



# County of Sonoma

## State of California

Date: December 10, 2024

Item Number: \_\_\_\_\_

Resolution Number: \_\_\_\_\_

4/5 Vote Required

**Resolution Of The Board Of Supervisors of the County of Sonoma, State Of California, Making Certain Findings Regarding The Sonoma County Child Care And Children’s Health Initiative And Sales Tax (Measure I) Passed By The Voters Of Sonoma County At The November 5, 2024 Presidential General Election; Approving A Temporary Solution To Allow Implementation Of Measure I; And Authorizing Staff To Take All Steps Necessary To Implement The Temporary Solution And To Find A Permanent Solution To Fully Implement Measure I**

**Whereas**, on June 2, 2023, proponents of a quarter-cent (0.25 percent) transactions and use tax (“sales tax”), filed with the Sonoma County Registrar of Voters Office a notice of intent to circulate an initiative petition to fund (1) child care, preschool, and early childhood education for low- and middle-income children and families in Sonoma County and (2) the local children’s health care safety net; and

**Whereas**, County Counsel prepared a ballot title and summary for the proposed initiative, as required by law, entitling the initiative the “Sonoma County Child Care and Children’s Health Initiative and Sales Tax” (hereinafter, “Measure I”); and

**Whereas**, the proponents of Measure I thereafter published a Notice of Intent to Circulate Petition, circulated their petition for signature, and on December 7, 2023, filed the petition and signatures with the Registrar of Voters; and

**Whereas**, the Registrar of Voters examined the signatures and verified that sufficient signatures supported placing Measure I on the ballot at the November 5, 2024 Presidential General Election (“the November 2024 Election”); and

**Whereas**, the Registrar of Voters certified the results of the examination to the Board of Supervisors (“Board”) on January 9, 2024; and

**Whereas**, the Board adopted Resolution No. 24-0035 on February 6, 2024, formally submitting Measure I to the voters of Sonoma County at the November 2024 Election; and

**Whereas**, Measure I is projected to raise \$30 million dollars annually to support childcare, early education, and children’s health and designates the First 5 Sonoma County Commission as the Administering Agency of the tax proceeds; and

**Whereas**, separately the City of Sebastopol (“City”) faces major long-term budget challenges; and

**Whereas**, the Sebastopol City Council (“City Council”) found that addressing the City’s budget challenges will require a mix of strategies, including increasing revenue; and

**Whereas**, the California Revenue and Taxation Code authorizes cities to levy a local sales tax for general purposes, subject to approval by a majority vote of the electorate; and

**Whereas**, on July 16, 2024, the City Council voted unanimously to place an additional half-cent (0.50 percent) local sales tax measure (“Measure U”) before the voters of the City of Sebastopol at the November 2024 election; and

**Whereas**, Measure U is projected to raise \$1,520,000 annually for the City; and

**Whereas**, Sonoma County voters passed both measures at the November 2024 Election, with Measure I—a County-wide measure—receiving 63 percent approval (50.1% required to pass), and Measure U—a city only measure—receiving 72 percent approval (50.1% need to pass); and

**Whereas**, state law provides that the governing body of a county or city may levy, increase, or extend a local sales tax at a rate of 0.125 percent or a multiple thereof, if the ordinance proposing that tax is approved by a two-thirds vote of all members of that governing body **and** the tax is approved by a majority vote of the qualified voters of the county or city voting in an election on the issue in conformance with the two percent (2%) cap imposed by Revenue and Taxation Code section 7251.1; and

**Whereas**, Revenue and Taxation Code section 7292.8 further provides that the County or any city within Sonoma County may impose a local sales tax that exceeds the existing two-percent cap by up to an additional one percent, provided that the ordinance proposing such a tax has been approved by the voters prior to January 1, 2026; and

**Whereas**, these statutes would collectively allow a maximum sales tax rate of 10.25 percent within the incorporated limits of Sebastopol (three percent above the state-wide sales tax rate of 7.25 percent; and

**Whereas**, the sales tax rate within the City prior to the November 2024 Election stood at 9.75 percent; and

**Whereas**, cumulatively, the sales taxes imposed by Measure I and Measure U would cause the sales tax rate in the City to exceed to statutory cap; and

**Whereas**, state law generally provides that voter-approved sales tax measures take effect 110 days after certification of the election results; and

**Whereas**, the California Department of Tax and Fee Administration (“CDTFA”) administers all local sales tax measures and informed both the City and County that, under these circumstances, CDTFA cannot implement either measure until they receive direction from the Attorney General; and

**Whereas**, CDTFA has requested an opinion from the Attorney General on the two taxes, but this process usually takes a minimum of six months to get direction; and

**Whereas**, CDTFA indicated that if the County and the City come to an agreement on a temporary solution that would allow both sales taxes to be implemented without exceeding the statutory cap, CDTFA would honor that agreement and begin to collect the sales taxes as scheduled on April 1, 2025; and

**Whereas**, CDTFA proposed that the quarter-cent available under Revenue and Taxation Code section 7251.1 should belong to the City, and the remaining quarter-cent available under Revenue and Taxation Code section 7292.8 could be split between the two measures; and

**Whereas**, the County, after consulting with staff for both the First 5 Sonoma County Commission and the City, explored three options for implementing the approved sales taxes, pending either an Attorney General opinion or a Legislative fix that allows both taxes to be fully implemented—(1) splitting the quarter-cent available to both the County and the City as proposed by CDTFA (“Option 1”), (2) having the City waive a quarter-cent of its half-cent sales tax, thereby allowing Measure I to be fully implemented county-wide in exchange for the County agreeing to transfer the amount collected within the City’s incorporated limits from Measure I to the City (“Option 2”), or (3) taking no action and waiting for the Attorney General to provide direction on the implementation of the two measures (“Option 3”); and

**Whereas**, Option 1 would require that the County agree to reduce the rate of the Measure I sales tax to one-eighth cent county-wide, which would reduce the projected proceeds from the Measure I sales tax from \$30 million to \$15 million dollars, annually, and would also reduce the amount of proceeds the City collected under Measure U from \$1,520,000 to \$1,140,000 annually, seriously thwarting the will of the voters on both measures; and

**Whereas**, Option 2 would allow the County to fully implement Measure I apart from the portion of the tax collected within the City’s incorporated limits, reducing the projected annual tax proceeds by just \$760,000, resulting in annual revenues under Measure I of \$29,240,000, while making the City completely whole on the projected sales tax collected under Measure U; and

**Whereas**, countywide taxes must be levied at a uniform rate, and CDTFA lacks the authority to have both Measure I and Measure U fully implemented with Measure I sales tax proceeds not collected or collected at a reduced rate within the incorporated limits of the City; and

**Whereas**, Option 3 would mean that neither measure would be implemented until the Attorney General's Office issues formal direction, significantly delaying the collection of the two voter-approved sales taxes; and;

**Whereas**, the County, on behalf of the First 5 Sonoma County Commission, and the City have agreed to proceed under Option 2; and

**Whereas**, the Board finds that, pending a permanent fix, Option 2 allows both measures to move forward as scheduled in April 2025 and maximizes the amount of tax proceeds collected under each measure, more closely aligning with the will of the voters who passed both measures; and

**Whereas**, the Board desires to ensure that there is no delay in implementing either measure while the parties endeavor to secure a permanent solution to allow full implementation of both measures; and

**Whereas**, the Board finds that remitting the portion of sales tax collected from Measure I within the incorporated limits of Sebastopol to the City will allow the most public benefit and most closely reconciles the will of the voters in approving both measures; and

**Whereas**, the Board desires to hold harmless the Auditor-Controller-Treasurer-Tax Collector from any and all challenges to the actions directed by this Board to implement the interim solution; and

**Whereas**, the Board finds that Option 2 is consistent with the will of the voters and ensures that each tax base realizes the maximum proceeds possible during the interim period.

**Now, Therefore, Be It Resolved That:**

1. The foregoing recitals are true and correct and are hereby incorporated by reference and form the material basis for this Resolution.
2. The Board of Supervisors approves Option 2 as the interim solution to implement Measure I and hereby authorizes and directs the Auditor-Controller-Treasurer-Tax Collector to enter into all necessary agreements with CDTFA to begin collection of said sales tax.

3. The Board of Supervisors further authorizes and directs the County Executive to enter into an agreement with the City, in a form approved by County Counsel, setting forth the terms of Option 2 and the respective obligations of the County and the City.
4. The Board of Supervisors agrees to hold harmless the Auditor-Controller-Treasurer-Tax Collector and/or his designees from any and all actions taken to implement the interim solution authorized by this Resolution.
5. The Board of Supervisors directs staff to work First 5 Sonoma County, the City of Sebastopol, and the County's and City's state representatives to find a permanent legislative fix to allow full implementation of both Measure I and Measure U.

**Supervisors:**

Gorin:

Coursey:

Gore:

Hopkins:

Rabbitt:

Ayes:

Noes:

Absent:

Abstain:

**So Ordered.**