



# AGENDA REPORT

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**TO:** Honorable Mayor, members of the City Council and members of Public      **FROM:** Councilmember Kevin Jenkins District 6

**SUBJECT:** General Sales Tax Ordinance      **DATE:** December 12, 2024

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## **RECOMMENDATION**

**Councilmembers Jenkins, Kaplan, Bas, and Reid recommend that the City Council adopt a resolution:**

Approve the placement of the Transactions and Use Tax measure on the upcoming ballot. This action is critical to reversing the adverse effects of Oakland's fiscal challenges and ensuring the continuation of essential services. The Oakland City Council proposes to submit an ordinance to voters during a special election on April 15, 2025, to implement this 0.5% transactions and use tax, which will be overseen by the California Department of Tax and Fee Administration.

## **EXECUTIVE SUMMARY**

Facing a substantial budget deficit exceeding \$100 million, the City of Oakland proposes a half-cent Transactions and Use Tax increase. This measure is intended to generate necessary revenues to support essential city services that have been impacted by recent budget cuts. If approved, this increase would adjust Oakland's sales tax rate from 10.25% to 10.75%, aligning with rates already in effect in six other Alameda County cities: Union City, San Leandro, Newark, Hayward, Albany, and Alameda. This initiative aims to stabilize Oakland's financial health while minimizing additional impacts on service delivery to the community. The sales tax will include a sunset provision.

## **BACKGROUND / LEGISLATIVE HISTORY**

Oakland's current financial predicament has led to drastic reductions across critical city departments. The proposed sales tax increase is a strategic response to this crisis, designed to generate a sustainable revenue stream that will help bridge the city's budgetary shortfall and prevent further cuts to essential services.

The proposed increase in the Transactions and Use Tax by 0.5% from 10.25% to 10.75% is a measure permitted under state law, which would bring Oakland's sales tax in line with other cities in Alameda County that have adopted similar measures to support city operations and services. The chart below illustrates the current sales tax rates across Alameda County, highlighting the cities with a 10.75% rate:

City	Sales Tax Rate	County	Scope
<b>Alameda</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>
<b>Albany</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>
Berkeley	10.250%	Alameda	City
Dublin	10.250%	Alameda	City
Emeryville	10.500%	Alameda	City
Fremont	10.250%	Alameda	City
<b>Hayward</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>
Livermore	10.250%	Alameda	City
<b>Newark</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>
Oakland	10.250%	Alameda	City
Piedmont	10.250%	Alameda	City
Pleasanton	10.250%	Alameda	City
<b>San Leandro</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>
<b>Union City</b>	<b>10.750%</b>	<b>Alameda</b>	<b>City</b>

## **ANALYSIS AND POLICY ALTERNATIVES**

The City of Oakland is currently grappling with severe financial challenges, which require a comprehensive reevaluation of its budget to address a looming structural deficit anticipated in the next budget cycle. To address these fiscal challenges, a proposed half-cent Transactions and Use Tax has been suggested to provide a crucial revenue stream to support essential city services. The half-cent sales tax would generate 20 plus million dollars a year. However, the absence of this additional revenue would necessitate significant cuts to city services, profoundly affecting the community.

### **Analysis of Potential Budget Cuts**

Without the proposed sales tax, the city would need to implement substantial budget cuts across various sectors.

Currently, the City is considering the following reductions in the FY 2024-25 budget:

- **Public Safety:** The potential cuts include browning out fire stations and reducing police overtime. Additional measures could involve canceling future police academies and laying off frontline workers, which would significantly degrade response times and overall public safety.
- **Community Programs:** Proposed reductions would likely lead to the complete elimination of the public safety ambassador program and significant cuts in funding for cultural arts grants and public space activations, such as those at Frank Ogawa Plaza.
- **Human Services:** The Human Services Department could face cuts to its food program, which would impair the city's capacity to support its most vulnerable residents.

The proposed sales tax increase, if approved by voters in the April special election, would raise approximately \$20 million helping to preserve critical services in the next budget cycle.

## **Alternative Policy and Revenue Measures**

In the face of these dire consequences, Oakland could consider alternative policies and additional revenue measures:

- **Increased Revenue Measures:** Beyond the proposed sales tax, the city might explore other revenue sources such as real estate or luxury taxes. These measures would require voter approval and may not provide immediate financial relief.
- **Restructuring City Operations:** Another approach could be to streamline operations and enhance efficiency within city departments, potentially reducing overhead costs. This strategy might necessitate upfront investments in technology and restructuring, which could be financially challenging in the short term.

## **FISCAL IMPACT**

There is no fiscal impact identified in association with this report and legislation.

## **PUBLIC OUTREACH / INTEREST**

This legislation was prompted by widespread public concern about the city's structural budget deficit, cuts to public safety, city departments, and cultural grants. Active polling is currently underway to gauge public support for this half-cent sales tax.

## **COORDINATION**

Councilmembers Jenkins, Reid, Kaplan, and Bas, in partnership with the City Administrator and the Oakland City Attorney's Office, have brought forth this proposal.

## **ACTION REQUESTED OF THE CITY COUNCIL**

**Councilmembers Jenkins, Reid, Bas and Kaplan recommend that the City Council adopt a resolution**

**ORDINANCE 1) SUBMITTING TO THE VOTERS AT A SPECIAL ELECTION TO BE HELD ON APRIL 15, 2025, A PROPOSED ORDINANCE TO IMPOSE A TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION; 2) REQUESTING CONSOLIDATION OF THE ELECTION WITH ALL SPECIAL MUNICIPAL ELECTIONS TO BE HELD IN THE CITY OF OAKLAND ON APRIL 15, 2025; AND 3) DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE APRIL 15, 2025 SPECIAL MUNICIPAL ELECTION**

For questions regarding this report, please contact Meisha McGlothen Burnette, Policy Coordinator, at [mmcglothen@oaklandca.gov](mailto:mmcglothen@oaklandca.gov).

Respectfully submitted,



Kevin Jenkins  
District 6

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