

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE PS

Measure PS would impose a special parcel tax of 20 cents per square foot of building area on all real property within the City zoned or used for industrial purposes. The tax would commence on July 1, 2022, and is estimated to raise approximately \$12,000,000 annually in new City revenues. Revenues from the parcel tax are restricted for use and may only be utilized for costs related to police, fire, and paramedic services within the industrial areas of the City. Measure PS was placed on the November 3, 2021 election for voter consideration by unanimous vote of the Commerce City Council.

The land area of the City of Commerce is approximately 85% industrial. Industrial property is a large consumer of fire, paramedic and police services, both in terms of the 85% land area and the heavier and more intensive use typical of industrial property.

Since industrial properties generally do not generate sales tax, the typical industrial property creates proportionately less revenue for the City while consuming a proportionately larger share of safety services. This creates a disproportionate drain on the general fund for safety services consumed by industrial properties.

The proposed special parcel tax rate is calculated by multiplying the total cost of public safety services (\$23,548,934) times the area of industrial land in the City (85%) which results in the cost of public safety services attributable to industrial properties (approximately \$20,016,594). This result is then divided by the total square footage of industrial building area in the City (approximately 60,267,096) which results in a maximum tax rate of \$.3321 per square foot of industrial building area. This would be the total allocable cost for public safety services used by industrial properties. For the initial tax year commencing July 1, 2022, the tax rate would be set at 20 cents per square foot of industrial building area. The tax could be adjusted by City Council action, but never to exceed 33.21 cents per square foot.

There is currently no city tax specifically for police, fire, and paramedic services so the cost of these services is paid from the City General Fund along with all other City expenses and governmental services. The COVID-19 crisis has reduced City General Fund Revenues by approximately 36%. Voter approval of the proposed parcel tax would alleviate the impact of these lost revenues on the General Fund by transferring the payment of \$12,000,000 for police, fire and paramedic services away from the General Fund to a Special Parcel Tax Fund. This transfer would effectively add an additional \$12,000,000 to the General Fund to be used for general city services such as street improvements, parks beautification, recreation/youth/senior programs, library programs and social services, and economic development.

The above statement is an impartial analysis of Ordinance No. 775. If you desire a copy of Ordinance No. 775, please call the elections official's office at (323) 722-4805 and a copy will be mailed at no cost to you.