



Committee for No on Measure J

Revitalization without Taxation

The “Official” No on Measure J FAQ

Measure J on the Palm Springs ballot will hike the local sales tax rate from 7.75% to 8.75% for a period of 25 years. Sales tax revenues, estimated at \$8 million annually, will be deposited into the City’s General Fund. City officials have indicated the tax will be pledged for repayment of approximately \$83 million in new 20-year revenue bonds. That will allow immediate use of funds but it also means interest and other financing costs may double the amount needed for repayment of the revenue bonds.

The following are some Frequently Asked Questions (FAQ) about Measure J.

Q: How will the \$43 million Sales Tax funds bailout for John Wessman be used?

A: The City will deposit \$32 million into an escrow to be used for “Phase One” demolition, construction and related costs to renovate a designated portion of the Desert Fashion Plaza. The remaining \$11 million will be used for construction of three new streets and to rehabilitate the existing decrepit parking structure on the Plaza property.

Q: How much will Mr. Wessman invest in the Desert Fashion Plaza “Phase One” renovation?

A: The Wessman share of demolition and construction costs associated with renovation has been estimated at between zero and \$28 million. He is not required to spend his own money until the \$32 million in taxpayer funds has been spent.

Q: Can John Wessman sell the Desert Fashion Plaza after he receives the \$43 million bailout?

A: Yes. The only requirement is for the plaza owner to finish renovation before 2015. Mr. Wessman or a different owner can sell it before or afterwards.

Q: What happens when plaza renovation is complete and new buildings remain empty?

A: Who knows? There are no requirements in the agreement between the City and Mr. Wessman that address this concern.

Q: A portion of the \$43 million bailout will be used for construction of a new Cinema Theater as part of plaza renovation. Will the new theater take patrons from existing theater facilities?

A: Yes. In fact it is possible one and perhaps two theaters in the area may not survive the new city-subsidized competition.

Q: Is John Wessman required to repay his \$43 million taxpayer-funded bailout?

A: No. Neither repayment nor sharing of revenues and/or profits from a future sale is required.

Q: How will the remaining \$40 million Sales Tax funds be used?

A: We do not know. No specific uses have been determined. The money will be available for any legitimate City purpose. Funds may be used for infrastructure improvements, maintenance and repairs, restoration of budget cuts, hiring additional personnel, or other identified needs.

Q: Who will decide how the \$40 million will be used?

A: The City Council will make all decisions with respect to use of the funds.

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Q: Can any of the \$40 million be used for city staff salaries, benefits and automobile allowances?

A: Yes. There are no restrictions on how the funds can be used.

Q: Will Measure J result in 2,500 new jobs?

A: Nobody knows. Measure J will only produce revenues. Whether revenues will result in new jobs or any form of employment has not been determined. Measure J does not guaranty any jobs.

Q: Will Measure J result in free parking?

A: The Desert Fashion Plaza has parking for 1,061 vehicles. The parking facilities are decrepit, in need of extensive rehabilitation, and extremely expensive to maintain. Mr. Wessman will transfer his parking facilities to the City to forever be maintained at taxpayer expense as "free parking". The City will also spend \$11 million on facilities rehabilitation.

Q: Will Measure J result in "increased tourism and property values"?

A: No. Studies have not been released indicating what affect the Measure J Sales Tax hike will have on tourism or property values. Tax hikes could be a drag on the local economy.

Q: Will Measure J result in "new shopping, restaurants, entertainment and events"?

A: No. Specific plans or details have not been provided by the Desert Fashion Plaza developer regarding whether there are any committed or prospective tenants for the Plaza.

Q: Is it true non-residents pay 67% of local sales taxes?

A: Not true. All sales taxes are collected by merchants and reported to the State Board of Equalization. None are identified as having been collected from "non-residents". The 67% is a questionable estimate for no substantiating documentation supporting the figure has been released.

Q: How will the Measure J sales tax affect automobile and other DMV registered purchases?

A: Palm Springs residents will be required to pay the higher 8.75% sales tax rate for vehicle purchases they make anywhere in the state. Sales taxes on vehicle purchases are based on where the purchaser resides and not on where the transaction occurs.

Q: Will the Measure J sales tax hike apply to East Valley visitor purchases in Palm Springs?

A: Yes. However, residents of other valley cities may choose to save money by making their purchases in cities with lower tax rates.

Developer John Wessman's Yes on Measure J campaign has implied, speculated and promised a vast number of positive results will occur if the Sales Tax hike measure is approved by voters. All are little more than campaign slogans. Unfortunately, campaigns fold after Election Day and their slogans go with them. There is no accountability, no responsibility and little of lasting value once campaigns have left the scene. It is for that reason ballot measure campaigns are able to exaggerate and make wildly speculative statements for despite the false hopes they may raise, their period of existence is very short and they won't be around to answer when promises and slogans prove to have been hyperbole. Voters should not make decisions based on campaign slogans.