

City Attorney Impartial Analysis

If approved by a simple majority of Lake Elsinore voters, Measure Z would establish a 1% transactions and use tax on retail sales and other taxable uses in the City of Lake Elsinore. A 1% rate equates to an extra one penny per \$1.00 purchased. Although Measure Z is entitled “transactions and use tax” it is commonly referred to as a “sales tax.” It is estimated that Measure Z, the “City of Lake Elsinore Transactions and Use Tax Ordinance,” will provide approximately \$10,000,000 in annual local funding to be used by the City of Lake Elsinore for lawful city programs, improvements or general municipal services, including maintaining and improving police, fire and 9-1-1 medical response times, improving local streets, parks, other public facilities, addressing homelessness, and other city programs and services.

The Measure Z tax would be paid with the current sales taxes and would be collected in the same manner and at the same time as existing sales taxes. The current overall sales tax rate in Lake Elsinore is 7.75% of which the City receives 1%. The remaining 6.75% of existing sales tax revenues are distributed to other public agencies. If Measure Z is approved, all revenues generated from the additional 1% sales tax will be deposited to the City of Lake Elsinore for general City services and will be subject to independent annual audits. Except for a state administrative fee for collecting the tax, Measure Z sales tax revenues will not be shared with the State, County or any other agency.

Measure Z requires the creation of a “Citizens’ Oversight Committee” to furnish independent advisory review of annual spending priorities and expenditure of all Measure Z funds. The Committee will meet at least twice per year and its meetings will be open to the public in accordance with the Ralph M. Brown Act. The Committee will consist of five members, all of whom must be residents of the City. Committee members will be appointed by the City Council for a two-year term. The Committee will annually review and report on the City’s proposed and actual expenditure of the tax proceeds, which will be submitted to the City Council for review at a public meeting. The Committee will also review the required independent annual audit prior to its final review by the City Council.

California law authorizes the City of Lake Elsinore to levy the proposed tax if the ordinance proposing the tax is approved by a two-thirds vote of the City Council and approved by a majority of Lake Elsinore voters at the November 3, 2020 election. The City Council approved the tax ordinance for submittal to the voters on July 28, 2020.

A “Yes” vote on Measure Z will authorize the 1% local sales tax.

A “No” vote on Measure Z will not authorize the 1% local sales tax.