

June 2, 2026

The Honorable Jesse Arreguín
California State Senate
1021 O Street, Suite 6710
Sacramento, CA 95814



**RE: SB 762 (ARREGUÍN): TRANSACTIONS AND USE TAXES – LOCAL AGENCIES
CITY OF SAN PABLO – NOTICE OF SUPPORT/SPONSORSHIP**

Dear Senator Arreguín:

The City of San Pablo is proud to support and sponsor SB 762, which would provide limited statutory flexibility for specified local jurisdictions, including the City of San Pablo, to seek local voter approval for a transactions and use tax that exceeds the existing statewide cap established under current State law.

SB 762 is a thoughtful and balanced measure that recognizes the growing fiscal pressures facing local governments throughout California while preserving the fundamental principle of local voter control. Importantly, the bill does not impose any tax increase. Rather, it simply authorizes local jurisdictions to place a locally determined measure before their own voters for consideration pursuant to existing constitutional voter approval requirements.

Like many California cities, San Pablo is confronting mounting structural fiscal pressures driven by inflationary cost increases, aging infrastructure, deferred maintenance obligations, rising public safety costs, and growing community needs. Core municipal functions including economic development, public safety, emergency medical services, street maintenance, youth and recreation services, and senior programs all require reliable and sustainable long-term funding sources.

San Pablo has exhausted its remaining local sales tax capacity under current state law and cannot place a meaningful local revenue measure before voters without legislative authorization. The City continues to carefully evaluate long-term fiscal solutions that would allow San Pablo to preserve essential community services while maintaining long-term fiscal sustainability.

Despite prudent fiscal management and ongoing efforts to control annual expenditures, existing General Fund revenues remain insufficient to fully address the City's current and projected service and infrastructure needs. In response to a recent long-term financial forecast evaluating the City's fiscal outlook and revenue capacity, the San Pablo City Council

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adopted Resolution No. 2025-036 on March 3, 2025, authorizing the City Manager to explore the feasibility of a half-cent Transactions and Use Tax measure for placement on the November 2026 ballot.

Without additional local flexibility, cities like San Pablo will face increasingly difficult decisions involving service reductions, deferred infrastructure investments, and constraints on programs that directly support public health, safety, economic stability, and quality of life for residents.

SB 762 provides a responsible local solution to these challenges. The bill would allow San Pablo voters — not the State, and not the City alone — to determine whether additional locally controlled revenue is necessary to preserve essential services, strengthen community programs, maintain infrastructure, and support the City's long-term fiscal sustainability.

If approved by local voters, future revenue generated through a local Transactions and Use Tax measure would help protect and preserve funding for essential community priorities, including public safety services, illegal dumping prevention and neighborhood beautification efforts, homeless outreach services, rental protection and stabilization programs, youth scholarship opportunities, and Senior Daily Meal programs serving vulnerable residents throughout the community.

Importantly, this measure also reduces pressure on the State to backfill growing local fiscal challenges in the future. Rather than seeking ongoing state financial assistance, San Pablo is simply requesting the authority to allow local residents to determine whether they wish to invest in maintaining the services, infrastructure, and community programs they rely upon every day.

California's long-term economic success depends upon financially stable local governments that can continue delivering essential public services, maintaining infrastructure, supporting economic development, and responding to evolving community needs. SB 762 acknowledges the unique fiscal circumstances facing local jurisdictions and provides a measured, voter-driven pathway for communities to address those realities locally.

For these reasons, on March 16, 2026, the San Pablo City Council adopted Resolution #2026-036, requesting inclusion in SB 762 to seek a legislative exemption allowing its proposed transactions and use tax to exceed the existing statewide cap

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In summary, the City of San Pablo strongly **supports** SB 762 and urges its passage.

Sincerely,



Elizabeth Pabon-Alvarado, Mayor
City of San Pablo

cc: Members, Assembly Revenue and Taxation Committee
Members, Assembly Local Government Committee
Assembly Member Buffy Wicks
San Pablo City Council