



Rashi Kesarwani  
Councilmember, District 1

CONSENT CALENDAR

January 27, 2026

TO: Honorable Mayor and Members of the City Council

FROM: Councilmember Rashi Kesarwani (Author), Mayor Adena Ishii (Co-Sponsor)

SUBJECT: Refer to the City Manager to include in the Community Survey a Poll Question about Increasing Sales Tax in the City of Berkeley

**RECOMMENDATION**

Refer to the City Manager to include in the upcoming community survey for the November 2026 election a question about increasing the sales tax in the City of Berkeley from 10.25 percent to the maximum of 10.75 percent to help address the City's projected budget deficit of \$27 million.

**CURRENT SITUATION AND ITS EFFECTS**

Currently, the total sales tax rate in the City is 10.25 percent and consists of a combination of state, county, and special district sales tax rates as follows:

- State of California: 6.00%
- Alameda County: 0.25%
- District/Special: 4.00%
- City of Berkeley: 0%

According to our Finance Director Henry Oyekanmi, if Berkeley were to raise its tax rate from 10.25 percent to 10.75 percent, as many other cities in Alameda County have already done, the City would see additional annual sales tax revenue anywhere from \$9.3 million (on the conservative end) to as much as \$10.3 million—the more likely figure. This additional revenue could be used for general fund purposes, such as retaining staff in our Police and Fire Departments.

Currently, eight cities in Alameda County have a tax rate higher than Berkeley's 10.25 percent, as shown in Exhibit 1 below.

**Exhibit 1: Alameda County Cities with a Higher Sales Tax Rate Than Berkeley**

City	Sales Tax Rate
City of Alameda	10.75%
City of Albany	10.75%
City of Emeryville	10.50%
City of Hayward	10.75%
City of Newark	10.75%
City of Oakland	10.75%
City of San Leandro	10.75%
City of Union City	10.75%

Source: California Department of Tax and Fee Administration<sup>1</sup>

**BACKGROUND**

During the April 24, 2025 Budget and Finance Committee, City staff gave a presentation and reported on a projected General Fund deficit of roughly \$27 million for the upcoming fiscal year.<sup>2</sup> Since that time, the City Council has had several discussions related to the City's fiscal condition. On June 17, 2025 and September 30, 2025, the City Council referred to the City Manager items to assess the potential for a 2026 ballot measure to help fund capital improvements to our Fire Department facilities and improvements to our recreation and community facilities<sup>3</sup> that would address the City's infrastructure needs. During the December 2, 2025 City Council meeting, the Council provided input and direction to staff on project priorities for a

<sup>1</sup> California Department of Tax and Fee Administration: California Sales and Use Tax Rates by City and County, updated as of January 1, 2026: <https://cdtfa.ca.gov/formspubs/cdtfa95.pdf>

<sup>2</sup> April 24, 2025 Budget and Finance Committee, presentation on FY Mid-Biennial Update Preliminary Budget Status: <https://berkeleyca.gov/sites/default/files/legislative-body-meeting-attachments/2025-04-24%20Item%2002%20Presentation%20Preliminary%20FY26%20MB%20Update.pdf>

<sup>3</sup> June 17, 2025 City Council agenda item #28: "Fire Facility Revenue Measures": <https://berkeleyca.gov/sites/default/files/documents/2025-06-17%20Item%2028%20Fire%20Facility%20Revenue%20Measures.pdf>, and September 30, 2025 City Council agenda item #11: "Recreation and Community Facility Improvement Measures": <https://berkeleyca.gov/sites/default/files/documents/2025-09-30%20Item%2011%20Recreation%20and%20Community%20Facility%20Improvement%20Measures.pdf>

potential revenue measure in preparation for a community survey to gauge residents' interest in such a bond measure.<sup>4</sup>

### **RATIONALE FOR RECOMMENDATION**

This referral is requesting questions be added to the upcoming community survey related to raising the City's sales tax as a way of increasing revenue to partially address the City's significant projected budget deficit. Understanding residents' interest in a potential sales tax increase will provide needed direction for City Council.

### **FISCAL IMPACT**

The fiscal impact of the referral is minimal and would include only staff time. The community survey has been approved and the City Manager's office is already in the process of soliciting proposals from qualified firms to execute the survey. This referral is requesting additional questions be added that would gauge residents' interest in raising the City's sales tax. The impact of the additional revenue, were a sales tax increase approved by the voters during the November 2026 election, is considerable, as noted above.

### **ENVIRONMENTAL SUSTAINABILITY**

This referral has no significant impact on environmental sustainability.

### **CONTACT PERSON**

Councilmember Rashi Kesarwani, District 1

(510) 981-7110

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<sup>4</sup> December 2, 2025 Special City Council meeting, agenda item #2: "Discussion Regarding Potential Ballot Measures for the November 3, 2026, General Municipal Election:

<https://berkeleyca.gov/sites/default/files/documents/2025-12-02%20Special%20Item%2002%20Discussion%20Regarding%20Potential%20Ballot.pdf>

