

Measure Q Library Parcel Tax Extension City of Oakland

Two-thirds approval required
62,253 / 77.2% Yes votes 18,437 / 22.8% No votes

For the purpose of: (1) maintaining and expanding neighborhood branch library services, days, and hours; (2) maintaining after school homework and tutoring programs; (3) maintaining literacy and children's programs; (4) increasing librarian services to schools; (5) increasing computer and technology access and (6) acquiring new books and materials; shall the City of Oakland extend and increase the existing library parcel tax, subject to independent audits and citizen's oversight commission?

SUMMARY PREPARED BY OAKLAND'S CITY ATTORNEY:

This measure amends the Library Services Retention and Enhancement Act that Oakland voters passed in 1994 ("1994 Parcel Tax"). The 1994 Parcel Tax will expire in 2009 unless voters pass this or some similar measure before the automatic sunset date of 15 years after its original passage.

This measure would provide funding for library services by increasing the current parcel tax and extending the term of the 1994 Parcel Tax on residential and non-residential parcels to 2024. All other provisions of the 1994 Parcel Tax will remain the same.

s/JOHN A. RUSSO, City Attorney

FISCAL IMPACT FROM OAKLAND'S CITY AUDITOR:

This measure amends the Library Services Retention and Enhancement Act of 1994. The proposed amendments will increase the existing parcel tax rates in order to meet estimated revenue shortfalls for programs funded by the Act. This Measure also includes expanded ways the funding can be used to enhance library services.

The City Council shall designate or appoint a body composed of Oakland citizens to make recommendations and review fund expenditures.

FISCAL IMPACT The City of Oakland estimates the total parcel tax will be \$5.14 million in fiscal year 2003-2004 under the original measure. The approval of Measure Q will generate a total parcel tax estimated to be \$10.7 million in fiscal year 2004-2005. This represents an estimated \$5.56 million increase in the total parcel tax to fund library services approved under Measure Q. The parcel tax information is as follows:

| Unit Type | Proposed Tax Rate in Fiscal Year 2004-2005 | Existing Tax Rate in Fiscal Year 2003-2004 | Proposed Increase in Rate |
|---------------------------|--|--|---------------------------|
| Single Family Residential | \$75.00 | \$36.06 | \$38.94 |
| Multiple Unit Residential | 51.24 | 24.63 | 26.61 |
| Non-Residential | 38.41 | 18.47 | 19.94 |

The City Council may increase the proposed parcel tax rate as shown above after the first three years the tax is imposed. The increase will be based on changes in the cost of living as measured by the Consumer Price Index for the immediate San Francisco Bay Area with 1994 as the base year. The increase is limited to 5% of the parcel tax rate in effect the previous fiscal year on an annualized basis.

For the parcel tax to be collected, the General Fund appropriation for library services must be at least the appropriated amount in fiscal year 2000-2001. This appropriation amount was \$9,059,989.

A Reserve Fund is to be established and maintained each year using the proceeds from the parcel tax. The Reserve Fund is to be maintained at an amount equal to 5% of the total parcel tax collected in the preceding fiscal year. With the exception of this Reserve Fund, the allocation of funding among approved uses of the proceeds will vary according to adoption of annual budgets by the City Council.

All funds collected by the City from imposition of the tax shall be deposited into a special fund in the City treasury and appropriated and expended only for the purposes authorized by this Measure.

The original measure was to remain in effect until December 1, 2009. Measure Q will amend the original measure and be effective thirty days after the City Council adopts the election results. The Measure will also include a new scheduled phase out date of June 30, 2024.

Although our estimates are based upon the best data available at this time, it is difficult to make such estimates with precision; therefore, the actual results may vary from our estimates.

s/ROLAND E. SMITH, CPA, CFS, City Auditor

IMPARTIAL ANALYSIS FROM OAKLAND’S CITY ATTORNEY

Proposition 218 (California Constitution Article 13C) requires that voters approve any increase in taxes. This measure asks that Oakland voters approve changes to the current parcel tax, which provides funding for library services. A two-thirds (2/3) vote of approval is required to pass the tax.

This measure would amend the existing library tax by both increasing the parcel tax funding for City library services and extending by 15 years the life of the parcel tax.

The proceeds of the tax may be used only (1) to keep branch and the main libraries open, (2) to expand library collections, education and cultural programs for youth, literacy and information technology programs, (3) to operate the African-American museum and library program, (4) for joint educational activities with local schools, (5) for children’s librarians, (6) for operation of a joint schoolpublic library in East Oakland, computer upgrades, and (7) for after-school homework and teen programs.

For residential property parcels, the proposed amendments would increase the existing parcel tax annual rate as follows: (1) from \$36.06 to \$75.00 for single-family parcels; and (2) from \$24.63 to \$47.82 per unit for multi-unit residential parcels.

For non-residential parcels the tax rate would increase from \$18.47 to \$35.85 per “Single Family Equivalent” (“SFE”). This measure does not change the definition of SFE or the formula that the current parcel tax law uses to calculate the parcel tax on non-residential parcels. The tax for a non-residential parcel is calculated by multiplying the number of SFEs by the tax rate.

To calculate the tax for a non-residential parcel, a property owner would determine the parcel’s “land use category” and the number of SFEs in the property’s “Frontage” (width of the front of the property) and “Area” (square footage of the property). (See Table below.) For example, a commercial/institutional property with frontage of 160 feet and an area of 6,400 has a total of three SFEs. The frontage of 160 feet equals two SFEs because each 80 feet of frontage equals one SFE; the 6,400 area equals one SFE because each 6,400 square feet of area equals one SFE. The annual tax for the property therefore would be three times the new tax rate of \$35.85 per SFE or \$107.55. (See Table below.)

| Land Use Category | Frontage (Feet) per Single Family Equivalent | Area (Sq.Feet) per Single Family Equivalent |
|--------------------------|--|---|
| Commercial/Institutional | 80 | 6,400 |
| Industrial | 100 | 10,000 |
| Public Utility | 1,000 | 100,000 |
| Golf Course | 500 | 100,000 |
| Quarry | 1,000 | 250,000 |

The current tax will expire in 2009 unless voters pass this or another measure that extends the life of the tax. If Oakland voters pass this measure, the tax will be in effect until 2024.

This measure provides that the City may collect this tax only if it provides a minimum of \$9,059,989 of funding for libraries each fiscal year.

s/JOHN A. RUSSO, City Attorney