



MEASURE Q FREQUENTLY ASKED QUESTIONS

- **What is Measure Q?**

Measure Q is a November 2024 ballot measure that proposes to increase the sales tax in Davis by 1%. This means someone would pay an additional 1 cent for each dollar of taxable goods purchased in Davis. Items like groceries and prescription medicine are exempt. If approved by the voters, this would bring the total sales tax paid for a purchase to 9.25% of the purchase price. For example, a taxable purchase of \$10 would cost an additional 10 cents. (A buyer would pay \$10.93 for a \$10.00 purchase, an increase from the \$10.83 currently paid.)

Measure Q is estimated to generate approximately \$11 million in additional tax revenue per year.

Measure Q revenue stays in Davis and cannot be taken by the State.

- **Is this a new tax?**

Yes, Measure Q is a new tax proposal. If approved by the voters, it would increase the existing local sales tax. The current sales tax rate is 8.25%. If approved by the voters, the new sales tax rate in Davis would be 9.25%.

- **How would the City spend the money from Measure Q?**

Measure Q is a general tax, which means it can be used for any city governmental purpose.

This includes maintaining public safety and emergency response; addressing aging infrastructure needs; maintaining and improving our roads, bike paths and parks; providing affordable housing support and addressing impacts of homelessness; providing programs to community members of all ages; and taking actions that reduce our greenhouse gas emissions and address climate change.

- **If Measure Q passes, will Davis' sales tax be higher than other cities?**

Davis has currently neither the highest nor the lowest sales tax rate in northern California. The lowest is the base rate of 7.25%, in cities like Auburn or Rocklin. The highest is 10.75%, which is charged by several cities in Alameda County. Approximately 170 cities, or 1/3 of all cities, in California have at least a 9.250% sales tax rate. <https://www.cdtfa.ca.gov/taxes-and-fees/rates.aspx>

In Yolo County, the cities of Woodland, West Sacramento and Winters also have sales tax increase measures on the November ballot, seeking approval for 1% sales tax increases. If these other cities' measures pass, Woodland's sales tax rate would go from 8% to 9%, West Sacramento from 8.25% to 9.25% (same as Davis if Measure Q passes), and Winters from 7.25% to 8.25%.

- **What happens if Measure Q does not pass?**

The City will review its budget and recommend expenditure reductions to ensure it can maintain a balanced budget, as required by law. These reductions could lead to reductions or elimination of City services, programs and/or staff.

- **What happens when you purchase a car in another city and register it in Davis? Where does the Measure Q tax go?**

When you purchase a new car in another city, you still pay the tax rate based on where you register the car (for most people this is where they live).

The Measure Q portion of the sales tax comes back to Davis. That is because this sales tax is a particular type of sales tax called a "transaction and use tax."

- What is the difference between a sales tax and a “transactions and use” tax?**
Both are collected in the same manner, as a percentage of the sale of qualified items, and both are generally referred to as “sales tax.” Measure Q is technically a “transactions and use” tax. The key difference for most people relates to the sale of vehicles – with a transaction and use tax, a buyer pays the tax based on the location where the vehicle will be registered, rather than where the vehicle was purchased.
- Where does money from sales tax go?**
Davis’ current sales tax rate is 8.25%. Of this, 7.25% is the base rate required by the State of California and 1% is a Davis-specific, voter-approved tax. The breakdown of the current tax rate is below:

 - 6% (base rate) – State of California
 - 1% (base rate) – City of Davis
 - .25% (base rate) – County
 - 1% (voter approved) – City of Davis (Goes where purchase is used or registered)

If voters approve Measure Q, the additional 1% generated would support local City of Davis needs.
- Why has the City put Measure Q on the November ballot?**
The City’s costs and expenditures have increased, resulting in a decreasing General Fund reserve (sometimes called a “rainy day fund”). The City Council voted to put Measure Q on the ballot to increase revenue to avoid reductions in service, to continue existing programs, and to shore up the General Fund reserve to industry-recommended levels.
- What other ways does the City have to raise revenue?**
Cities in California have limited options to raise revenue. These include taxes on parcels, utilities, business licenses and hotel stays; fees charged to cover the direct costs of certain services; economic development to increase the tax base; and grants.
- Why doesn’t the City use the General Fund reserve instead of asking for a new tax?**
The City is currently pulling funds from the reserve. It is projected that the City will only have a General Fund balance for FY 2024/25 of \$6.3 million or 7.5% of General Fund. The City Council’s policy is to maintain a 15% General Fund reserve (also known as the available fund balance). This means the City’s General Fund reserves are below the City Council approved level. Either the City will need additional revenue or services/programs will need to be reduced.
- Does Measure Q have a sunset?**
If approved, the Measure would remain in place until repealed or changed by voters.
- Is there oversight for the Measure Q revenue?**
There are several checks and balances on revenues coming to the City and expenditures the City makes. The California Department of Tax and Fee Administration is responsible to pass the correct tax amounts to the City. The City contracts with an independent firm to track, review and audit sales tax to ensure compliance from vendors and to follow up on any abnormalities. The City also contracts with an independent auditor to review the City’s annual expenditures to ensure spending is in accordance with all applicable laws and policies, including voter-approved measures.
- Will visitors pay the tax?**
This tax would apply to all goods that are used or registered in Davis by both residents and visitors.
- Want to learn more?**
Go to cityofdavis.org/city-hall/city-clerk/elections. If you have questions or input, please contact clerkweb@cityofdavis.org.