

# SALES TAX BALLOT MEASURE CONSIDERATION

JULY 16, 2024



# SALES TAX FEASIBILITY SURVEY

CONDUCTED FOR THE  
CITY OF MANHATTAN BEACH

PRESENTED BY  
TIMOTHY McLARNEY PH.D.

7/10/2024





# PURPOSE OF STUDY

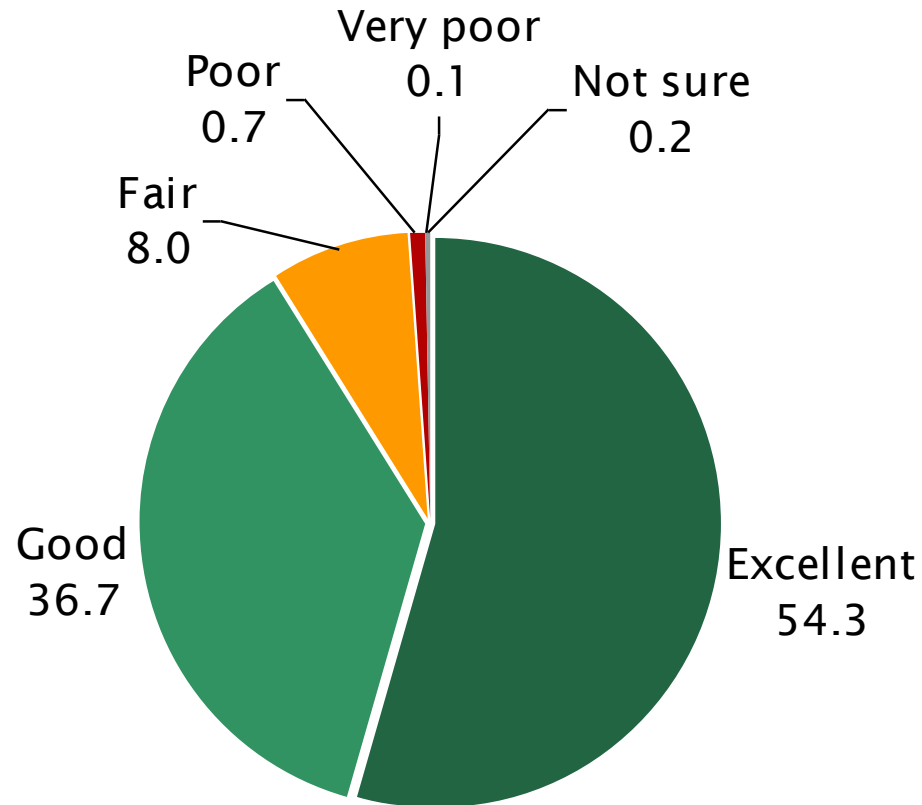
- Determine if a general sales tax measure is feasible
- Identify how to create a measure consistent with community priorities
- Gather information needed for communications & outreach



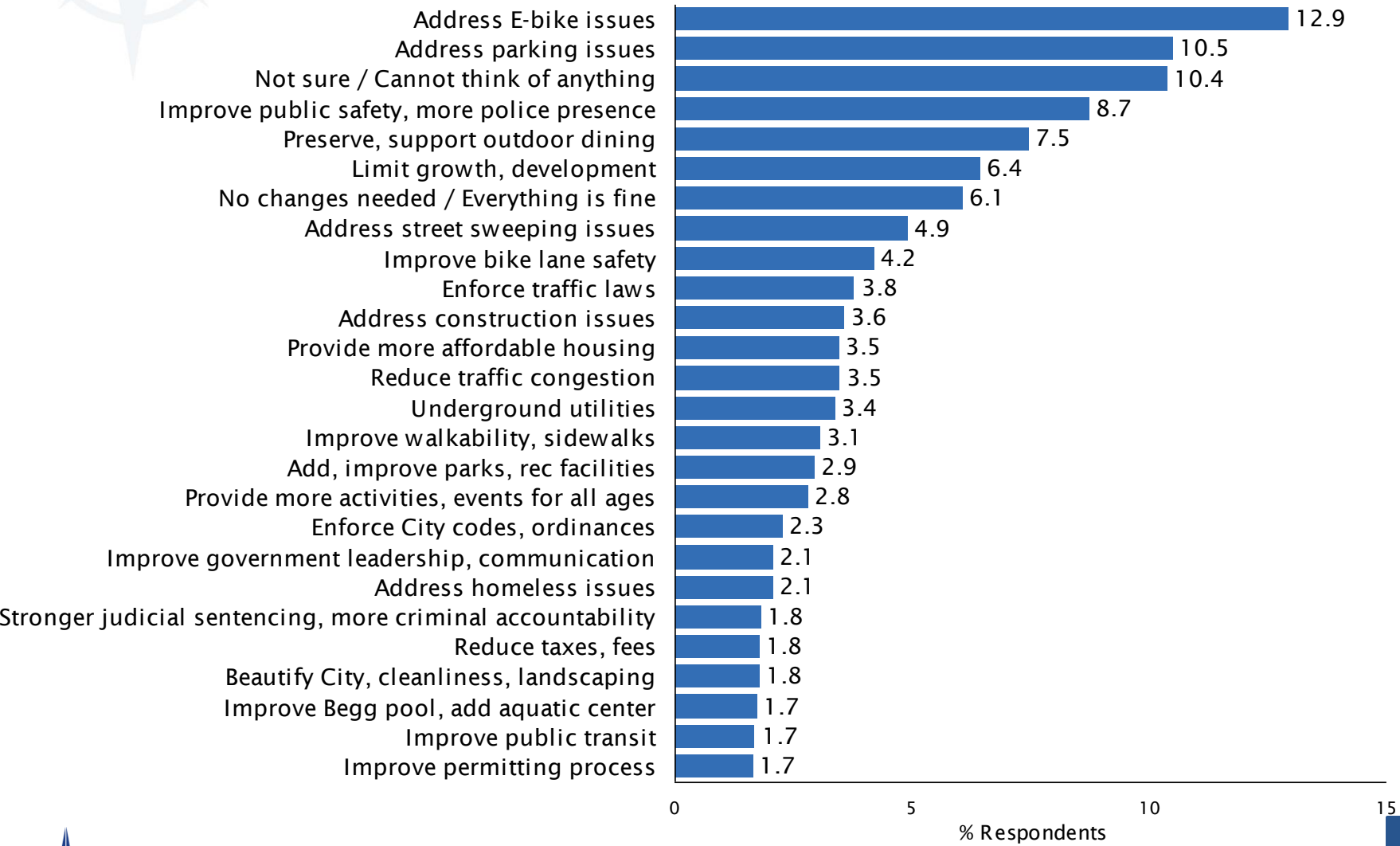
# METHODOLOGY OF STUDY

- **How did we select voters to survey?**
  - Stratified & Clustered Random Sample of likely voters (Nov 2024) using age, gender, partisanship, household party type, and sub-geographies
  - Ensures balanced, representative sample of likely voters
- **How did we recruit participation?**
  - Personalized email, text, and telephone calls
  - PINs to restrict access and ensure one complete per respondent
- **How were voters able to share their opinions?**
  - Secure, PIN-protected website that scales to the device
  - Telephone (land line or mobile)
- **What was the sample size?**
  - 409 completed interviews
  - Overall margin of error of  $\pm 4.8\%$  @ 95% level of confidence

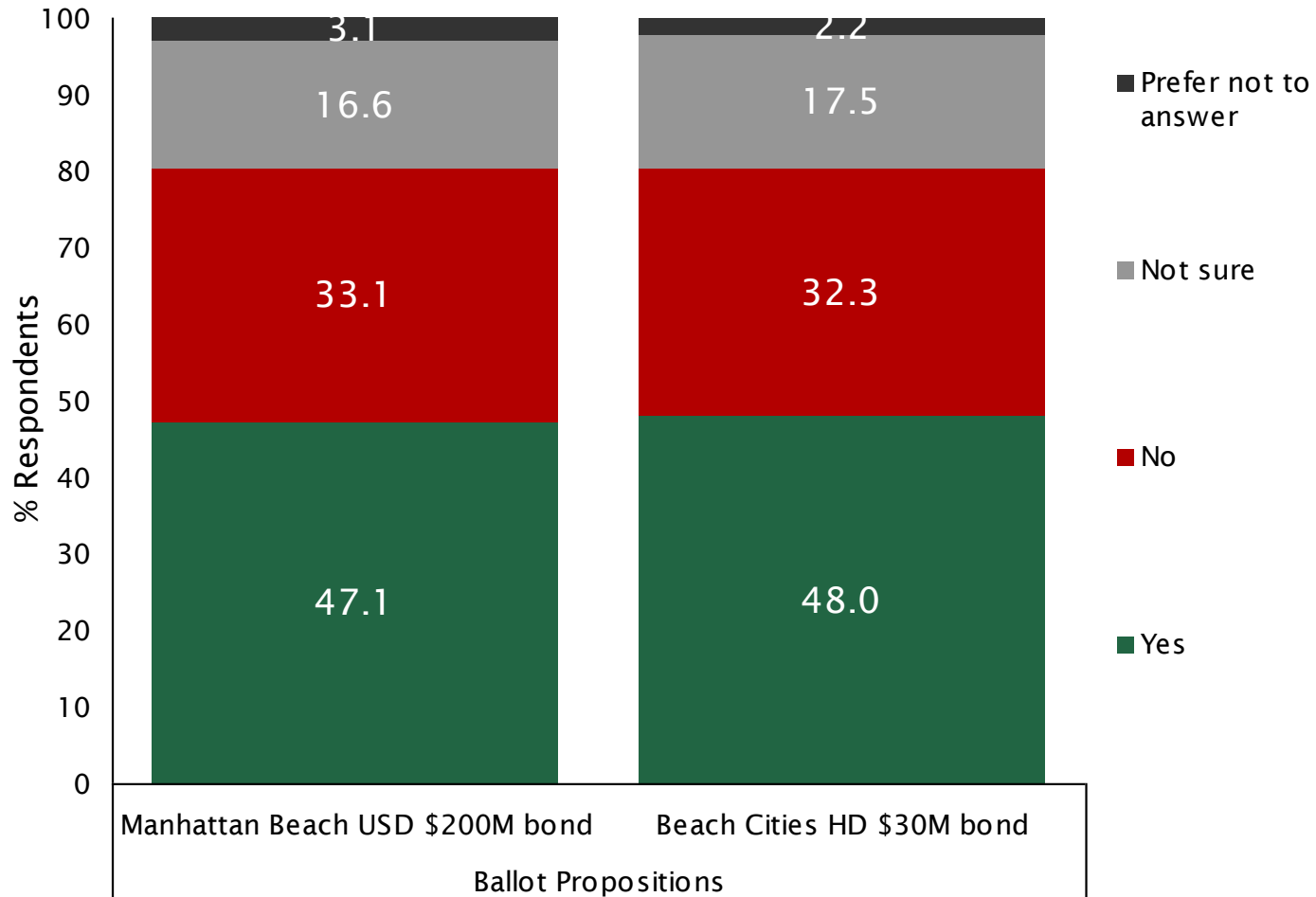
# QUALITY OF LIFE



# CHANGES TO IMPROVE CITY



# CROWDED BALLOT SIMULATION





# INITIAL BALLOT TEST

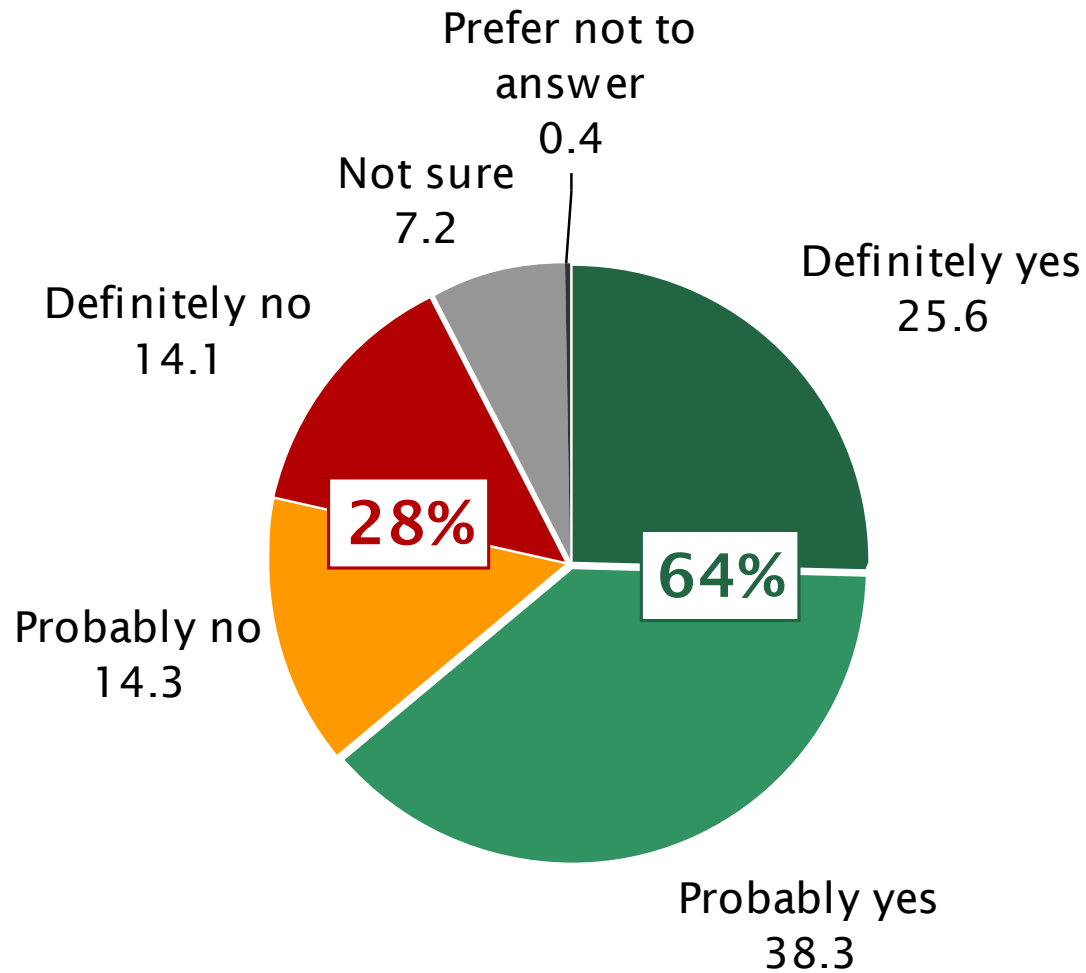
To provide funding for general city services in Manhattan Beach, such as:

- Keeping local streets, sidewalks, infrastructure, and parks safe, clean, and well-maintained
- Repairing/upgrading aging community facilities
- Fixing potholes
- And improving parking availability and traffic safety

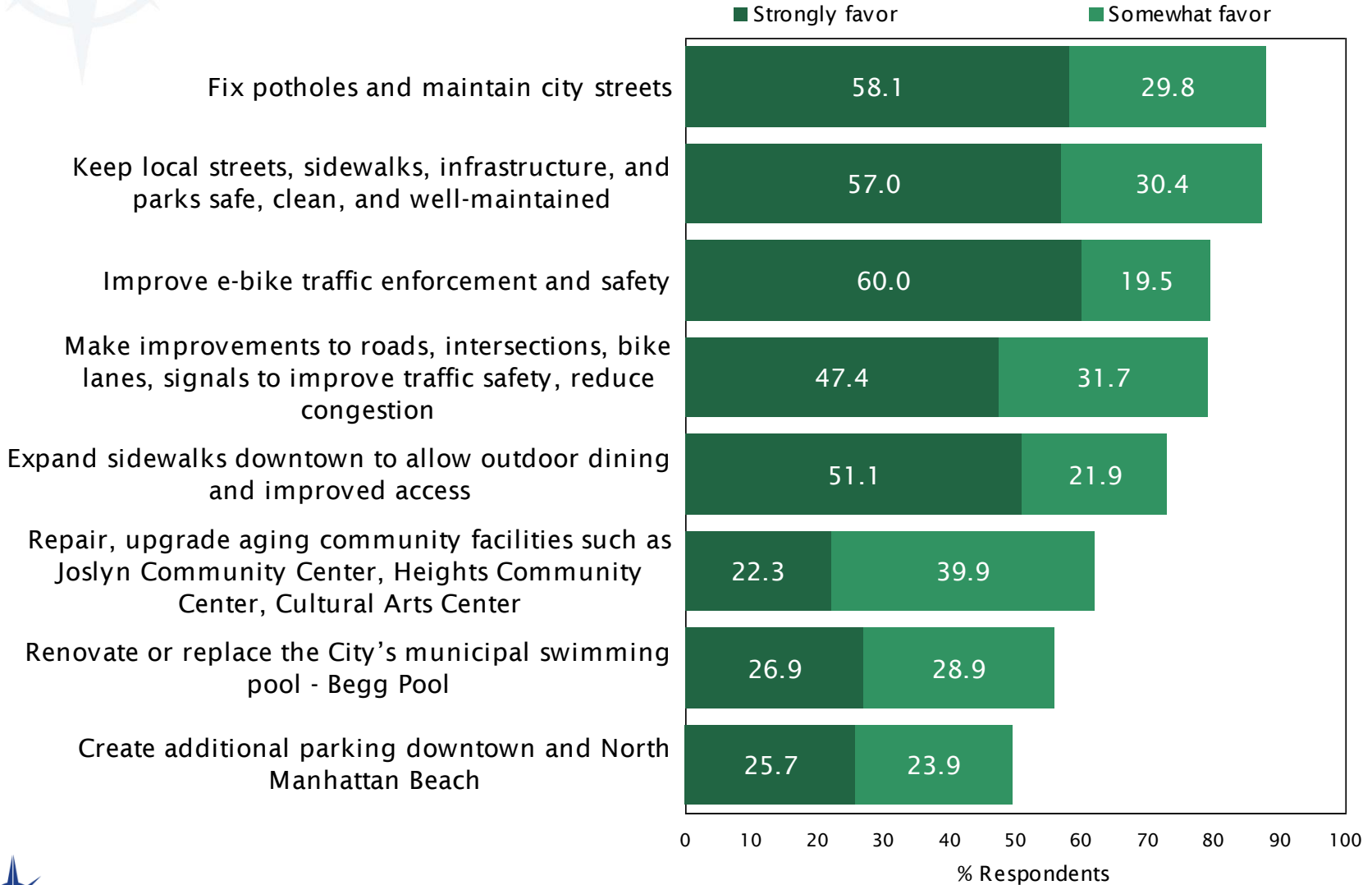
Shall City of Manhattan Beach's ordinance establishing a one-half cent sales tax be adopted, providing 5 million dollars annually until ended by voters for general government use that can't be taken away by the State, with citizen oversight, independent audits, and all money locally controlled? If the election were held today, would you vote yes or no on this measure?



# INITIAL BALLOT TEST



# PROJECTS & SERVICES



# POSITIVE ARGUMENTS

City maintains 100 mi of streets, 9 community facilities, and 122 acres of parks, playfields; measure provides funding we need to keep streets, parks, community facilities in good condition

Due to their age, some of MB's community facilities have structural problems, earthquake safety issues, asbestos, outdated electrical, plumbing, roof leaks; measure will fix these problems

Every dime raised by measure will be reinvested back into the community to fund essential services, facilities here in MB; by law, money can't be taken away by State or County

Currently, nearly all sales tax generated locally goes to State of CA or LA County; measure will ensure that a higher percentage of sales tax dollars stay here in MB

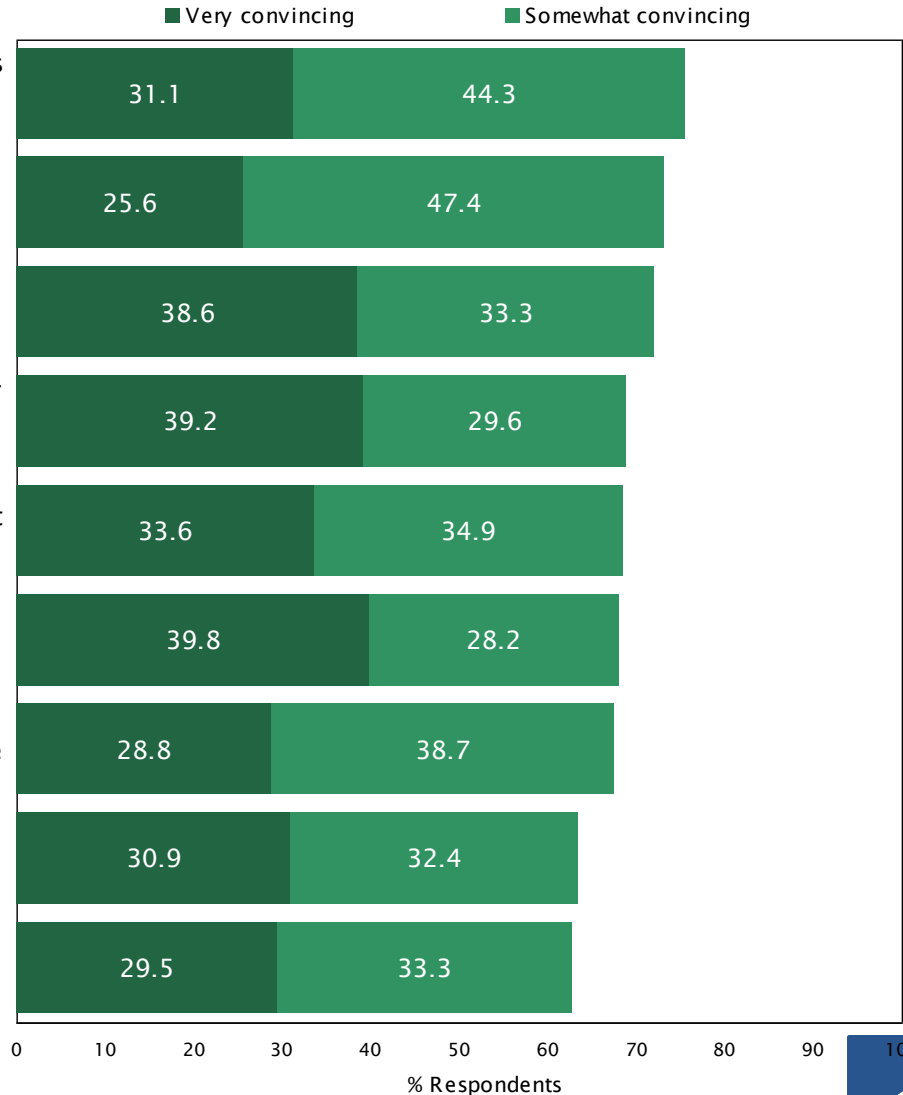
By keeping city safe, clean, well-maintained, measure will help protect quality of life, keep MB a special place to live

Sizeable percentage of money will come from people who visit, pass through MB, but don't live here; measure will make sure visitors pay fair share for facilities, services they use while in city

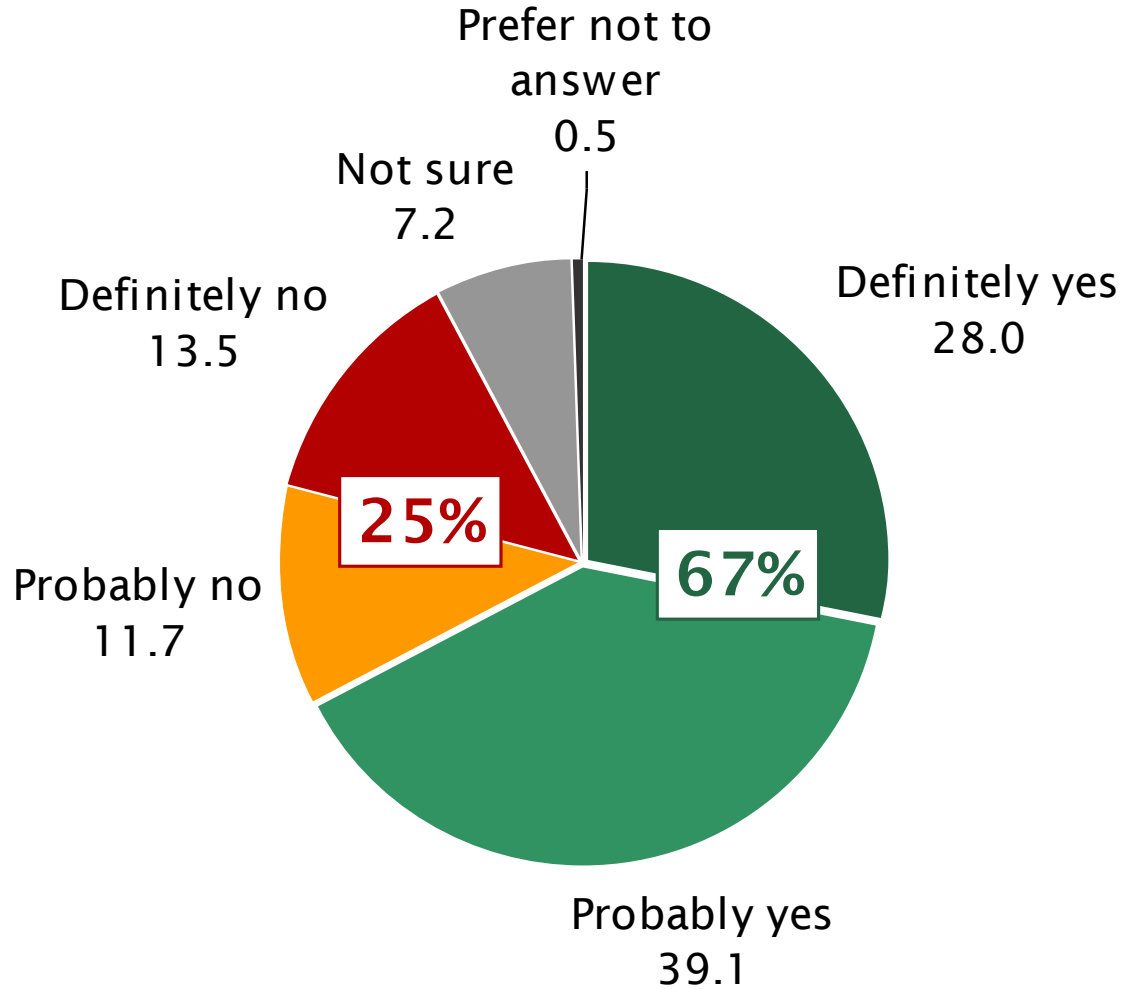
Measure includes a clear system of accountability incl citizen oversight, independent audits, public disclosure of how all funds are spent

Measure costs just 50 cents for every \$100 purchased, groceries, medicine, many other essential items are excluded from the tax

MB has over \$200M in needed repairs to streets, sidewalks, community facilities; the longer we wait to fix these problems, the more expensive it will be



# INTERIM BALLOT TEST



# NEGATIVE ARGUMENTS

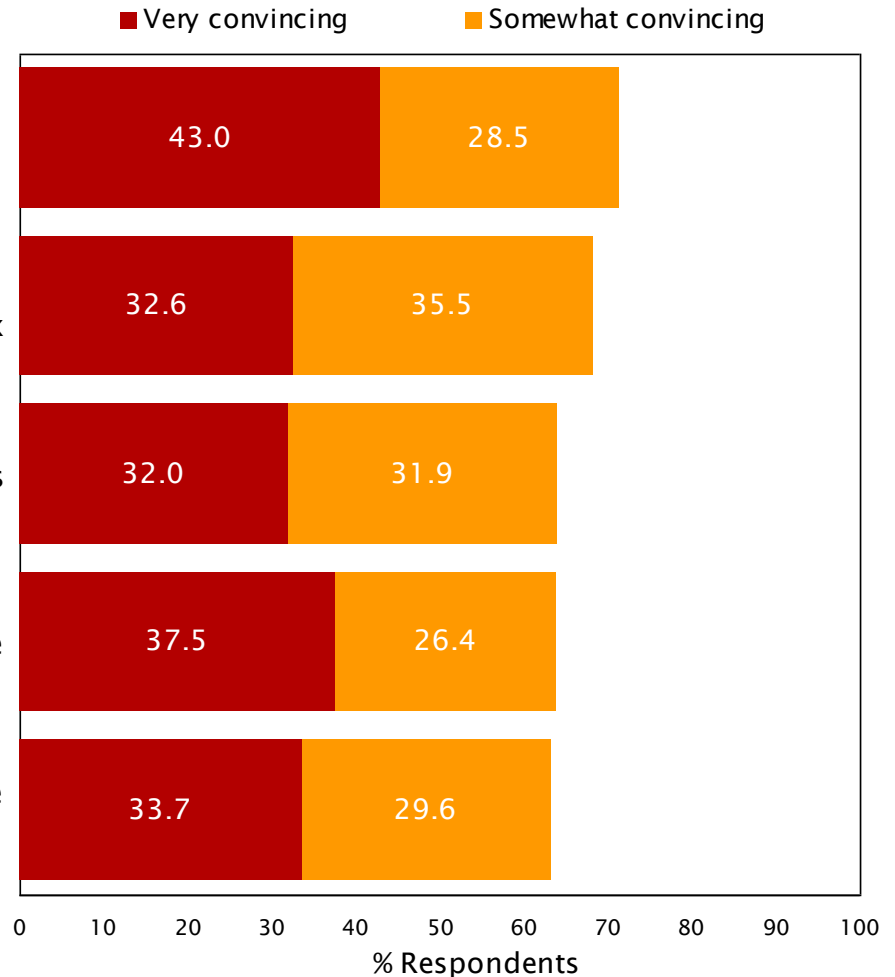
Residents already paying too many taxes, state and county taxes, school bonds, other taxes; a lot of new taxes on Nov ballot; enough is enough; we can't afford to keep raising taxes

There are no guarantees on how funds will be spent, which means City can divert money to pet projects without any say from voters; we can't trust City with tax dollars

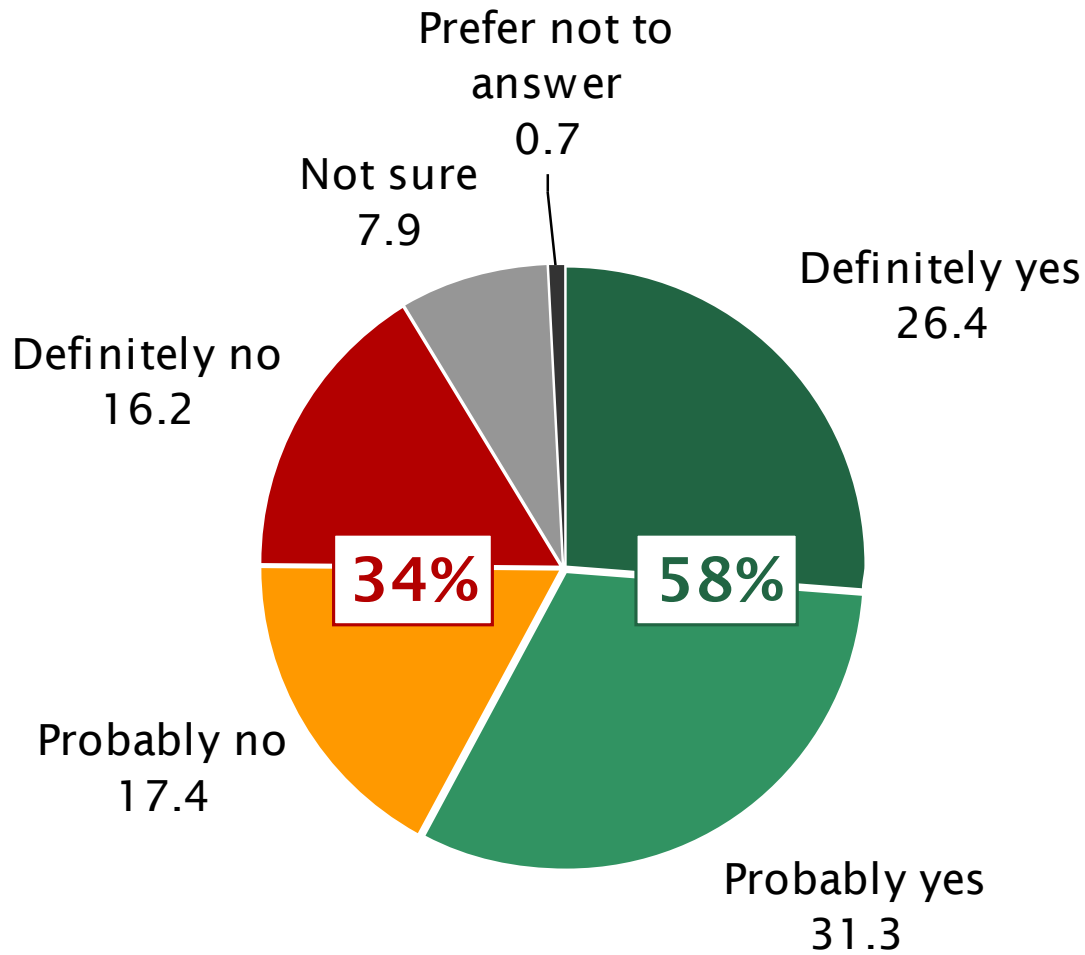
MB is an expensive place to live, especially for young families, seniors, those on fixed incomes; passing this tax will make it even less affordable

This tax will last forever, it will never expire

Local residents, businesses have been hit hard by inflation, high interest rates, high gas prices; many are struggling to stay afloat; now is not the time to raise taxes



# FINAL BALLOT TEST





# KEY CONCLUSIONS

- Does a local sales tax measure appear to be feasible for November 2024? *Yes.*

## Positive Signs

- Voters have a high opinion of the quality of life in Manhattan Beach and value the services they receive from the City, but also see room for improvements
- Solid natural support for measure to fund city services (64%)
- Popular projects and services
- Positive arguments resonate
- All ballot tests are above the simple majority (50%+1) required for passage of general tax, even after opposition arguments

## Challenges

- Receptiveness to potential opposition arguments (-9%)
- AB1416
- Electoral climate: Hyper-partisanship, statewide initiatives & overlapping local measures



# OBSERVATIONS & RECOMMENDATIONS

- **Snapshot in time, not a crystal ball**
- **Funding Priorities:** Fixing potholes; keeping streets, sidewalks, infrastructure, and parks safe, clean, well-maintained; improving e-bike enforcement/safety; improving traffic safety/reducing congestion; expanding sidewalks to allow outdoor dining/improved access.
- **City Communications:** Expand the conversation with the community to build awareness of ongoing needs and consensus on a proposal.
- **Independent Campaign:** Need to have solid independent campaign to navigate through the election cycle, communicate key messages, turn out supporters, and weather uncertainties.



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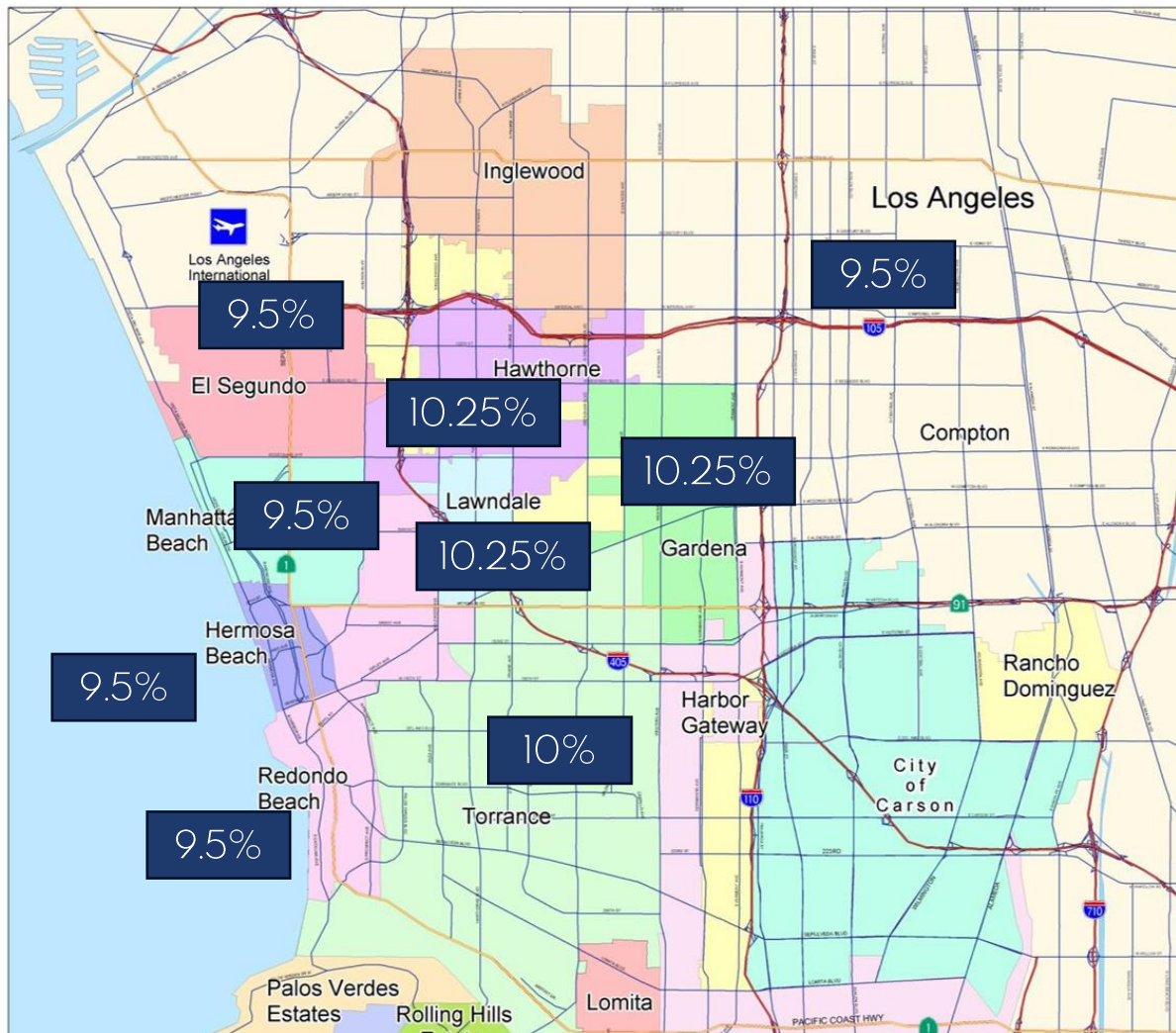


# SALES TAX IN MANHATTAN BEACH

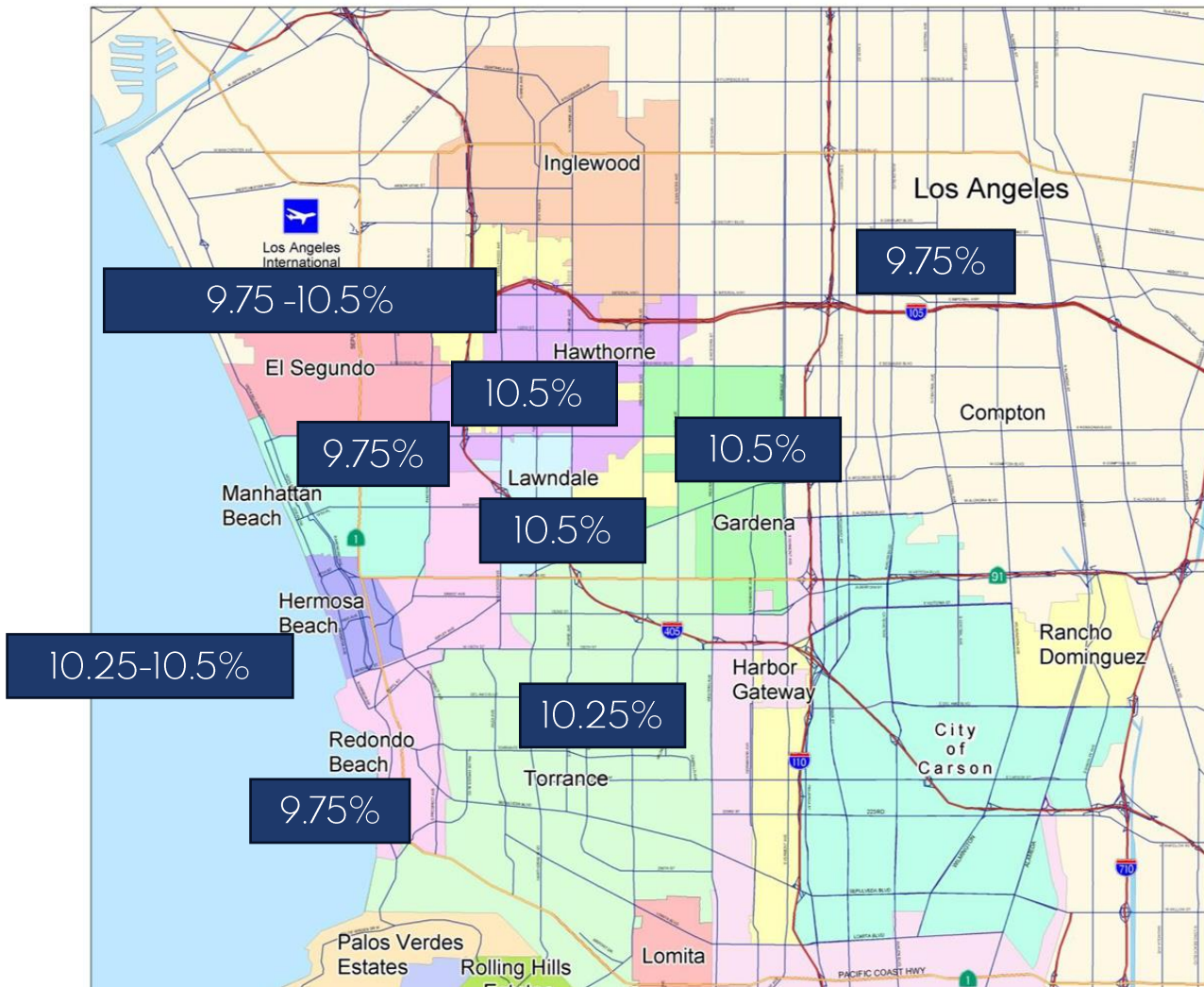
- Second-largest revenue source in the General Fund and accounts for approximately 12% (\$11.4 million) of the FY 2024-2025 operating budget.
- Based on an analysis provided by the City's sales tax consultant, HdL Companies, 61.3% of the City's 2023 actual sales tax is generated by non-residents.
- In a similar analysis for 67 other cities, only four cities (Malibu, Pacific Grove, Monterey & El Monte) have a larger non-resident percentage of revenue than Manhattan Beach's 61.3%.



# CURRENT REGIONAL SALES TAX



# REGIONAL SALES TAX WITH MEASURE H 2.0



# SALES TAX

State law caps sales tax for cities at 10.25% (with exception to Measure H 2.0) leaving a capacity of 0.75% for the City.

Percent Increase	Estimated TUT Revenue
0.25%	\$2.58 Million
0.50%	\$5.23 Million
0.75%	\$7.87 Million





# SALES TAX MEASURES IN CALIFORNIA

<u>YEAR</u>	<u>PASS</u>	<u>FAIL</u>	<u>TOTAL</u>	<u>PASSING RATE</u>
2024	14	3	17	82%
2023	1	0	1	100%
2022	36	15	51	70.6%
2020	81	23	104	77.9%
<b>TOTAL</b>	<b>132</b>	<b>41</b>	<b>173</b>	<b>76.3% (AVERAGE)</b>



# STAFF RECOMMENDATION

Staff recommends that the City Council:

1. Direct staff to return at the August 6, 2024, meeting with the required resolutions to place a ballot measure establishing a one-half cent sales tax at the November 5, 2024, General Municipal Election;
2. Establish a Subcommittee and assign members to assist with developing a community-led public outreach campaign.



# QUESTIONS

Questions?

