



MEMORANDUM

TO: CITY COUNCIL

FROM: JESSICA MATSON, DEPUTY CITY CLERK

**SUBJECT: SUPPLEMENTAL INFORMATION
AGENDA ITEM 11.c. – JUNE 9, 2020 CITY COUNCIL MEETING
CONSIDERATION AND DIRECTION REGARDING A PROPOSED
REVENUE MEASURE TO ADDRESS THE CITY'S FUTURE FUNDING
NEEDS**

DATE: JUNE 9, 2020

Attached is correspondence received.

cc: Acting City Manager
City Attorney
City Clerk
City Website (or public review binder)

From: Robert Kelly [REDACTED] >
Date: June 8, 2020 at 8:46:16 PM PDT
To: Keith Storton <kstorton@arroyogrande.org>
Subject: 1% Sales Tax Increase Proposal

I am against a 1% sales tax increase proposal. We pay enough already. Grow revenues through increase economic growth.

Thank you.

Rob Kelly
Arroyo Grande

Sent from my iPhone

From: Jocelyn Brennan
To: [Caren Ray Russom](#); [Keith Storton](#); [Jimmy Paulding](#); [Kristen Barneich](#); [Lan George](#)
Cc: [Kelly Wetmore](#); [Jessica Matson](#); [Bill Robeson](#); [Whitney McDonald](#)
Subject: Item 11 C - Arroyo Grande Sales Tax business survey results
Date: Tuesday, June 09, 2020 8:03:54 AM
Attachments: [AG Sales Tax business survey .pdf](#)

Hello Arroyo Grande City Council Members,

Please see the attached document outlining the results from the Chambers survey to local business owners. 60 business owners responded, the survey was confidential and was open for 5 days.

Please let me know if you have any questions.

Thank you.

Jocelyn Brennan

President | CEO

South County Chambers of Commerce

 Office (805) 489-1488

Inline image OWAPstImg673487



Arroyo Grande Sales Tax Increase Survey

60 business owner responses



Summary

51% of business respondents (60) are opposed to a sales tax increase.

26% support a sales tax increase.

21% of business respondents are undecided.

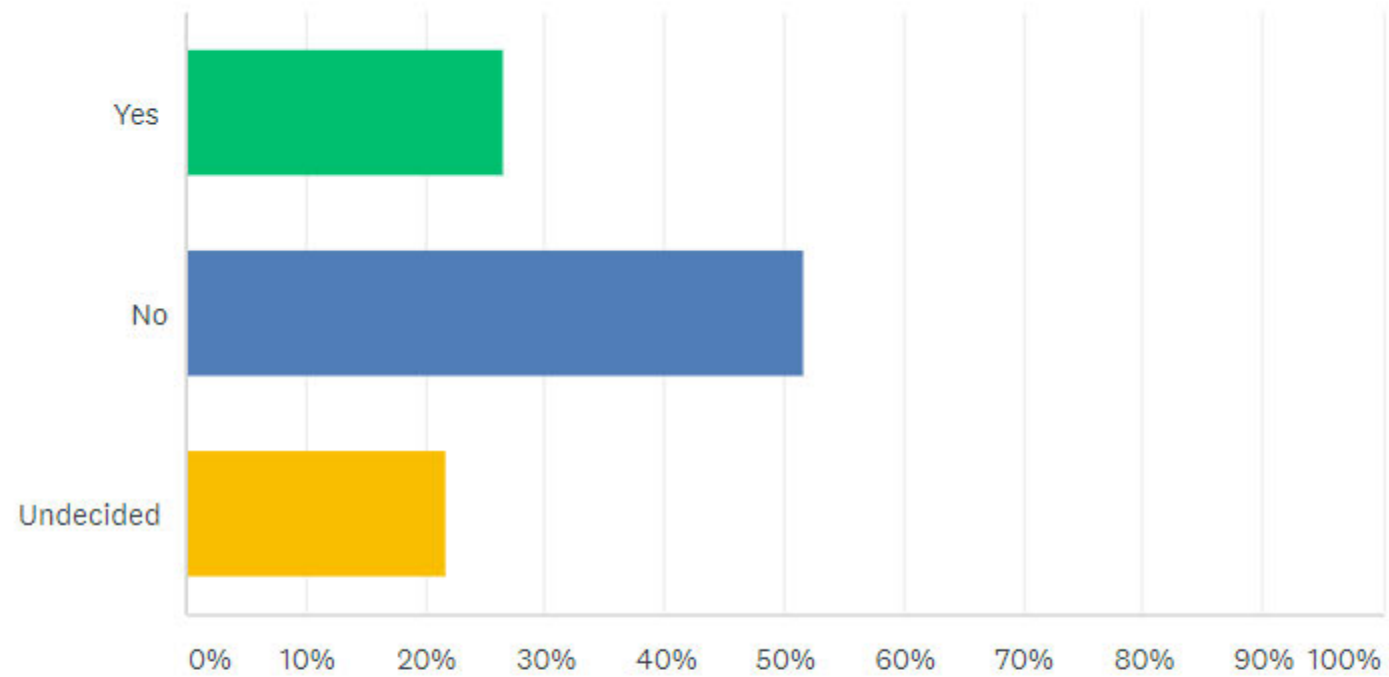
If a sales tax increase is passed at the ballot, funds directed to streets, business recovery and public safety are recommended by businesses.

Businesses opposed to an increased sales tax main concerns are the impacts to consumers and businesses related to COVID-19 and the economy, competition with online sales and nearby communities, government spending, fiduciary accountability and California taxes on business in general.

There does seem to be some support for a smaller increase with a sunset.

Do you support a sales tax increase in the city of Arroyo Grande?

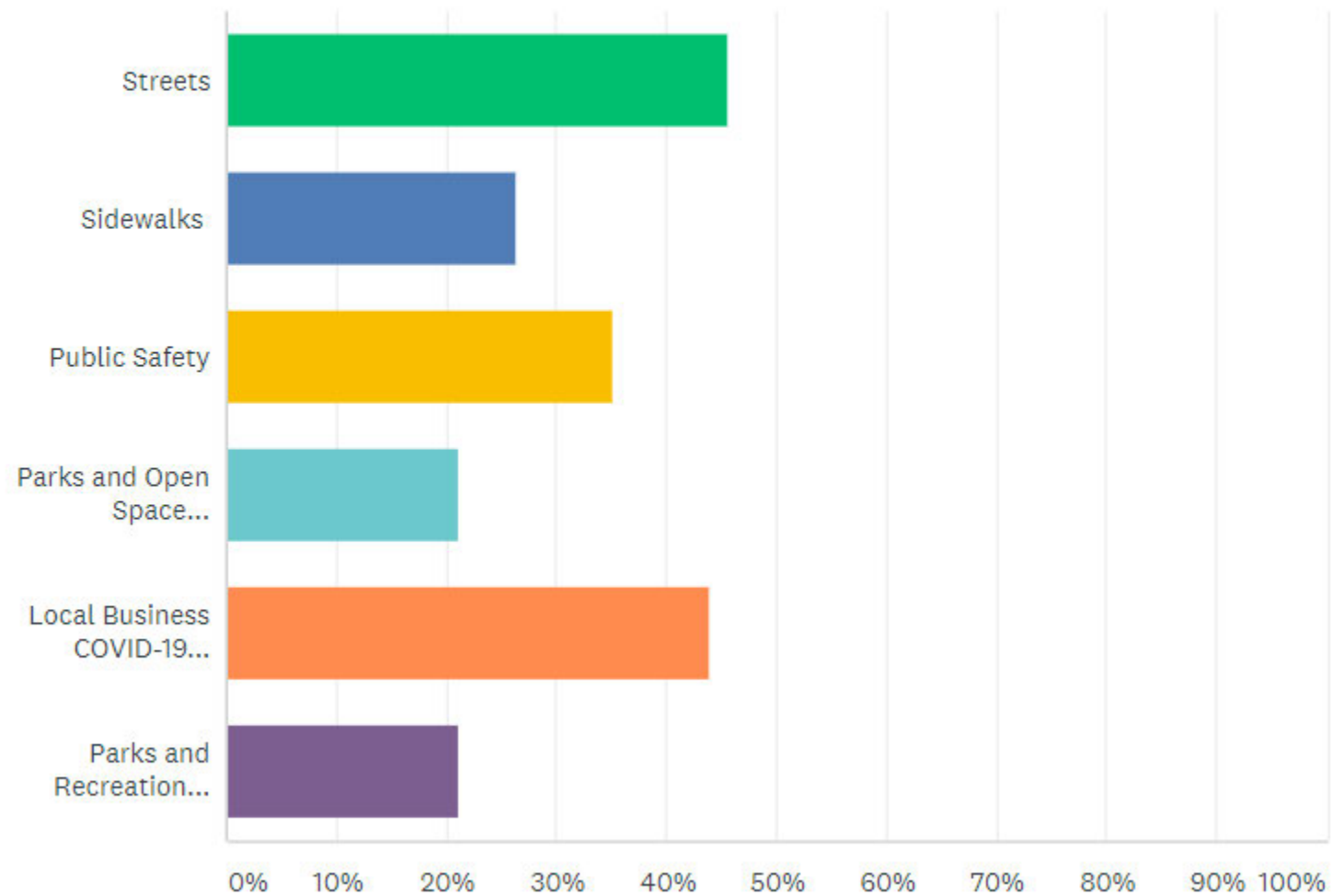
Answered: 60 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	26.67% 16
No	51.67% 31
Undecided	21.67% 13
TOTAL	60

choose more than one option.

Answered: 57 Skipped: 3



If you do not support an increased sales tax in Arroyo Grande, please share your input here

- Our community is still struggling with the Covid19 mandated shut down. Our families are struggling enough without added tax burdens.
- It's a highly regressive tax, impacting lower income households more, thus widening existing disparities. Take needed funds from the police.
- I believe it is a double whammy on business' and customers trying to recover from the shutdown. Bad timing to raise taxes now.
- It will become permanent
- I was very unhappy when our city council voted themselves a raise. Our economy is hurting from all the lost sales tax during the shutdown, but is it fair to increase costs to our community at this time? How about better budgeting, less waste?
- Consumers compare sales tax rates when making larger value purchases. Santa Maria sales tax is 8.75%. In speaking for myself, I purchase in SLO County whenever possible to support local as well as save 1%.

- City has too many employees
- maybe a smaller increase of 1\2 percent
- Review current programs now, instead of increasing taxes
- Additional taxes are rarely used what they were intended for... also will push people from making larger purchases
- Absolutely not! Politicians need to learn to live and operate within their budget! Citizens can't get an increase in their income if they overspend. Politicians should not either. No amount will ever be enough for them.
- Adding taxes to an already devastated economy will only hurt our local economy. In particular it will increase prices to customers of businesses that will already be seeing large increases of products that have supply chain issues(beef and pork in particular) I would recommend a pro-growth strategy that would attract more customers through additional housing, relaxed regulatory requirements of businesses and customer incentives.

- We are already taxed to the max from everyone (federal, state, county, city, etc) and the businesses cannot keep this pace up. And residents are struggling with loss of jobs, etc.. and should not have to make up for this mess we are in. How about lower pay for city officials as it seems inflated to start with. Balance the budget and make cuts as needed getting rid of fluff and underutilized services.
- Arroyo Grande is great for shopping and visiting. Increases may drop that
- It seems like a large increase
- Tax is too high already
- I generally oppose additional tax and want to make sure we have exhausted other means to accomplish what needs to be done.
- Ridiculous to increase sales tax. People will go elsewhere or order on line to avoid. you will lose more tax

- The last time California borrowed \$ from the U.S. government to pay high unemployment, small businesses got to pay it back in a bonus assessment over several years. I see the exact same thing happening: someone has to pay for all the bonus unemployment and small business most likely will get stuck with that. No more taxes: CA taxes are too high already
- I would support a half percent sales tax increase. 1% is excessive.
- We support less than a 1% increase, half that is acceptable.
- We have all shared a lot of financial burden this year. I would hope we could have another way to gain funds like events or something similar. The village would be a great place for city events that can be charged. Ex: Saturday NIGHT farmers, tickets for movie nights, tickets for wine walks.
- Because, at this point my business doors are still closed, my business in the phase 4 lot. I will need my own funds to regain any profit. I doubt that any of the funds will be allocated to the COVID-19 recovery.
- Absolutely NOT! Show me what austerity measures your taking in government first (lead by example) and then I'll consider it, but without any meaningful and significant reduction in government expenditures, this is an example of poor fiscal management and leadership.

- People will order products online more than they already do, hurting local business more than they already have been.
- It is already high enough. Time to cut government waste and not increase a tax that is already enough, if government could budget appropriately.
- Seems like taxes are already fairly high
- Online Competition
- Government is very inefficient and throwing money at it doesn't help
- I do not think it is a good idea to increase taxes, as then folks will go somewhere else to buy. If that happens then you will lose money
- No one should support more taxes, however the reality is that we will need it to meet the deficit created. So I support a sunseting sales tax for 5 years. 1/2 of a percent increase. Then demonstrate to the public that we are making cuts in addition to tax increase. Also, look at ways to stimulate local economy.
- Should not increase the cost of goods for local residents during this time of economic instability.

- At a time when Diablo Canyon is closing and businesses are struggling due to COVID19, city governments need to exercise additional accountability of public funds. This week the city of San Luis Obispo approved their city budget which allocated \$140,000 for diversity, equality, and inclusion programs at the 11th hour. This was in the middle of a pandemic where businesses are closing and citizens are suffering physically and economically. Whether you agree or disagree with the spend, it appeared to be up to the city government without any input from the public. Adding additional revenue to the city of Arroyo Grande does not guarantee it will be spent based on the needs of the community or even with input. Before supporting a sales tax increase, I would want to know detailed plans on how the funds will be spent. Once sales tax rates increase, they never decrease. Any change would be viewed as permanent unless earmarked for a specific purpose.
- I understand the need, however, as a business trying to recover I am concerned that the increase is just one more increased cost to the consumer, who could then easily decide to shop in San Luis Obispo. Is Santa Maria's 8.75% sales tax one of the reasons we get so many folks shopping from there?
- Although opposed to additional taxes, communities that are attractive, safe and provide additional services will be the community of choice. In the 5 Cities, we see the difference between well kept communities and lesser kept and businesses and residents when they can choose the well kept.