

**TOWN ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE G  
LOS GATOS TRANSACTIONS AND USE TAX (Sales Tax)**

The Town Council of the Town of Los Gatos has placed Measure G on the ballot to ask the Town's voters to approve a temporary one-eighth of one percent (0.125%) Transaction and Use Tax (Sales Tax) within the Town. The proposed Sales Tax would add 1/8 of a penny to the price of an item that costs a dollar or 13 cents to the price of an item that costs \$100. A full copy of the ordinance text is printed in these ballot materials.

Sales tax rates differ throughout California, ranging from 7.5% to 10%. Santa Clara County, the City of San Jose and the City of Campbell all have 9.25% sales tax rates. Both of those Cities enacted .25% general sales tax measures dedicated to their cities. Currently, the total "Sales Tax" rate in Los Gatos is 9.0 % of the purchase price. The 9.0% is comprised of a statewide sales tax rate component of 7.25% and a local jurisdiction component of 1.75%. The Town's current share is 1.0 % of the Statewide 7.25%. The remainder goes to the Santa Clara County (.125 %), VTA (.50 %), VTA Bart (.125%), Silicon Valley Transportation (.50 %), and the Transit District (.50 %). The Sales Tax is levied on the sale or use of tangible products purchased by residents and visitors to the Town, such as clothing, household products, and other goods but not on items such as groceries and prescription drugs.

Measure G is a general tax. Therefore, the Town could use the money for any legal governmental purpose such as maintaining neighborhood police patrols; improving traffic flow to reduce congestion; repairing potholes and fixing neighborhood streets; and maintaining the Town's long-term financial stability. By law, if approved by the voters, the State cannot seize or take any of these funds –all revenue generated by the 0.125% sales tax would be utilized for the benefit of the Town of Los Gatos.

The proposed tax would terminate automatically after twenty years, unless extended by the voters, and requires oversight by a citizens committee. In addition, expenditures of Measure G funds are subject to audit by the Town's independent auditor. All reports by the citizens committee and all audits are public records and available for inspection by any member of the public.

A "Yes" vote is a vote in favor of the 0.125% sales tax. A "No" vote is a vote against the tax. Measure G will be approved if it receives a simple majority of "Yes" votes.

/s/ Robert Schultz, Town Attorney