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Council Considers Tax Measure for November Ballot

By Cathy Tyson

With four failed parcel tax measures, and an expensive road repair backlog, the Lafayette City Council is considering placing a Real Property Transfer Tax on the November ballot to raise revenue to respond to residents' concerns.

Although the 2010 - 2011 budget is balanced, the City has \$16 million worth of roads that badly need paving and the distinction of being tied with Moraga and Danville for lowest per-capita police staffing in the County.

Looking for a substantial amount of public input to make a decision whether to place the measure on the November ballot, the City Council invited residents to come to the next couple of meetings on June 28 and July 12 to make comments. Even if the measure is placed on the ballot, only the voters can decide the fate of the tax.

If passed by 50% of the voters plus 1, a lower threshold than the two-thirds majority required for parcel tax, a \$5 per \$1,000 of sales price tax would be levied when a home is sold and kept by the city to be spent on road rehabilitation, an additional police officer, senior transportation, a youth library coordinator, open space funding and a reserve account. The tax would be negotiated between buyers and sellers.

In order to institute the tax, voters would have to pass the measure and also vote to adopt a short city charter. The draft one-page charter spells out local control of certain municipal affairs, including the right to levy a tax and keep the proceeds.

The all-volunteer Lafayette Finance Review Committee found, after a thorough examination of city accounts, "The City has generally done a very good job of identifying and acting upon opportunities to manage the taxpayers' money with prudence and leveraging outside sources of revenue." They recommended the Real Property Transfer Tax as a way to substantially increase revenue without significantly impacting existing residents or businesses.

In a survey mailed to all Lafayette households, 96% of respondents were "concerned about the portion of their tax dollars that stay in Lafayette - and Lafayette's ability to control local funding, set spending priorities and remain independent of Sacramento."

At the June 14th Council meeting, comments to the Council were all over the map. Fred Lopez supports the tax, noting he, "Moved here for good schools, neighbors and governance" and doesn't want the roads to continue to deteriorate.

"Immaculate Tax or Trojan horse?" is how David Bruzzone sees it, "I think it's a big mistake." George Cunya supports the measure, "How are we going to deal with roads? There's been no success with four parcel taxes." Guy Atwood prefers a parcel tax to pay for road repair, "That will solve our problems - this (the property transfer tax) is a little premature."

Key questions from the Council were aimed at former President of the Contra Costa Association of Realtors Steve Reiser, who said this comes at the worst possible time; "(It's) sticking a needle in the eye of your constituents." Council members asked what real effect the tax would have on home sales. He is, "not sure it would have a significant shift."

Dick Holt, thirty-year Lafayette resident and real estate professional, said in a letter that the tax "would have little or no effect on the real estate market."

"I don't want to go (to the ballot) and fail. Without the extra revenue, there isn't money to fix all the roads," summarized Council Member Carol Federighi.

Nearby Piedmont and Alameda have implemented Real Property Transfer Taxes and are Charter cities. The rate approved by voters in Piedmont is \$13 per \$1,000 in home sale value - in Alameda its \$12. While those are a sample of high end rates, San Rafael is one of the lowest at \$2 and San Mateo charges \$5.

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