



Raising the Sales Tax Cap

Request for action

TAM Board December 1st, 2016



Raising the Sales Tax Cap in Marin

Should the TAM Board pursue State legislation in 2017 to provide an exemption to the 2% cap on the local transaction and use taxes to allow TAM to consider the pursuit of a new sales tax measure dedicated for transportation purposes?

The bill would provide an exemption of up to 0.5% for TAM, affording flexibility to place items before voters to reauthorize or supplement the existing Transportation Sales Tax (2004 Measure A) program, which is set to expire in FY 2024-25.



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Existing state sales tax effective January 2017- 7.25%

Existing cap of 2.0% allows local sales tax to be raised to 9.25% (combined with state rate). The 2.0% cap is independent of state rate.

Existing local jurisdiction sales taxes result in two jurisdictions approaching the cap- San Rafael and Fairfax, at 9.00%

An existing ¼% remains within the cap

| 7.25% | Statewide | Total Statewide Base Sales and Use Tax Rate |
|-------|------------------|--|
| 0.25% | Marin County | Marin Parks/Open Space/Farmland Preservation (2013) |
| 0.50% | Marin County | TAM Transportation Sales Tax (2005) |
| 0.25% | Marin County | Sonoma-Marín Area Rail Transit District (2009) |
| 8.25% | Marin Countywide | All jurisdictions (including unincorporated Marin County, Belvedere, Mill Valley, Ross, and Tiburon), unless indicated below |
| 8.75% | Corte Madera | 0.50% Measure B (2013) Emergency Services, Transportation, Youth & Senior Programs |
| 8.75% | Larkspur | 0.50% Measure D (2013) Larkspur Street Repair/Essential City Services |
| 8.75% | Novato | 0.50% Measure F (2010) Fiscal Emergency & Vital City Services Revenue |
| 8.75% | San Anselmo | 0.50% Measure D (2014) Vital Services and Infrastructure Needs |
| 8.75% | Sausalito | 0.50% Measure O (2015) Essential Services |
| 9.00% | San Rafael | 0.75% Measure E (2013) Maintaining Emergency Services |
| 9.00% | Fairfax | 0.75% Measure C (2016) Vital Town Service Emergency Protection |

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- TAM staff believe it is necessary to consider an exemption to the cap by an additional 0.5% to allow consideration of an additional sales tax for transportation totaling $\frac{1}{4}\%$ to $\frac{1}{2}\%$
 - Amount, Duration, and Expenditure Plan TO BE DETERMINED
 - Open the gate to considering an additional tax be placed before voters

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- The Governor has approved several sales tax cap increases for specific purposes, specifically filling transportation needs

The Governor has not routinely approved raising of the cap for general purposes

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Recommendation:

Introduce legislation in January/early February that would provide an exemption of up to .5% from the existing 2% cap for TAM to consider placement on the ballot of a local sales tax measure for transportation.

Senator McGuire is a likely sponsor

Questions?

