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# SANTA BARBARA COUNTY WINE IMPROVEMENT DISTRICT

DECEMBER 17, 2024  
BOARD OF SUPERVISORS

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## Recommendations:

### On December 17, 2024:

- a) Adopt a Resolution of Intent to establish the Santa Barbara County Wine Improvement District (SBCWID);
- b) Adopt a Resolution requesting consent of all eight cities in the County to form the SBCWID;
- c) Set a public meeting for January 14, 2025 allowing public testimony regarding the formation of the SBCWID to levy a new business assessment on wine tasting facilities in Santa Barbara County pursuant to Government Code; and
- d) Set a final public hearing for February 11, 2025 to consider recommendations, as follows:

### On February 11, 2025:

- a) Consider adoption of the Resolution of Formation of the SBCWID pursuant to the Streets and Highway Code; and
- b) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA Guidelines because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

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# WHAT IS A WINE BID?

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Wine Improvement Districts (WIDs) provide a stable funding source that allows owners to work together through a winery association to:

- Improve business activity through marketing and promotional efforts
- Community, industry, and government engagement and education
- Build the region's high-quality wine reputation
- Attract new visitors to the wineries

There are currently (3) WIDs in CA, with other wine regions in the formation process.

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# WHY THE WINE BID FOR SBC?

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It is predictable, stable funding.

We have seen how funding helps us:

- The Vintners Association received almost \$800,000 in marketing funding from 2020-2023
- Saw 48.8% growth in retail sales from 2018-2022
- Temecula: 18% increase in visitation from Sept 2022 – Sept 2023

# THE ASSESSMENT



1% assessment on all Direct-to-Consumer RETAIL sales in the state of California (anything that incurs CA sales tax)

Boundaries: County of Santa Barbara, Cities of Buellton, Carpinteria, Guadalupe, Goleta, Lompoc, Solvang, Santa Barbara and Santa Maria

Assessment included on:

- Tasting Room Sales, Wine Club, Events, Food, Merch, etc.

Not Including:

- Wholesale, Out-of-State Sales

# WHAT OUR MONEY WILL BE SPENT ON



- . Marketing/Brand Awareness/PR
- . Events
- . Community Engagement
- . Government Education
- . Industry Education
- . Other areas of improvement TBD (AVA support, infrastructure, philanthropy, etc.)

Funding must be spent on programs and activities that provide a specific benefit to the payor!

# HOW THE MONEY GETS REMITTED



A third-party firm, HdL, will collect the assessment from the winery businesses and remit funds to the Santa Barbara Vintners Association, who will implement the programs in accordance with the Management District Plan.



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## General Information SBCWID:

- Benefit assessment district proposed to create a revenue source to fund promotions and engagement efforts for Santa Barbara County *wine tasting facilities*
- Only a county or city can form a benefit assessment district and levy an assessment
- Governed by a Management District Plan (MDP)
- SBCWBID would impose an annual assessment of 1% of gross sales revenue of assessed wine tasting facilities, collected only on purchases within the state
- County is lead government agency; designates Santa Barbara County Vintners' Association as the Owners' Association for the SBCWID
- Owners' Association administers and implements activities of the benefit assessment district
- As required by law, assessed businesses (wine tasting facility owners) who will pay over 50% of the assessments proposed to be levied must sign and submit petitions in support of formation of the SBCWID

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## Considerations:

- County government does not have a role in the collection of sales taxes; function of the State
- Collection of sales-based assessments requires a new assessment collection process to be designed and implemented
- Proposed third party will be contracted by the Vintners' Association to administer collection of assessments because County cannot leverage existing tax collection processes, and there isn't capacity to create new processes
- Cost of the third party will need to be funded by BID assessments
- County staffing resources required to administer and oversee the contract with the Vintners' Association to ensure compliance with the MDP

# FORMATION TIMELINE



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