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## BOARD OF SUPERVISORS



# SOLANO COUNTY

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August 26, 2022

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**RE: REQUEST FOR VETO – AB 1951 (Grayson) Sales and Use Tax: Exemptions:  
Manufacturing**

Dear Governor Newsom,

On behalf of the Solano County Board of Supervisors, I write in strong opposition to AB 1951, and respectfully request you veto this bill. Over its proposed five-year lifespan, AB 1951 would reduce County (and city) revenues by a combined \$2 billion dollars by exempting the local share of sales tax for manufacturing companies that purchase equipment. While we support California's manufacturing industry, AB 1951 would impose a "one-size-fits-all" approach – an approach that would have devastating consequences for local governments by eroding the sales and use tax base – including here in Solano County.

According to an analysis conducted by CSAC, if passed, AB 1951 would change the State's formula used to allocate 1991 and 2011 Realignment funding to Counties, likely reducing the amount of revenues a County receives. Here in Solano County, a reduction in Realignment funding would negatively impact the amount of programming and services our departments can provide to clients, specifically in the areas of health and human services, behavioral health, and mental health services. It is also important to note that all of this is happening at the same the State is preparing to implement the CalAIM program, the Care Court system, and the proposal to transfer up to 2,019 Kaiser mental health clients to Solano County – all without a guaranteed funding stream.

If passed, AB 1951 could also have far reaching effects when it comes to a Counties ability to recruit for, hire, train and retain staff with the skill set required to care for individuals in diversion programs. As we have already seen, the State Hospital System is struggling to retain employees, specifically those who care for mental and behavioral health clients – and as a result, Counties could be left to pick up the slack. Moreover, with a reduction in qualified staffing, AB 1951 carries with it the potential to cause a backlog for clients receiving mental and behavioral health services in a Counties Justice System, especially during a critical time when our Juvenile Justice system is being realigned.

While the proposed sales tax exemptions included in AB 1951 may result in increased economic activity, the tax benefits would largely be enjoyed by state revenues, including through increased personal income and corporation tax collections – and not by Counties and Cities – who would ultimately bear the responsibility of absorbing these cuts.

Other AB 1951 impacts to Counties include:

- \$274 million *less* in 1991 Realignment funding for social services, family support services and child poverty programs, including families that are already hurting due to the high cost of living / inflation
- \$289 million *less* in Prop 172 funding for Sheriffs, District Attorneys and Probation departments
- \$672 million *less* in funding that funds core County programming and services
- \$750 million *less* in funding that supports public safety, roads, youth services and unhoused residents through a reduction in revenue for voter-approved taxes for local communities

For these reasons and more, the Solano County Board of Supervisors strongly opposes AB 1951, and respectfully requests you veto this measure. We will continue to work to ensure that our County's critical funding streams remain in place to provide the programs and services that our residents need in order to live safer, healthier, more productive lives.

Sincerely,



John M. Vasquez,  
District 4 Supervisor and Chair  
Solano County Board of Supervisors

**CC:**

Honorable Bill Dodd, Member, California State Senate  
Honorable Tim Grayson, Member, California State Assembly  
Honorable Cecilia Aguiar-Curry, Member, California State Assembly  
Honorable Lori Wilson, Member, California State Assembly  
Honorable Solano County Board of Supervisors  
Solano County Department Heads and Assistant Department Heads  
Karen Lange, Legislative Advocate, SYASL Partners