



# Sales Tax 101

TAM Expenditure Plan  
Advisory Committee  
2017

# California Self-Help Counties



Note: Monterey County added in 2016

- 24 counties have passed local sales tax measures
  - 2/3 voter approval required to pass these measures
  - Provide over \$4 billion/year in transportation funding
- Represents over 85% of state's population – all major metropolitan areas
- Support multiple modes of transportation - essential to metropolitan mobility
  - Highways, streets and roads
  - Transit and paratransit capital and operations
  - Goods movement
  - Bicycle and pedestrian

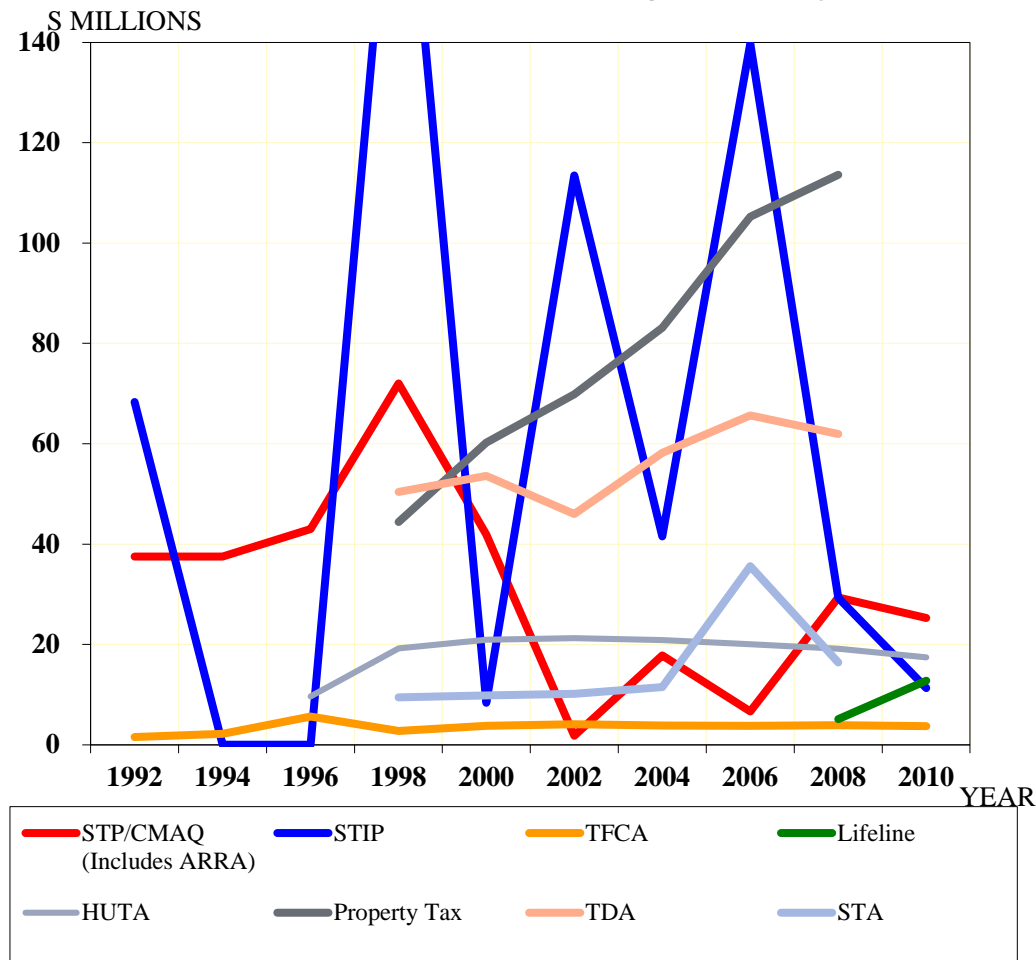
# The Evolution of Transportation Sales Tax Measures

- Federal and State tax funds not keeping pace with needs
- First sales tax measure for transportation passes in Santa Clara County in mid-80's
- Marin County passed in 2004 with 71% of vote
- Supermajority requirement enforced in 1990s
  - Slows efforts at using sales tax measures

# Funding Volatility

- Funding resources are very volatile across the Country and State
  - Volatility is a great challenge to long-term transportation planning, funding and delivery
  - Sales tax is one of the most stable sources of funding available (though it is subject to general economic conditions)

## Transportation Funding Volatility



# Transportation Sales Tax Measures in the Last Decade

- Santa Clara and Alameda Counties pass measures in 2000 surpassing 2/3 voter requirement
  - Alameda County passes with 81.5% voter support, second highest ever in state
- These efforts inspire more counties to pass measures
  - More counties pass measures crossing the 2/3 hurdle since 2000
  - Longest sales tax measures passed in San Diego and Imperial Counties: 40 years

# Measures Around the State Passed in 2000's

- 20 year plans
  - Alameda
  - Fresno
  - Madera
  - Marin
  - Sonoma
- 25 year plans
  - Contra Costa
  - Napa
  - San Mateo
  - Stanislaus
- 30 year plans
  - Monterey
  - Los Angeles (Measure R was half-cent increase)
  - Merced
  - Orange Riverside
  - Sacramento
  - San Bernardino
  - San Francisco
  - San Joaquin
  - Santa Barbara
  - Santa Clara
  - Santa Cruz
  - Tulare
- 40 year plans
  - Imperial County (to 2049)
  - San Diego County

# Sales Tax Funds are Commonly Leveraged

- Sales tax funds alone rarely build a significant capital project, but are used to attract discretionary dollars and complete the funding picture.
- Sales tax funds can provide needed operating and maintenance funding where other sources are not available.
- Marin's current measure emphasizes operations and programmatic spending



# Why Renew “Early”

- As a programming agency, TAM can only plan for funds it knows it will collect.
- If the future of the tax is uncertain, the agency will begin “winding down” about 2-3 years ahead of the termination date.
- Tax funds will not be assumed to be available in bigger capital discussions.
- Tax measures must be placed on a general election ballot, meaning only in “even” years.
- Going early gives the opportunity to rethink priorities, plan for the future and leverage future funding.
- In case the measure fails to get 2/3 vote there is a chance to course correct and move forward.



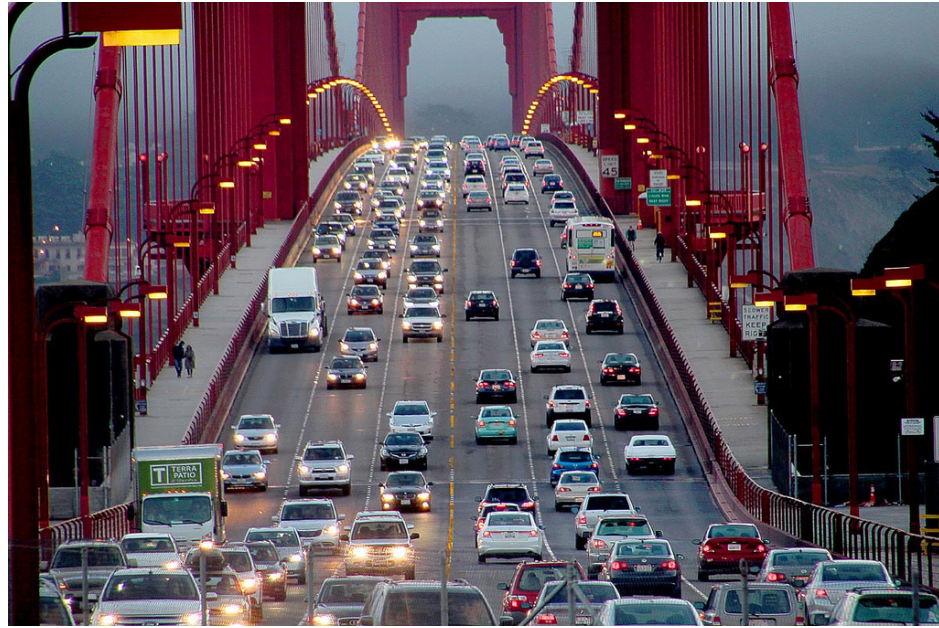
# Hallmarks of Successful Measures

- Single issues measures generally fail
- Need to appeal to the issues voters recognize – minimal ability to educate people out of closely held beliefs.
- Need to show direct nexus between voter's concerns and what's in the plan.
- Have enough in the plan to eliminate organized opposition.



# Consensus is Key

- 22-25% of all voters will vote NO on any tax measure, no matter how popular.
- To reach a 2/3 majority, the actual requirement is 90%+ of anyone who might vote for a tax.
- Requires broad consensus with no organized opposition.
- In diverse Marin County, even getting to the ballot is a challenge, requiring the TAM Board, the BOS, and majority of the cities and towns.



# Hallmarks of a Successful Expenditure Plan

- Clear & Specific— "What's in it for me?" "What are we 'buying'?"
- Appeals to Messengers & Champions— Well-known, public or private sector figures can be valuable assets.
- Responds to Polling and Research—Identify voters' values and concerns; level of funding they can support.
- Know the Local Politics – Avoid organized opposition of respected voices.
- Coordination – Plan for smooth collaboration with the agency, coalition and campaign.
- Messaging matters.

# The Messages in the Expenditure Plan Become the Campaign

- Strong coalition—Organize support from allies, grassroots, and business.
- Respond to critics—Be prepared for criticism and address it directly.
- Stay on message—Don't let criticisms distract voters.
- Incorporate new tools & tactics—New media, aggressive field ops
- It's a campaign. Run it like one.

# Key Point - this is the time to respond to voters, not to persuade them...

- Let the voters and key opinion leaders be your guide
- The high threshold makes this a “mercenary effort” not an “educational effort”
- Need to tie the key messages of the plan to the needs voters perceive
- Need to show them that the current tax has been worth it too! Establish and build on public trust.

# Supporting multi-modal transportation for the full spectrum of our communities

