



CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

INFORMATION FOR Imposing a New District Tax

If you represent a city, county, or other authorized government entity and are interested in imposing a new district tax, we would like to provide you with information and resources to ensure that your proposal conforms with California law.

What is a district tax?

District taxes are taxes imposed under the Transactions and Use Tax Law (Revenue and Taxation Code section 7251¹ et seq.). District taxes are voter-approved transactions (sales) and use taxes imposed by certain cities, counties, and other local jurisdictions on the sale or use of tangible personal property (merchandise). District taxes are not imposed in all areas of California. The maximum combined rate within any county may not exceed 2 percent (2.00%) unless specifically authorized by statute. The statewide base sales and use tax rate is currently 7.25%, while the total tax rate is higher in areas where district taxes are imposed.²

What is the difference between local and district tax?

District tax is not the same as local tax. District taxes are imposed under the Transactions and Use Tax Law and are added to the statewide base tax rate of 7.25%. Local taxes are imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law (R&TC section 7201³ et seq.). Local taxes are imposed in every city and county in California at a uniform rate of 1.25%, which is a component of the statewide base sales and use tax rate. In addition, local and district taxes may apply differently to a particular transaction. For example, a sale fulfilled from a retailer's location in a jurisdiction may be subject to that jurisdiction's local sales tax, but the district taxes imposed by that jurisdiction may not apply.

Preparing your ordinance

To ensure that your proposed district tax is valid, we encourage you to contact our Local Revenue Branch (LRB) at 1-916-309-5800 or by email at jservices@cdtfa.ca.gov for assistance in preparing your ordinance. Our LRB team can:

- Answer questions and assist jurisdictions in the process.
- Provide sample ordinances for a city, county, or special purpose government entity (including a transportation authority) to use as a guide.

Even if you do not need assistance preparing your ordinance, we still recommend you contact LRB *before* placing your ordinance on the ballot. This will help ensure a smooth administrative process for a newly approved measure.

What happens after a new district tax is approved by voters?

You should contact us immediately after a new district tax is approved by voters. Notifying us as soon as possible after the election aids in the timely implementation of the new district tax.

Generally, a new district tax or an amendment to a district tax becomes operative on the first day of the first calendar quarter commencing more than 110 days after the adoption of the ordinance. For example, a tax approved by the voters on November 2, 2021, cannot have an operative date prior to April 1, 2022.

Combined district tax rate cap

The combined rate of all district taxes imposed within a county cannot exceed 2.00% unless specifically authorized by statute. For instance, a county cannot impose a new tax that would cause the combined district tax rate in a single city within that county to exceed 2.00%. We suggest that you work with your elected state representatives if you are contemplating a district tax, the implementation of which will cause your tax rate to exceed the 2.00% cap.

Where can I get more information?

For more about imposing a new district tax in your jurisdiction, please see our [Information for Local Jurisdictions and Districts](#)⁴ webpage. You may also contact our LRB team at 1-916-309-5800 or by email at jservices@cdtfa.ca.gov.

¹ See www.cdtfa.ca.gov/lawguides/vol1/tutl/7251.html.

² For current and historical statewide base sales and use tax rates, please see our webpage, www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates-history.htm.

³ See www.cdtfa.ca.gov/lawguides/vol1/ulsutl/7201.html.

⁴ See www.cdtfa.ca.gov/taxes-and-fees/local-and-district-taxes.htm.