

SAN LUIS OBISPO COUNCIL OF GOVERNMENTS / LOCAL TRANSPORTATION AUTHORITY

RESOLUTION NO. ____

RESOLUTION REQUESTING A CALL FOR A SPECIAL ELECTION BY THE BOARD OF SUPERVISORS ON A RETAIL TRANSACTION AND USE TAX ORDINANCE, CONSOLIDATION OF THE ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2026,

WHEREAS, the streets, roads, highways, transit systems, bicycle and pedestrian facilities within the incorporated and unincorporated areas of San Luis Obispo County are of regional concern and are essential to the safety, mobility, economic vitality, environmental sustainability, and quality of life of residents, businesses, visitors, seniors, veterans, and persons with mobility challenges; and

WHEREAS, existing federal, state, and local transportation revenues are insufficient to adequately maintain, operate, and improve the County's and Cities' transportation system; and

WHEREAS, the Legislature of the State of California has authorized counties to establish voter-approved local transportation sales taxes pursuant to Public Utilities Code Division 19 (commencing with Section 180000) and Revenue and Taxation Code Part 1.6 (commencing with Section 7251); and

WHEREAS, the San Luis Obispo Council of Governments (SLOCOG) has been designated as the Local Transportation Authority for San Luis Obispo County; and

WHEREAS, keeping roads and highways in good condition and enhancing mobility helps protect public safety by allowing police, firefighters, and ambulances to respond quickly to emergencies and ensuring first responders are not stuck in traffic or slowed down by failing infrastructure; and

WHEREAS, San Luis Obispo County's transportation system is the backbone of our regional economy, allowing local farmers and businesses to move produce and products to market, creating jobs for local residents; and

WHEREAS, essential purchases like food and groceries are exempt from the ½ cent sales tax, helping to ensure the cost is not a burden to those on fixed or limited incomes; and

WHEREAS, the ½ cent sales tax is paid by both residents and visitors shopping in San Luis Obispo County, including visitors, to ensure all users of local roads and transportation infrastructure contribute; and

WHEREAS, by law, all of the money must stay in San Luis Obispo County for local transportation improvements only and cannot be taken away by the State or used for other purposes; and

WHEREAS, pursuant to Public Utilities Code Section 180206, and through extensive public engagement and coordination with all incorporated cities and the County of San Luis Obispo, SLOCOG has prepared a countywide Transportation Expenditure Plan which guides the investment of revenues generated by this Ordinance, provides for locally controlled funding for transportation repairs and improvements, and requires strict fiscal accountability protections, including a Citizen's Oversight Committee, annual independent audits, and public disclosure of all spending; and

WHEREAS, Ordinance No. 2016-__ (including the Expenditure Plan) was introduced by the governing body of the SLOCOG/the Authority on February 4, 2026; and

WHEREAS, the Expenditure Plan was approved by the Board of Supervisors on March 24, 2026 and approved by a majority of the city councils representing a majority of the population residing

within the incorporated areas of the County pursuant to Public Utilities Code Division 19 (commencing with Section 180206; and

WHEREAS, it is the intent of the voters and the Authority/SLOCOG that revenues generated by this Ordinance supplement, and not supplant, existing transportation funding; and

NOW, THEREFORE, the governing board of the San Luis Obispo Council Of Governments, acting as the local transportation authority, does hereby adopt the San Luis Obispo County Transportation Expenditure Plan:

BE IT FURTHER RESOLVED, that the San Luis Obispo Council of Governments, acting as the Local Transportation Authority, does hereby adopt Ordinance No. 2026-__ - San Luis Obispo County Transportation Expenditure Plan as introduced by the San Luis Obispo Council of Governments on February 4, 2026, and attached hereto.

BE IT FURTHER RESOLVED, that SLOCOG/Authority does hereby request that the San Luis Obispo County Board of Supervisors call a special election to place on the ballot the San Luis Obispo County Transportation Expenditure Plan and transportation sales tax measure which election shall be held on November 3, 2026 and consolidated with other elections to be held on the same date. The ballot language shall read as follows:

San Luis Obispo County Local Pothole Repair, Traffic Relief, Road Safety Measure

To keep streets/roads/highways in good condition throughout San Luis Obispo County; fixing potholes; reinforcing/replacing aging, deficient bridges/overpasses; improving traffic flow/safety; maintaining 911 emergency vehicle access; creating local jobs; keeping bus fares low for students/seniors/disabled/veterans; shall San Luis Obispo County's measure establishing a ½¢ locally-controlled transportation sales tax be adopted, providing approximately \$35,000,000 annually for 30 years, requiring spending disclosure, citizens oversight, and audits? (75 words)

Yes ___

No ___

BE IT FURTHER RESOLVED, that SLOCOG / Authority requests the County's election official, pursuant to California Public Utilities Code Section 180203(c), to print in the sample ballot, immediately below the full proposition, and in the voter information guide, in no less than 10-point bold type, text substantially as follows: "The adopted San Luis Obispo County Transportation Expenditure Plan may be viewed electronically at www.localROADSfirst.com ."

BE IT FURTHER RESOLVED, that the Secretary and the Authority's counsel are authorized to make any typographical, clerical, non-substantive corrections to this resolution as may be deemed necessary by the San Luis Obispo County Registrar of Voters or election official.

On motion by Board Member _____, seconded by Board Member _____, and on the following roll call vote, to wit;

AYES:

NOES:

ABSTAIN:

ABSENT:

The foregoing resolution is hereby adopted on this second day of February 4, 2026.

Carla Wixom, President
San Luis Obispo Council of Governments

ATTEST:

Peter Rodgers, Executive Director
San Luis Obispo Council of Governments

APPROVED AS TO FORM AND LEGAL EFFECT:

BY: _____
Jenna Morton
SLOCOG Counsel

DATE: _____

The San Luis Obispo Council of Governments
Ordinance No. 2026-__
San Luis Obispo County Transportation Expenditure Plan

Guiding Principles and Preamble

The Governing Board of the San Luis Obispo Council of Governments (“SLOCOG”), acting as the Local Transportation Authority, hereby finds and declares as follows:

1. A safe, efficient, and well-maintained transportation system is essential to the public health, safety, welfare, and economic vitality of San Luis Obispo County and its cities and communities.
2. Existing state and federal transportation revenues are insufficient, unreliable, and increasingly restricted, and are no longer adequate to maintain existing transportation infrastructure or to meet current and future transportation needs. Declining fuel tax revenues, changes in travel behavior, rising construction and maintenance costs, and limitations on the use of state and federal funds have contributed to the deterioration of local streets, roads, highways, transit systems, and active transportation facilities.
3. Inadequate transportation funding adversely affects public safety, mobility, and economic competitiveness, and disproportionately impacts seniors, children, veterans, persons with disabilities, and other transportation-dependent populations.
4. SLOCOG is the designated regional transportation planning agency for San Luis Obispo County and is governed by a Board consisting of one elected official from each of the seven incorporated cities within the County and all five members of the County Board of Supervisors.
5. While SLOCOG actively pursues state and federal transportation funding, such funds are increasingly awarded on a competitive basis and favor regions that have established voter-approved, locally dedicated transportation-specific revenues. Without a similar local funding source, San Luis Obispo County is disadvantaged in competing for these funds.
6. To address these deficiencies and to provide a reliable local funding source for transportation improvements, it is necessary and appropriate to submit to the voters a proposal to enact a one-half of one percent (0.5%) retail transactions and use tax, the proceeds of which shall be used solely for transportation purposes within San Luis Obispo County.

7. SLOCOG has adopted a Transportation Safety & Investment Plan (the “Transportation Expenditure Plan”) that identifies transportation improvements and programs of countywide and local significance to be funded by the proposed tax, including:
 - Maintenance and repair of streets, roads, and highways, including pothole repair and safety improvements;
 - Traffic congestion relief, safety and operational improvements;
 - Public transportation services and facilities, including service enhancements;
 - Mobility improvements for seniors, veterans, and persons with disabilities;
 - Safe Routes to School projects in each city and community;
 - Bicycle and pedestrian safety and connectivity improvements; and
 - Use of funds to leverage and secure additional state and federal transportation funding.
8. The Transportation Expenditure Plan establishes a clear nexus between the proposed tax and the transportation improvements and programs to be funded and reflects the highest priority transportation needs of the County’s cities and communities.
9. It is the intent of the Governing Board and the voters that all revenues derived from the retail transactions and use tax be expended solely in accordance with the Transportation Expenditure Plan and applicable law.
10. To ensure accountability, transparency, and compliance with voter intent, this Ordinance establishes the following safeguards:
 - A voter-approved Transportation Expenditure Plan governing all expenditures;
 - Spending assurances, safeguards, and local control of revenues;
 - Maintenance of effort requirements;
 - Limitation of administrative costs to no more than one percent (1%) of annual revenues;
 - Annual independent financial and performance audits;
 - Annual public reporting on revenues, expenditures, and project delivery; and
 - An independent taxpayer oversight committee to review audits and report findings to the public.

Now, therefore, the Governing Board of the San Luis Obispo Council of Governments, acting as the Local Transportation Authority, does hereby ordain as follows:

SECTION 1. TITLE

This Ordinance shall be known and may be cited as the **San Luis Obispo County Local Transportation Investment Ordinance** (“Ordinance”).

SECTION 2. DEFINITIONS

For purposes of this Ordinance:

- **“Authority”** means the San Luis Obispo Council of Governments (SLOCOG), acting as the Local Transportation Authority as designated by the San Luis Obispo County Board of Supervisors, pursuant to the Local Transportation Authority and Improvement Act set forth at California Public Utilities Code Section 180000 et seq.
- **“County”** means the County of San Luis Obispo.
- **“District”** means all incorporated and unincorporated territory within San Luis Obispo County.
- **“Expenditure Plan”** means the San Luis Obispo County Transportation Expenditure Plan attached hereto as **Attachment A** and incorporated by reference.
- **“Gross Revenues”** means all proceeds of the tax imposed by this Ordinance, including interest earnings.
- **“Net Revenues”** means Gross Revenues remaining after payment of CDTFA administration costs and authorized administrative expenses.
- **“Measure”** means the ballot proposition submitted to the voters pursuant to this Ordinance.

“Operative Date” means the first day of the first calendar quarter commencing more than 110 days after the adoption of the ordinance. If the Ordinance is approved by the requisite vote of the electors voting on this Ordinance at the election held on November 3, 2026, the Operative Date shall be April 1, 2027.

SECTION 3. PURPOSE

This Ordinance is adopted to:

1. Establish a dedicated local funding source for transportation purposes within San Luis Obispo County.
2. Implement the voter-approved Transportation Expenditure Plan.

3. Impose a retail transaction and use tax pursuant to State law, subject to two-thirds voter approval.
4. Ensure transparency, accountability, geographic equity, and strong taxpayer protections.

SECTION 4. IMPOSITION OF TRANSACTIONS AND USE TAX

(CDTFA-COMPLIANT)

A. Transactions Tax Rate

For the privilege of selling tangible personal property at retail, a transactions tax is hereby imposed upon all retailers in the District at the rate of **one-half of one percent (0.5%)** of the gross receipts from the sale of all tangible personal property sold at retail in the District on and after the Operative Date.

B. Place of Sale

For purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or its agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the state or has more than one place of business, the place or places at which the retail sales are consummated for the purpose of a transaction tax imposed by this Ordinance shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration (CDTFA).

C. Use Tax Rate

An excise tax is hereby imposed on the storage, use, or other consumption in the District of tangible personal property purchased from any retailer at the rate of **0.5%** of the sales price, effective on and after the Operative Date. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

D. Contract with the State (CDTFA)

Prior to the Operative Date, the Authority shall contract with the CDTFA to perform all functions incident to the administration and operation of the transactions and use tax imposed by this Ordinance; provided, that if the Authority shall not have contracted with the Department prior to the Operative Date, it shall nevertheless so contract and in such a

case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

SECTION 5. ADOPTION OF PROVISIONS OF STATE LAW

Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with Public Utilities Code Division 19 and Revenue and Taxation Code Part 1.6, all provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and incorporated by reference as though fully set forth herein.

SECTION 6. LIMITATIONS ON ADOPTION OF STATE LAW

In adopting the provisions of State law:

1. Wherever the State of California is named as the taxing agency, the Authority shall be substituted, except where administration is reserved to the CDTFA.
2. No provision shall be interpreted to create exemptions or impose taxes beyond those authorized under State law.

SECTION 7. PERMIT NOT REQUIRED

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

SECTION 8. EXEMPTIONS, EXCLUSIONS, AND CREDITS

All exemptions, exclusions, and credits applicable to the State sales and use tax shall apply to the tax imposed by this Ordinance to the same extent and in the same manner.

SECTION 9. TERM AND OPERATIVE DATE

- A. The tax authorized by this Ordinance shall become operative on **April 1, 2027**, or as otherwise provided herein.
- B. The tax shall remain in effect for **thirty (30) years**, expiring on **March 31, 2057**, unless otherwise terminated by voter approval.

SECTION 10. USE AND ALLOCATION OF REVENUES

All Net Revenues shall be deposited into a **Local Transportation Authority Special Revenue Fund** and used solely for transportation purposes authorized by this Ordinance and the Expenditure Plan.

Allocation of Net Revenues

- **55% – Local Streets and Roads**
- **40% – Regional Transportation Projects**
- **4% – Seniors, Veterans, and Mobility-Challenged Transportation Services**
- **1% – Administration**

SECTION 11. ELIGIBLE USES

Eligible uses include, but are not limited to, those identified in the Expenditure Plan, including planning, design, construction, operations, maintenance, transit, bicycle and pedestrian facilities, and specialized mobility services.

SECTION 12. MAINTENANCE OF EFFORT (MOE)

Each jurisdiction receiving Local Streets and Roads funds shall maintain, at a minimum, the average level of discretionary general fund expenditures for transportation purposes over Fiscal Years **2023-24, 2024-25, and 2025-26**, consistent with the Expenditure Plan.

SECTION 13. JURISDICTIONAL ELIGIBILITY REQUIREMENTS

Jurisdictions must maintain required planning, fee, reporting, and capital improvement programs as set forth in the Expenditure Plan to remain eligible for funding.

SECTION 14. TAXPAYER SAFEGUARDS

Safeguards include local-use restrictions, anti-supplantation provisions, annual audits, annual public reporting, and performance assessments.

SECTION 15. CITIZENS' OVERSIGHT COMMITTEE

A Citizens' Oversight Committee shall be established within six (6) months of voter approval in accordance with Attachment A.

SECTION 16. BONDING AUTHORITY

The Authority may issue bonds payable from Measure revenues subject to limitations and coverage requirements set forth in the Expenditure Plan.

SECTION 17. CREATION OF SPECIAL FUND

All Measure revenues and interest shall be deposited in a segregated special fund administered by the Authority.

SECTION 18. APPROPRIATIONS LIMIT

Pursuant to **Article XIII B of the California Constitution** and **PUC §180202**, the initial appropriations limit is hereby established at **[\$[TO BE INSERTED]]** for Fiscal Year 2027-28 and shall be adjusted annually as provided by law.

SECTION 19. CEQA COMPLIANCE

Adoption of this Ordinance and the Expenditure Plan is not a project subject to CEQA pursuant to **CEQA Guidelines §§15276 and 15378(b)(4)**.

SECTION 20. CALL FOR ELECTION

The Authority hereby requests the San Luis Obispo County Board of Supervisors to call an election to be held on **November 3, 2026**, consolidated with other elections, for voter approval of the Measure. Approval shall require a **two-thirds (2/3)** vote.

The revenues received by the Authority from this Ordinance, after deduction of the required Department costs for performing the functions specified in section 180204 of the Public Utilities Code, reimbursing the County of San Luis Obispo for its costs in conducting the election if the measure is approved in accordance with section 180203(a) of the Public Utilities Code, and after deduction for the administration of the Expenditure Plan pursuant to the provisions of the Public Utilities Code commencing with section 180200.

INSERT BALLOT LANGUAGE after Feb. 4, 2026 Board meeting.

SECTION 21. EFFECTIVE DATE

This Ordinance shall take effect immediately upon voter approval, subject to the Operative Date specified herein.

SECTION 22. SEVERABILITY

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.