

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2484 (Alvarez) – As Amended March 24, 2026

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

Urgency: No 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 San Diego Metropolitan Transit System (MTS) and allows MTS to impose a TUT in excess of the 2% rate cap.

Specifically, this bill:

- 1) Requires San Diego County to conduct an election called by the MTS board to impose a TUT in the same manner as a county election.
- 2) Authorizes the imposition of a TUT by a qualified voter initiative in the MTS.
- 3) Authorizes a TUT imposed in the MTS that exceeds the limit set by existing law that caps the combined rate of all TUTs imposed in a county to 2%.

FISCAL EFFECT:

To the extent this bill requires a qualified TUT measure election be held in the MTS, with resultant ballot and informational materials costs and staff workload costs for the San Diego 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, San Diego County could seek reimbursement from the state (General Fund (GF)). The magnitude of costs is unknown, but potentially in excess of \$150,000.

The Legislative Analyst’s Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

COMMENTS:

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

In Assembly District 80 and across San Diego County, the services provided by MTS are not optional, they are essential. In Fiscal Year 2025 alone, MTS averaged more than 250,000 weekday trips, with nearly 78% of riders relying on transit as their primary means of getting around...If we do not address our public transit infrastructures growing budget deficit, we risk severely limiting access to jobs,

education, and essential services for the very communities that rely on it most.

- 2) **Background. MTS.** MTS was established in 1976 to provide policy setting and management coordination of the public transportation system in the San Diego metropolitan area. MTS serves as an umbrella agency for San Diego Trolley, Inc., which operates five light rail service routes, and San Diego Transit Corporation, which operates 25 bus routes. MTS also contracts with outside parties for the operation of 68 fixed-route bus lines and paratransit services and owns the rail track and right-of-way of the San Diego and Arizona Eastern Railway Company. MTS is governed by a 15-member board.

TUTs. 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. Generally, the combined TUT rate imposed within a local jurisdiction cannot exceed 2%. For example, if a county imposes three 0.5% countywide taxes and a city within the county imposes a 0.5% tax, the combined rate in the city would be 2% and neither the city nor the county may impose another TUT, absent special authority to exceed the rate limitation. San Diego County currently has 14 TUTs levied within its borders – one countywide tax and 13 citywide taxes. This bill allows MTS to impose a TUT in excess of the 2% cap.

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:

Three of those conditions clearly do not apply to [MTS]. However, it appears that one of the other two conditions is applicable to [MTS], while it is less clear whether the fifth condition applies. Accordingly, it appears that the initiative process is not available under existing law to voters in [MTS].

Notably, existing law provides that the initiative process is not available in a district “in which the directors are empowered to cast more than one vote per director when acting on any matter.” While MTS generally operates under a one member, one vote procedure, MTS’s enabling statute also allows board members to call for a weighted vote after the initial vote is taken on an item, subject to certain conditions. Thus, the district initiative procedure is seemingly not available in MTS because MTS allows board members to cast more than one vote per member in certain circumstances. This bill expressly allows MTS to impose a

TUT through a qualified voter initiative, thus allowing imposition of such a special tax by a majority vote.

- 3) **Support and Opposition.** This bill is sponsored by MTS, which argues this bill “does not impose a tax. Rather, it empowers local voters to lead in the decision of whether to invest in a world-class transit system that meets the needs of residents, businesses, and visitors alike.” This bill is also supported by local community representatives and groups.

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 a regressive tax increase in San Diego County, which already ranks as one of the most expensive places to live in the United States.”

- 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 1768 (Bryan) authorizes Los Angeles County to impose a TUT of up to 0.5% in excess of the 2% cap. AB 1768 is pending on the Assembly Floor.

AB 1919 (Pellerin) authorizes the imposition of a TUT by an initiative measure in the Santa Cruz Metropolitan Transit District. AB 1919 is pending on the Assembly Floor.

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.”

SB 762 (Arreguin) authorizes the City of Hercules to impose a TUT of up to 1% in excess of the 2% cap. SB 762 is pending referral at the Assembly Desk.

- 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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