

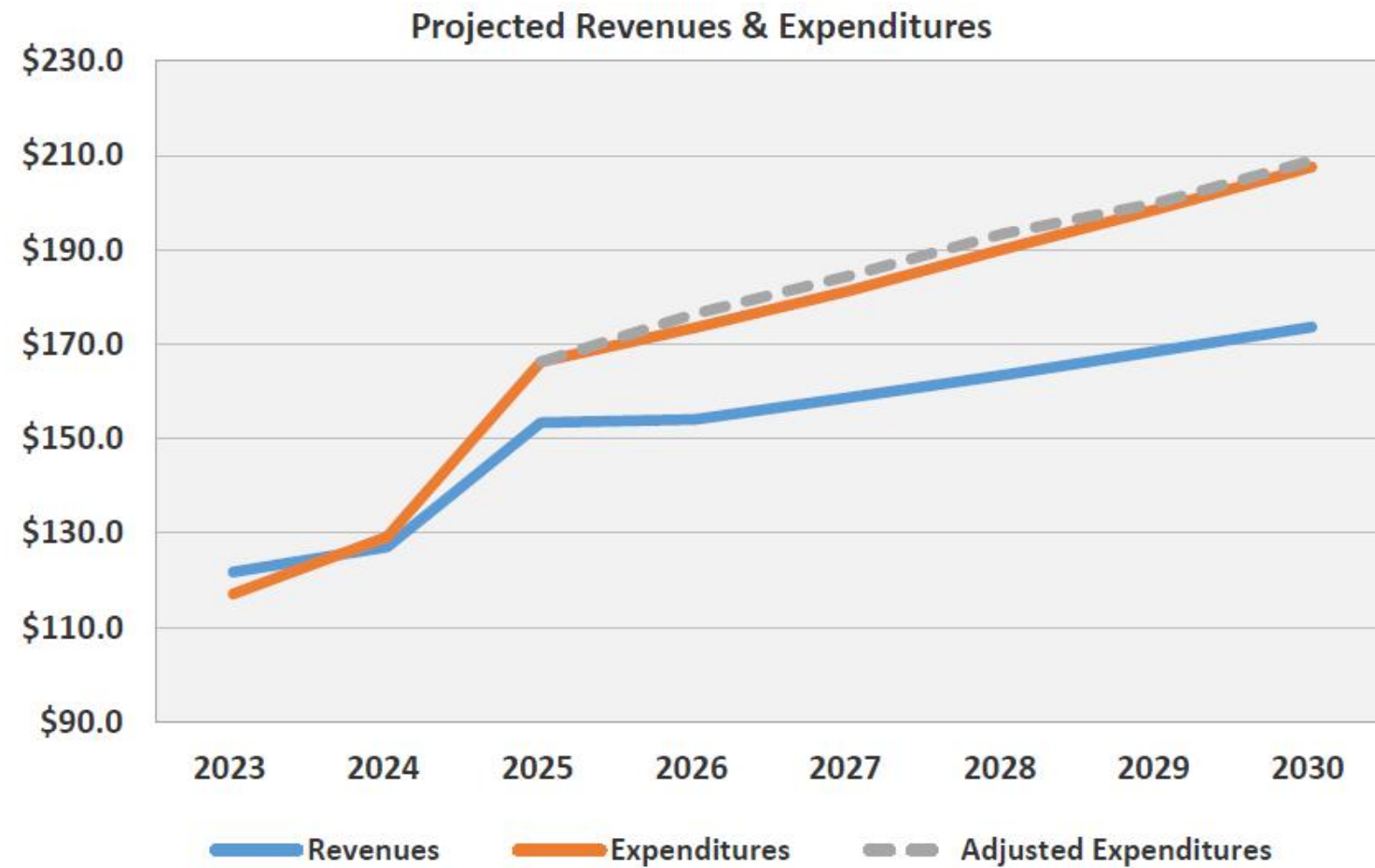


Revenue Enhancement Options

Tom Haynes, Chief Financial Officer
November 18, 2025

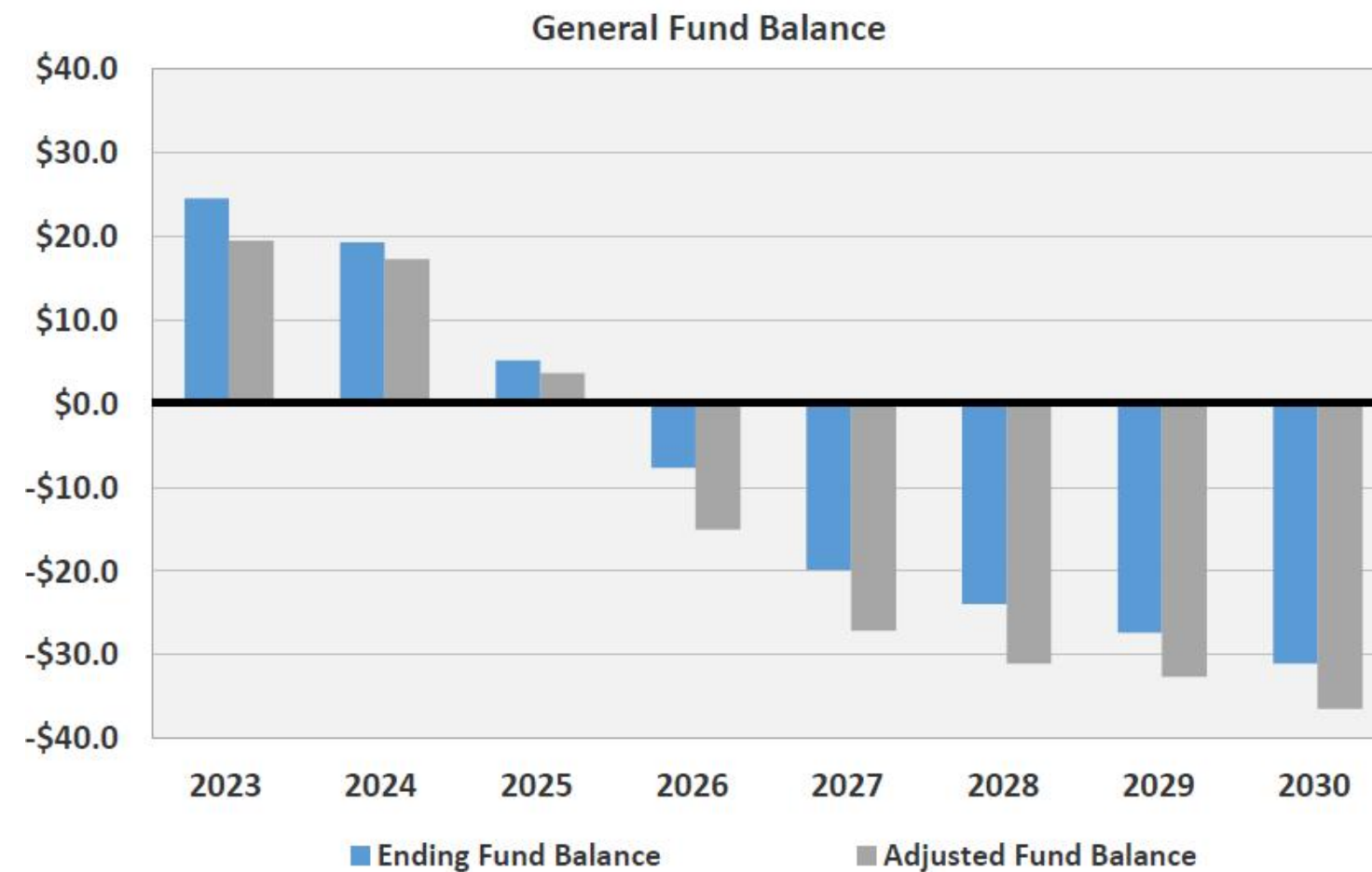


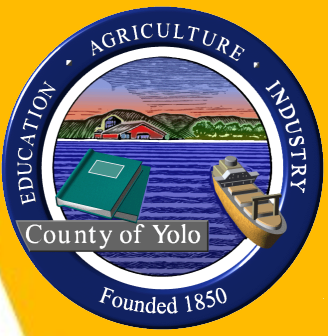
Background



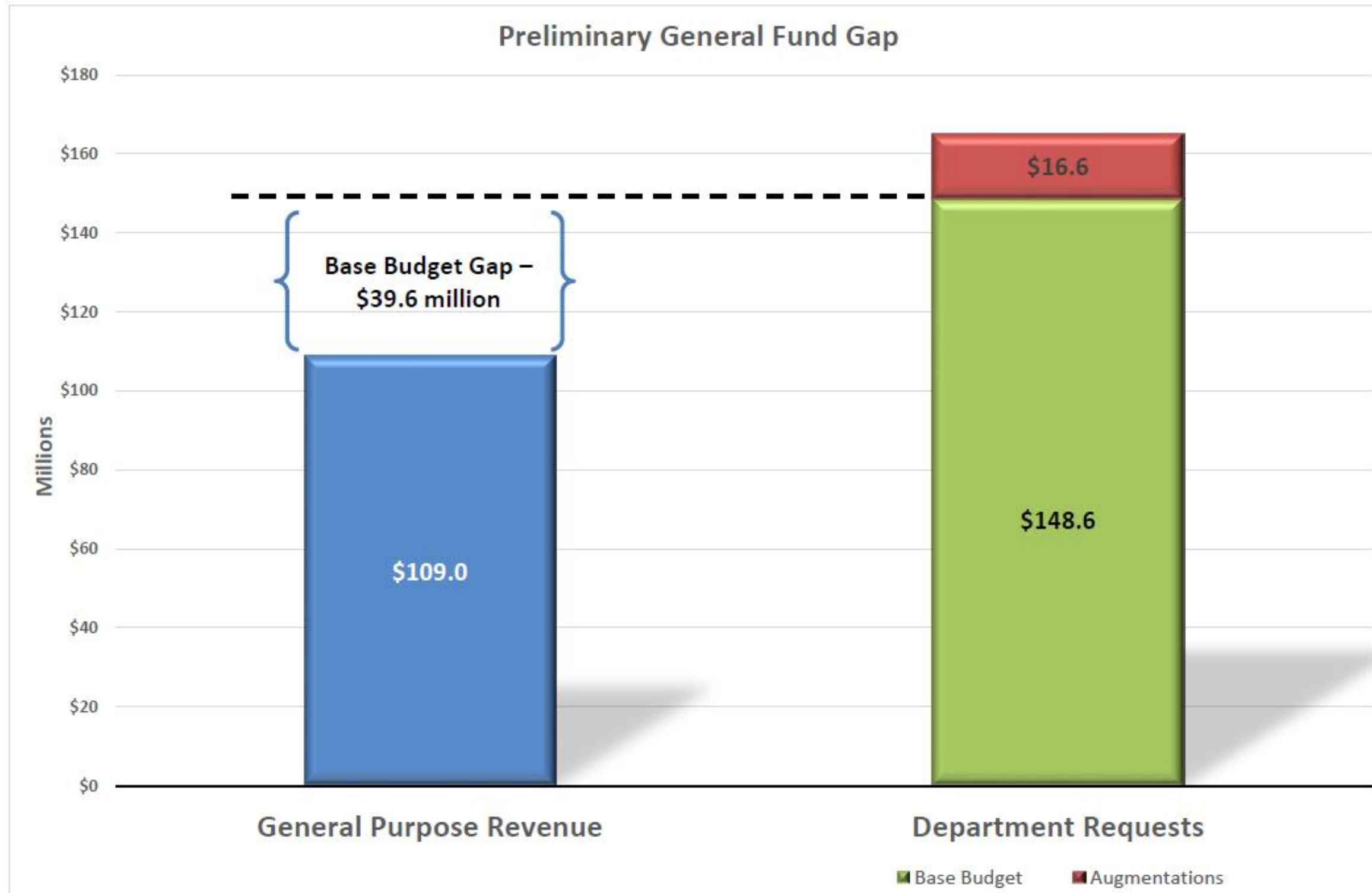
Projections indicated Yolo County is facing a **structural budget deficit**

January 2025 – Preliminary budget outlook & 5-Year Forecast presented to the Board

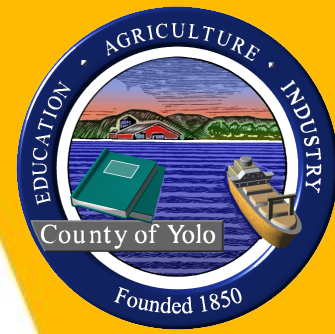




Background



2025-26 Budget had an initial gap of nearly **\$40 million**



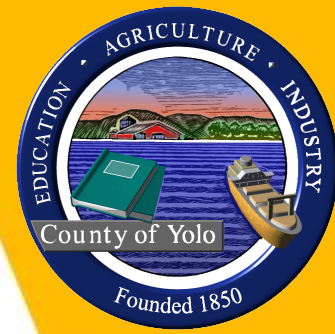
Background

- 2025-26 Budget was balanced largely with one-time solutions
 - Fund Balance (\$9 million)
 - One-Time Revenues (\$7.7 million)
 - Reserves (\$4.2 million)
- Projections continue to indicate a structural imbalance, with deficits projected in each of the next five years



Background

- Actions taken to begin addressing structural deficit
 - Updated 5-Year Forecast based on 2025-26 Adopted Budget
 - Convened a Department Head Working Group
 - Initiated a departmental General Fund assessment
 - Begun to analyze county-wide options
- As part of revised Budget Principles approved in June, Board directed staff to evaluate options for revenue enhancement



Property Tax

Option 1 Legislative Fix

- Requires legislative approval
- Potential Revenue - \$3 million per year

Option 2 Negotiated Tax Sharing Agreement

- County does not have unilateral authority to enact
- Would result in revenue loss to other jurisdiction(s)
- Potential Revenue - TBD



Voter-Approved Taxes

Sales Tax #1 1% Tax in Unincorporated Area

- Local sales tax capped at 2% (Davis & West Sac already at cap)
- Potential Revenue - \$6 million per year

Sales Tax #2 1% Tax Countywide

- Would require state legislation to increase sales tax cap
- Potential Revenue - \$40-\$50 million

Parcel Tax Create a Community Facilities District

- Requires 2/3 vote of affected property owners
- Potential Revenue - TBD

Other Voter-Approved Taxes

- Transient Occupancy Tax
- Utility User Tax
- Business License Tax
- Entertainment/Ticket Tax
- Gravel Fee/Tax

Taxes Not Requiring Voter Approval

Cannabis Tax #1

- Increase cannabis tax rate
- Potential revenue - \$150-300k
- Could negatively impact cannabis industry

Cannabis Tax #2

- Revise policy to direct existing tax to GF
- Potential revenue - \$600k
- General tax, but ballot measure referenced specific types of expenditures

Chula Vista Fund

- Revise policy to direct existing revenues to GF
- Potential revenue - \$2 million
- Temporary revenue stream, currently targeted to build reserves & pay down long-term liabilities

Fees and Cost Recovery

Parking Fees

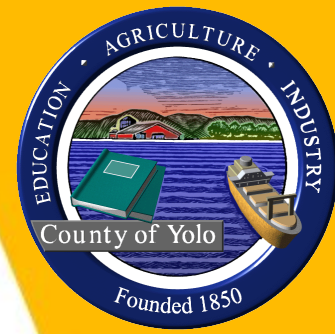
- Parking fee at all County-owned lots
- Potential Revenue - \$200k
- Would require enforcement, payment mechanism

Enhanced Cost Recovery

- Increase fees to full cost recovery
- Potential Revenue – TBD
- Current policy is for incremental fee increases

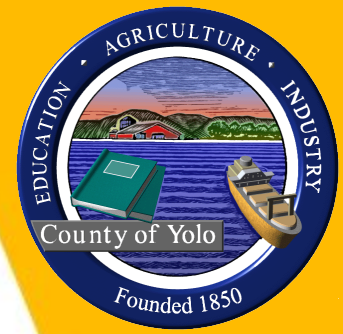
Expand Cost Plan Billing

- Certain district & agencies not currently billed
- Potential Revenue - \$100k
- Would result in increased costs for certain districts & agencies



Economic Development

- Long-term strategy (5-10 years)
- Potentially significant increases in property tax, sales tax & Prop. 172, but also increased service demands
- Would require General Plan amendments and addressing infrastructure constraints
- 2023 study funded by ARP provides baseline for further analysis



Questions?