



**STAFF REPORT
HOLLISTER CITY COUNCIL
MEETING DATE: January 5, 2026
REPORT # City Manager-2026-01**

AGENDA ITEM: A RESOLUTION APPROVING A RESIDENTIAL TAX SHARING AGREEMENT WITH THE COUNTY OF SAN BENITO FOR LAFCo ANNEXATION REQUEST 2024-549

DEPARTMENT: City Manager

DEPARTMENT HEAD: Jim Pia, Interim City Manager

STAFF CONTACT: Rod Powell, Assistant City Manager

RECOMMENDED ACTION: Adopt a resolution authorizing the Mayor to execute a required Residential Tax Sharing Agreement with the County of San Benito to allow for an owner-initiated annexation of seven parcels included in LAFCo Annexation Request 2024-549.

DISCUSSION: Revenue and Taxation (R&T) Code §99 provides the state law that governs the processing of the tax exchange agreements for annexations. The R&T Code allows for a Residential Tax Sharing Agreement (Agreement) to be negotiated and used by the affected jurisdictions as required by such actions.

In December 2019, the City and County approved a new Master Residential Tax Sharing Agreement setting forth how property taxes shall be divided between the jurisdictions in the event of a property annexation to the City of Hollister. This agreement specified that the City and County would each receive 50% of the County's base tax following any annexation initiated by the City, but failed to account for owner-initiated annexation requests.

In order to consider an owner-initiated annexation request, the Local Area Formation Commission (LAFCo) requires impacted jurisdictions to enter into a post-annexation tax sharing agreement. The proposed Agreement was developed in partnership with the County and will also be brought forward to the Board of Supervisors for consideration and finalization at a future date. The Agreement is applicable only to the seven parcels identified in LAFCo Annexation Request 2024-549.

FISCAL IMPACT: Exact fiscal impacts are unknown and depend on the number and timing of annexations. The intent of this agreement is to allow for the orderly development of the community while mitigating any negative fiscal impacts to either the City or County.

PREVIOUS COUNCIL OR COMMISSION ACTION: The Council last considered and approved a Master Residential Agreement for Tax Transfer upon Annexation with San Benito County on December 16, 2019.

CEQA: The proposed action is administrative in nature and does not constitute a project under CEQA Guidelines Section 15378.

ATTACHMENTS:

1. Resolution
2. Residential Tax Sharing Agreement with the County of San Benito for LAFCo Annexation Request 2024-549