

Date of Hearing: April 7, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 2690 (Davies) – As Amended March 18, 2026

PROPOSED CONSENT

SUBJECT: CIVIL ACTIONS: PROVISIONAL REMEDIES: INJUNCTIONS

KEY ISSUE: SHOULD TAXPAYERS HAVE STANDING TO SUE THE STATE FOR WASTEFUL OR ILLEGAL EXPENDITURES?

SYNOPSIS

*Until late last year, it was unclear whether taxpayers could sue the State or its officers for illegal or wasteful expenditures of public funds under California's existing taxpayer standing statute. That statute was last updated in 2018 by AB 2376 (M. Stone) Chap. 319, Stats. 2018, to clarify that taxpayers of all types maintained standing to sue local governments. Until the passage of AB 2376, California courts had been applying an amalgamation of statutory and common law authority to address the question of whether taxpayer suits could be brought against State entities, with some courts expressly holding that the common law provided for such suits, while others remained skeptical. In *Taking Offense v. State of California* ((2025) 18 Cal.5th 891), the California Supreme Court settled the question, holding that the taxpayer standing statute, Code of Civil Procedure Section 526a, did not provide taxpayers with standing to sue the State or its officers. In its majority opinion, the Court went on to urge the Legislature to clarify and harmonize the existing authority on taxpayer standing. This bill responds to that call to action by amending Section 526a to expressly provide taxpayers with standing to sue the State, a state entity, or any other state governmental body.*

*This bill is sponsored by ACLU California Action, Western Center on Law & Poverty, and the Howard Jarvis Taxpayer Association. The proponents argue that their understanding of AB 2376 was that the state should be implicated by the taxpayer standing statute and thus this bill provides helpful clarification in line with the court's holding in *Taking Offense*. This bill has no opposition on file.*

SUMMARY: Provides a taxpaying resident or corporation with standing to sue the state, a state entity, or any other state governmental body for alleged wasteful or illegal expenditures. Specifically, **this bill:**

- 1) Specifies that an action to obtain a judgment, restraining and preventing any illegal expenditure of, waste of, or injury to the estate, funds, or other property of a *governmental entity* may be maintained against any officer thereof, or any agent, or other person, acting in its behalf, either by a resident therein, or by a corporation, who is assessed for and is liable to pay, or, within one year before the commencement of the action, has paid, a tax.
- 2) Defines governmental entity to mean the state, or a state entity, a city, town, county, or city and county, or a district, public authority, political subdivision, or any other state or local governmental body.

EXISTING LAW:

- 1) Provides that every action must be prosecuted in the name of the real party in interest, except as otherwise provided by statute. (Code of Civil Procedure Section 367.)
- 2) Provides that an action to obtain a judgment, restraining and preventing any illegal expenditure of, waste of, or injury to the estate, funds, or other property of a local agency may be maintained against any officer thereof, or any agent, or other person, acting in its behalf, either by a resident therein, or by a corporation, who is assessed for and is liable to pay, or, within one year before the commencement of the action, has paid, a tax, including but not limited to the following:
 - a) An income tax.
 - b) A sales and use tax initially paid by a tenant or lessee to a landlord or lessor pursuant to the terms of a written lease.
 - c) A property tax, including a property tax paid by a tenant or lessee to a landlord pursuant to the terms of a written lease.
 - d) A business license tax. (Code of Civil Procedure Section 526a.)
- 3) Defines “local agency” to mean a city, a town, county, or city and county, or a district, public authority, or any other political subdivision in the state. (*Ibid.*)
- 4) Limits the applicability of Section 526a to local governmental officers and entities. (*Taking Offense v. State of California* (2025) 18 Cal.5th 891.)
- 5) Provides, as part of the Tom Bane Civil Rights Act, that if a person or persons, whether or not acting under color of law, interferes by threat, intimidation, or coercion, or attempts to interfere by threat, intimidation, or coercion, with the exercise or enjoyment by any individual or individuals of rights secured by the Constitution or laws of the United States, or of the rights secured by the Constitution or laws of this state, the Attorney General, or any district attorney or city attorney may bring a civil action for injunctive and other appropriate equitable relief in the name of the people of the State of California, in order to protect the peaceable exercise or enjoyment of the right or rights secured. (Civil Code Section 52.1.)
- 6) Provides, as part of the Government Claims Act, a public entity is liable for injury proximately caused by an act or omission of an employee of the public entity within the scope of their employment if the act or omission would have given rise to a cause of action against that employee or his personal representative. (Government Code Section 815.2.)

FISCAL EFFECT: As currently in print this bill is keyed non-fiscal.

COMMENTS: Until last year, the law regarding “taxpayer standing,” or the ability for any taxpaying resident of California to sue the state, was a confusing mix of statutory and case law. The impetus of this bill comes from the California Supreme Court’s recent decision in *Taking Offense v. State of California* (2025) 18 Cal.5th 891. In that case, the plaintiff organization, Taking Offense, brought a petition for writ of mandate against the State to prevent certain provisions of SB 219 (Wiener) Chap. 438, Stats. 2017, the Lesbian, Gay, Bisexual and

Transgender Long-Term Care Facility Residents' Bill of Rights from going into effect. (*Taking Offense*, at p. 904.) Specifically, Taking Offense argued that the provisions of the law prohibiting staff at long-term care facilities from willfully and repeatedly failing to use a resident's preferred pronouns after being clearly informed of the preferred name or pronouns when they do so wholly or partially on the basis of a person's actual or perceived sexual orientation, gender identity, gender expression, or HIV status were unconstitutional under the First Amendment. (*Ibid.*) Notably, Taking Offense sued utilizing the taxpayer standing issue and did not file suit on the behalf of any potentially aggrieved staffer of a long-term care facility.

In addition to defending the constitutionality of the pronoun provisions, the state argued that, in any case, Taking Offense did not have standing to bring its petition against the state. (*Id.* at p. 905.) To bring its petition, Taking Offense used California's taxpayer standing statute to bring a so-called taxpayer suit to prevent the waste of public funds to enforce the pronoun provisions of the law. (*Id.* at p. 909.) Accordingly, the state argued that taxpayer suits cannot be brought against the state because the statute applies to suits against *local* governmental entities and officers only. (*Id.* at p. 911.) Ultimately, the Court agreed, holding that Section 526a "does not afford standing to sue the State or its officers." (*Id.* at p. 919.) The Court then encouraged the Legislature to "comprehensively review" the statute and "the existing common law authority to harmonize and clarify the circumstances under which the state and its officers or entities may be subject to a taxpayer standing suit." (*Id.* at p. 911.) This bill responds to the Court's request by amending Section 526a to explicitly provide residents and corporations, like Taking Offense, with taxpayer standing to sue the state, a state entity, or any other state or local governmental body for alleged illegal and wasteful expenditures.

In support of the bill, the author states:

Assembly Bill 2690 is about restoring accountability and ensuring that California taxpayers have a seat at the table when it comes to the responsible use of their hard-earned money. Currently, state law provides a clear path for residents to sue local agencies for the illegal expenditure or waste of public funds, yet these same protections do not fully extend to actions taken by the state. This bill closes that loophole by expanding taxpayer standing, granting everyday Californians the legal right to challenge state-level waste, fraud, and injury to our public estate in court. By passing AB 2690, we are empowering the people to be the final watchdogs of our state government, ensuring that every dollar spent is done so legally and with the utmost integrity.

Background on taxpayer standing and taxpayer suits. Generally, standing refers to the ability of a party to bring a lawsuit in court, but at its core, standing doctrine is directly concerned with a specific party's interest in the outcome of a lawsuit, usually related to a specific harm facing the plaintiff. (*See Weatherford v. City of San Rafael* (2017) 2 Cal.5th 1241, 1247.) Accordingly, parties are generally required to show that they are sufficiently interested in a given outcome before a court will decide the merits of given suit. Existing law provides parties with multiple theories of standing. (*Id.*) For example, under Section 1086, plaintiffs may establish standing to seek a writ of mandate when they have a direct and substantial "beneficial interest" in the writ. Similarly, Section 367 articulates a general standing requirement, which provides that actions must be prosecuted by a "real party in interest," unless otherwise expressly provided by the Code of Civil Procedure.

Currently, plaintiffs may use taxpayer standing to bring suits to prevent a local agency from making alleged illegal or wasteful expenditures of public funds under Section 526a. These taxpayer suits may be brought even when the expenditure being challenged is insignificant or non-existent. (*See Wirin v. Parker* (1957) 48 Cal. 2d 890, 894 explaining that in taxpayer suits it “is immaterial that the amount of the illegal expenditures is small or that the illegal procedures actually permit a saving of tax funds.”) To establish taxpayer standing, a plaintiff simply must have paid a tax that funds the defendant local agency within one year before the commencement of the lawsuit. (Section 526a.) If the plaintiff is a resident, they must live, work, own property, or attend school in the jurisdiction of the defendant local agency. (*Id.*)

Confusion among the courts on taxpayer standing. Before the enactment of Section 526a, the common law traditionally allowed taxpayers to bring lawsuits to prevent *local* government from unlawfully expending public funds. (*Taking Offense*, at p. 911) Post-enactment, courts continued to develop the statutory and common law as it related to which governmental entities were subject to taxpayer suits. (*Id.* at p. 912.) For the first time in 1962, an appellate court found that the common law expressly provided for taxpayer suits to enjoin the actions of state officers. (*Ahlgren v. Carr* (1962) 209 Cal.App.2d 248, 250-52.) Citing *Ahlgren* in a subsequent decision, the California Supreme Court opined that Section 526a provided for taxpayer suits against the State, however, the court omitted any substantive analysis of the issue. (*Blair v. Pitchess* (1971) 5 Cal.3d 258, 268.) Since *Blair*, various courts have understood Section 526a to provide for taxpayer suits against the state, despite the statutory language solely mentioning local government bodies.

Acknowledging that its prior judicial interpretations of Section 526a may have led to confusion among the courts, the California Supreme Court settled the question of whether taxpayer suits could be brought against the state pursuant to Section 526a. In *Taking Offense*, the Court found that it could “discern no textual support for . . . [its] initial judicial expansion of former section 526a to allow for suit against state officers and entities.” (*Id.* at p. 919.) Further, in light of AB 2376 which limited the applicability of Section 526a to “local agencies,” the Court held that Section 526a in its current form did not afford taxpayers with standing to sue the State, State entities, or its officials. (*Ibid.*)

This bill would allow taxpayers to sue the state using the taxpayer standing statute in addition to the local government agencies that are already subject to taxpayer suits. Specifically, the bill would amend Code of Civil Procedure Section 526a to apply to all governmental entities as opposed to local agencies. Governmental entities would be defined to include the state, a state entity, or any other state governmental body.

Considerations about the scope of taxpayer standing. As mentioned above, California provides parties with multiple ways of establishing standing. Had *Taking Offense* brought a claim on behalf of one of its members that would be directly injured by the implementation of the bill, the issue of taxpayer standing would have never been raised. As Associate Justice Leondra Kruger aptly stated in her concurring opinion, “[t]here are [a] myriad [of] other potential plaintiffs to whom the law applies, who are entirely capable of asserting their own rights.” (*Taking Offense*, at p. 968)

Indeed, it is unclear how many cases are not permitted to proceed against the state due to the current lack of taxpayer standing. For example, should a Highway Patrol officer be alleged to have violated a person’s, or class or persons, civil rights, the Bane Act should provide necessary

standing to sue the state. Similarly, should a defective strip of highway pavement damage a person's car, the Department of Transportation would easily face liability under the Government Claims Act. Indeed, the Government Claims Act notwithstanding, the existing law makes it relatively easy to seek injunctive relief against state officers by simply asserting a potential injury-in-fact. This avenue is how most litigants, even those represented by third party advocacy groups, challenge state actions. Accordingly, it is unclear if the taxpayer standing statute truly needs to be expanded.

Indeed, because the barrier to entry for bringing taxpayer suits is so low, there may be concerns about parties using taxpayer standing in such a way that overwhelms the courts, or as a tool to harass state agencies. However, without any empirical data to support those concerns, there is no reason to suggest expanding the scope of taxpayer standing will result in such an outcome. Furthermore, to the extent that such data becomes available in the future, the Legislature may wish to consider modest limitations on the ability of parties to bring taxpayer suits.

ARGUMENTS IN SUPPORT: This bill is jointly sponsored by ACLU California Action, the Western Center on Law & Poverty, and the Howard Jarvis Taxpayers Association. In support of the bill, the ACLU writes:

California Code of Civil Procedure (CCP) section 526a was originally enacted in 1909. Its primary purpose was to enable a large body of the citizenry to challenge governmental action which would otherwise go unchallenged in the courts because of the standing requirement.

[...]

If we allow taxpayer suits against local and regional governments, but not state or state officials, it will disproportionately harm low-income Californians and communities of color. Californians living in poverty are uniquely affected by the State government. For example, millions of low-income residents depend on Medi-Cal for life preserving medical care; CalFresh to keep food on their tables; and CalWORKs for cash assistance. If these agencies ever were to act illegally, taxpayer actions have been an important part in holding them accountable.

Similarly, in its letter of support, the Rural County Representatives of California (RCRC) state:

There are strong public policy reasons to adopt the language proposed by this bill. Allowing taxpayers to sue local government entities, but not the State, would often place local government in an unfair position of having to defend State programs they are merely implementing in accordance with the Legislature's direction, thus forcing them to be the sole line of defense for all government spending. Section 526a should apply equally to all levels of government involved in spending government resources, which includes the State.

REGISTERED SUPPORT / OPPOSITION:

Support

ACLU California Action (co-sponsor)
Rural County Representatives of California (RCRC)

Opposition

None on file

Analysis Prepared by: Kristian Wright / JUD. / (916) 319-2334