

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1919 (Pellerin) – As Introduced February 12, 2026

Policy Committee:	Elections	Vote:	6 - 2
	Local Government		8 - 2

Urgency: Yes State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill authorizes the imposition of a transaction and use tax (TUT) by an initiative measure in the Santa Cruz Metropolitan Transit District (METRO).

Specifically, this bill:

- 1) Authorizes the imposition of a TUT by a qualified voter initiative in the METRO, including an initiative petition circulated on or after January 1, 2026.
- 2) Requires the Santa Cruz County board of supervisors consolidate the election for a TUT proposed by the METRO board of directors or via initiative with a statewide general election.
- 3) Requires METRO to reimburse Santa Cruz County for the incremental costs incurred by the county elections official related to submitting the TUT measure to voters at the election.
- 4) Requires METRO’s legal counsel, instead of the county counsel, to prepare the impartial analysis of the measure, which must be subject to review and revision by the county counsel.
- 5) Requires the county elections official for Santa Cruz County to serve as the elections official of METRO for purposes of administering the ballot measure process and election.

FISCAL EFFECT:

To the extent this bill requires a qualified TUT measure be put on the ballot, with resultant workload costs for the Santa Cruz County elections official, this bill may create a state-mandated local program. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, Santa Cruz County could seek reimbursement from the state. However, since METRO must reimburse Santa Cruz County for the costs of administering the election, these costs are likely non-reimbursable by the state. Additionally, costs incurring to METRO are also likely non-reimbursable by the state because METRO requested this legislation within the meaning of Section 17556 of the Government Code and Section 6 of Article XIII B of the California Constitution.

COMMENTS:

- 1) **Purpose.** According to the author:

In early 2026, local voters formed the coalition ‘Friends of METRO’ to place a citizen’s initiative on the November 2026 ballot to secure a local [TUT] to benefit METRO and prevent this loss of service. Unfortunately, there is ambiguity in existing law about whether voters in the district may use the citizen’s initiative process. That is what AB 1919 seeks to address. This bill will outline elections procedures in METRO’s statutes to explicitly allow local electors to place a citizen’s initiative on the ballot.

- 2) **Background. *METRO and TUTs.*** METRO was established in 1968 and operates bus and paratransit service throughout Santa Cruz County, as well as a commuter bus service to Santa Clara County. METRO is governed by a board of directors consisting of eleven voting members and two ex-officio members.

Existing law allows cities, counties, and certain special districts to increase the sales and use tax rate applicable in their jurisdiction, also known as a district tax or TUT. METRO currently receives revenue from a 0.5% TUT in Santa Cruz County, as well as 16% of the revenue from another countywide 0.5% TUT.

Different Voter Thresholds. Existing law provides for the approval of any state ballot measure with a simple majority vote. However, some local ballot measures are subject to different vote thresholds. For example, a special tax (proceeds restricted for a specific purpose, such as transportation) proposed by a local government body must be approved by a two-thirds vote of the electorate. In contrast, a general tax (proceeds designated for general purposes) proposed by a local government body can be approved with a majority vote. Additionally, recent court rulings have determined that the two-thirds vote requirement for special taxes imposed by a local government does not apply if the special tax is enacted by local initiative. In other words, a special tax proposed by voters who gather enough signatures to qualify a local initiative measure can be approved by majority vote.

District Initiative Measures and Special Taxes. Existing law provides that an ordinance may be enacted in a special district, such as a transportation district, via the initiative process, unless the district meets one of five specified conditions. According to the Assembly Elections Committee analysis of this bill, it is unclear whether METRO meets one of those disqualifying conditions:

Specifically, state law provides that the initiative process is not available in a district “formed under a law that does not provide a procedure for elections.” State law does not further elaborate on what it means for a law to provide “a procedure for elections,” nor is there relevant case law...existing law already provides for submission of a proposed TUT tax ordinance to [METRO] voters. Furthermore, state law required voter approval to form [METRO]. It could be argued that these provisions are “a procedure for elections.” On the other hand, the board of directors of [METRO] is appointed, rather than elected, so [METRO] does not hold regularly-scheduled elections for the purpose of electing board members. That fact may support an argument that the laws governing [METRO] do *not* provide a procedure for elections.

This bill expressly allows METRO to impose a TUT through a qualified voter initiative following certain election procedures, thus allowing imposition of such a special tax by a majority vote.

- 3) **Support and Opposition.** This bill is sponsored by METRO, which argues “this bill would build on current law enacted for other local jurisdictions which established election procedures for individual transportation authorities and transit districts” and “in doing so, this bill would clarify how a ‘citizen’s initiative’ benefitting METRO can be placed on the ballot and take effect, if passed by a majority of the voters.” This bill is also supported by a labor organization and an engineering council.

This bill is opposed by realtor and taxpayer groups, led by the California Taxpayers Association, which argues this bill “would undermine taxpayer protections and make California’s affordability crisis worse by paving the way for regressive tax increases in Santa Cruz County – where the combined state and local sales tax rate is already close to 10 percent.”

- 4) **Related Legislation.** SB 63 (Wiener), Chapter 470, Statutes of 2025, established the Public Transit Revenue Measure District with jurisdiction extending throughout certain Bay Area counties and authorized the imposition of a TUT applicable to the entire district by the district board or an initiative measure, among other governance provisions.

AB 2484 (Alvarez) authorizes the imposition of a TUT by an initiative measure in the San Diego Metropolitan Transit System (MTS) and allows MTS to impose a TUT in excess of the 2% rate cap. AB 2484 is pending hearing by the Assembly Local Government Committee.

SB 512 (Perez) authorizes the voters of a special district that has existing authority to impose a TUT for transportation purposes to impose a TUT by an initiative measure. SB 512 was vetoed by Governor Newsom, who stated, “This bill reaffirms that jurisdictions may use the initiative process to impose [TUTs] for transportation purposes. The courts have consistently and repeatedly affirmed this existing authority; therefore, this bill is unnecessary.”

- 5) **Prior Legislation.** SB 904 (Dodd), Chapter 866, Statutes of 2024, authorized the imposition of a TUT by an initiative measure in the Sonoma-Marín Area Rail Transit District, among other changes to district operations.

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