



**TOWN OF LOS GATOS
TOWN COUNCIL REPORT**

MEETING DATE: 01/20/2026

ITEM NO: 18

DESK ITEM

DATE: January 20, 2026
TO: Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Discussion, consideration, and Possible Action to Provide Direction on Revenue Measure Options and Next Steps Including Engaging Professional Services to Support the Evaluation Effort in an amount Not to Exceed \$80,000

RECOMMENDATION:

Staff recommends that the Town Council consider:

1. Authorizing the Town Manager, or designee, to pursue special legislative authorization from the State Legislature in the 2026 session to exempt Los Gatos from the statewide 2 percent combined district sales tax cap, preserving the Town's legal ability to place a general transactions and use (sales) tax measure on the November 2026 ballot.
2. Authorizing the Town Manager, or designee, to engage specialized professional consultants to facilitate special legislative authority to preserve the option for a transactions and use tax and to engage other such professionals to properly inform the Town Council regarding a possible revenue measure not limited to a transaction and use tax for work up to and including potential action related to that specific measure.
3. Allocate \$80,000 from the General Fund unassigned fund balance for professional services to continue work related to a possible revenue measure that the Town Council may consider for the November 2026 election.

REMARKS:

Attachment 4 contains public comment received before 11:01 a.m., Tuesday, January 20, 2026.

Attachments Received with the Staff Report:

1. Five-Year Forecast updated on December 29, 2025
2. CIP Agenda Report of November 19, 2024
3. Wildfire Report of December 16, 2025

Attachment Received with this Desk Item:

4. Public comment received before 11:01 a.m., Tuesday, January 20, 2026.

From: [Linda Swenberg](#)
To: [Clerk](#)
Cc: [Council](#)
Subject: Public Comment Item #18
Date: Monday, January 19, 2026 10:24:49 AM

[EXTERNAL SENDER]

Honorable Town Council Members,

I strongly oppose any further consideration of increasing the sales tax in Los Gatos. As staff has noted, when faced with a budget deficit, we have two options: increase revenue or decrease spending. However, there has been little effort to identify ways to reduce spending.

In fact, increasing the sales tax may not even result in increased revenue. According to financial projections, our budget deficit is actually increasing, while sales tax revenues remain flat. An increase in the sales tax rate will only raise the flat curve, but it will not address the growing deficit.

Residents have expressed concerns with affordability in this town. A sales tax increase will disproportionately reduce affordability for the most vulnerable populations in this town.

Instead of increasing sales tax revenues, the town should continue to explore other revenue-generating opportunities. This may still include increasing sales tax revenues , but simply raising the rate will not solve our financial problems. Instead, the town should prioritize improving the retail environment to stimulate spending.

Regarding the possibility of hiring another consultant to explore the option of obtaining legislative approval to increase the sales tax, the answer is unequivocally “No.”

Sincerely,
Linda Swenberg
Resident