ballot by the Beverly Hills City Council. This Measure, if approved by the Beverly Hills voters, would prevent a regional governmental entity with taxing authority over Beverly Hills, such as the County, from imposing a regional transactions and use tax ("sales tax") increase within Beverly Hills and would instead result in the City collecting the available sales tax revenues as explained below.

The sales tax rate in Beverly Hills is 9.50%. The legal maximum rate for sales taxes in California is currently 10.25%. Consequently, there is a maximum of .75% (or $\frac{3}{4}$ cent) of sales tax that is available to be imposed in Beverly Hills. Any governmental entity that imposes the .75% tax will be able to keep the revenue generated by the tax and use that tax revenue to benefit the entity that imposed the tax. Furthermore, the first entity to impose the tax has the right to keep the tax. Either the City or the County or another regional governmental entity can impose a sales tax with the approval of the voters in their jurisdiction.

Measure RP would authorize the City of Beverly Hills to impose this .75% (or $\frac{3}{4}$ cent) sales tax so that the revenue generated from the tax would remain in Beverly Hills. Collecting this conditional tax, however, would commence if, and only if, the County or another regional governmental entity places a regional sales tax measure on a future ballot and such sales tax measure is approved by a majority of regional voters.

Thus, no tax would be collected under Measure RP currently, and no tax would be collected in the future, unless the County or another regional government has received approval to collect a tax and the regional tax was going to be collected in Beverly Hills in any case. Measure RP would ensure that, in this instance, the City received the tax revenue because the City of Beverly Hills had taken action to raise its tax to the maximum rate of 10.25% but had deferred collection.

If Measure RP is approved, and should the sales tax ever be collected as provided above, there would be no expiration date on the taxes passed by Measure RP. However, the tax implemented by Measure RP may be suspended or reduced by City Council action. Any local or regional increase of the tax rate above 10.25% would first require a change in California law and then additional voter approval.

The tax would be paid by purchasers of goods in Beverly Hills that are subject to sales tax. It is anticipated that if passed and if ever collected, that it will generate approximately \$28.06 million in annual City sales tax revenues which could be used to pay for general City operations and services. This measure requires approval by a simple majority of the City's voters.

A "yes" vote on Measure RP favors the conditional tax. A "no" vote on Measure RP opposes the conditional tax.

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