
City of Hayward District Tax Discussion

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October 21, 2013

Transactions & Use Tax (a.k.a. District Tax)

- Similar to sales tax *but* destination-based sourcing rules apply
 - Product delivered outside no district tax
 - Product delivered inside district tax applies

 - District Tax applies to:
 - 'engaged in business'
 - sales made inside the district boundaries and product NOT delivered outside the city limits
 - Sales finalized at the 'cash register'

 - District Tax does not apply to:
 - Auto sales made to consumers residing outside district
 - Tangible personal property sold and delivered on sellers' vehicles to locations outside the district
 - Existing leases at the time the District is formed
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Examples of When District Tax Applies

- **YES** - Common retail sales, service stations, restaurants, etc – the destination is considered the 'cash register'
 - **NO** - Car buyer who is not a Hayward resident buys car from a Hayward dealer
 - **YES** - Car buyer who is a resident of Hayward buys car from outside the district
 - **NO** - Hayward business sells a piece of equipment and ships on their vehicle to another jurisdiction
 - **YES** - Non Hayward business sells a piece of equipment and ships into the City of Hayward
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District Tax Revenue Forecast

- District taxes range from 60% to 105% of the existing 1% Bradley Burns local sales/use tax depending on unique economic base
 - Hayward's local Bradley Burns sales tax is \$28 million
 - A 1/2% district tax could generate approximately \$10.1 million annually
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District Tax Implementation

- June 2014 Election – Voter Approval – 50%+1 for general tax 2/3 for special tax
 - Effective October 1, 2014: businesses collect new district tax October 1, 2014
 - District revenues flow to City beginning in January 2015 based on SBE advance estimates for 4th quarter sales
 - District tax NOT zip code based (with a few exceptions)
 - City would need to provide list of addresses located in the incorporated city limits
 - Some minor issues potential with DMV sales tax collections
 - SBE will provide link to city address list for businesses to lookup
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