

**THIRD READING**

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Bill No: AB 1919  
Author: Pellerin (D) and Addis (D), et al.  
Introduced: 2/12/26  
Vote: 27 - Urgency

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SENATE ELECTIONS & C.A. COMMITTEE: 4-1, 6/16/26  
AYES: Wiener, Allen, Cervantes, Umberg  
NOES: Choi

SENATE TRANSPORTATION COMMITTEE: 8-4, 6/23/26  
AYES: Cortese, Archuleta, Arreguín, Blakespear, Gonzalez, Menjivar,  
Richardson, Wiener  
NOES: Strickland, Dahle, Seyarto, Valladares  
NO VOTE RECORDED: Grayson

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 54-20, 5/27/26 - See last page for vote

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**SUBJECT:** Santa Cruz Metropolitan Transit District: transactions and use tax:  
qualified voter initiative

**SOURCE:** Santa Cruz Metropolitan Transit District  
California Safety and Legislative Board of SMART – Transportation  
Division

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**DIGEST:** This bill permits the Santa Cruz Metropolitan Transit District (SC Metro) to impose special taxes by an initiative.

**ANALYSIS:**

Existing law:

- 1) Provides that the initiative is the power of the electors to propose statutes and amendments to the California Constitution and to adopt or reject them. A state

initiative measure must receive a majority of votes cast thereon in order to take effect.

- 2) Permits initiative powers to be exercised by the electors of each city or county under procedures that the Legislature shall provide. If a majority of the voters voting on a proposed local initiative ordinance vote in its favor, the initiative takes effect.
- 3) Provides that ordinances may be enacted by most districts through the initiative process, with the following exceptions:
  - a) Irrigation districts.
  - b) A district formed under a law that does not provide a procedure for elections.
  - c) A district formed under a law which does not provide for action by ordinance.
  - d) A district governed by an election procedure that permits voters, in electing the district's directors or trustees, to cast more than one vote per voter.
  - e) A district in which the directors are empowered to cast more than one vote per director when acting on any matter.

The term "district," for these purposes, includes any regional agency that has the power to tax, to regulate land use, or to condemn and purchase land.

- 4) Prohibits a local government from imposing, extending, or increasing a *general tax* unless it is submitted to the electorate and approved by a majority vote. The general tax proposal must be submitted to the voters at an election that is consolidated with a regularly scheduled general election for members of the governing body of the local government.
- 5) Prohibits a local government from imposing, extending, or increasing any *special tax* unless it is submitted to the electorate and approved by a two-thirds vote. Any tax levied by a special purpose district or agency is a special tax.
- 6) Provides for the creation of SC Metro, subject to the approval of electors in the district, and authorizes it to operate a public transit system in incorporated and unincorporated territory within Santa Cruz County.
- 7) Authorizes an authority to impose a retail transaction and use tax (TUT) ordinance applicable in the incorporated and unincorporated territory of a

county if the ordinance is adopted by a two-thirds vote of the authority and the tax is subsequently approved by voters.

- 8) Requires a county transportation expenditure plan to be prepared for the expenditure of the revenues for the period during which the tax is to be imposed, and prohibits the plan from being adopted until it has received the approval of the board of supervisors and of the city councils representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the county.

This bill:

- 1) Specifies that a TUT authorized under existing law in SC Metro may be imposed by initiative, including an initiative for which a petition has been circulated on or after January 1, 2026.
- 2) Provides all the following for the purposes of a TUT proposed by SC Metro or by initiative on or after January 1, 2026:
  - a) The ordinance imposing the TUT must be submitted to voters of Santa Cruz County at a special election that is consolidated with a statewide election.
  - b) The measure must comply with existing provisions of the Elections Code related to district ballot measures.
  - c) SC Metro must reimburse Santa Cruz County for the incremental costs incurred by the county for submitting such a measure to the voters and includes the following:
    - i) The cost to prepare, review, and revise the impartial analysis of the measure.
    - ii) The cost to translate ballot materials into languages other than English.
    - iii) Additional costs that exceed costs incurred for other races or measures appearing on the same ballot in the county, including the printing and mailing of ballot materials and the canvass of the vote of the measure.
  - d) Requires SC Metro's legal counsel to prepare the impartial analysis of the measure, rather than having the analysis be prepared by the county counsel as is required under existing law. The analysis prepared by SC Metro's counsel must be subject to review and revision by the county counsel.

- e) Specifies that the Santa Cruz County elections official shall serve as the elections official for the purpose of administering a ballot measure for SC Metro.

3) Contains an urgency clause.

## **Background**

*Initiatives.* The California Constitution guarantees the right of voters to propose statutes and amendments to the Constitution and to adopt or reject them. It also requires the Legislature to provide for initiative powers that may be exercised by voters in cities and counties. Although not required by the California Constitution, the Legislature has adopted procedures in the Elections Code to allow voters to exercise initiative powers in some other local districts.

Other types of measures can appear on the ballot for voters' consideration. These include referenda, recalls, and measures that a governing body places on the ballot.

*Upland Decision.* The California Constitution prohibits a local government from imposing, extending, or increasing a special tax unless it is approved by a two-thirds vote of the electorate. The California Constitution also imposes other restrictions on taxes imposed by local governments, including a requirement that a general tax must be approved by the voters at a general election for members of the local government's governing body, except in an emergency.

In August 2017, the California Supreme Court issued its ruling in *California Cannabis Coalition v. City of Upland*, 3 Cal. 5th 924 (2017). The court was asked to address whether the requirement that a local government must submit a proposed general tax to the voters at a regularly scheduled general election applies to measures that are placed on the ballot not by the governing body, but instead by the voters through the initiative process.

The court concluded the California Constitution "does not limit voters' power to propose and adopt initiatives concerning taxation," and that local general taxes proposed through the initiative process could appear on the ballot at elections other than regularly scheduled general elections. In reaching that conclusion, the majority opinion noted the court has consistently taken the position that courts should protect and liberally construe the people's initiative power, and that it would not construe the California Constitution as limiting that power "[u]nless a provision explicitly constrains the initiative power or otherwise provides a similarly clear indication that its purpose includes constraining the voters' initiative power."

The *Upland* decision did *not* directly address whether a local initiative measure that proposes special taxes must comply with the two-thirds vote requirement found in Article XIII C, Section 2, Subdivision (d) of the California Constitution.

Since *Upland*, several lower courts have been asked to consider whether local special taxes imposed through the initiative process require a two-thirds vote for approval. California Appellate Courts have considered seven such cases and have uniformly concluded that the two-thirds vote requirement in California Constitution does not apply to special taxes proposed through the initiative process. In six of those seven cases, the California Supreme Court declined to review the Appellate Court decision. In the seventh case, no review was sought.

*Santa Cruz Metropolitan Transit District.* According to their website, SC Metro was established in 1968 with a mission of providing environmentally sustainable transportation to Santa Cruz County and operates countywide, fixed route, and commuter services. SC Metro operates 104 buses on 20 fixed-routes and 32 paratransit vehicles.

*SC Metro's Initiative Effort.* There is currently an effort to place an initiative measure that proposes to implement a sales tax to support SC Metro. According to the Santa Cruz County Clerk, the petition was cleared for circulation for signatures on February 20, 2026. The proponents have until August 19, 2026, to submit 10,417 signatures in order for the measure to be considered at a future statewide election. The next statewide election after the November 3, 2026, statewide general election is scheduled for March 7, 2028.

## **Comments**

*Author's Statement.* Efficient and well-planned public transit is an important infrastructure for every city. To address growing demands and needs, in 2022, SC Metro rolled out "Reimagine METRO" to expand and improve their service network. This effort has subsequently resulted in significantly increased ridership by 43%. This service expansion was partly funded by state dollars that will run out in 2026. Without additional funds, service reduction and job cuts will occur. In early 2026, local voters formed the coalition "Friends of METRO" to place a citizen's initiative to secure a local transaction and use tax to benefit SC 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. This is what this bill seeks to address and also outlines election procedures in SC Metro's statutes to explicitly allow local electors to place a citizen's initiative on the ballot.

*District Initiatives.* Existing law already provides for an initiative process in some, but not all, districts. State law provides the initiative process is not available in a district “formed under a law that does not provide a procedure for elections.” That being said, the Madera County Transportation Authority became the first special district without a clear exception from the Elections Code to approve a special tax as a majority vote initiative in November 2024.

By providing that voters in these districts may impose a TUT for transportation purposes through the initiative process, this bill seeks to resolve any ambiguity about whether the initiative process is available in those districts for that purpose. It should be noted that this bill does not resolve any existing ambiguity about whether voters in those districts may pursue initiative measures that do not meet the requirements within existing law about special taxes.

*Majority versus Two-Thirds.* As previously mentioned, the California Constitution prohibits a local government from imposing, extending, or increasing a special tax unless it is approved by a two-thirds vote of the electorate. An initiative requires a majority vote of the electorate to be approved.

### **Related/Prior Legislation**

AB 2484 (Alvarez) of 2026, among other provisions, specifies that special taxes may be imposed through the initiative process in the San Diego Metropolitan Transit System.

SB 512 (Pérez) of 2025, would have specified that voters of a district may impose TUTs for transportation purposes by a citizen’s initiative. SB 512 was vetoed by Governor Newsom who stated: “This bill reaffirms that jurisdictions may use the initiative process to impose transactions and use taxes for transportation purposes. The courts have consistently and repeatedly affirmed this existing authority; therefore, this bill is unnecessary.”

SB 63 (Wiener, Chapter 740, Statutes of 2025) established the Public Transit Revenue Measure District including Alameda, Contra Costa, Santa Clara, and San Mateo Counties and the City and County of San Francisco, and specified that special taxes may be imposed through the initiative process in that district, among other provisions.

SB 904 (Dodd, Chapter 866, Statutes of 2024) specified that special taxes may be imposed through the initiative process in the Sonoma-Marín Area Rail Transit District, among other provisions.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

**SUPPORT:** (Verified 6/29/26)

Santa Cruz Metropolitan Transit District (co-source)  
California Safety and Legislative Board of SMART – Transportation Division (co-source)  
California Legislative Central Coast Caucus  
Eden Housing

**OPPOSITION:** (Verified 6/29/26)

California Association of Realtors  
California Taxpayers Association  
Howard Jarvis Taxpayers Association

**ASSEMBLY FLOOR:** 54-20, 5/27/26

**AYES:** Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

**NOES:** Alanis, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

**NO VOTE RECORDED:** Bains, Boerner, Lee, Patel, Celeste Rodriguez, Schiavo

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7/1/26 16:55:04

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