



Local Revenue Measure Options and Ballot Deadlines

City Manager's Office

City Council
January 27, 2026

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ELECTION CONTEXT & CRITICAL DEADLINES



- June 2, 2026, is the next available election for local tax measures.
- **Critical Deadline: March 6, 2026** (88 days before election).
- Must file consolidation resolution by deadline to meet ballot placement requirement.
- Next opportunity after 2026 would be 2028.
- Local tax measures only in even-numbered years under California Constitution.



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AGENDA

Election Context and Timeline

- **Option 1:** New 0.25% Sales Tax Measure
- **Option 2:** Measure Z Extension
- **Option 3:** Transient Occupancy Tax (TOT) Increase
- **Option 4:** Combine Option – Increase Sales Tax and Extend Measure Z
- **Option 5:** Receive report, take no further action
- **Next Steps**



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OPTION 1: NEW 0.25% SALES TAX MEASURE



Increase combined rate from 8.75% to 9.00%

- Estimated annual revenue: ~\$21 million (fully implemented)
- Consumer impact: 25 cents on \$100 purchase
- Rate remains competitive within Southern California
- Approval requirement: Simple majority vote
- Revenue type: General purpose funds for City priorities



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REGIONAL SALES TAX RATES



City	Rate
Irvine and Huntington Beach	7.75%
Fresno	8.35%
Anaheim, Ontario, San Bernardino	8.75%
Riverside (Current)	8.75%
Bakersfield	9.00%
Santa Ana and Palm Springs	9.25%
San Jose	9.375%
Los Angeles	9.75%
Pasadena and Pomona	10.25%
Glendale and Long Beach	10.50%
Proposed 9% - Competitive	



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OPTION 2: MEASURE Z EXTENSION



1% sales tax approved in 2016, currently expires in 2036

- 80% of revenue dedicated to public safety
- Critical funding for police and fire personnel
- Supports 30-year capital improvement planning
- Renewal prevents major 2036 fiscal crisis
- Approval requirement: Simple majority vote



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MEASURE Z FISCAL IMPACT

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Without Renewal in 2036:

- Significant drop in general fund revenue of approximately \$103M and loss of critical public safety funding

Key Benefits:

- Predictable revenue continuity
- Supports 30-year capital financing
- Essential for maintaining and enhancing current public safety levels



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OPTION 3: TRANSIENT OCCUPANCY TAX (TOT) INCREASE

Increase from 13% to 14% + explore Tourism Business Improvement District



- Current annual TOT revenue: ~\$8.6-8.9 million
- Revenue impact: Each 1% increase generates \$640,000 annually
- Growth opportunity: 1,000+ new hotel rooms in development pipeline
 - Potential to generate an additional \$6.8 million with TOT increase
- Potential use: Convention Center expansion and tourism marketing



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TOT RATES: REGIONAL COMPARISON

City	TOT Rate	TBID Rate	TOT + TBID
Riverside (Current)	13%	0%	13.00%
Ontario	11.75%	2%	13.75%
Palm Springs	11.5-13.5%	1%	12.50%-14.50%
San Diego	11.75-13.75%	2%	13.75%-15.75%
Los Angeles	14%	1.5%	15.50%
Anaheim	15%	2%	17.00%



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TOT: VISITOR-FUNDED SERVICES



Cost Burden on Visitors, Not Residents

Visitors attending events pay TOT that directly funds public safety and infrastructure.

Practical Impact Examples:

- 1% rate increase = ~\$2 on \$200 hotel room
- Collectively generates millions in annual revenue
- Facilitates Convention Center expansion to 150,000 sq ft
- Attracts additional larger conferences and events increasing revenue opportunities



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OPTION 4: INCREASE SALES TAX AND EXTEND MEASURE Z



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MEASURE Z

Increasing the combined rate from 8.75% to 9.00%, along with the continuation and adjustment of Measure Z, would secure approximately \$103 million in annual revenue.

Consumer Impact: 25 cents on \$100 purchase
Rate remains competitive within Southern California

Approval Requirement: Simple majority vote

Revenue Type: General purpose funds for City priorities

- Predictable revenue continuity
- Supports 30-year capital financing
- Essential for maintaining current public safety levels



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OPTION 5: RECEIVE REPORT, TAKE NO FURTHER ACTION

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- Limits near-term ballot opportunities to the June 2026 election or the November 2028 election.
- Council must consider not only the substance of potential ballot measures, but also the timing, sequencing, and readiness of those measures in light of statutory deadlines, voter approval thresholds, and public outreach requirements.



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NEXT STEPS & TIMELINE



CRITICAL DEADLINE: March 6, 2026

- Must file resolution 88 days before June 2 election

If Council Directs Staff to Proceed:

- Comprehensive fiscal analysis and revenue projections
- Community stakeholder engagement plan
- Ballot measure language and required resolutions
- Return to Council well in advance of March 6 deadline



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LONG-TERM FISCAL SUSTAINABILITY



These revenue options are critical tools for addressing:

- Public Safety staffing and equipment
- Improvements to Streets and Roads infrastructure
- Parks and community services
- Long-term Capital planning
- Economic development and tourism



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CHOOSE PATH FORWARD



OPTION
1

New 0.25% Sales Tax
Measure



OPTION
2

Measure Z Extension



OPTION
3

Transient Occupancy
Tax (TOT) Increase



OPTION
4

Extend and Adjust
Measure Z



OPTION
5

Receive report,
take no further action



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