



## BOARD OF SUPERVISORS AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Submitted on:  
(COB Stamp)

Department Name: CEO  
Department No.: 012  
For Agenda Of: February 3, 2026  
(first reading)  
February 24, 2026  
(second reading)  
Placement: Departmental  
Estimated Time: 45 minutes  
Continued Item:  
If Yes, date from:  
Vote Required: 4/5

**TO:** Board of Supervisors

**FROM:** Department Director(s):  
Contact Info:

Mona Miyasato, County Executive Officer  
Brittany Odermann, Deputy CEO

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**SUBJECT:** Proposed Transactions and Use Tax Ballot Measure for June 2026 Primary Election  
Ballot

### Concurrences as to Form:

County Counsel - Yes  
Auditor-Controller - Yes

### Recommended Actions:

That the Board of Supervisors on February 3, 2026:

Regarding the **term** of the sales tax measure:

- a) Consider the introduction (first reading) of an ordinance of the Board of Supervisors of the County of Santa Barbara imposing a one percent transactions (sales) and use general tax measure in the unincorporated areas of the County and approve one of the following options:
  - i) Option 1 (Attachment A) sets a sunset date on the tax measure, imposing the tax for a term of **five years; or**
  - ii) Option 2 (Attachment B) allows for tax to be imposed **until ended by voters;** and
- b) Read the title "An Ordinance of the County of Santa Barbara Imposing a Transactions and Use Tax to be Administered by the California Department of Tax and Fee Administration" and waive further reading of the Ordinance in full; and
- c) Approve and authorize member(s) of the Board of Supervisors to author, sign, and submit on behalf of the Board, an argument in favor of the one percent transaction (sales) and use tax ballot measure and any rebuttal if necessary, unless the authorized member(s) determines an

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argument in favor is not necessary because another individual or entity has submitted an argument in favor; and

- d) After providing direction to staff on which ordinance option to move forward, set a hearing on the Departmental Agenda of February 24, 2026, to consider the following actions:

On February 24, 2026

- a) Consider adoption (second reading) of an ordinance of the Board of Supervisors of the County of Santa Barbara imposing a one percent transactions (sales) and use general tax measure in the unincorporated areas of the County to be administered by the California Department of Tax and Fee Administration;
- b) Adopt a resolution submitting the proposed Ordinance and ballot language proposing to impose a transactions (sales) and use tax of one percent to the electorate for approval, and requesting and ordering consolidation with the June 2, 2026, Primary Election;
- c) Direct the Auditor-Controller to review the ordinance/measure and determine whether the substance thereof, if adopted, would affect the revenues or expenditures of the County, and to prepare a fiscal impact statement pursuant to Elections Code Section 9160(c); and
- d) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because they consist of the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary:**

Staff recommends placing a ballot measure to impose a one percent transactions (sales) and use tax in the unincorporated areas of the County to generate General Fund revenues to offset federal funding cuts and growing projected budgetary deficits which will jeopardize core community services. The measure can include a sunset date or be applied in perpetuity, until ended by voters. Staff recommends a minimum of a five-year term to end in Fiscal Year 2031-32. This percentage amount would be added to the current sales tax rate of 7.75% on sales of tangible goods in the unincorporated area of the county. The resulting sales tax rate of 8.75% will be less than or equivalent to the cities of Carpinteria, Goleta, Guadalupe, Lompoc, Santa Barbara, Santa Maria, and Solvang. A one percent increase is estimated to generate approximately \$16 million annually to the County General Fund.

Existing sales tax in all jurisdictions:

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%
<b>County of SB unincorporated</b>	<b>7.75%</b>

**Discussion:**

On December 16, 2025, the Board received the five-year budget forecast for Fiscal Years 2026-27 through 2030-31. The forecast anticipates a cumulative \$66.4 million deficit across the General Fund and key special revenue funds that support safety net services over the next five years. This includes a \$26.2 million General Fund shortfall and an additional \$40.3 million gap in safety net programs, driven by state and federal policy changes and reductions; expenses outpacing available revenue; and increased mandates and obligations, such as the *Murray v. County of Santa Barbara* Stipulated Judgment regarding jail conditions. The projected shortfall for FY 2026-27 if all current service levels were maintained is \$23 million across all department services and funds.

To address these challenges, the County proposed a Budget Balancing Framework that includes:

- 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

Additionally, the FY 2026–27 budget development policies recommend earmarking \$50 million in one-time funds and \$8.5 million in ongoing funds for the Northern Branch Jail expansion. Putting \$50 million towards the project is expected to save \$3.7 million annually in debt service. This depletes the ability to backfill proposed cuts in FY 2026-27 and beyond using one-time funds.

Increasing the unincorporated county sales tax is estimated to generate an additional \$16 million annually and could provide assistance for critical safety net services and help preserve important community services such as road repair and deferred maintenance, capital projects, public safety investments and emergency preparedness.

**Table 1. Estimated Sales Tax Revenue**

	<b>FY 2024-25 Actuals at 7.75%</b>	<b>FY 2025-26 Estimated Actual at 7.75%</b>	<b>Estimated Annual Revenue at 8.75%</b>
<b>Transaction and Use Tax (Sales Tax)</b>	\$16 M	\$16 M	\$32 M
<b>Estimated Increase</b>			<b>\$16 M</b>

Santa Barbara County’s unincorporated areas have a limited number of commercial centers capable of generating significant sales tax, mainly because most unincorporated areas do not contain large retail hubs. In Fiscal Year 2024-25 the total gross taxable sales in the unincorporated county was approximately \$1.6 billion. In comparison, the cities of Santa Barbara and Santa Maria’s gross taxable sales were \$2.9 and \$3.0 billion, respectively. Most large purchases occur in incorporated cities, regardless of where a resident lives. Purchases such as vehicles, furniture, electronics, and appliances take place in cities and are subject to city sales tax. As a result, the County’s strongest opportunities for sales tax revenue are often tied to lodging, restaurants, tasting rooms, and destination retail, that are frequented by tourists and regional visitors.

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*Taxing Authority*

Revenue and Taxation ( R & T ) Code Section 7285 authorizes the County to levy additional tax on the retail sale of tangible property (sales tax). R&T Code Section 7251.1 limits the tax increase to no more than 2% above the state uniform tax rate. The current State base tax rate is 7.25% (see Table 2). The current rate in the unincorporated County is 7.75%, which includes a 0.5% countywide special tax approved by voters in 2008 and administered by the Santa Barbara County Association of Governments to support transportation improvements, known as Measure A. The local unincorporated County share is 1.00%. The unincorporated county does not receive any share of the cities' sales tax.

**Table 2. Current Breakdown of Unincorporated County Sales Tax**

<b>Total Tax</b>	<b>7.75%</b>
State Share	6.00%
Roads/Transportation (State)	0.25%
Measure A (SBCAG, local special tax)	0.50%
Local Share of Sales Tax	1.00%

Voter approval is required to impose the Transaction (Sales) and Use Tax that is applied to all retail purchases in the county. There are two options for a sales tax that staff explored:

1. *Countywide, inclusive of all incorporated cities* – this option 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 (see Table 3). The legislation must be in effect prior to approval of the resolution to place the measure on the ballot. The timeframe to pass this legislation proved to be too difficult to accomplish in the first few weeks of the 2026 legislative session, in time for placement on the June primary ballot. If this legislation is in place, this measure can be placed on the ballot by a 4/5 vote of the Board of Supervisors and would require a yes vote from a majority of voters voting countywide, inclusive of the cities to pass.
2. *Unincorporated County only (Staff recommendation)* – this option allows a sales tax increase of up to one and half cents (1 ½%) in unincorporated county areas only, before meeting the 9.25% maximum rate. This measure can be placed on the ballot by a 4/5 vote of the Board of Supervisors and would require a yes vote from a majority of *unincorporated county voters* voting to pass.

An increase in the sales tax as proposed would generate ongoing revenue to help defray some of the funding challenges and help continue the Board's commitment to community services that address the quality of life in our county, such as funding for homeless impacts, public safety services, emergency preparedness, and capital maintenance.

### *Unincorporated County Sales Tax vs Cities Sales Tax*

As shown on the table below, seven of the nine jurisdictions have increased their sales tax by voter measure in addition to the half-percent (0.5%) dedicated to transportation (Measure A), administered by the Santa Barbara County Association of Governments (SBCAG). Buellton and the Unincorporated County remain at 7.75%. Maximum tax rate by law is 9.25% or 2.0% above the State base of 7.25%

**Table 3. 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%	<b>9.25%</b>	--
		Carpinteria	Nov 2018	1.25%	<b>9.00%</b>	0.25%
		Goleta	Nov 2022	1.0%	<b>8.75%</b>	0.5%
		Guadalupe	Nov 2020	1.0%	<b>8.75%</b>	0.5%
		Solvang	Nov 2022	1.0%	<b>8.75%</b>	0.5%
		Lompoc	Mar 2020	1.0%	<b>8.75%</b>	0.5%
		Santa Maria	Nov 2018	1.0%	<b>8.75%</b>	0.5%
		Buellton	NA	--	<b>7.75%</b>	1.5%
		County of SB unincorporated	NA	--	<b>7.75%</b>	1.5%

### *Polling*

The County contracted with a public opinion research firm, Fairbank, Maslin, Maulin, Metz & Associates, (FM3 Research) to conduct a professional, statistically valid County survey for a proposed sales tax measure in December 2025. FM3 Research previously conducted surveys to assess voter sentiment for a sales tax in Fall 2023 and another survey related to an increase in Transient Occupancy Tax (TOT) in June 2024. The proposed sales tax ballot measure would require a simple majority to pass, and polling results indicate that the measure is possible with a narrow majority of voters in favor of a sales tax measure to offset federal government funding cuts. The 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

Results also show that county residents feel strongly about accountability and independent oversight requirements as well as expanding locally controlled revenue. In addition, the poll showed that six in ten voters believe the County has need for additional funds, but due to concerns about the cost of living, particularly the cost of housing, they are sensitive to sales tax increases. Other top concerns identified by respondents include the cost of healthcare and addressing homelessness.

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The survey included sample ballot language. Ballot language is limited to 75 words or fewer. If the Board approves placing the measure on the ballot, the proposed, recommended language is as follows:

Option 1 – Five-year term:

<b>SANTA BARBARA COUNTY AFFORDABLE HEALTHCARE, HOUSING AND COMMUNITY SERVICES PROTECTION MEASURE.</b> 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 generating approximately \$16,000,000 annually, requiring public disclosure of spending, audits, local control, be adopted?	YES
	NO

Option 2 – Until Ended by Voters:

<b>SANTA BARBARA COUNTY AFFORDABLE HEALTHCARE, HOUSING AND COMMUNITY SERVICES PROTECTION MEASURE.</b> 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 until ended by voters generating approximately \$16,000,000 annually, requiring public disclosure of spending, audits, local control, be adopted?	YES
	NO

### **Next Steps**

If the Board chooses to place a sales tax increase before the voters, the Clerk, Recorder and Assessor's Election Division has identified the following deadlines for the June primary ballot:

- **February 24, 2026 (Board action)** – Final Board Meeting to adopt proposed ordinance and resolution submitting measure to the voters; approve a request for consolidation with the election; and request the Auditor to prepare a Fiscal Impact Statement
- **February 17-26, 2026** – Period for submitting direct arguments for and against
- **February 27 – March 8, 2026** – Period to submit rebuttal arguments
- **March 9, 2026** – Deadline for Impartial Analysis
- **March 12, 2026** – Deadline for Fiscal Impact Statement

To meet the timeline above, staff would return for final adoption of the ordinance and a resolution authorizing submittal of the proposed Ordinance and ballot language and ordering consolidation with the June 2, 2026, Primary Election on February 24, 2026.

### *Public Awareness and Education*

Should the Board place a sales tax increase before unincorporated county voters in June 2026, the County may inform the public of the impact the passage or defeat of the measure will likely have on

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the County revenues stream. Communications must be fact-based. Information such as how much funding the tax will generate, or what portion of the budget was produced by the increase, are two examples. Due to the complexities and numerous regulations pertaining to communications on ballot measures, proposed public communications will be provided to County Counsel for review.

**Fiscal Analysis:**

A decision to place a sales tax on the June 2026 ballot will cost the County in the range of \$55,000 - \$75,000 for the County's proportional share of ballot preparation and printing costs. Staff will bring back to your Board any necessary budget adjustments for the election costs, which will be absorbed within the existing CEO department budget. If the sales tax increase is successful, approximately \$16 million in additional revenue would be received by the County per year. If voters approve the measure in June, implementation of the tax would begin October 1, 2026.

**Special Instructions to Clerk of the Board:**

The Clerk of the Board is requested to publish notice of the ordinance in accordance with Government Code section 25124.

**Attachments:**

Attachment A: Option 1 Ordinance

Attachment B: Option 2 Ordinance

**Authored by:**

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