



CONTRA COSTA

COUNTY, CALIFORNIA

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Title: CONSIDER whether to place a 5-year general Countywide transactions and use tax (sales tax) of 0.5% or 0.625% on the June 2026 ballot to protect local services impacted by the severe Federal cuts and provide direction to the County Administrator to seek statutory authority to raise the sales tax cap for Contra Costa County. (Supervisors Diane Burgis and John Gioia)

[History \(1\)](#)[Text](#)

To: Board of Supervisors

From: Supervisors John Gioia and Diane Burgis

Report Title: CONSIDER whether to place a 5-year general Countywide transactions and use tax (sales tax) of 0.5% or 0.625% on the June 2026 ballot to protect local services impacted by the severe Federal cuts and provide direction to the County Administrator to seek statutory authority to raise the sales tax cap for Contra Costa County.

☒ Recommendation of the County Administrator ☐ Recommendation of Board Committee

RECOMMENDATIONS:

PROVIDE DIRECTION on whether to place a 5-year general Countywide transactions and use tax (sales tax) of 0.5% or 0.625% on the June 2026 ballot to protect local services and direct the County Administrator and County's legislative advocates to seek statutory authority to raise the sales tax cap for Contra Costa County.

FISCAL IMPACT:

No immediate fiscal impact. The Board of Supervisors is being asked to consider whether to provide direction to take the necessary steps to place a 5-year general sales tax on the June 3, 2026 ballot. The estimated annual revenue generated from a 0.5% sales tax is \$122 million and \$151 million from a 0.625% sales tax. According to the County Elections Office, the estimated election costs for the June 2026 measure is approximately \$1.2 million funded from the County General Fund and reimbursable out of the new revenue generated by the measure, if passed.

BACKGROUND:

If a 5-year general sales tax measure is included on the June 3, 2026 primary election ballot and approved by voters, additional County revenues are estimated to be roughly \$122 million annually for the next five years for a 0.5% sales tax and \$151 million for a 0.625% sales tax.

H.R. 1., passed in July 2025, enacted the largest cuts in our country’s history to the Medicaid and Federal food assistance programs. This law severely cuts Medicaid (Medi-Cal in California) in order to fund a multi-trillion dollar income tax cut for the wealthiest Americans.

H.R.1 imposes numerous reductions in payments to Medi-Cal providers and makes significant eligibility changes which will cause thousands of Contra Costans to lose health coverage. Changes to State Medicaid policy will also reduce funding. Taken together, nearly 100,000 Contra Costans could lose their insurance coverage, and Contra Costa Health will have funding reduced by \$300 million by 2029, creating an over \$100 million deficit for the Contra Costa Regional Medical Center, which also operates the only psychiatric ward in the County to serve the severe psychiatric emergency medical care needs of county residents.

The law also makes substantial reductions to the Supplemental Nutrition Assistance Program (SNAP) (CalFresh in California), which would increase food insecurity for thousands of Contra Costans.

Some of H.R.1 cuts will take effect immediately and other reductions will be implemented over the next few years. These cuts will have a significant negative impact on funding for Contra Costa County’s health delivery infrastructure. This will cause people to delay medical care resulting in sicker residents and will increase demand for emergency care sought by residents no longer able to access preventative healthcare after losing insurance coverage.

The County’s public health and hospital/clinic system receives the majority of its funding from the Federal government through Medicare and Medicaid. The negative health impacts of H.R.1 will increase the County’s costs to administer health and social service programs with no or limited additional funding provided, and cause the County to expend County funding (property tax and sales tax funding) to serve more patients through its county funded Basic Health Care program (due to residents losing their Medi-Cal coverage). The combination of decreased Federal funding with the increased demands on the County’s healthcare and social services system threatens Contra Costa County’s ability to meet its obligations in serving the healthcare, behavioral health, public safety and supportive needs of the community.

The impending substantial Federal cuts also present a major risk to ALL County services, from public safety to homeless services. Programs funded by Medi-Cal will not be able to absorb this significant level of cuts and may require County general funds to maintain a safe level of services.

To address these significant financial shortfalls caused by Federal action, the County needs to take proactive steps, including seeking support from the State to minimize impacts, making significant reductions in the County budget to minimize service cuts, implementing operational and organization efficiencies in County Health Services to reduce costs, and seeking increased local revenue.

To address the severe Federal cuts to its health and social services system, Santa Clara County passed a 5-year 0.625% sales tax in November 2025 with a 57.25% vote. The ballot language for this measure was:
“To help our community address severe federal cuts enacted by the President and Congress; support critical local services such as trauma, emergency room, mental health, and public safety; and reduce the risk of hospital closures at Santa Clara Valley Healthcare and other service cuts-shall the County of Santa Clara adopt a five-eighths cent (0.625%) general sales tax for 5 years, providing \$330 million annually that is not available to the federal government and is subject to independent audits/oversight?”

If Contra Costa County wants to pursue a temporary 5-year sales tax similar to Santa Clara County, it would need statutory authority to raise its sales tax cap by 0.5% or 0.625% depending on the amount of the tax. In February 2025, State Senator Jesse Arreguin introduced SB 762 (now a 2 year bill) to raise the authorized sales tax cap for the City of Hercules. Senator Arreguin has indicated his willingness to amend the bill to authorize Contra Costa County to increase its sales tax cap. He has indicated that the bill should pass out of the State Senate in January 2026 and that it would then be considered by the State Assembly. He indicated that his goal is to have the bill pass the Legislature and be signed by the Governor prior to the June 3, 2026 primary election.

CONSEQUENCE OF NEGATIVE ACTION:

The Board of Supervisors will not have the opportunity to take the steps needed to place a 5-year general sales tax on the June 3, 2026 ballot.