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Rising Rates

How Local Measures Have Reshaped Sales Taxes in Southern California

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Executive Summary

This report examines local sales taxes in Los Angeles, Orange, Riverside, and San Bernardino counties to determine how the taxes work, how rates have changed since 2016, and which jurisdictions have ballot measures asking voters for increases in 2026. Rates in the region have risen steadily, but unevenly. As of October 2026, the average rate across the region's 178 cities and unincorporated areas was 9.55%, up from 8.57% in 2016. Nearly all that growth has occurred in Los Angeles County, where numerous countywide increases, city-level hikes, and state exemptions from the 2% cap on local taxes have pushed every jurisdiction to at least 10.25%, and two cities as high as 11.75%. In the other three counties, the sales tax in most cities remains in the 7.75-8.75% range. The region's increases are not slowing down, as voters approved 12 local sales tax measures between March and June 2026, and at least 16 more will appear on the November 3, 2026 ballot.

Background

Purpose of Sales Tax

California levies a sales tax on retail sales of tangible goods, such as clothing, furniture, and cars. A companion use tax, charged at the same rate, applies when a buyer purchases a taxable item from a seller that does not collect California sales tax, such as out-of-state online retailers. Many services, digital goods, housing, groceries, and prescription medication are not taxed.¹ The sales tax funds state programs such as education and healthcare, as well as local services such as police, jails, fire, parks, and transportation. Sales and use taxes currently account for approximately 16% of state revenue in California, the second largest source after the income tax. Local governments, including cities, counties, and special districts, rely more heavily on the sales tax to fund their budgets. Sales tax revenues vary widely at the local level, based on a number of factors including whether a jurisdiction has a high volume of retail sales and what local sales tax rate it charges. On average, sales and use taxes account for approximately 30% of local government general purpose revenues.² Sales tax revenues haven't kept pace with population growth or inflation because the sales tax generally applies to tangible goods, not services, and California has increasingly shifted to a service-based economy.

California adopted its first statewide sales tax in 1933, at a rate of 2.5%, all of which went to the state. By the 1940s and 50s, many cities and counties enacted their own sales tax ordinances with varying requirements.³ In 1955, the Bradley-Burns Uniform Local Sales and Use Tax Act replaced these local taxes with a uniform 1% local rate, collected by the state and distributed to cities and counties. In 1969, the Transactions and Use Tax Law allowed cities, counties, and special districts to ask voters to approve additional "district" taxes on top of the statewide rate. In the 1990s and 2010s, the state added earmarked rates or redirected existing ones to fund county

1 Seth Kerstein, *Understanding California's Sales Tax* (Sacramento: Legislative Analyst's Office, 2015), <https://lao.ca.gov/reports/2015/finance/sales-tax/understanding-sales-tax-050615.aspx>.

2 Kerstein, *Understanding California's Sales Tax*; Michael Coleman, A Primer on California City Revenues, Part Two: Major City Revenues, Western City, December 1, 2016. <https://www.westerncity.com/article/primer-california-city-revenues-part-two-major-city-revenues>.

3 Seth Kerstein, "California's Sales Tax Rate Has Grown Over Time," EconTax Blog, Legislative Analyst's Office, May 5, 2015, <https://lao.ca.gov/LAOEconTax/Article/Detail/97>.

Table 1. Components of the 7.25% statewide base rate

Rate	Recipient	Use
3.9375%	State General Fund	Any state purpose, including K-12 and higher education, health care, and corrections
1.0625%	Counties (2011 realignment)	Criminal justice, mental health, and social services transferred from the state in 2011
0.50%	Counties (1991 realignment)	Health and social services programs
0.50%	Counties and cities (Proposition 172)	Local public safety
1.0%	City where the sale occurs (county, if unincorporated)	General purposes (Bradley-Burns local rate)
0.25%	County transportation fund	Local transportation (Bradley-Burns)

Source: CDTFA, “Detailed Description of the Sales & Use Tax Rate”

health, social services, and public safety programs.⁴ The statewide base rate has nearly tripled since 1933, reaching 7.25% today — the highest in the nation.⁵

Currently, the statewide base rate is divided among six components (Table 1).⁶ About 3.94 percentage points go to the state General Fund, and the remaining 3.31 points go to counties and cities, though state law earmarks most of the county share for specific programs. Every point above 7.25% is a voter-approved district tax, and the local government or transportation agency that levied it keeps all the revenue.

The share of tax revenue that remains local depends on where a purchase is made. In a city at the lowest rate in the region, 7.75%, about half of each sales tax dollar goes to the state General Fund. In the City of Los Angeles, with a rate of 10.25%, the state General Fund receives just 38% of each sales tax dollar.

State law generally limits the combined rate of all district taxes in an area to 2%, so the normal combined state and local sales tax ceiling is 9.25%.⁷ However, the legislature routinely grants exemptions. Los Angeles County has received several exemptions, such as SB 767 (2015) for Measure M transportation tax, AB 1679 (2023) for the Measure A homelessness tax, and AB 1768 (2026) for the Measure

ER health care tax, each of which authorized a 0.5% local sales tax increase that would have exceeded the 2% cap.⁸

Data and Methods

Analytical Approach

This report draws on two main sources. Sales tax rates come from the California Department of Tax and Fee Administration’s (CDTFA) published rate tables for every city and unincorporated county area in California.⁹ Information on ballot measures comes from published ballot information from each jurisdiction’s election administrators, along with a CDTFA dataset of rate changes.¹⁰ The dataset covers all 174 cities and the four unincorporated county areas in Los Angeles, Orange, Riverside, and San Bernardino counties, using tax rates for the fourth quarter of 2016, the fourth quarter of 2021, and the new rates effective October 1, 2026. For each jurisdiction, the “local” portion of the rate is the combined rate minus the statewide base rate. County averages are simple averages of jurisdictions, and are not weighted by population.

One recent change affects comparisons over time. Proposition 30 (2012) added a temporary 0.25% state rate from 2013 through 2016, which raised the statewide base rate to 7.5%. When that rate expired

4 Kerstein, *Understanding California’s Sales Tax*.

5 Abir Mandal, State and Local Sales Tax Rates, 2026, Tax Foundation, January 30, 2026. <https://taxfoundation.org/data/all/state/sales-tax-rates/>.

6 California Department of Tax and Fee Administration (CDTFA), “Detailed Description of the Sales & Use Tax Rate,” accessed September 19, 2026, <https://cdtfa.ca.gov/taxes-and-fees/sut-rates-description.htm>.

7 Cal. Rev. & Tax. Code § 7251.1.

8 California Legislature, Sen. Bill No. 767 (2015-2016 Reg. Sess.) (Cal. 2015), https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB767; California Legislature, Assembly Bill No. 1679 (2023-2024 Reg. Sess.) (Cal. 2023), https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB1679; California Legislature, Assembly Bill No. 1768 (2025-2026 Reg. Sess.) (Cal. 2026), https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202520260AB1768.

9 CDTFA, “Historical Tax Rates in California Cities & Counties,” accessed September 19, 2026, <https://cdtfa.ca.gov/taxes-and-fees/archive-rates.htm>; CDTFA, “California City & County Sales & Use Tax Rate Information,” accessed October 1, 2026, <https://cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm>.

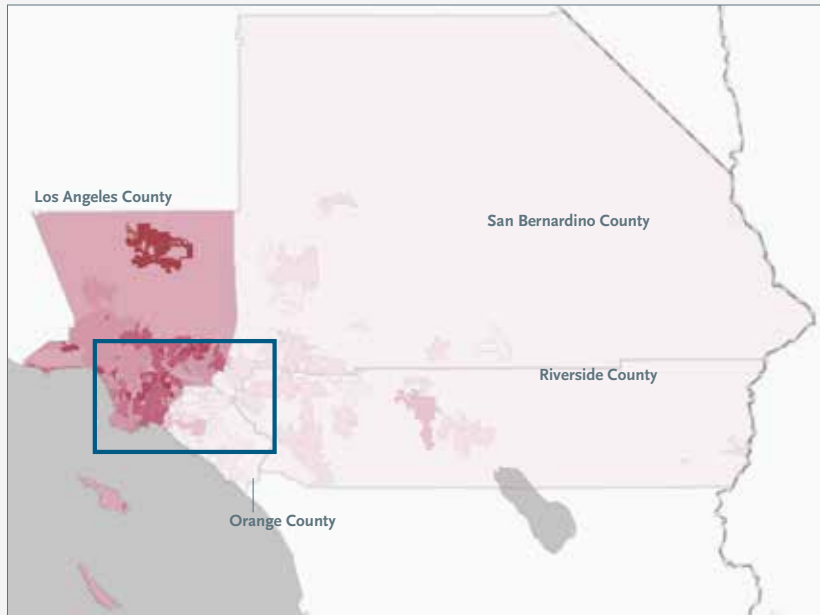
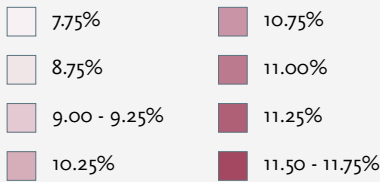
10 CDTFA, “Explanation of Tax Rate Changes,” accessed October 1, 2026, <https://cdtfa.ca.gov/taxes-and-fees/explanationoftaxratechanges.htm>.

Figure 1. Combined Sales Tax Rates, October 1, 2026

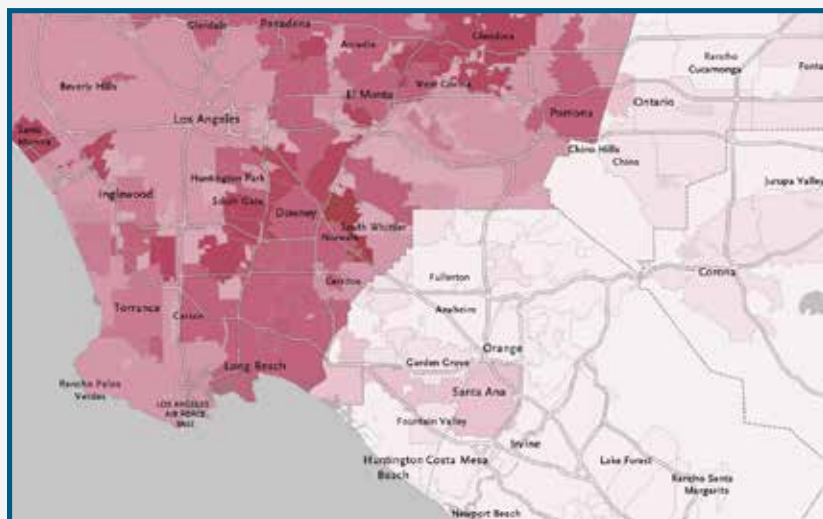
Map of the 174 cities and 4 unincorporated areas in Los Angeles, Orange, Riverside, and San Bernardino Counties

Combined Sales Tax Rates

Unincorporated county areas use the same colors.



Detailed view of the Los Angeles Basin and Orange County



on January 1, 2017, the base fell to its current 7.25%.¹¹ As a result, comparing a city's 2016 rate with its 2026 rate understates the growth in local taxes by 0.25 percentage points. This report adjusts for that difference where noted.

Findings

Figure 1 shows that the region divides sharply at the Los Angeles County line. Every jurisdiction in Los Angeles County charges at least a 10.25% sales tax rate, while none in the other three counties charges more than 9.25%. This gap has widened over the past decade. The average rate among Los Angeles County jurisdictions rose from 9.09% in 2016 to 10.83% in October 2026, while local taxes in the other three counties rose by less than a percentage point over the same period (Table 2).

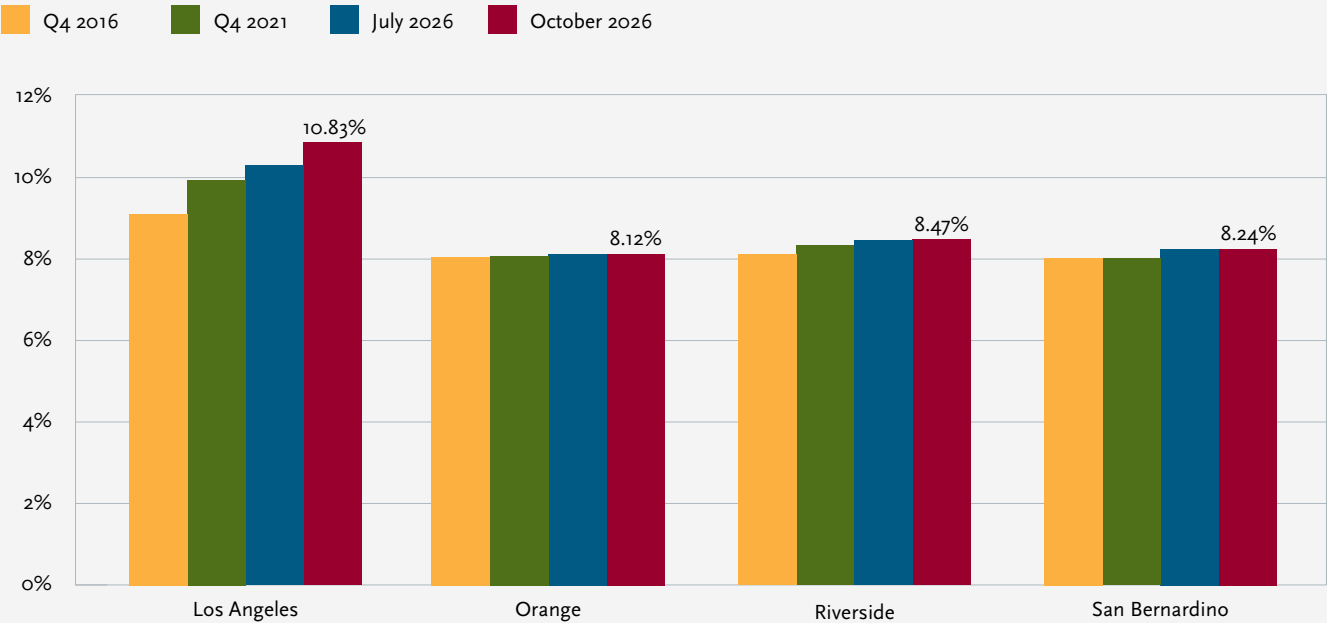
Highest and Lowest Rates

Every one of the 56 jurisdictions at 11% or higher is in Los Angeles County. The highest rates are in Lancaster and Palmdale (11.75%), followed by Santa Fe Springs (11.5%) and 16 more cities at 11.25%. Outside Los Angeles County, the highest rates are 9.25% in Los Alamitos, Santa Ana, Seal Beach, Westminster, Palm Springs, and Cathedral City. At the other end of the spectrum, 46 jurisdictions sit at 7.75%, the lowest rate in the region: 24 in Orange County, 13 in San Bernardino County, and 9 in Riverside County. The largest increases since 2016 are concentrated in Los Angeles County, where many cities have layered their own taxes on top of several countywide increases (Table 3). About 1.5 percentage points of each Los Angeles County city's increase came from countywide measures, including Measure M (2016), Measure A (2024), and Measure ER (2026).¹²

¹¹ Seth Kerstein, "Sales Tax Rates: Prop. 30 and Comparisons to Other States," EconTax Blog, Legislative Analyst's Office, December 15, 2016, <https://www.lao.ca.gov/LAOEconTax/article/Detail/227>.

¹² Ballotpedia, "Los Angeles County, California, Sales Tax, Measure M (November 2016)," accessed September 20, 2026, [https://ballotpedia.org/Los_Angeles_County_California_Sales_Tax_Measure_M_\(November_2016\)](https://ballotpedia.org/Los_Angeles_County_California_Sales_Tax_Measure_M_(November_2016)); Ballotpedia, "Los Angeles County, California, Measure A, Sales Tax Measure (November 2024)," accessed September 20, 2026, [https://ballotpedia.org/Los_Angeles_County_California_Measure_A_Sales_Tax_Measure_\(November_2024\)](https://ballotpedia.org/Los_Angeles_County_California_Measure_A_Sales_Tax_Measure_(November_2024)); Ballotpedia, "Los Angeles County, California, Measure ER, Sales Tax Increase for Health Services Measure (June 2026)," accessed September 20, 2026, [https://ballotpedia.org/Los_Angeles_County_California_Measure_ER_Sales_Tax_Increase_for_Health_Services_Measure_\(June_2026\)](https://ballotpedia.org/Los_Angeles_County_California_Measure_ER_Sales_Tax_Increase_for_Health_Services_Measure_(June_2026)).

Figure 2. Average Combined Sales Tax Rate by County, 2016-2026



Source: CDTFA rate tables, averages unweighted by population

Table 2: Sales Tax Rates by County, October 1, 2026

County	Lowest	Highest	Average	Change in local taxes since 2016 (percentage points)
Los Angeles	10.25%	11.75%	10.83%	+1.99
Orange	7.75%	9.25%	8.12%	+0.33
Riverside	7.75%	9.25%	8.47%	+0.62
San Bernardino	7.75%	9.0%	8.24%	+0.47
All Four Counties	7.75%	11.75%	9.55%	+1.23

Source: CDTFA rate tables. Change in local taxes adjusted for the Proposition 30 state rate change that expired in 2017.

Table 3: Largest Increases in Local Sales Taxes, 2016-2026

City	County	2016 Rate	October 2026 Rate	Change in local taxes since 2016 (percentage points)
Lancaster	Los Angeles	9.0%	11.75%	+3.0
Palmdale	Los Angeles	9.0%	11.75%	+3.0
Santa Fe Springs	Los Angeles	9.0%	11.50%	+2.75
Azusa, Bell Gardens, Calabasas, Covina, Gardena, Glendora, Irwindale, Lynwood, and San Marino	Los Angeles	9.0%	11.25%	+2.50
Los Alamitos, Santa Ana, Seal Beach, and Westminster	Orange	8.0%	9.25%	+1.50

Source: CDTFA rate tables. Change in local taxes adjusted for the Proposition 30 state rate change that expired in 2017.

IV. The 2026 Ballot and Cities Considering Sales Tax Increases

Table 4: Local Sales Tax Measures Enacted in 2026

Jurisdiction	County	Measure	Election Date	Proposal	Rate If Approved	Yes %	Result
Commerce	Los Angeles	PC	June 2026	+0.25%	11.25%	73.0%	Passed
Gardena	Los Angeles	GG	June 2026	+0.25%	11.25%	64.9%	Passed
San Marino	Los Angeles	S	June 2026	+1.0%	11.25%	64.8%	Passed
Calabasas	Los Angeles	K	May 2026	+1.0%	11.25%	63.29%	Passed
Lomita	Los Angeles	LW	June 2026	+0.25%	11.00%	61.8%	Passed
La Puente	Los Angeles	LP	June 2026	+0.5%	10.75%	61.3%	Passed
Bell	Los Angeles	BB	June 2026	+1.0%	10.75%	61.0%	Passed
Perris	Riverside	B	June 2026	+1.0%	8.75%	60.6%	Passed
Bell Gardens	Los Angeles	BG	June 2026	+0.25%	11.25%	56.8%	Passed
Covina	Los Angeles	CC	June 2026	+0.25%	11.25%	54.0%	Passed
Los Angeles County	Los Angeles	ER	June 2026	+0.5%	10.25%	50.6%	Passed
Temple City	Los Angeles	TC	March 2026	+0.75%	11.00%	50.26%	Passed
Loma Linda	San Bernardino	X	June 2026	+1.0%	8.75%	47.8%	Failed
Riverside	Riverside	Z	June 2026	Extend existing 1% tax, add +0.25%	9.00%	41.5%	Failed

Source: Michael Coleman, "Local Revenue Measure Results, June 2026," CaliforniaCityFinance.com, final results, July 3, 2026.

Voters in the region have already approved most of the sales tax measures they considered earlier in 2026 (Table 4), with 12 of 14 proposed measures passing.¹³ The largest was Los Angeles County's Measure ER, a five-year, half-cent general tax to offset federal and state reductions in health care funding. Because Measure ER pushed parts of the County above the 2% cap, it required state legislation to be permitted. Governor Gavin Newsom signed AB 1768 (2026) in early June, permitting the increase.¹⁴ Officials from several Los Angeles County cities opposed the bill, arguing that repeated countywide increases leave cities less room to raise revenue earmarked for their own needs.¹⁵

At least 16 tax measures in the region will appear on the November 3, 2026 ballot (Table 5).¹⁶ Two countywide measures would extend existing half-cent transportation taxes without changing rates, and 14 city measures would extend or increase sales taxes in their respective jurisdictions.

¹³ Michael Coleman, "Local Revenue Measure Results, June 2026," CaliforniaCityFinance.com, final results, July 3, 2026, <https://californiacityfinance.com/Votes2606final.pdf>.

¹⁴ Ballotpedia, "Measure ER (June 2026)"; California Legislature, Assembly Bill No. 1768 (2025-2026 Reg. Sess.) (Cal. 2026), https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202520260AB1768.

¹⁵ City of Calabasas, "Cities Expressing Opposition or Concern Regarding AB 1768," press release, May 21, 2026, <https://www.cityofcalabasas.com/Home/Components/News/News/1372/15>.

¹⁶ Los Angeles County Registrar-Recorder/County Clerk, "Measures Appearing on the Ballot," November 3, 2026 General Election, final, September 11, 2026, <https://content.lavote.gov/docs/rrcc/documents/final-measures-appearing-on-the-ballot-9-11-2026.pdf>; Orange County Registrar of Voters, "Assigned Measure Letters, November 3, 2026," accessed September 20, 2026, <https://ocvote.gov/elections/assigned-measure-letters-november-3-2026>; San Bernardino County Registrar of Voters, "November 3, 2026 General Election – Measures," accessed September 20, 2026, <https://elections.sbcounty.gov/elections/2026/1103/measures/>; Riverside County Registrar of Voters, "November 3, 2026 General Election," accessed September 20, 2026, <https://voteinfo.net/november-3-2026-general-election>.

Table 5: Sales Tax Measures on the ballot in November 2026

Jurisdiction	County	Measure	Proposal	Rate If Approved
City of Los Angeles	Los Angeles	FD	+0.5%	10.75%
San Gabriel	Los Angeles	PS	+1%	12.0%
Diamond Bar	Los Angeles	Q	+1%	11.25%
Hermosa Beach	Los Angeles	HB	+0.5%	10.75%
Cudahy	Los Angeles	OK	Extend existing 0.75% tax	No change
Orange	Orange	I	+1.0%	8.75%
San Clemente	Orange	M	+1.0%	8.75%
Santa Ana	Orange	N	Extend existing 1.5% tax	No change
Ontario	San Bernardino	H	+0.5%	9.25%
Chino Hills	San Bernardino	J	+1.0%	8.75%
Highland	San Bernardino	E	+1.0%	8.75%
Adelanto	San Bernardino	P	+1.0%	8.75%
Twentynine Palms	San Bernardino	G	+1.0%	8.75%
Grand Terrace	San Bernardino	N	+1.0%	8.75%
San Bernardino County	San Bernardino	I	Extend existing 0.5% tax	No change
Riverside County	Riverside	A	Extend existing 0.5% tax	No change

Sources: Los Angeles County Registrar-Recorder/County Clerk, "Measures Appearing on the Ballot," November 3, 2026 General Election (final, September 11, 2026); Orange County Registrar of Voters, "Assigned Measure Letters, November 3, 2026"; San Bernardino County Registrar of Voters, "November 3, 2026 General Election – Measures"; Riverside County Registrar of Voters, "November 3, 2026 General Election."

Proposition 43

A statewide measure on the same ballot would change the rules for future local taxes.¹⁷ Under current law, special taxes, whose revenue is earmarked for a particular purpose, require a two-thirds vote when a local government places them on the ballot. Taxes for general purposes only require a majority vote. Recent court decisions, however, have allowed special taxes proposed by citizen initiative to pass with a simple majority. Proposition 43 would require a two-thirds vote for any new, increased, or extended special tax proposed by citizen initiative. It would not affect measures on the November 2026 ballot, but would affect all future initiatives.

¹⁷ Legislative Analyst's Office, "Proposition 43: Limits Voters' Ability to Raise Revenues for Local Government Services," November 3, 2026, <https://lao.ca.gov/BallotAnalysis/Proposition?number=43&year=2026>.

V. Potential Remedies and Rebates

Rising sales tax rates have prompted discussion of ways to ease the burden on businesses and residents, and to change how cities compete for business. The options below include practices in other states and policies and proposals in California.

Relief on Large Purchases

Some states already limit sales tax on big-ticket items. Tennessee applies its local sales tax only to the first \$1,600 of a single item, while the state tax applies to the full price.¹⁸ South Carolina caps its tax on vehicles, boats, and aircraft at \$500.¹⁹ California has no comparable cap, and taxes the full price of large purchases such as cars and appliances.

Thirty-five states also offer a trade-in credit, which taxes only the net price when a buyer trades in a vehicle. California does not currently offer such a credit.²⁰

Rebates to Businesses

The local 1% Bradley-Burns tax goes to the city where a sale occurs, so cities compete for retailers, sometimes by rebating a portion of the tax to the retailer to incentivize them to move their operations into the city.²¹ In 2016, the state tightened restrictions on this practice. A city cannot offer such a rebate if the deal would take tax revenue from another city where the retailer keeps a physical presence. A rebate is therefore generally permitted when the retailer has no physical presence in the city losing revenue, such as when it fully relocates.²² The LAO found that local governments paid \$140 million of the \$9.4 billion raised in Bradley-Burns tax as rebates to retailers from 2023 to 2024. E-commerce distribution centers were the largest benefactor of these rebates, and other businesses who received substantial rebates included fuel suppliers, medical product suppliers, and vehicle dealers.²³

Credits for Low-income Households

Researchers have explored refundable credits as another option. In 2020, the San Francisco Bay Area Planning and Urban Research Association (SPUR) proposed a credit of up to \$1,150 per household for Bay Area households earning under \$35,000, at an estimated cost of \$669 million, in order to ease the growing tax burden on low-income residents.²⁴

Transfer Tax

Home purchases are not subject to sales tax in California, but they can trigger a separate local transfer tax. Counties typically charge \$1.10 per \$1,000 of sale price.²⁵ Some charter cities charge an additional tax on top of this rate. For instance, the City of Los Angeles has a combined rate of \$5.60 per \$1,000 for most homes, with an even higher tax for properties worth over \$5.4 million.²⁶

¹⁸ Tennessee Department of Revenue, “SUT-6 – Single Article Tax – Overview and Application,” last modified March 27, 2025, <https://revenue.support.tn.gov/hc/en-us/articles/360058138992-SUT-6-Single-Article-Tax-Overview-and-Application>.

¹⁹ South Carolina Department of Revenue, “Maximum Tax (Max Tax),” accessed October 1, 2026, <https://dor.sc.gov/sales-use-tax-index/maximum-tax-max-tax>.

²⁰ California Department of Tax and Fee Administration, *Publication 34: Motor Vehicle Dealers* (Sacramento: CDTFA), 14, <https://cdtfa.ca.gov/formspubs/pub34.pdf>; Massachusetts Department of Revenue, “Exemption for Trade-In Allowances for Motor Vehicles and Trailers,” Tax Expenditure Evaluation 3.606, <https://www.mass.gov/doc/3606-exemption-for-trade-in-allowances-for-motor-vehicles-and-trailers/download>.

²¹ Legislative Analyst’s Office, “Allocating Local Sales Taxes: Issues and Options,” January 12, 2007, https://lao.ca.gov/2007/sales_tax/sales_tax_012407.aspx.

²² California Legislature, Sen. Bill No. 533 (2015-2016 Reg. Sess.) (Cal. 2015), https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB533.

²³ Legislative Analyst’s Office, “Local Sales Tax Rebates in 2023-24,” September 16, 2025, <https://lao.ca.gov/Publications/Report/5074>.

²⁴ Susannah Parsons, *Reforming Bay Area Sales Taxes: Undue Burden* (San Francisco: SPUR, November 2020), 20, https://www.spur.org/sites/default/files/2021-05/SPUR_Undue_Burden_Report.pdf.

²⁵ Cal. Rev. & Tax. Code § 11911.

²⁶ Los Angeles County Registrar-Recorder/County Clerk, “Documentary Transfer Tax,” accessed October 1, 2026, <https://www.lavote.gov/home/recorder/property-document-recording/documentary-transfer-taxes/general-info>.