



Proposed Transactions and Use Tax Ballot Measure

REVISED 2/3/2026

FEBRUARY 3, 2026

BOARD OF SUPERVISORS

Presentation Overview

- Budget Forecast and Projected Deficits
- Tax Measure Options
- Rates and Revenues

2 Options for a one cent (1%) sales tax:

1. A general purpose sales tax in the unincorporated county for a limited **term of 5 years**
 2. A general purpose sales tax in the unincorporated county **until ended by voters**
- Polling Results and Proposed Ballot Language
 - Process/Timeline
 - 5-year Cumulative Deficit

Budget Forecast & Projected Deficits

*The projected shortfall for FY 2026-27 if all current service levels were maintained is **\$23 million** across all department services and funds.*

5-year forecast anticipates an annual ongoing deficit of \$66.4 million by FY 30/31:

- Ongoing annual deficit must be covered by ongoing additional revenues and/or ongoing cost reductions

Shortfall driven by:

- state and federal policy changes and reductions, particularly HR 1
- expenses outpacing available revenue
- increased mandates and obligations

Budget Balancing Framework

- Departmental budget reduction proposals
- Efficiency measures and hiring controls
- **Revenue generation options, including a potential sales tax**
- Strategic use of reserves and one-time funds
- Prioritization of critical safety net services
- Other one-time and ongoing savings measures



Tax Measure Options

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Taxing Authority

Countywide, inclusive of all incorporated cities

Requires legislative authority to increase the sales tax above the 9.25% maximum rate set in law, since the Cities of Santa Barbara and Carpinteria are at or near this maximum rate.

Unincorporated County only (Staff recommendation)

Allows a sales tax increase of up to one and half cents (1.5%) in unincorporated county areas only, before meeting the 9.25% maximum rate.

General Sales Tax in Santa Barbara County

Current Breakdown of Unincorporated County Sales Tax

2025 Total Tax	7.75%
State Share	6.00%
Roads/Transportation	0.25%
Measure A (SBCAG)	0.50%
Local Share	1.00%

Local Share = \$16.0 M in FY 24-25

Jurisdiction	Tax Rate
Santa Barbara	9.25%
Carpinteria	9.00%
Goleta	8.75%
Solvang	8.75%
Guadalupe	8.75%
Lompoc	8.75%
Santa Maria	8.75%
Buellton	7.75%
County of SB unincorporated	7.75%

City and County Sales Tax Rates

Base Tax Rate	Measure A Countywide (SBCAG)	Jurisdiction	Election Date of Last Sales Tax Increase	Local Share Increase by Tax Measure(s)	Current Sales Tax Rate	2.0% Max Capacity Remaining
7.25%	0.5%	Santa Barbara	Nov 2024	1.5%	9.25%	--
		Carpinteria	Nov 2018	1.25%	9.00%	0.25%
		Goleta	Nov 2022	1.0%	8.75%	0.5%
		Guadalupe	Nov 2020	1.0%	8.75%	0.5%
		Solvang	Nov 2022	1.0%	8.75%	0.5%
		Lompoc	Mar 2020	1.0%	8.75%	0.5%
		Santa Maria	Nov 2018	1.0%	8.75%	0.5%
		Buellton	NA	--	7.75%	1.5%
		County of SB unincorporated	NA	--	7.75%	1.5%

Tax Measure Options

General Sales Tax for General Purposes

- Requires 4/5 vote of the Board to place on the ballot
- Must be approved by a simple majority of voters
- Can be used for any purpose the County funds, examples include: community health/medical clinics, increased workforce housing, emergency services, wildfire prevention, addressing homelessness, and other local community services.

Option 1

Limited Term – 5 years

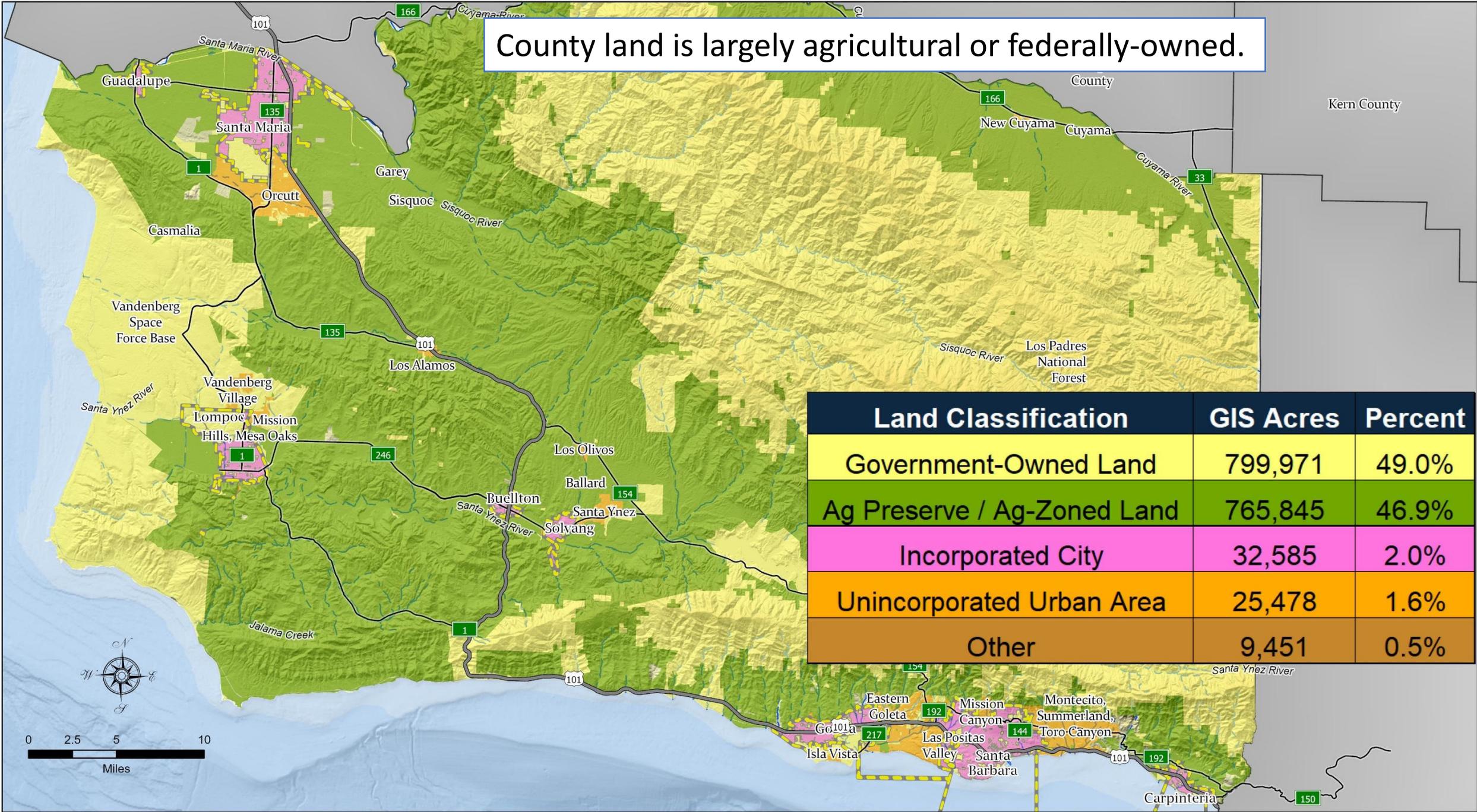
Would expire September 30,
2031

Option 2

In perpetuity

Expires when ended by voters

County land is largely agricultural or federally-owned.



Sales Tax Revenue Estimates

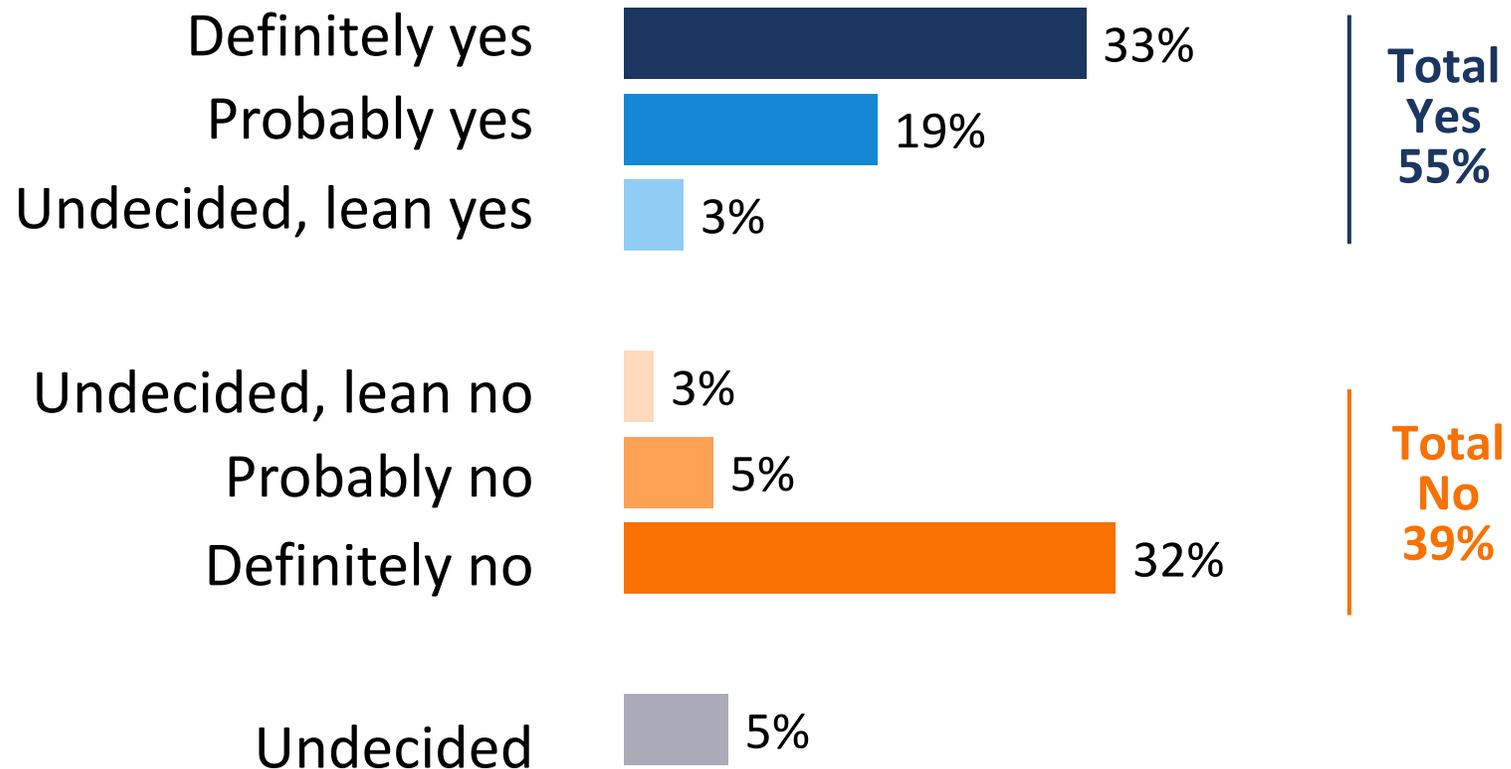
	FY 2024-25 Actuals at 7.75%	FY 2025-26 Estimated Actual at 7.75%	Estimated Annual Revenue at 8.75%
Transaction and Use Tax (Sales Tax)	\$16.0 M	\$16.7 M	\$33.4 M
		Estimated Annual Increase	\$16.7 M

Polling

- Top priorities identified by respondents were:
 - Addressing the threat of wildfires
 - Investing in emergency response services and personnel
 - Preventing layoffs to local healthcare workers
 - Maintaining access to affordable local health services
- County residents favor accountability, independent oversight, and expanding locally controlled revenue.
- 6 in 10 voters believe the County has need for additional funds
- Concerns about the cost of living, particularly the cost of housing, heighten sensitivity around sales tax increases
- Other top concerns identified by respondents include the cost of healthcare and addressing homelessness

Polling

If the election were held today, would you vote yes or no on this measure?



(Margin of Error for Split Sampled Questions among Unincorporated Area Voters is +/-8.0%)

Proposed Ballot Language

SANTA BARBARA COUNTY AFFORDABLE HEALTHCARE, HOUSING AND COMMUNITY SERVICES PROTECTION MEASURE.

To offset federal government funding cuts to prevent layoffs to local nurses/healthcare workers; provide affordable housing, and healthcare at community clinics; maintain wildfire prevention/emergency services; address homelessness; protect services in local communities; and other General County services shall the ordinance enacting a 1-cent sales tax for 5 years (until ended by voters) generating approximately \$16,700,000 annually, requiring public disclosure of spending, audits, local control, be adopted?



Process and Timeline

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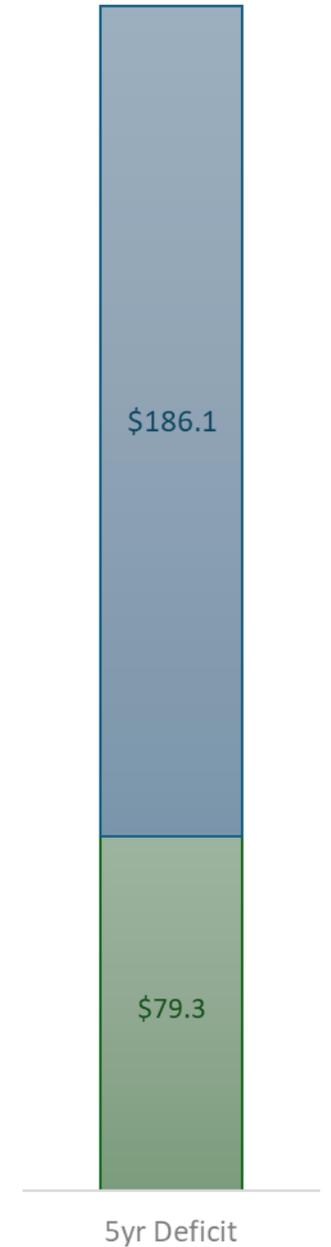
Timeline

December 2025:	Conduct public opinion polling
January 2026:	Develop sales tax measure proposal
February 3:	Introduction of sales tax ordinance
February 24:	Adopt sales tax ordinance and resolution with approved ballot language* (<i>4/5 vote required</i>)
February 17-26:	Period for submitting direct arguments for and against
Feb 27 – March 8:	Period to submit rebuttal arguments
March 9:	Deadline for Impartial Analysis
March 12:	Deadline for Fiscal Impact Statement
March – May:	Provide public information and education
June 2, 2026:	Election

*Board Decision Point/Action

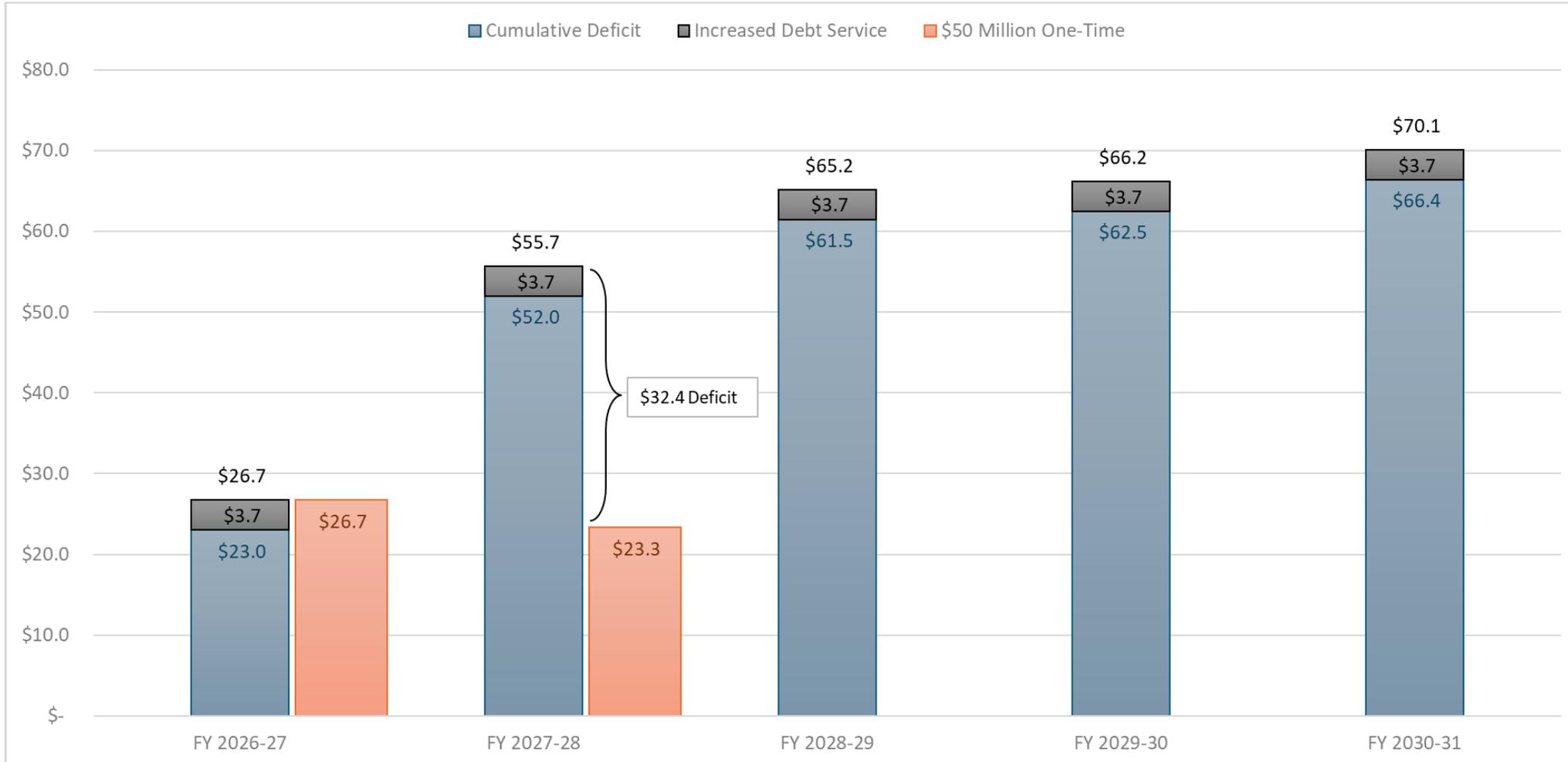
FY 2026-31 Cumulative Deficit

(in millions)



FY 2026-31 Cumulative Deficit

(in millions)



Recommendations

- Consider the introduction (first reading) of an ordinance imposing a one percent sales tax in the unincorporated areas of the County and approve one of the following options:
 - Option 1 (Attachment A) sets a sunset date on the tax measure, imposing the tax for a term of **five years**; or
 - Option 2 (Attachment B) allows for tax to be imposed **until ended by voters**; and
- Read the title and waive further reading of the Ordinance in full; and
- Approve and authorize member(s) of the Board to author, sign, and submit on behalf of the Board, an argument in favor of the one percent sales tax ballot measure and any rebuttal if necessary, unless the authorized member(s) determines an argument in favor is not necessary because another individual or entity has submitted an argument in favor; and
- Set a hearing on the Departmental Agenda of February 24, 2026, to adopt the ordinance and resolution required to place a sales tax measure on the ballot



Thank You

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