



February 13, 2026

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

**RE: SB 762 (Arreguín): Transactions and Use Tax
Request for Inclusion – City of Santa Rosa**

Dear Senator Arreguín,

On behalf of the City of Santa Rosa, I write to respectfully request the City's inclusion in SB 762 (Arreguín) and to commend your leadership in advancing a thoughtful and locally responsive approach to addressing the structural fiscal challenges facing California cities.

SB 762 provides a narrowly tailored and constitutionally sound framework that allows select local governments to seek voter approval for a transactions and use tax modification that may exceed the existing statutory rate limitation. By preserving voter control, transparency, and accountability, the bill appropriately balances statewide tax policy considerations with the practical realities confronting local agencies. Your leadership on this issue reflects a clear understanding that fiscal sustainability for cities requires flexibility paired with direct voter authorization, not one-size-fits-all constraints.

Cities across California are experiencing mounting fiscal pressures driven by rising service demands, aging infrastructure, inflationary cost increases, and escalating pension, health, and public safety obligations. At the same time, local governments operate within a highly constrained revenue structure that limits their ability to respond to these pressures, particularly in communities with modest tax base growth or significant legacy infrastructure needs. While statutory rate caps serve an important statewide purpose, they can also function as a binding constraint that prevents cities from even placing locally supported self-help measures before their voters.



The City of Santa Rosa exemplifies these challenges. Like many Bay Area communities, Santa Rosa faces increasing costs to maintain essential municipal services and public assets while striving to preserve long-term fiscal sustainability. Core functions such as public safety and emergency response, parks and recreation programs, critical street and facility repairs and maintenance, economic development, and core community services require reliable and sustainable funding sources. Despite prudent fiscal management and ongoing efforts to control expenditures, existing revenues are insufficient to fully address current and projected service and infrastructure needs.

SB 762 does not mandate or impose a tax increase. Rather, it restores local control by allowing eligible local governments to submit a transactions and use tax proposal to their voters for consideration, subject to all applicable constitutional thresholds. Any decision to approve or reject such a measure would rest solely with each community's electorate. This voter-centered approach is consistent with long-standing legislative principles recognizing that local fiscal challenges are best addressed through locally authorized revenue solutions.

If approved by voters, revenue generated pursuant to SB 762 would be directed toward long-term financial sustainability to prevent deep cuts to essential core services such as 911 emergency medical response, police and fire safety services, parks and recreation programs, street and pothole maintenance, and proactive homeless prevention and tenant protection services and programs.

The City of Santa Rosa appreciates your leadership in advancing SB 762 and respectfully requests inclusion in the bill. We look forward to continuing to work with your office to ensure that local governments have the tools necessary to remain fiscally stable, accountable, and responsive to their communities.



Thank you for your continued commitment to local government fiscal sustainability and voter-driven decision-making.

Sincerely,

Cc: Assembly Member Chris Rogers
Senator Mike McGuire

*Thank you, Senator!
This is a critical option
for our city.*