

NAPA COUNTY RESOLUTION NO. 26-

**RESOLUTION OF THE NAPA COUNTY BOARD OF SUPERVISORS,
STATE OF CALIFORNIA, REGARDING ADJUSTMENTS IN THE
ALLOCATION OF PROPERTY TAXES ASSOCIATED WITH THE
PROPOSED ANNEXATION OF THE PAOLI-WATSON LANE AFFECTED
TERRITORY TO THE CITY OF AMERICAN CANYON**

WHEREAS, the City of American Canyon (“City”) initiated proceedings with the Local Area Formation Commission of Napa County (“LAFCO”) to annex the Paoli Loop-Watson Lane Affected Territory (“PWLAT”) in October, 2025; and

WHEREAS, the PWLAT is comprised of approximately 75 acres currently in the unincorporated County of Napa (“County”), located east of SR-29 near Watson Lane, and is comprised of the following APNs and parcels:

1. 057-120-014
2. 057-120-015
3. 057-120-017
4. 057-120-034
5. 057-120-036
6. 057-120-047
7. 057-120-048
8. 057-120-049
9. 057-120-028
10. 057-120-041
11. 057-120-045
12. 057-120-050
13. 057-120-051
14. 057-180-014
15. 057-180-015; and

WHEREAS, Revenue and Taxation Code section 99 requires local agencies whose service area or responsibility will be altered by a jurisdictional change to negotiate the amount of property tax revenues to be exchanged between them that is realized from the property proposed to be annexed; and

WHEREAS, LAFCO cannot approve a proposed annexation until it receives resolutions from the affected local agencies expressing agreement to accept the exchange of property tax revenues; and

WHEREAS, County and City staff have agreed to an exchange of property tax revenues realized from the PWLAT in Agreement No. 260378B, which was approved by the Board on May 5, 2026, and approved by the City of American Canyon City Council on April 21, 2026 (“Tax Sharing Agreement”).

NOW, THEREFORE, BE IT RESOLVED by the Napa County Board of Supervisors, that in accordance with the Tax Sharing Agreement with the City of American Canyon, the Board of Supervisors agrees to the following exchange of property tax revenues and conditions precedent thereto:

“2. Allocation of Property Taxes. Subject to Section 4, beginning on the Annexation Effective Date, the County shall retain fifty percent (50%) of the County’s existing share of the one percent (1%) property tax rate increment from the PWLAT as calculated by the County Auditor (“County Tax Increment”); and the City shall be allocated fifty percent (50%) of the County Tax Increment (ie. “50%/50% allocation”).

3. Property Tax Revenue. The property taxes revenue subject to this Agreement shall mean “ad valorem real property taxes,” as the phrase is used in Section 25.5(b) of Article XIII A of the California Constitution, excluding certain property tax revenue set forth in Revenue and Taxation Code Section 95(c), that is collected from the PWLAT.

4. ULL/RHNA Agreement.

a. Concurrently herewith, the City and County have executed a separate “Urban Limit Line and Regional Housing Needs Allocation Agreement (ULL/RHNA Agreement)” authorizing the City to expand the American Canyon ULL in exchange for the City’s agreement to accept a percentage of the County’s RHNA in perpetuity, commencing with the Seventh Housing Element Revision.

b. The parties agree City share of the County Tax Increment shall further increase from that amount shown in Section 2 upon approval of the transfer of the specified portion of the County’s RHNA to the City, commencing with the Seventh Housing Element Revision (2031-2039) and continuing for each subsequent Housing Element Revision in perpetuity, in accordance with the ULL/RHNA Agreement. Beginning on the effective date of the Seventh Housing Element Revision that includes the transfer of the specified portion of the County’s RHNA to the City, in lieu of the allocation in Section 2, the City shall be allocated Seventy-Five percent (75%) of the County Tax Increment; and the County shall retain the remaining Twenty-Five percent (25%) of the County Tax Increment. This “75%/25% allocation” shall continue so long as the transfer of the specified portion of the County’s RHNA is included in each subsequent Housing Element Revision in accordance with the ULL/RHNA Agreement. If any future Housing Element Revision does not include the transfer of the County’s RHNA to the City by the applicable percentage set forth in the ULL/RHNA Agreement for any reason, including a change in law, the “75%/25% allocation” of County Tax Increment in this Section shall cease and the “50%/50% allocation” of County Tax Increment shall be implemented in accordance with Section 2.

BE IT FURTHER RESOLVED, that the Clerk of the Board is directed to forward copies of this resolution to the Napa County Auditor-Controller and to the Executive Officer of LAFCO.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Napa County Board of Supervisors, State of California, at a special meeting of the Board held on the 12th day of May, 2026, by the following vote:

AYES: SUPERVISORS _____

NOES: SUPERVISORS _____

ABSTAIN: SUPERVISORS _____

ABSENT: SUPERVISORS _____

NAPA COUNTY, a political subdivision of the State of California

By: _____
 AMBER MANFREE, Chair of the Board of Supervisors

<p>APPROVED AS TO FORM Office of County Counsel</p> <p>By: <u>Sabrina S. Wolfson</u> Deputy County Counsel</p> <p>Date: <u>May 7, 2026</u></p>	<p>APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS</p> <p>Date: _____</p> <p>Processed By: _____</p> <p>_____ Deputy Clerk of the Board</p>	<p>ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors</p> <p>By: _____</p>
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