

INITIATIVE MEASURE TO IMPOSE A TRANSACTIONS AND USE TAX WITHIN THE CITY OF SACRAMENTO TO FUND TRANSPORTATION OPERATIONS AND PROJECTS

This initiative measure proposes to add chapter 3.25 to the Sacramento City Code, to be known as the “City of Sacramento Safe Streets and Affordable Transit Ordinance of 2026” (the “Ordinance”).

The purpose of the Ordinance is to impose a ½-cent tax on each dollar of taxable sales of goods within the City of Sacramento, and on the taxable storage, use, or consumption in the City of goods purchased from a retailer. This is commonly referred to as a “sales” tax and technically referred to as a “transactions and use tax.” The ½-cent tax would be in addition to the existing sales tax, and would be collected at the same time and in the same manner as the existing sales tax.

Receipts from the tax would be placed in a special fund known as the “Safe Streets and Affordable Transit Fund.” After the City is reimbursed for costs imposed by the State to administer the tax, moneys in the fund could only be spent according to the following allocation: (i) 48% for repair and maintenance of streets and related facilities, safety improvements, active transportation improvements, economic development, climate mitigation and adaptation, and innovation projects; (ii) 48% for transit projects and operations that are wholly within the City limits; (iii) 3% for the purpose of making matching funds available or offsetting costs of critical infrastructure needed to support workforce housing within ½ mile of light rail, regional rail, intercity passenger rail stations, and along major transit corridors in the City; and (iv) 1% for administrative expenditures and revenue oversight. The fund may not be spent to supplant existing funding to the City of Sacramento or the Sacramento Regional Transit District.

The Ordinance would also establish a Taxpayer Oversight Committee that would, among other things, conduct an annual fiscal and compliance audit of all fund expenditures to verify compliance with the Ordinance.

Gustavo L. Martinez

Sacramento City Attorney