

City of Santa Monica Local Funding Measure Frequently Asked Questions

What contributes to the City of Santa Monica's high quality of life?

The City of Santa Monica is a vibrant community, a desirable place to live, raise a family, do business and enjoy the natural beauty of our coastline.

What are the challenges our City is currently facing?

Like other cities and states across the nation, the impact of the Coronavirus and sudden economic downturn has created serious challenges. The City acted quickly to protect public health and to help residents and businesses respond to the pandemic, and we continue to collaborate closely with LA County health officials on guidelines and plans for safely re-opening businesses and public spaces.

Santa Monica's economy is closely tied to tourism, with approximately 20% of the City's budget dependent on spending by visitors. As a result, the stay-at-home order has had an immediate and dramatic impact on the amount of revenue available to support essential services, and the City is currently facing a budget deficit of nearly \$224 million through June 30, 2021. Loss of revenues required the City to recently reduce spending by almost 25% and make painful cuts to staff positions and programs.

How does the City plan to address these challenges?

City staff are working closely with small businesses, employers and other stakeholders on an economic recovery plan. It will take time for our national and local economy to come out of this pandemic-induced recession. In order to maintain essential City services, additional revenue is needed.

To address these challenges, the City Council voted unanimously on July 28, 2020 to place a local funding measure on the November 2020 ballot. The measure would increase the existing real estate transfer tax by \$3 per \$1,000 of sales value on future property sale transactions of \$5 million or more.

What is a real estate transfer tax?

Technically referred to as a documentary transfer tax, it is a tax on real estate sales collected whenever a property is sold within Santa Monica. The current rate in Santa Monica is \$3 per \$1,000 of sales value, lower than the City of LA and other cities. (The County also collects and retains a transfer tax of \$1.10 per \$1,000 of sales value.)

Who pays a real estate transfer tax?

This tax is customarily paid by the property seller (though occasionally by the buyer). It is a one-time tax on the transaction paid only when a property is sold. Currently, only 10% of all parcels sold in Santa Monica are valued at \$5 million or higher.

What would the local funding measure support?

If approved by voters, the measure would generate an estimated \$3 million per year in additional funding which could be used to:

- Keep public spaces including parks, beaches, beach restrooms, clean and safe
- Preserve services and prevention programs that have been successful in reducing the number of individuals experiencing homelessness
- Protect tenants and seniors at risk of losing their housing
- Provide afterschool programs and mental health support for youth
- Maintain public safety and emergency response service times
- Re-open neighborhood libraries and restore library programs
- Promote economic recovery and help small businesses re-open safely
- Restore maintenance programs for city streets, sidewalks and alleys, and maintain trees
- Provide food programs, including Meals on Wheels

What kind of fiscal accountability does the measure include?

All funds from the measure would remain in Santa Monica and could not be taken by the County or State government. This ensures funds are locally controlled and used only for services benefitting Santa Monica residents.

Do other cities have these types of tiered rates on real estate transfer taxes?

Yes. Cities in Northern California (Berkeley, Oakland, Richmond, San Francisco) have implemented tiered rates based on sales value.

When will the measure appear on the ballot?

The Santa Monica City Council placed the measure on the November 3, 2020 ballot.

Who is eligible to vote on the measure?

All registered voters living in the City of Santa Monica can vote on the measure.

How can learn more?

Please visit our website at www.SMGov.org net or contact Finance.Mailbox@smgov.net with any questions or comments.