AMENDED IN ASSEMBLY JUNE 1, 2026

AMENDED IN SENATE JANUARY 5, 2026

AMENDED IN SENATE MARCH 24, 2025

SENATE BILL No. 762

Introduced by Senator Arreguín
(Principal coauthor: Senator Laird)

February 21, 2025

An act to add *and repeal* Chapter 3.13 (commencing with Section ~~7287.17) to~~ *7287.17), Chapter 3.14 (commencing with Section 7287.18), Chapter 3.15 (commencing with Section 7287.19), Chapter 3.16 (commencing with Section 7287.20), Chapter 3.2 (commencing with Section 7287.24), Chapter 3.21 (commencing with Section 7287.25), Chapter 3.22 (commencing with Section 7287.26), Chapter 3.23 (commencing with Section 7287.27), Chapter 3.24 (commencing with Section 7287.28), Chapter 3.25 (commencing with Section 7287.29), Chapter 3.26 (commencing with Section 7287.30), Chapter 3.27 (commencing with Section 7287.31), and Chapter 3.85 (commencing with Section 7294.7) of* Part 1.7 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 762, as amended, Arreguín. Transactions and use ~~tax: City of Hercules.~~ *taxes: various jurisdictions.*

Existing law authorizes cities and counties, subject to certain limitations and approval requirements, to levy a transactions and use tax for general or specific purposes in accordance with the procedures and requirements set forth in the Transactions and Use Tax Law, including a requirement that the combined rate of all taxes that may be imposed in accordance with that law in the jurisdiction not exceed 2%.

This bill would ~~authorize the City of Hercules to impose a transactions and use tax for general or specific purposes, at a rate of no more than 1%, that, in combination with other transactions and use taxes, would exceed the above-described combined rate limit of 2%, if certain requirements are met.~~ *authorize, until December 31, 2031, various jurisdictions to levy taxes pursuant to the Transactions and Use Tax Law at specified rates, as prescribed.* The bill would ~~provide that a transactions and use tax rate imposed pursuant to the bill will not be considered for purposes of the combined rate~~ *authorize those taxes to exceed the 2%* limit described above.

This bill would make legislative findings and declarations as to the necessity of a special statute for the ~~City of Hercules.~~ *jurisdictions authorized to impose a tax pursuant to the bill.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 3.13 (commencing with Section 7287.17) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 3.13. CITY OF HERCULES TRANSACTIONS AND USE TAX

7287.17. (a) Notwithstanding any other law, the City of Hercules, by ~~ordinance or by citizens' initiative,~~ *ordinance,* may impose a transactions and use tax for general or specific purposes at a rate of no more than 1 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The ~~City Council~~ *city council* of the City of Hercules adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement. ~~This paragraph shall not apply to a tax imposed by citizens' initiative.~~

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting

on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Hercules as authorized by subdivision (a), this chapter shall be repealed.

SEC. 2. Chapter 3.14 (commencing with Section 7287.18) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.14. County of Santa Barbara Transactions and Use Tax

7287.18. (a) Notwithstanding any other law, the County of Santa Barbara may impose a transactions and use tax for general or specific purposes to support countywide programs at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The Santa Barbara County Board of Supervisors adopts an ordinance proposing the transactions and use tax by any applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with Article XIII C of the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered

for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the County of Santa Barbara as authorized by subdivision (a), this chapter shall be repealed.

SEC. 3. Chapter 3.15 (commencing with Section 7287.19) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.15. City of Carpinteria Transactions and Use Tax

7287.19. (a) Notwithstanding any other law, the City of Carpinteria, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.25 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Carpinteria adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Carpinteria as authorized by subdivision (a), this chapter shall be repealed.

SEC. 4. Chapter 3.16 (commencing with Section 7287.20) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.16. City of Santa Maria Transactions and Use Tax

7287.20. (a) Notwithstanding any other law, the City of Santa Maria, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Santa Maria adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Santa Maria as authorized by subdivision (a), this chapter shall be repealed.

SEC. 5. Chapter 3.2 (commencing with Section 7287.24) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.2. City of Palo Alto Transactions and Use Tax

7287.24. (a) Notwithstanding any other law, the City of Palo Alto, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Palo Alto adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Palo Alto as authorized by subdivision (a), this chapter shall be repealed.

SEC. 6. Chapter 3.21 (commencing with Section 7287.25) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.21. City of Los Altos Transactions and Use Tax

7287.25. (a) Notwithstanding any other law, the City of Los Altos, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 1 percent that would, in combination with all taxes imposed in accordance *with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:*

(1) The city council of the City of Los Altos adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Los Altos as authorized by subdivision (a), this chapter shall be repealed.

SEC. 7. Chapter 3.22 (commencing with Section 7287.26) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.22. City of Santa Rosa Transactions and Use Tax

7287.26. (a) Notwithstanding any other law, the City of Santa Rosa, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Santa Rosa adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting

on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Santa Rosa as authorized by subdivision (a), this chapter shall be repealed.

SEC. 8. Chapter 3.23 (commencing with Section 7287.27) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.23. City of Rohnert Park Transactions and Use Tax

7287.27. (a) Notwithstanding any other law, the City of Rohnert Park, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.75 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Rohnert Park adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for

purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Rohnert Park as authorized by subdivision (a), this chapter shall be repealed.

SEC. 9. Chapter 3.24 (commencing with Section 7287.28) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.24. Town of Los Gatos Transactions and Use Tax

7287.28. (a) Notwithstanding any other law, the Town of Los Gatos, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The town council of the Town of Los Gatos adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the Town of Los Gatos as authorized by subdivision (a), this chapter shall be repealed.

SEC. 10. Chapter 3.25 (commencing with Section 7287.29) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.25. City of Pacifica Transactions and Use Tax

7287.29. (a) Notwithstanding any other law, the City of Pacifica, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 1 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of Pacifica adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of Pacifica as authorized by subdivision (a), this chapter shall be repealed.

SEC. 11. Chapter 3.26 (commencing with Section 7287.30) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.26. City of San Gabriel Transactions and Use Tax

7287.30. (a) Notwithstanding any other law, the City of San Gabriel, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 1 percent that would, in combination with all taxes imposed in accordance with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The city council of the City of San Gabriel adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of San Gabriel as authorized by subdivision (a), this chapter shall be repealed.

SEC. 12. Chapter 3.27 (commencing with Section 7287.31) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.27. City of San Pablo Transactions and Use Tax

7287.31. (a) Notwithstanding any other law, the City of San Pablo, by ordinance, may impose a transactions and use tax for general or specific purposes at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance *with Part 1.6 (commencing with Section 7251), exceed the limit established in Section 7251.1, if all of the following requirements are met:*

(1) The city council of the City of San Pablo adopts an ordinance proposing the transactions and use tax by the applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2031, an ordinance proposing a transactions and use tax has not been approved in the City of San Pablo as authorized by subdivision (a), this chapter shall be repealed.

SEC. 13. Chapter 3.85 (commencing with Section 7294.7) is added to Part 1.7 of Division 2 of the Revenue and Taxation Code, to read:

Chapter 3.85. County of Santa Cruz Transactions and Use Tax

7294.7. (a) Notwithstanding any other law, the County of Santa Cruz may impose a transactions and use tax for general or specific purposes to support countywide programs at a rate of no more than 0.5 percent that would, in combination with all taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), exceed the limit established in Section 7251.1, if all of the following requirements are met:

(1) The Santa Cruz County Board of Supervisors adopts an ordinance proposing the transactions and use tax by any applicable voting approval requirement.

(2) The ordinance proposing the transactions and use tax is submitted to the electorate and is approved by the voters voting on the ordinance by the applicable voting approval requirement in accordance with Article XIII C of the California Constitution.

(3) The transactions and use tax conforms to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251)), other than Section 7251.1.

(b) Notwithstanding Section 7251.1, a transactions and use tax rate imposed pursuant to subdivision (a) shall not be considered for purposes of the combined rate limitation established by Section 7251.1.

(c) If, as of December 31, 2030, an ordinance proposing a transactions and use tax has not been approved in the County of Santa Cruz as authorized by subdivision (a), this chapter shall be repealed.

~~SEC. 2.~~

SEC. 14. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique fiscal ~~needs of the City of Hercules.~~ *circumstances of the jurisdictions authorized to impose a tax pursuant to this act.*

O