

ASSEMBLY THIRD READING
AB 2690 (Davies)
As Amended March 18, 2026
Majority vote

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.

Major Provisions

- 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.

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 California Code of Civil Procedure (CCP) 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 CCP 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.

According to the Author

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.

Arguments in Support

This bill is jointly sponsored by the American Civil Liberties Union (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.

Arguments in Opposition

None on file

FISCAL COMMENTS

None

VOTES

ASM JUDICIARY: 10-1-1

YES: Kalra, Macedo, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani

NO: Zbur

ABS, ABST OR NV: Lee

UPDATED

VERSION: March 18, 2026

CONSULTANT: Kristian Wright / JUD. / (916) 319-2334

FN: 0002337