



COUNTY OF HUMBOLDT

For the meeting of: 3/7/2023

File #: 23-251

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Resolution Requesting Humboldt County Delegates to Introduce Legislation Allowing Local Voter-Approved Sales Tax to Exceed State Limit and Legislation to Increase Allowable Abandoned Vehicle Abatement Service Fee

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the attached Resolution requesting Humboldt County delegates to introduce legislation that would allow a local voter-approved sales tax to exceed the state limit, and legislation to increase the allowable abandoned vehicle abatement service fee.

SOURCE OF FUNDING:

Roads Fund (1200), General Fund (1100)

DISCUSSION:

Your Board has received updates from staff over the last several years regarding changing economic conditions in the state and across the country, most recently at the mid-year budget report on Feb. 7. It is clear they are in an era of economic flux. However, the county has a responsibility to continue to address the needs of local residents, and to collaborate with municipalities to effectively address the needs of residents, businesses and stakeholders, no matter the condition of the economy. The County of Humboldt, like many others throughout California, has had ongoing funding challenges in meeting the essential needs of residents, including providing safe streets, roads and infrastructure. These challenges have only been exacerbated as a result of the COVID-19 emergency, recent local earthquakes, storms, flooding and other disasters and emergencies. Humboldt County is still recovering from the impacts of these catastrophes, but the region is prone to disasters and must plan properly and responsibly to these needs into the future.

To many of these points, on July 19, 2022, the Humboldt County Board of Supervisors directed staff to

research and return to the Board with options for funding to provide roads services, so vital to emergency ingress and egress to areas affected by natural disaster. Staff have identified a county-wide sales tax as a possible option. Pursuant to California Revenue and Taxation Code 7285 & 7285.5, your Board may levy a tax for general or specific purposes by two-thirds vote of the Board of Supervisors and either majority or two-thirds vote of the qualified voters of the entire county, depending on the structure of the ordinance approved by voters.

However, per section code 7285.3 and 7251.1, the combined tax rates in any county may not exceed 2% above the state sales tax rate of 7.25%. The City of Eureka currently has a sales tax rate of 9.25%, which is the state-limited maximum rate, and without state action cannot serve as a bases for future district taxes. Therefore, in order to preserve all local funding options available and allow a future voter-approved ordinance to exceed this rate, legislation at the state level is necessary.

This action does not increase any sales taxes and does not bind the county to moving forward with a local measure, but leaves that opportunity available for your Board and voters to consider in the future.

Abandoned Vehicle Abatement

In 1992, the Board of Supervisors established a Abandoned Vehicle Abatement (AVA) Authority, pursuant to Vehicle Code 9250.7, which is charged with removing abandoned, wrecked, dismantled or inoperative vehicles or vehicle parts from private and public property that are deemed hazardous to the environment, in both the incorporated and unincorporated parts of the community. Fees to fund this service are charged on vehicle registration and are currently \$1 for most residential vehicles, and an additional \$2 for certain commercial vehicles.

The fee amount is set by the state and has not increased in more than 30 years. Meanwhile, the need to abate more vehicles, especially in remote areas, and the cost of the related services have increased significantly. In order to maintain and improve this service locally, the state must first authorize and increase to the fee amount, and local voters must approve imposing a fee at the new amount. Therefore, the attached resolution requests Humboldt County delegates to increase the state-authorized amount of those fees in Humboldt County only to \$5 for most residential vehicles, and \$10 for certain commercial vehicles, with a cap of \$250 for an owner of commercial vehicles.

In January, your Board adopted the 2023 Legislative Platform, which supports increases to the AVA fee. Below is the statement issue in the platform:

Funding for abandoned vehicles, and increase to Abandoned Vehicle Abatement Fee

The number of abandoned vehicles throughout the county have been on the rise. Abandoned vehicles can also be considered not only an eye sore but also an environmental concern due to fluid leakage, and a public health hazard as the vehicles catch fire, impeded safe travel and are an attractive nuisance. Public Works, Environmental Health and the Sheriff's Department have long been tasked with the cleanup or hauling of these wastes and the costs associated with them. Implementing new fines, increasing the cleanup fees and receiving additional state resources may benefit the county by decreasing the waste and offsetting more of the cleanup costs.

Humboldt County supports efforts to increase resources directed towards abandoned vehicles.

Similar to the request related to sales tax, this action does not increase any fees, and if a bill is approved by the legislature leaves the option for voters to consider in the future.

FINANCIAL IMPACT:

This action has no immediate financial impact, however, a half-cent sales tax measure applied county-wide would generate approximately \$12 million in revenue annually. The current AVA fee generates approximately \$130,000 annually, and if the state passes the increase as stated, and voters approve the measure, it could generate more than \$500,000 annually. It should be noted that AVA revenues are received by the county, then distributed to local participating cities and the Sheriff's Office.

STAFFING IMPACT:

This action would require staff from the County Administrative Office, Public Works and Sheriff's Office to pursue legislation and participate in state processes related to bills moving through the legislature. In addition, if your Board chooses to place measures related to sales tax and/or the AVA fee on an upcoming ballot, significant staffing resources and professional will be required for the process.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework priority of providing for and maintaining infrastructure, facilitating the establishment of local revenue sources to address local needs.

OTHER AGENCY INVOLVEMENT:

California State Assembly

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could choose not to support the resolution. That action would eliminate the possibility of a county-wide sales tax or AVA measure being placed on the ballot in 2024.

ATTACHMENTS:

Resolution

PREVIOUS ACTION/REFERRAL:

Board Order No.: G-1, I-1

Meeting of: July 19, 2022; Jan. 24, 2023

File No.: 22-946, 23-104