



**SAN BENITO COUNTY
AGENDA ITEM
TRANSMITTAL FORM**

Dom Zanger
District No. 1

Kollin Kosmicki
District No. 2

Mindy Sotelo
District No. 3
Vice-Chair

Angela Curro
District No. 4
Chair

Bea Gonzales
District No. 5

Item Number: 1.B

MEETING DATE: 05/14/2024

DEPARTMENT: COUNTY ADMINISTRATION OFFICE

AGENDA ITEM PREPARER: Dulce Alonso

DEPT HEAD/DIRECTOR: Ray Espinosa

SUBJECT:

BOARD OF SUPERVISOR'S

Receive presentation regarding Sales Tax. Discuss and provide direction to staff regarding the potential preparation of a proposed Transaction and Use Tax (Sales Tax) measure establishing a one percent (1%) increase in the unincorporated area of San Benito County, potentially to be placed on November 5, 2024, ballot for voter approval.

SBC FILE NUMBER: 156

AGENDA SECTION:

REGULAR AGENDA

BACKGROUND/SUMMARY:

While the County continues to encourage departments and employees to put forth new ideas that will help drive the County toward a more resilient future, it may be prudent to explore measures. Therefore, the Economic Development Ad Hoc Committee is bringing forth to the Board a proposition to include a 1% sales tax increase measure for the unincorporated area of San Benito County in the November 2022 General Election ballot.

The State of California levies a 7.25% sales tax on the retail sale of many goods. Beginning in

1969, the state allowed local governments to impose additional local rates, called Transactions and Use Taxes (TUTs), which the voters must approve. A chart comparing sales tax rates throughout San Benito County from 2018 to 2021 follows.

Sales Tax Rates in San Benito County [1]*

	2018	2019	2020	2021
San Benito County	7.25%	7.25%	8.25%	8.25%
<i>City of Hollister</i>	8.25%	9.25%**	9.25%	9.25%
<i>City of San Juan Bautista</i>	8.00%	9.00%**	9.00%	9.00%

*Historical Tax Rates in California Cities and Counties are found at the [California Department of Tax and Fee Administration](#) website.

**Special tax took effect within the year, increasing Special Tax from one percent (1%) to two percent (2%), increasing the overall combined tax.

The County currently receives approximately \$3.2 million in revenue from the one percent (1%) San Benito County Transaction and Use Tax.

Cost of measure

The cost to the County to bring forth a measure vary, and there are four factors used to determine the price of a measure:

1. Date of the election (ex: primary vs. general).
2. Body of the measure (ex: full text printed or posted on our website).
3. Cost of materials (ex: CY 2022 experiencing 7-10% cost increase).
4. Total content on the ballot (ex: additional content allows cost-sharing).

The cost for the proposed tax measure on the November 8, 2022 Election would most likely range between **\$20,000-\$30,000**.

Actual measure costs are listed below:

On March 03, 2020, Measure K: Shall Ordinance No. 991, An Ordinance of the Board of Supervisors of the County of San Benito Amending the San Benito County Code to add text

relating to the "Regional Commercial (C-3) District" be adopted?

Cost: \$14,347.82

On November 06, 2018; Measure H: To provide and increase law enforcement, fire services, road maintenance, and other local governmental services, shall the proposed business license tax ordinance be adopted and enacted to impose a business license tax at a rate of \$30 to \$118 per business, \$.66 to \$7.80 per employee, and \$.10 per ton of minerals depleted, indexed by a COLA, in the unincorporated area of San Benito County?

Cost: \$13,197.65

Also, on November 06, 2018; Measure G: Shall the voters authorize a San Benito County Roads and Transportation Safety and Investment Plan to: repair potholes and maintain roads; widen Highway 25 to relieve traffic congestion and make it safer; improve pedestrian, bicycle, and transit options; and, qualify for state and federal matching funds by enacting a one cent sales tax, raising approximately \$16,000,000 annually over 30 years, with annual audits, independent oversight, all funds spent locally, and a detailed expenditure plan?

Cost: \$53,236.40

On June 07, 2016; Measure P; Shall the voters authorize implementing the San Benito County Transportation Safety and Investment Plan to:

- Repair and maintain roads;
- Improve safety and relieve congestion on Highway 25;
- Improve safety and traffic flow on local roads;
- Increase bicycle and pedestrian safety; and
- Improve transit services for youth, seniors, and people with disabilities by enacting a half-cent sales tax, raising approximately \$8 million annually over 30 years, with annual audits by an independent oversight committee?

Cost: \$13,366.43

On November 4, 2014, three Election Measures including H, I, and J. **The total combined cost of all three measures was: \$50,427.63 for the three measures (\$16k average) – significant to note considerable cost savings during the November 2014 election. The estimated cost for a single measure would have been approximately \$20k.**

Each measure is listed below:

H: Should the San Benito County Vehicle Abatement Program and associated vehicle registration fees (\$1.00 dollar per vehicle and an additional \$2.00 dollars for certain commercial vehicles) be renewed for a ten-year term under California Vehicle Code Sections 9250.7 and 22710, or any successor statutes thereto, for the purposes of removal and disposal of abandoned, wrecked, dismantled, or inoperative vehicles?

I; Shall the ordinance, approved for submittal to the voters by San Benito County Resolution 2014-74, be adopted to amend the San Benito County Code to (1) increase the Transient Occupancy Tax rate from eight (8%) to twelve (12%) percent upon persons occupying hotels within the County's unincorporated area and (2) amend the definition of "operator", so the tax is collected by all persons receiving consideration from the rental, including on-line hotel brokers and vacation rental agencies?

J; Shall San Benito County's General Plan be amended to ban High-Intensity Petroleum Operations (such as hydraulic fracturing, also known as fracking, acid well stimulation, and cyclic steam injection, but not Low-Intensity Petroleum Operations) throughout all unincorporated areas, and all Petroleum Operations in residential general plan designations of Rural, Rural Transitional, Rural Residential, Rural/Urban, and Sphere of Influence Rural/Urban, with related zoning changes to implement the new General Plan policies?

Overview of Sales Tax in the County of San Benito

The sales tax rate in the unincorporated area of the County of San Benito currently is 8.25%. Sales tax rates can vary from jurisdiction to jurisdiction based on the voters in that jurisdiction's approval in looking through the State website. Sales tax rates in California range from 7.25% to 10.75%, when special legislation has been adopted. The allowable range without special legislation is 7.25% to 9.25%. In California, the state sales tax is 7.25%, and local governments can collect an option sales tax of up to 2%, without special legislation. The statewide average sales tax is 8.492%. The City of Hollister currently has a tax rate of 9.25%, and the City of San Juan Bautista is 9%.

Potential Impact on Local Sales

For example, for every \$100 spent, an additional one percent sales tax increase would result in an additional \$1.00 paid by the consumer. Sales tax data trends show that an increase in the sales tax rate of one percent has no noticeable effect on the number of taxable goods consumers buy. In other words, the businesses did not experience a decline in sales due to the sales tax rate in other jurisdictions where the sales tax has been increased. A one percent sales tax measure is estimated to bring in approximately **\$3.34 million annually** to the County if passed and approved by the voters.

RESOLUTION OR ORDINANCE NEEDED FOR THIS ITEM:

No

CONTRACT NEEDED FOR THIS ITEM:

No

CONTRACT AND RFP HISTORY:

N/A

LAST CONTRACT AMOUNT OR N/A:

N/A

STATE IF THIS IS A NEW CONTRACT/ HOW MANY PAST AMENDED CONTRACTS/ OR N/A:

N/A

STRATEGIC PLAN GOALS: 1. Operational Development & Excellence

Yes

STRATEGIC PLAN GOALS: 2. Planning And Sustainable Growth

Yes

STRATEGIC PLAN GOALS: 3. Technology

No

STRATEGIC PLAN GOALS: 4. Community Engagement

Yes

STRATEGIC PLAN GOALS: 5. Health & Safe Community

Yes

BUDGETED:

No

BUDGET ADJUSTMENT NEEDED:

No

SOURCE OF FUNDING:

N/A

UNFUNDED MANDATE:

No

SBC BUDGET LINE ITEM NUMBER:

N/A

CURRENT FY COST:

N/A

STAFF RECOMMENDATION:

Receive presentation regarding Sales Tax. Discuss and provide direction to staff regarding the potential preparation of a proposed Transaction and Use Tax (Sales Tax) measure establishing a one percent (1%) increase in the unincorporated area of San Benito County, potentially to be placed on November 5, 2024, ballot for voter approval.

ATTACHMENTS:

[San Benito County Unincorporated Breakdown 8.25% Sales Tax April 1, 2019](#)

[San BenitoCo TT estimate for FY 24/25](#)

[Transaction and Use Tax Rate Presentation](#)