Sutter Yuba Taxpayers Association

Focused on responsible governance

SYTax.org

Sutter County 1% General Transactions and Use (Sales) Tax Measure

August 2026

Taxpayers Association Position **OPPOSE**

Rationale for Position

The Association OPPOSES the proposed 1% general transactions and use tax. While Sutter County faces real pressures on public safety, water, and emergency services, the measure is structured as an unrestricted permanent general tax with no fixed sunset, no legally binding dedication of revenues to the marketed priorities, no Maintenance-of-Effort protection, and only advisory oversight appointed by the same Board of Supervisors that controls spending. Voters are being asked to approve a permanent tax increase described in terms of specific needs (water supply, fire/sheriff/911 response, streets) that the ordinance itself does not guarantee.

Past local sales-tax efforts have failed when voters perceived insufficient accountability. The Association finds the proposal fails key tests of fiscal discipline, taxpayer protection, and alignment with best practices for citizen oversight and temporary taxation.

Title: Sutter County 1% General Transactions and Use (Sales) Tax (Safety/Water Protection Measure / Measure G)
Type: New General Sales Tax
Vote: General Election, November 3, 2026
Status: On the ballot, approved by Sutter County Board of Supervisors July 28, 2026
Issue: Sales and Use Tax
Description: To provide locally controlled funding for Sutter County services including water supply, public safety, emergency response (fire, sheriff, 911), and other general governmental purposes.
Fiscal Impact: Approximately $22.5 million in revenue per year; ongoing until the Voters repeal ordinance.

Background

Sutter County currently has one of the lowest combined sales-tax rates in California at 7.25% (statewide base plus minimal local additions). Previous attempts to raise the local rate, including a 2022 general sales-tax measure (Measure A) and City of Yuba City 2024 general sales-tax measure (Measure D) were both defeated by voters.

The Board of Supervisors has now placed a new 1% general tax on the November 2026 ballot. The ordinance imposes the tax countywide (incorporated and unincorporated areas, including Yuba City and Live Oak).

It takes effect on the first day of the first calendar quarter more than 110 days after voter approval (projected April 1, 2027) and remains in force indefinitely until voters repeal it.

Because this is a general-purpose tax, only a simple majority is required.

There is no legal requirement that revenues be spent on the water, public-safety, or emergency-response purposes highlighted in public statements. Funds flow to the County's discretionary accounts; a future Board may reallocate them to any lawful purpose (pensions, salaries, other operations, debt service, etc.) without further voter approval.

Stated Need

County officials cite state budget cuts, rising personnel costs, staffing shortages, a grand-jury report on fire-protection deficiencies, and a resident survey (≈1,800 responses) ranking fire protection, drinking water, and public safety as top concerns. They project that the tax will help maintain response times, keep fire stations open, and address infrastructure. The Association acknowledges legitimate service pressures. However, the County has presented balanced budgets, maintains reserves near the two-month GASB operating recommendation, and continues contributions to pension prefunding trusts. The $22.5 million annual projection is substantial relative to existing local discretionary revenues. A permanent general tax of this magnitude is not the only, nor necessarily the most accountable, response to cyclical state funding uncertainty or deferred maintenance.

Sales Tax Rate Context

Approval would raise the combined rate from 7.25% to 8.25% countywide. While still below many California areas, the increase is large in absolute terms for a county that has long marketed itself on a low tax burden. The tax applies to tangible personal property sold at retail (with standard state exemptions). It is permanent unless and until voters later repeal the entire ordinance—an unusually high bar compared with fixed-term measures that automatically expire and force re-evaluation.

Taxpayers Association Findings

A. Tax Proposal Alignment with the Tax Base

A general sales tax captures visitor and non-resident spending, but Sutter County's retail and tourism base is more limited than coastal or large urban areas. A permanent 1% increase raises the cost of living and doing business for local residents and employers without the temporary nature that allows periodic accountability.

B. Addresses Issue/Need Directly

Public materials emphasize water supply, fire/sheriff/911 response, and streets. The ordinance contains no such dedication. As a general tax, revenues may be used for any governmental purpose. There is no guarantee that the marketed priorities will receive the funds, nor that existing General Fund support for those areas will be maintained.

C. Potential Impact on Economic Growth

Moving from one of California's lowest rates to 8.25% permanently increases the cost of taxable purchases. While the incremental effect on any single transaction is modest, cumulative impact on households and businesses, combined with the absence of a sunset, creates a lasting competitive disadvantage relative to neighboring low-tax areas.

D. Long-Term Fiscal Sustainability

The County has maintained balanced budgets and prudent reserves. Adding a large permanent revenue stream without structural reforms, binding spending limitations, or a sunset risk masking rather than solving underlying cost drivers (personnel, pensions, state-mandated programs). The Association favors temporary special taxes that force periodic performance reviews.

E. Aggregate Tax Burden

A permanent jump of a full percentage point is a meaningful increase from the long-standing 7.25% baseline. Residents and businesses already face rising costs in other areas; an open-ended sales tax compounds the burden without a built-in expiration that would require the County to demonstrate results before seeking renewal.

Sales taxes are inherently regressive and fall hardest on the approximately 12.6% of Sutter County residents living below the poverty line and the roughly 16% of the population aged 65 and older, many of whom depend on fixed incomes and have limited ability to absorb higher costs on everyday purchases.

F. Effectiveness and Efficiency in Outcomes

No specific, measurable, binding performance metrics or project lists are locked into the ordinance. Traditional year-over-year service metrics and capital-project tracking would be valuable, but under a pure general tax they remain discretionary. Without them, voters lack clear benchmarks against which to judge future performance.

G. Independent Citizens' Oversight

The ordinance creates a five-member Independent Community Advisory Committee appointed by the Board of Supervisors (terms ≤4 years). The committee must meet at least quarterly, review revenues and expenditures, review the annual independent audit, and deliver at least one written annual report with recommendations. Minutes go to the Board. This structure is advisory only.

Members are selected by the same elected body that controls appropriations. Best-practice independent oversight typically includes stronger independence criteria, fixed membership categories representing taxpayers/business/residents, and clearer enforcement mechanisms. An annual independent audit and public discussion are positive but insufficient when the tax itself is permanent and unrestricted.

H. Sunset Clause

There is none. The tax continues until the ordinance is repealed by voters. The Association strongly prefers fixed-term sunsets (typically 8–15 years) that automatically expire and require affirmative voter re-approval after results can be evaluated. Permanent taxes reduce accountability.

I. Maintenance of Effort

No Maintenance-of-Effort clause is included. New revenues may therefore displace them rather than supplement existing General Fund commitments to public safety, water, or infrastructure. Combined with the general-purpose nature of the tax, this creates a material risk that the net increase in service levels will be smaller than marketed.

Conclusion

The Sutter Yuba Taxpayers Association recognizes the importance of public safety, water reliability, and emergency response. Those needs do not justify a permanent, unrestricted 1% general sales tax with only advisory oversight and no sunset. Voters should reject the measure and insist on a more tightly constrained alternative—fixed term, stronger independent oversight, clear Maintenance-of-Effort protections, and (if specific projects are truly intended) the higher-threshold special-tax route that legally binds the revenues. Until such protections are in place, the Association urges a NO vote.