Measure O

CITY OF CALEXICO PUBLIC SAFETY SALES TAX

Shall the measure to maintain and enhance public safety services in the City of Calexico, including police protection, fire suppression, emergency medical response, disaster preparedness and related operations, by levying a special sales tax initially at ½%, adjusting to 1% on October 1, 2030, for 20 years providing approximately $4,000,000 annually (at 1/2%) and $8,000,000 annually (at 1%), subject to annual audits, public reporting, citizens' committee oversight, with all funds in Calexico, be adopted?

Yes ____ No ____

FULL TEXT OF BALLOT MEASURE O

AN ORDINANCE OF THE PEOPLE OF THE CITY OF CALEXICO, CALIFORNIA, ADDING CHAPTER 3.28 TO TITLE 3 OF THE CALEXICO MUNICIPAL CODE TO ENACT A SPECIAL PUBLIC SAFETY TRANSACTIONS AND USE (SALES) TAX AT THE INITIAL RATE OF ONE-HALF PERCENT (1/2%), INCREASING TO ONE PERCENT (1%) UPON THE SUNSET OF MEASURE H, FOR TWENTY (20) YEARS, TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

WHEREAS, pursuant to California Revenue and Taxation Code section 7285.91 the City of Calexico ("City") is authorized to levy a Transactions and Use Tax for special purposes, subject to two-thirds (2/3) supermajority voter approval; and

WHEREAS, the People of the City desire to add Chapter 3.28 to Title 3 of the Calexico Municipal Code to enact a special public safety transactions and use (sales) tax for twenty (20) years (until March 31, 2047), on the sale and/or use of all tangible personal property sold at retail in the City, at the initial rate of one-half percent (1/2%) from the operative date of this tax until the sunset date of the Measure H Calexico General Fund TUT, then increasing the rate of the special TUT to one percent (1%) thereafter.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF CALEXICO DO HEREBY ORDAIN AS FOLLOWS:

Section 1. Title and Text of New Special Transactions and Use Tax. The Ordinance herein shall be known as the "Calexico Public Safety Special Transactions and Use Tax", the full text of which is set forth in Attachment "1", attached hereto and incorporated herein by reference.

Section 2. Approval by the City Council. Pursuant to California Government Code section 53724 and Revenue and Taxation Code section 7285.91, this Ordinance was duly approved for placement on the ballot by a minimum two-thirds (2/3) supermajority of all members of the City Council on July 1, 2026.

Section 3. Approval by the Voters. Pursuant to California Elections Code section 9217, this Ordinance shall be deemed adopted and take effect only if approved by a two-thirds (2/3) supermajority of the eligible voters of the City of Calexico voting at the General Municipal Election of November 3, 2026.

Section 4. Operative Date. "Operative Date" for the Special Transactions and Use Tax means the first day of the first calendar quarter commencing more than 110 days after the date of the election for this Ordinance – April 1, 2027.

Section 5. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

I hereby certify that the Calexico Special Transactions and Use Tax Ordinance was PASSED, APPROVED, AND ADOPTED by the People of the City of Calexico on the 3rd day of November, 2026.

CITY OF CALEXICO

Chapter 3.28 – SPECIAL PUBLIC SAFETY TRANSACTIONS AND USE TAX

Sections:

Sections:

3.28.010 – Title.

This ordinance shall be known as the "City of Calexico Special Public Safety Transactions and Use Tax Ordinance". The City of Calexico hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.28.020 – Purpose.

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.91 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a two-thirds (2/3) supermajority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record-keeping upon persons subject to taxation under the provisions of this ordinance.

3.28.030 - Contract With State.

Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.28.040 - Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the initial rate of one-half percent (1/2%) from the operative date of this tax until the sunset date of the Measure H Calexico General Fund TUT, then increasing the rate of the special TUT to one percent (1%) thereafter, of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance

3.28.050 - Place of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

3.28.060 - Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the initial rate of one-half percent (1/2%) from the operative date of this tax until the sunset date of the Measure H Calexico General Fund TUT, then increasing the rate of the special TUT to one percent (1%) thereafter, of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.28.070 - Adoption of Provisions of State Law.

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

3.28.080 - Limitations on Adoption of State Law and Collection of Use Taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefor. However, the substitution shall not be made when:

1. The word “State” is used as a part of the title of the State Controller, State Treasurer, California Victim Compensation Board, California Department of Tax and Fee Administration, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the California Department of Tax

and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In reference to Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word “city” shall be substituted for the word “state” in the phrase “retailer engaged in business in this state” in Section 6203 of the Revenue and Taxation Code and in the definition of that phrase in Section 6203.

1. “A retailer engaged in business in the City” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars ($500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to Section 267(b) of Title 26 of the United States Code and the regulations thereunder.

3.28.090 - Permit not Required.

If a seller’s permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this Ordinance.

3.28.100 - Exemptions and Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is

made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this subsection, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this subsection, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for, a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.28.110 - Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

3.28.120 - Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.28.130 – Duration of Tax.

The authority to levy the tax imposed by this chapter shall expire twenty years from the operative date of the tax enacted and codified in this chapter – March 31, 2047.

3.28.140 – Deposit Into Special Accounts/Special Purpose/Expenditure Plan.

A. The revenue from the tax enacted by this chapter shall be deposited into two special accounts, created and maintained by the City, and used only for the specific purposes identified herein.

B. Fifty percent (50%) of the revenue from the tax enacted by this chapter shall be used only to fund law enforcement facilities, programs and services in the City, including law enforcement response and crime prevention, whether said facilities, programs and services are provided to the City by the Calexico Police Department or by any other State or local law enforcement agency lawfully providing said facilities, programs and services to the City. The revenue may be used by the City to (i) purchase, lease or otherwise acquire and operate real or personal property, vehicles, equipment and supplies for law enforcement purposes; (ii) to finance the design, construction, operation, repair and maintenance of law enforcement facilities; (iii) to pay for the salaries, benefits and training of law enforcement personnel; and (iv) utility expenses, insurance premiums, legal fees and other operational costs of providing law enforcement facilities, programs and services to the City.

C. Fifty percent (50%) of the revenue from the tax enacted by this chapter shall be used only to fund fire and emergency medical response facilities, programs and services in the City, including fire protection, prevention and response, disaster preparedness and ambulance and emergency medical response, whether said facilities, programs and services are provided to the City by the Calexico Fire Department or by any other State, local or private fire or emergency medical response agency or company lawfully providing said facilities, programs and services to the City. The revenue may be used by the City to (i) purchase, lease or otherwise acquire and operate real or personal property, vehicles, equipment and supplies for fire and emergency medical response purposes; (ii) to finance the design, construction, operation, repair and maintenance of fire and emergency medical response facilities; (iii) to pay for the salaries, benefits and training of fire and emergency medical response personnel; and (iv) utility expenses, insurance premiums, legal fees and other operational costs of providing fire and emergency medical response facilities, programs and services to the City.

D. The revenue from the tax may be used to repay the principal and interest on any bonds or other forms of indebtedness issued or contracted by the City for said purposes, including repayment of the costs of bond/debt issuance. The revenue from the tax may also be used to repay the City for its costs of the election which approved this chapter, as well as any costs paid by the City to the California Department of Tax and Fee Administration or otherwise associated with the collection of this tax.

3.28.150 – Accountability Measures.

The chief fiscal officer of the City shall cause a report (the “Report”) to be prepared by an independent auditor and to be filed with the City Council no later than June 30 of each year. The Report shall state: (a) the amount of transactions and use taxes collected and expended in such year; and (b) the status of any projects or description of any programs and services funded from proceeds of the transaction and use taxes. The Report may relate to the calendar year, fiscal year, or other appropriate annual period, as the chief fiscal officer of the City shall determine, and may be incorporated into or filed with the annual budget, audit report, or other appropriate routine report to the City Council. For the purposes of this Ordinance, “fiscal year” means the City’s fiscal year which begins on July 1 and ends on June 30 of each year.

3.28.160 – Citizens’ Oversight Committee.

There is established a Citizens’ Oversight Committee consisting of seven (7) members who shall each be residents of the City of Calexico. The Committee shall review the revenues collected by the City from this Ordinance and the expenditures made from such revenues and shall have those additional powers and duties as prescribed by the City Council. Each member of the City Council shall nominate one person to serve on the Committee. The Police Chief and the police officer’s association shall nominate one person to serve on the Committee. The Fire Chief and the firefighter’s association shall nominate one person to serve on the Committee. Any person nominated shall be confirmed as appointed by majority vote of the City Council. The City Council shall adopt rules for the conduct of the Committee’s business.

IMPARTIAL ANALYSIS

CITY OF CALEXICO
CITY ATTORNEY’S IMPARTIAL ANALYSIS OF MEASURE O
1/2% (ADJUSTING TO 1%) SPECIAL TRANSACTIONS AND USE (SALES) TAX FOR TWENTY (20) YEARS TO FUND PUBLIC SAFETY FACILITIES, PROGRAMS AND SERVICES

On July 1, 2026, the City Council unanimously voted to place Measure O on the November 3, 2026 General Municipal Election ballot. By placing Measure O on the ballot, the City complies with Article XIIIC of the California Constitution (Proposition 218) and California Revenue and Taxation Code section 7285.91, which require 2/3 of voters to approve an ordinance that establishes a special retail transactions and use (sales) tax.

If approved by 2/3 of Calexico voters voting on it, Measure O would establish a special retail transactions and use (sales) tax within the City to fund public safety facilities, programs and services. If passed, the rate would initially be one-half percent (1/2%) of the retail sales price, until Calexico Measure “H” (the City’s current 1/2% general sales tax) expires on September 30, 2030. The rate would then adjust to one percent (1%) of the retail sales price. This special tax would remain in effect for twenty (20) years until it expires on March 31, 2047. Any extension of this tax beyond that date would require 2/3 voter approval at a future City election.

It is estimated that Measure O will provide an additional $4,000,000 in annual local funding when collected at a ½% rate, increasing to $8,000,000 when collected at a 1% rate. Under State law, special tax funds must be deposited in a separate City bank account, annually audited and separately reported, and dedicated to specific City purposes (in contrast to a general tax which may be spent on any valid City expense).

Measure O provides that its funding shall be divided 50%/50% between police/law enforcement/crime prevention purposes and fire/emergency medical response (paramedic/ambulance)/disaster preparedness purposes. Funds in each category may be used to (i) purchase or lease real property, vehicles, equipment and supplies (ii) design, construct, operate, repair and maintain facilities; (iii) pay for salaries, benefits and training of personnel; and (iv) utility expenses, insurance, legal fees and other operational costs of providing facilities, programs and services to the City.

Measure O establishes a seven (7) member Citizens’ Oversight Committee consisting of Calexico residents. The Committee shall be authorized to review the revenues collected by the City from this special tax and the expenditures made from such revenues and report their findings to the City Council.

This tax would be paid in addition to current sales taxes and would be collected at the same time and in the same manner as existing sales taxes. All revenues raised by the tax would remain in the City and would not be shared with the State, County or any other agency.

A “yes” vote on Measure O <u>will</u> authorize the special transactions and use (sales) tax.

A “no” vote on Measure O <u>will not</u> authorize the special transactions and use (sales) tax.

The above statement is an impartial analysis of Measure O. If you desire a copy of the Measure, please call the City’s elections official at (760) 768-2102 and a copy will be mailed at no cost to you.

/s/ LAURA ESTRADA

City Attorney