

ORDINANCE NO. 2026-

An Ordinance amending Article XII of Chapter 11 of the Solano County Code relating to the Business License Tax imposed on Commercial Energy Production, Resource Extraction Facilities, and Data Centers in the Unincorporated Areas of Solano County

The Solano County Board of Supervisors ordains as follows:

Section 1.

The purpose of this Ordinance is to amend Article XII of Chapter 11 of the Solano County Code to modernize the business license tax applicable in the unincorporated areas of Solano County as it relates to commercial wind turbine generators, commercial solar energy systems, front-of-the-meter battery energy storage systems, natural gas extraction facilities, and data centers. The Ordinance amends Article XII of Chapter 11 to increase the tax rate on commercial wind turbine generators (\$0.00003 to \$0.00008 per kWh) and to extend the tax to commercial solar energy systems (\$0.00008 per kWh), battery energy storage systems (\$1.50 per MWh), natural gas extraction facilities (\$0.30 per thousand cubic feet), and data centers (\$5.00 per building square foot), generating approximately \$353,000 of additional revenue annually, until ended by the voters.

Section 2.

Article XII of Chapter 11 of the Solano County Code is hereby amended to read as follows:

ARTICLE XII. BUSINESS LICENSE TAX

Sec. 11-160. Tax imposed

Pursuant to the authority granted by Revenue and Taxation Code Section 7284, as amended, there is established and imposed a business license tax on those activities and in those amounts specified below:

(a) Solid waste disposal at the base rate of five dollars (\$5.00) per ton of waste deposited at a licensed solid waste disposal facility, which rate shall be reduced to three dollars (\$3.00) per ton of waste deposited upon the occurrence of the three (3) conditions set forth in subdivisions (a)(1) and (2) of this section, and to remain at the three dollar (\$3.00) base rate until December 31, 2013, except for annual adjustments based upon the Bay Area Economic Consumer Index (ECI), so long as the conditions set forth in subdivisions (a)(1) and (2) of this section are in effect.

(1) The Potrero Hills Landfill operator shall have received all necessary approvals from the county, including a conditional land use permit and a marsh development permit, to allow for the receipt of expanded tonnage and/or Potrero Hills and Hay Road landfills reach an agreement for disposal of waste tonnage in the county which are in excess of the current permitted limit at Potrero Hills; and

(2) That the present exemption set forth under Section 11-163(i)(2) of this code for placement of asbestos materials in landfills, under the solid waste mitigation fee shall be eliminated.

(b) Well drilling mud disposal at the base rate of twenty cents (\$0.20) per ton of well

drilling mud deposited at a licensed drilling mud disposal facility.

(c) Electrical energy produced by commercial wind turbine generators and commercial solar energy systems at the base rate of eight one-thousandths of one cent (\$0.~~00003~~00008) per kilowatt-hour of electrical energy generated.

(1) Beginning January 1, 2028, and on every January 1 of every year thereafter, the tax rate set forth in this subsection shall be adjusted to reflect changes in the annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, as published by the United States Bureau of Labor Statistics, or any successor index published by the United States Bureau of Labor Statistics.

(2) The adjusted rate shall be calculated by multiplying the then-current rate by a fraction, the numerator of which is the annual average CPI-U for the most recently published calendar year preceding the adjustment date, and the denominator of which is the CPI-U for the calendar year used in the previous adjustment.

(3) If application of the formula in paragraph (2) would result in a tax rate lower than the rate then in effect, the tax rate shall remain unchanged.

(4) The adjusted rate shall be rounded to the nearest one ten-millionth of a dollar (\$0.0000001) per kilowatt-hour.

~~(c)~~(5) The Director of Resource Management shall calculate and publish the adjusted rate, which shall take effect automatically without further action by the Board of Supervisors.

(d) -Front-of-the-meter (FTM) battery energy storage system at the base rate of one dollar and fifty cents (\$1.50) per megawatt-hour of approved energy storage capacity.

(1) Beginning January 1, 2028, and on every January 1 of every year thereafter, the tax rate set forth in this subsection shall be adjusted to reflect changes in the annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, as published by the United States Bureau of Labor Statistics, or any successor index published by the United States Bureau of Labor Statistics.

(2) The adjusted rate shall be calculated by multiplying the then-current rate by a fraction, the numerator of which is the annual average CPI-U for the most recently published calendar year preceding the adjustment date, and the denominator of which is the CPI-U for the calendar year used in the previous adjustment.

(3) If application of the formula in paragraph (2) would result in a tax rate lower than the rate then in effect, the tax rate shall remain unchanged.

(4) The adjusted rate shall be rounded to the nearest cent per megawatt-hour.

(5) The charge imposed by this subsection shall be calculated based on the approved energy storage capacity of the front-of-the-meter battery energy storage system, expressed in megawatt-hours (MWh). The monthly charge shall equal the applicable rate multiplied by the project's approved energy storage capacity. The resulting monthly charge shall constitute a flat capacity-based tax, regardless of actual charging, or discharging of the system.

(6) The Director of Resource Management shall calculate and publish the adjusted rate, which shall take effect automatically without further action by the Board of Supervisors.

(e) Natural gas well extraction facility at the base rate of -30 cents (\$0.30) per McF extracted.

(1) Beginning January 1, 2028, and every January 1 of every year thereafter, the tax rate set forth in this subsection shall be adjusted to reflect changes in the annual

average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, as published by the United States Bureau of Labor Statistics, or any successor index published by the United States Bureau of Labor Statistics.

(2) The adjusted rate shall be calculated by multiplying the then-current rate by a fraction, the numerator of which is the annual average CPI-U for the most recently published calendar year preceding the adjustment date, and the denominator of which is the CPI-U for the calendar year used in the previous adjustment.

(3) If application of the formula in paragraph (2) would result in a tax rate lower than the rate then in effect, the tax rate shall remain unchanged.

(4) The adjusted rate shall be rounded to the nearest cent per McF.

(5) The Director of Resource Management shall calculate and publish the adjusted rate, which shall take effect automatically without further action by the Board of Supervisors.

(f) Data centers at the base rate of five dollars (\$5.00) per building square foot of gross floor area.

(1) Beginning January 1, 2028, and on every January 1 of every year thereafter, the tax rate set forth in this subsection shall be adjusted to reflect changes in the annual average Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, as published by the United States Bureau of Labor Statistics, or any successor index published by the United States Bureau of Labor Statistics.

(2) The adjusted rate shall be calculated by multiplying the then-current rate by a fraction, the numerator of which is the annual average CPI-U for the most recently published calendar year preceding the adjustment date, and the denominator of which is the CPI-U for the calendar year used in the previous adjustment.

(3) If application of the formula in paragraph (2) would result in a tax rate lower than the rate then in effect, the tax rate shall remain unchanged.

(4) The adjusted rate shall be rounded to the nearest cent per square foot.

(5) The Director of Resource Management shall calculate and publish the adjusted rate, which shall take effect automatically without further action by the Board of Supervisors.

(d)(g) A marijuana business, as defined in this article, shall pay to the county fifteen (15%) percent of each dollar of its gross receipts for the reporting period.

(1)a. The board of supervisors, by resolution, may lower and raise this tax rate from time to time as it deems appropriate, so long as the tax does not exceed the maximum rate of fifteen (15%) percent of each dollar of gross receipts.

(2)b. Payment of the marijuana business tax shall not be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner. Nothing in this section shall be applied or construed as authorizing the sale of marijuana. This section is in addition to any other requirements set forth in the county's code and is not intended to exempt, substitute or replace any other requirements, permits, or licenses necessary for a marijuana business to operate legally in the county.

Sec. 11-161. Purpose of tax

This tax is enacted solely to raise revenue for general governmental purposes of the

county and not for regulation. All of the proceeds from the tax imposed by this chapter shall be placed in the county's general fund and used for the usual current expenses of the county, however incurred.

Sec. 11-162. Effect of other ordinances

Persons required to pay a license tax for transacting and carrying on any business under this chapter shall not be relieved from the payment of any license fee for the privilege of doing such business required under any other ordinance of the county and shall remain subject to the regulatory provisions of other ordinances.

Sec. 11-163. Definitions

- (a) **Commercial wind turbine generator** means a wind-driven machine that converts wind energy into production of electrical power for the primary purpose of resale or off-site use.
- (b) **Commercial solar energy system** means a solar energy system that converts sunlight into the production of electrical power for the primary purpose of resale or off-site use.
- (c) **Front-of-the-meter (FTM) battery energy storage system** means a battery energy storage system (BESS) that is directly connected to the transmission or distribution grid and primarily serves wholesale market functions such as grid support, frequency regulation, or energy arbitrage.
- (a) **Natural gas well extraction facility** means a drilled well or group of wells, together with associated surface and subsurface equipment, that extracts natural gas for the primary purpose of resale or off-site use, with production quantities reported in thousand cubic feet (MCF) or other standard volumetric gas units.
- (d) _____
- (b)(e) **Data center** means a building, dedicated space within a building, or group of buildings used to house networked computer servers, telecommunications equipment, data storage systems, and related information technology infrastructure for the primary purpose of storing, processing, managing, or transmitting digital data for off-site users, customers, businesses, organizations, or systems. A data center does not include computer servers, telecommunications equipment, or information technology infrastructure that are accessory to and primarily support on-site business, governmental, agricultural, industrial, or institutional use. When calculating the gross floor area of a data center, any ancillary behind-the-meter battery energy storage systems and natural gas turbines located on the same legal parcel and which support use of the data center shall be included.
- (f) **Drilling mud waste** means all drilling mud derived from the development and production of oil and natural gas wells.
- (g) **Energy storage capacity** means the maximum quantity of electrical energy, expressed in megawatt-hours (MWh), that a front-of-the-meter battery energy storage system is approved to store pursuant to the project's final approved plans or applicable interconnection documentation.
- (e) _____
- (d)(h) **Gross receipts** means the total amount actually received or receivable from all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed,

whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other emoluments, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

~~(1)~~1. Cash discounts allowed and taken on sales;

~~(2)~~2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as gross receipts;

~~(3)~~3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;

~~(4)~~4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit;

~~(5)~~5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded;

~~(6)~~6. Amounts collected for others where the business is acting as an agent or trustee to the extent that such amounts are paid to those for whom collected, provided the agent or trustee has furnished the administrator with the names and addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustee; and

~~(7)~~7. Cash value of sales, trades or transactions between departments or units of the same business.

As to any person engaged in the business of manufacturing or processing any goods, wares, merchandise, article or commodity at a fixed place of business within the county which does not generate gross receipts as defined in this section within the county, gross receipts shall be deemed to include the total of all expenses incurred in the manufacturing or processing of such goods at the business location within the county for payroll, utilities, depreciation, and/or rent.

As to any person engaged in the business of operating an administrative headquarters at a fixed place of business within the county who does not have gross receipts as defined in this section within the county, gross receipts shall be deemed to include the total gross payroll of all persons employed at such administrative headquarters.

~~(e)~~(i) Gross floor area shall be calculated as the total area of all floors of the building, including any loft or mezzanine, measured to the exterior finished surface of outside walls or to the centerline of common walls, including covered and enclosed space, but not including any exterior storage areas incidental to the principal use of the construction, including any garage, parking structure, security quarters, unenclosed walkway, or utility or disposal area. Natural gas turbines shall be measured by enclosing the extreme limits a single continuous perimeter composed of squares or rectangles with no more than eight lines per turbine. Behind the meter battery energy storage systems shall be measured as the developed footprint required of hosting the site. Where BESS and Natural Gas turbine

equipment is installed on separate pads, taxable square footage shall equal the sum of the individual equipment-pad areas. Where multiple pieces of equipment share one continuous pad, taxable square footage shall equal the total area of that pad. All measurements shall be based on the final approved construction plans and rounded to the nearest whole square foot

~~(j)~~ **Kilowatt-hours (kwh)** means a measurement of electrical energy produced by commercial wind turbine generators and commercial solar energy systems.

~~(k)~~ **Megawatt-hours (MWh)** means a measurement of electrical energy storage capacity produced by Front-of-the-meter (FTM) battery energy storage system.

~~(f)(l)~~ **Thousand Cubic Feet (McF)** means a unit of measurement equal to one thousand (1,000) cubic feet of natural gas, used to quantify the volume of gas extracted.

~~(g)(m)~~ **Licensed drilling mud waste disposal facility** means any facility or location where disposal of drilling mud occurs and is permitted by the local land use authority which has permit authority over the use, location or operation of the facility.

~~(h)(n)~~ **Licensed solid waste disposal facility** means any facility or location where disposal of solid waste occurs and is permitted by the local land use authority, local solid waste enforcement agency and any other agency which has permit authority over the use, location or operation of the facility.

~~(i)(o)~~ **Marijuana** has the same meaning as “cannabis” as defined in Business and Professions Code Section 19300.5(f), as may be amended from time to time.

~~(j)(p)~~ **Marijuana business** means a commercial marijuana activity, regardless of whether it is for profit or nonprofit, including, but not limited to, planting, cultivation, harvesting, donating, transporting, manufacturing, compounding, testing, converting, processing, preparing, storing, packaging, distributing, making available, providing, or selling wholesale and/or retail sales of marijuana, whether fixed or mobile, temporary or permanent, regardless of whether for medical or nonmedical purposes.

~~(k)(q)~~ **Solid waste:**

~~(8)~~8. Means all putrescible and nonputrescible solid, semisolid, and liquid wastes, including garbage, trash, refuse, paper, rubbish, ashes, industrial wastes, demolition and construction wastes, abandoned vehicles and parts thereof, discarded home and industrial appliances, detreated, or chemically fixed sewage sludge which is not hazardous waste, manure, vegetable or animal solid and semisolid wastes, and other discarded solid and semisolid wastes.

~~(9)~~9. Does not include hazardous waste or low-level radioactive waste regulated under the Health and Safety Code.

~~(10)~~10. Does not include medical waste regulated under the Health and Safety Code; provided, that the medical waste, whether treated or untreated, is not disposed of at a solid waste disposal facility. Medical waste which has been treated and which is deemed to be solid waste shall be regulated pursuant to this chapter.

~~(11)~~11. Does not include drilling mud derived from the development and production of oil and gas wells.

~~(12)~~12. Does not include materials which are recycled as defined by Public Resources Code Section 40180, as amended.

~~(t)~~(r) **Tonnage** means the difference between the total weight of the solid waste or drilling mud received (measured in pounds) and the total weight diverted for recycling (measured in pounds) divided by two thousand (2,000).

~~(m)~~(s) **Wind energy generation facility** means an installation of one (1) or more commercial wind turbine generators.

Sec. 11-164. _____ Reporting ~~of tonnage or kilowatt-hours or gross receipts~~

(a) For purposes of determining the net tonnage deposited for computation of the tax, each licensed solid waste facility or drilling mud facility shall make monthly reports of net tonnage to the Solano County department of resource management by the twenty-fifth day of the following month. The department of resource management shall verify the reports and submit the data quarterly to the Solano County auditor-controller on the twenty-fifth day of the month following the end of the quarter.

(b) For purposes of determining the electrical energy produced for computation of the wind and solar energy tax, each wind energy generation or commercial solar energy system facility shall make monthly report of the kilowatt-hours of energy produced by the facility to the Solano County department of resource management by the twenty-fifth day of the following month. The department of resource management shall verify the reports and submit the data quarterly to the Solano County auditor-controller.

(c) For purposes of determining the McF extracted from a natural gas well, each company shall make monthly report of volume extracted by the facility to the Solano County department of resource management by the twenty-fifth day of the following month. The department of resource management shall verify the reports and submit the data quarterly to the Solano County auditor-controller.

(d) For purposes of determining the electrical ~~storage~~ capacity for BESS, each facility shall make monthly report of the ~~approved energy storage capacity, expressed in megawatt-hours of capacity~~ to the Solano County department of resource management by the twenty-fifth day of the following month. The department of resource management shall verify the reports and submit the data quarterly to the Solano County auditor-controller.

(e) For purposes of determining the gross floor area of data centers, each facility shall provide a report ~~annually~~ by March 30. The department of resource management shall verify and submit the data to the Solano County auditor-controller.

~~(b)~~(f) A marijuana business shall report its gross receipts quarterly to the Solano County auditor-controller by the twenty-fifth day of the month following the end of the quarter.

Sec. 11-165. _____ Payment of tax

The Solano County auditor-controller shall issue a quarterly tax bill to each marijuana business, licensed solid waste facility, licensed drilling mud disposal facility, commercial solar energy system, Front-of-the-meter (FTM) battery energy storage system, natural gas well extraction facility and wind energy generation facility, which shall be due and payable

to the Solano County auditor-controller upon receipt and delinquent at the end of the month following the month issued.

The Solano County auditor-controller shall issue a yearly tax bill to each data center facility, which shall be due and payable to the Solano County auditor-controller upon receipt and delinquent at the end of the month following the month issued.

Sec. 11-166. Penalty for delinquency

A ten (10%) percent penalty shall be assessed on any tax not paid by the delinquent date. A facility or business subject to this article that is not current in its payment of any taxes pursuant to this chapter at the time of the annual renewal of its Solano County business license issued pursuant to Chapter 14 may be denied a license renewal until all taxes and penalties are paid.

Section 11-167. Exemption

The tax imposed by Section 11-160 shall not apply to any person or entity that is exempt from business license taxes under Federal or State law.

Section 3.

The business license tax established by this Ordinance is a general tax within the meaning of Government Code section 53721 and Article XIII C, section 1(a) of the California Constitution. The revenue generated by this general tax shall be deposited into the County General Fund and is available for general governmental purposes. The revenue from this general tax shall be available to the Board of Supervisors for annual appropriations in the County's budget for any lawful expenditure. Nothing in this Ordinance nor in any other ordinance, advisory measure, resolution, or policy shall be construed as limiting, in any way, the amount or the objects of the appropriations and expenditures that can be made from the revenue of the tax nor be construed as creating a continuing appropriation.

Section 4.

This Ordinance is exempt from the Environmental Quality Act (Public Resources Code § 21000, et seq.) (CEQA) pursuant to CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.) Section 15378(b)(4) because it creates a government funding mechanism, which is not a project subject to the requirements of CEQA. Prior to commencement of any project that may result from the expenditure of revenues from this tax increase, any necessary environmental review required by CEQA shall be completed.

Section 5.

Any portion of this Ordinance deemed invalid or unenforceable shall be severed from the remainder, which shall remain in full force and effect.

Section 6.

If approved by a majority of the electorate voting on this ordinance at the November 3, 2026 general election, this Ordinance shall take effect on January 1, 2027.

Passed and adopted by the Solano County Board of Supervisors at its regular meeting on July 28, 2026 by the following vote:

AYES: SUPERVISORS _____

NOES: SUPERVISORS _____

EXCUSED: SUPERVISORS _____

MONICA BROWN, Chair
Solano County Board of Supervisors

ATTEST:
IAN M. GOLDBERG, Clerk
Solano County Board of Supervisors

By: _____
Alicia Draves, Chief Deputy Clerk

Introduced:
Adopted:
Effective:
Operative: