



CITY *of* CALABASAS
CALIFORNIA

Calabasas Fiscal Outlook: Potential Sales Tax Measure

February 5, 2026

Why Timing Matters

Local Control vs. Outside Control

The total local sales tax rate is capped at 10.75%.
Calabasas currently sits at 9.75%

If the City does not act:

- LA County or a regional agency could claim the remaining 1%
- Residents still pay the higher rate
- Funds are controlled and spent outside Calabasas

**The question is not if the rate reaches 10.75%,
but when and who gets the money.**

IF CALABASAS ACTS:

- ✓ Final 1% ≈ \$5.3M/year
 - ✓ Funds stay in Calabasas
 - ✓ Local control & accountability
-

IF CALABASAS DOES NOT ACT:

- ✗ Another agency claims the 1%
- ✗ Residents still pay 10.75%
- ✗ Funds go elsewhere

Why Timing Has Accelerated



- Los Angeles County is actively considering a countywide sales tax on the June 2026 ballot
- State law caps total sales tax at 10.75%
- Calabasas has only one remaining opportunity to establish local control
- If Calabasas does not act first, remaining capacity could be permanently claimed

This Is Not Hypothetical

County Action Has Precedent

- Los Angeles County has previously adopted countywide sales tax measures
- Under prior County measures (e.g., Measure H, Measure A), revenue generated locally was pooled and allocated countywide
- Cities where the tax was collected received only a small fraction of total revenue
- Once adopted, local jurisdictions had no ability to redirect or reclaim funds

Once remaining sales tax capacity is used, it cannot be recovered.

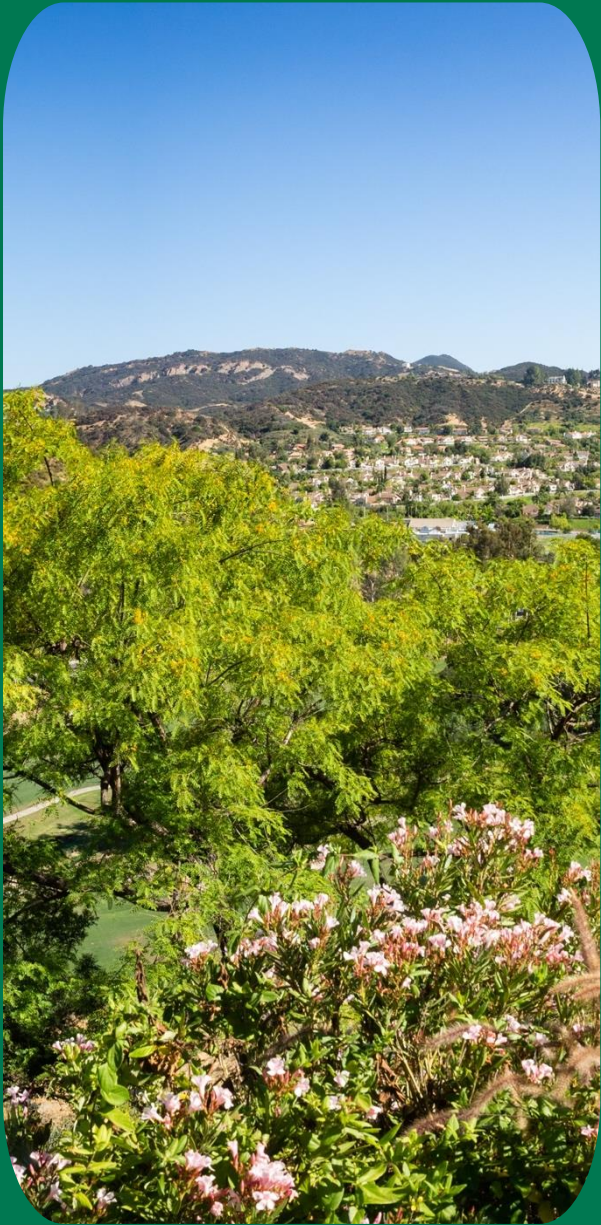


Council Action

Council is not adopting a tax. Council is determining whether voters should be asked to decide.

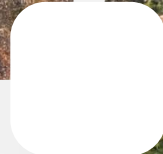
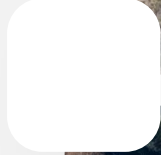
- Declare fiscal conditions necessitating consideration of new revenue
- Adopt a resolution calling for a Special All-Mail Election placing the measure on the ballot
- Introduce a locally controlled 1¢ transactions and use tax ordinance
- Direct staff to proceed with election administration and public information





Fiscal Emergency Determination (Procedural)

- ✓ Required under state law to take immediate action at a special election
- ✓ Allows Council to place the question before voters
- **Based on:**
 - Increasing structural operating deficits
 - Declining reserves over time
 - Unfunded capital obligations
- **Does not:**
 - Mean insolvency
 - Suspend normal governance
 - Affect interest rates on current bonds secured by the City



Current Year Snapshot

FY 2025–26 (Adopted):

Starting deficit: \$2M

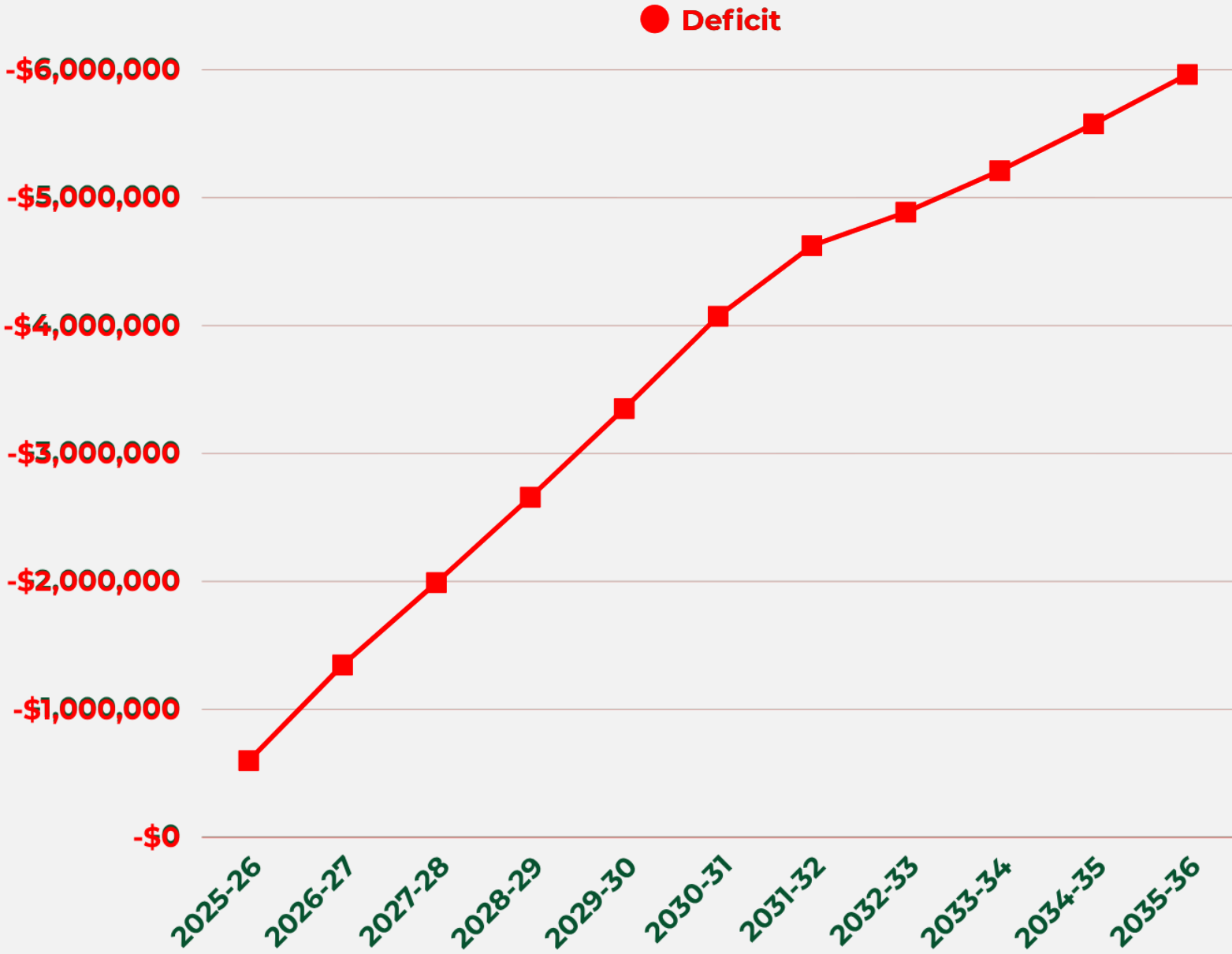
General Fund **Revenues:** \$30.6M

General Fund **Expenditures:** \$31.2M

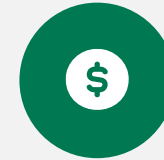
Final structural deficit: \$598,465

General Fund Forecast:

Deficit Increases



Reserves at a Glance



\$19.6M



**64% of
General Fund**



**Deplete in
5–6 years**

Unfunded Capital & Initiatives

Without a dedicated source, projects are delayed and costs escalate.

Identified unfunded CIP:

~~\$27.8M~~
\$23.6M*



*As of January 1, 2026 and the implementation of the new fees at the Calabasas Tennis & Swim Center, the facility will be able to pay for future capital projects.

What's been done so far?

The City Council has undertaken a fiscally responsible approach over the years, including:

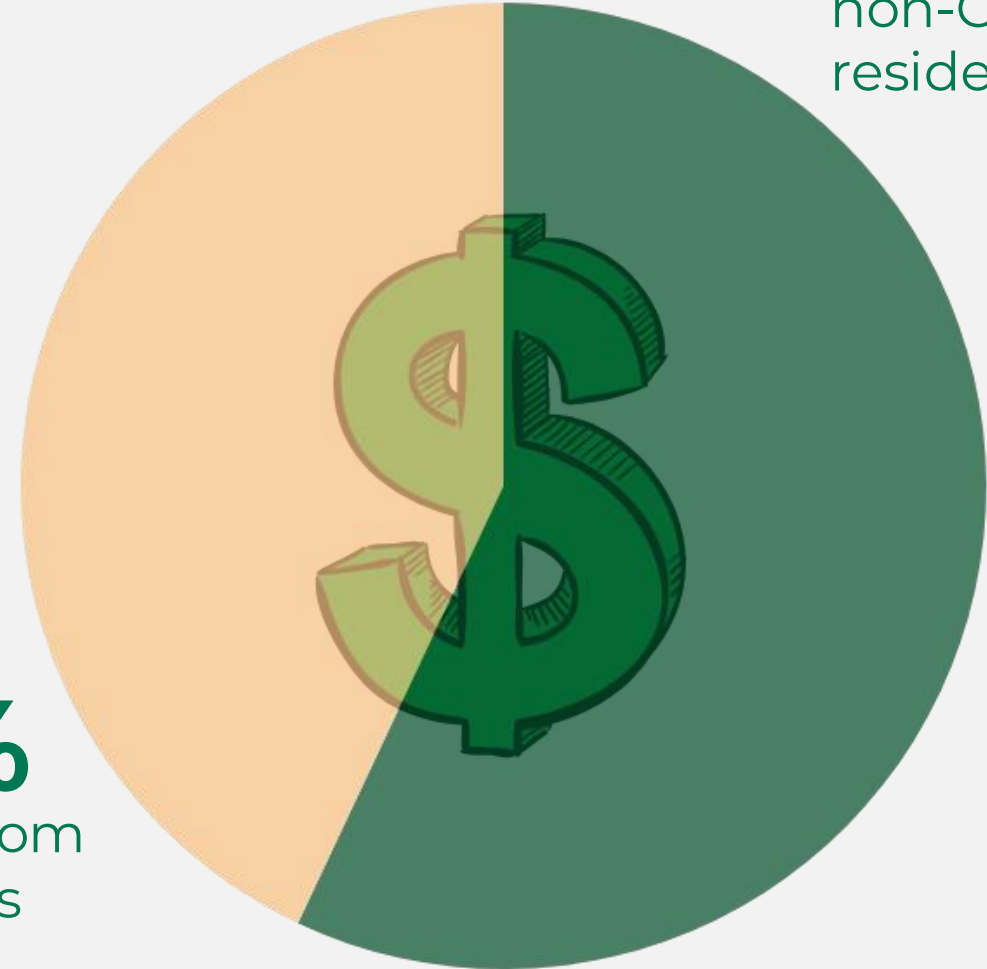
- Reduced the City's workforce
- Deferred repairs and maintenance
- Implemented a hiring freeze
- Eliminated programs and events
- Conducted and implemented fee studies for planning and the Tennis & Swim Center
- Renegotiated and/or eliminated contracts
- Used one-time funds and reserves to bridge operating gaps
- Explored all other potential revenue options



Who Pays?

Approximately 57% of Calabasas sales-tax revenue comes from non-residents/visitors

43%
Comes from Calabasas residents



57%
Comes from non-Calabasas residents/visitors

Revenue From a Local Sales Tax Measure Would Stay in Calabasas

A voter-approved 1¢ transaction & use tax would generate **approx. \$5.3M/year in local revenue**



Maintain 911 and Sheriff Response



Keep Public Areas and Parks Safe and Clean



Prepare for and Respond to Wildfires



Reduce Fire Risk by Managing Brush, Other Fuels, and Natural Areas



Help Prevent Property Crimes and Home Break-Ins



Repair Streets and Potholes

Calabasas Public Safety/City Services Measure

To maintain Calabasas' financial stability and general City services such as preparing for/responding to wildfires; reduce fire risk by managing brush/other fuels/natural areas; maintain 911/Sheriff response; help prevent property crimes/thefts/burglaries; keep public areas/ safe/clean; repairing streets; shall a measure establishing a 1¢ sales tax providing approximately \$5,300,000 annually until ended by voters; requiring audits, spending disclosure, all funds locally controlled, be adopted?

YES

NO

What Voters Will Be Asked to Decide

- Whether to adopt a locally controlled 1¢ transactions and use tax
- Estimated to generate approximately \$5.3M annually
- Funds remain under local control
- Includes audit, public reporting, and oversight requirements
- Remains in effect until ended by voters




Next Steps

- **February 5:** Council considers calling for a Special All-Mail Ballot Election
- **February–May:** City provides voter information
- **May 5:** Special All-Mail Ballot Election
- **Post-Election:**
 - **If approved:** implementation, oversight, and reporting
 - **If not approved:** Council considers additional budget actions

Share Your Input & Stay Engaged

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