



JIM DESMOND
SUPERVISOR, FIFTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: January 28, 2026

18

TO: Board of Supervisors

SUBJECT

**FIGHTING THE RISING COST OF LIVING BY OPPOSING NEW TAXES
(DISTRICTS: ALL)**

OVERVIEW

San Diego County is one of the most desirable places to live in the country with its temperate weather, vibrant economy, and beautiful landscape. 3.3 million people are lucky to call San Diego County their home. However, many are being priced out by the high cost of living. Years of mismanagement by the State of California, coupled with structural economic issues like the housing shortage, are exacerbating the affordability crisis. Californians pay some of the highest taxes in the country: state income and payroll taxes, sales taxes, property taxes, gas taxes, school bonds, vehicle registration, and more. Working and middle-class families, young professionals, seniors, and small businesses are being crushed by the cost of living and tremendous taxes they pay.

The County of San Diego (County) has collected increasing, record amounts in property taxes year after year. This was reflected in the County's largest budget ever being adopted, totaling \$8.63 billion for Fiscal Year 2025-26 (FY). The County does not have a revenue problem, and residents already pay exorbitant taxes. The County should actively oppose new and unnecessary taxes.

The Documentary Transfer Tax (DTT), also known as the property transfer tax, is a tax on all real estate transactions. It applies a tax of \$0.55 per \$500 on the sale price of property under state law. This is typically a line item for real estate sales. For example, a property that sells for \$1 million would have a DTT of \$1,100. This default rate of \$0.55 is set by state law. It can be raised by a city or county through a ballot measure. Cities and counties that have raised this tax have seen disastrous effects on their real estate markets and local economies. Raising the DTT typically results in a sharp drop in real estate transactions, reduced development and construction, and below expected revenue from the tax. Proposals to raise the statewide default rate from \$0.55 to \$30.55 would result in a 5,455% increase of the DTT. If the tax rate was increased 5,455%, the \$1,100 one would pay on a \$1 million home would suddenly become \$61,100. This would dramatically increase the price of not just single-family homes, but office space, commercial space, and multi-family housing, which could have unintended consequences on our local economy.

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A proposal has also been made to change state laws to allow individual counties to collect payroll taxes. Currently, counties cannot levy and collect payroll taxes. Payroll taxes are paid by the employee and employer to the state and federal governments. Payroll taxes are a massive overhead cost for businesses and raising these costs will make it harder for businesses not only to hire new employees, but also to retain their existing workforce. Larger businesses may reconsider operating in San Diego County, and small businesses will have harder time growing and staying afloat.

The County of San Diego should oppose new and unnecessary taxes. The County has a healthy revenue source that has continuously increased. Today's action directs the Chief Administrative Officer to add to the Legislative Program opposition to legislation that will increase the DTT and the ability for counties to levy and collect payroll taxes.

RECOMMENDATION(S)

SUPERVISOR JIM DESMOND

1. Direct the Chief Administrative Officer to include in the Board's Legislative Program opposition to legislation that will change state law that would increase the current Documentary Transfer Tax of fifty-five cents (\$0.55) for each five hundred dollars (\$500).
2. Direct the Chief Administrative Officer to include in the Board's Legislative Program opposition to legislation that will change state law to allow counties to levy and collect payroll taxes.

EQUITY IMPACT STATEMENT

N/A

SUSTAINABILITY IMPACT STATEMENT

N/A

FISCAL IMPACT

There is no fiscal impact associated with this action. There will be no change in net General Fund cost and no additional staff years

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

San Diego County is one of the most desirable places to live in the country with its temperate weather, vibrant economy, and beautiful landscape. 3.3 million people are lucky to call San Diego County their home. However, many are being priced out by the high cost of living. Years of mismanagement by the State of California, coupled with structural economic issues like the housing shortage, are exacerbating the affordability crisis. Californians pay some of the highest taxes in the country: state income and payroll taxes, sales taxes, property taxes, gas taxes, school

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bonds, vehicle registration, and more. Working and middle-class families, young professionals, seniors, and small businesses are being crushed by the cost of living and tremendous taxes they pay.

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Measure ULA, passed by Los Angeles voters in 2022, commonly known as the “mansion tax,” raised the DTT. Although called the mansion tax, it applies to all properties. It applies to residential and commercial properties sold for \$5 million or more, with a progressive rate that increases for higher-priced sales. At the highest level, it equates to \$30.30 per \$500. The tax was designed to generate hundreds of millions of dollars annually to fund affordable housing, homelessness prevention, and related social services. However, it stifled the real estate industry and had wide-ranging unintended consequences.

The LA mansion tax was harmful not just to luxury homeowners, but to the broader economy and everyday residents. By imposing a steep transfer tax on high-value properties, it discouraged sales and froze market activity, which hurt both large developers and small real estate businesses that rely on steady transactions to operate. Multifamily and commercial projects were delayed or canceled, reducing the supply of housing and slowing job creation in construction, property management, and related sectors. This is exacerbating the housing crisis, making it harder for middle-class families to find affordable housing. At the same time, the tax generated less revenue than expected because fewer real-estate sales occurred. Rather than solving the city's housing crisis, the mansion tax punished economic activity, stifled investment, and made it harder for residents across the income spectrum to access homes, ultimately worsening the affordability challenges it was meant to address.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Economic Opportunity and Quality of Life Initiative in the County of San Diego's 2026-2031 Strategic Plan.

Respectfully submitted,



JIM DESMOND
Supervisor, Fifth District

ATTACHMENT(S)

N/A