

**CITY ATTORNEYS' IMPARTIAL ANALYSIS OF MEASURE SEM
CITY OF SOUTH EL MONTE**

Measure SEM seeks voter approval of an ordinance that levies a new quarter-cent (0.25%) South El Monte transactions and use tax (a "TUT"). This type of tax is commonly referred to as a "local sales tax" because it is generally collected along with the state's sales and use tax (itself commonly referred to as the "state sales tax").

The combined rate of all state and local sales taxes in South El Monte is currently 10.25%. Of these taxes, the City of South El Monte controls (i) 0.5% and 0.25% TUT's approved by the voters in 2010 and 2020 respectively and (ii) a 1.0% "Bradley-Burns" tax that is levied by each city in California. The other sales taxes are controlled by the state, the county, or the County MTA.

Under state law there is a 2.0% limit on combined rates of most TUT's collected in a place. Of the TUT's collected in South El Monte, the County of Los Angeles currently has 1.25% in TUT's that count towards this limit and the City of South El Monte currently has 0.75%.

One of the County's taxes that counts towards this 2.0% limit is the County's 0.25% "Measure H Tax", which expires on September 30, 2027. When the Measure H tax expires, that will free up 0.25% in room under the limit.

Measure SEM would adopt a new quarter-cent (0.25%) South El Monte TUT. The Measure SEM Tax would become operative on October 1, 2027. However, if the Measure H Tax ends earlier than September 30, 2027, then the Measure SEM Tax would become operative sooner.

Los Angeles County had placed Measure A on the election ballot. Measure A would terminate the Measure H tax early and adopt a new county tax that would not be subject to the 2.0% cap. If Measure A is adopted by the voters, the Measure SEM Tax could become operative as early as April 1, 2025.

The City estimates that the Measure SEM Tax would generate approximately \$1.6 million annually. Proceeds of the tax would be deposited in the City's general fund, annually audited and publicly reported. Most City services are funded from the general fund, and money in that fund can be used for any lawful municipal purpose. The general fund budget and its expenditures are controlled by the South El Monte City Council.

The Measure SEM Tax would apply and be collected as provided by the state laws governing TUT's. For example, most groceries, prescription drugs and purchases of services would be exempt from the tax. The tax would be administered for South El Monte by the California Department of Tax and Fee Administration.

This measure was placed on the ballot by the City Council of the City of South El Monte. Adoption requires majority approval of those casting ballots on the measure.

The above statement is an impartial analysis of Measure SEM. If you desire a copy of the measure, please call the City Clerk's office at (626) 579-6540 and a copy will be mailed at no cost to you.


/s/ Anthony R. Taylor, City Attorney