
THIRD READING

Bill No: AB 699
Author: Stefani (D)
Amended: 7/3/25 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 7/2/25
AYES: Durazo, Arreguín, Cabaldon, Laird, Wiener
NOES: Choi, Seyarto

SENATE ELECTIONS & C.A. COMMITTEE: 4-1, 7/15/25
AYES: Cervantes, Allen, Limón, Umberg
NOES: Choi

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/29/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 54-20, 6/5/25 - See last page for vote

SUBJECT: Elections: local tax measures

SOURCE: Nonprofit Housing Association of Northern California and All Home,
a Project of Tides Center

DIGEST: This bill allows permits the proponents of a local initiative measure, or a local jurisdiction submitting a local ballot measure, to choose how specific information will appear on the ballot label for specified tax or bond measures.

ANALYSIS:

Existing law:

- 1) Provides that any local government bond issue that creates a lien on a property for ad valorem (according to value) property taxes must be submitted to the voters for approval. Approval requires a two-thirds vote of the electorate,

except for certain bonds to improve school facilities, which may pass with a 55% vote in favor.

- 2) Requires, pursuant to the California Constitution, that local measures imposing taxes be submitted to the voters and must receive a two-thirds vote of the electorate to pass.
- 3) Requires, for each local bond issue, the local government to mail its voters information that includes the best estimate of the tax increase and years of collection of that increase needed to repay the bond, as well as the best estimate of the debt service required for the bond.
- 4) Requires a county elections official to mail a county voter information guide to each voter in the jurisdiction prior to each election that contains information about candidates and measures on the ballot, among other matters. In specified circumstances, a voter may opt out of receiving a voter information guide by mail and instead receive the information electronically.
- 5) Requires for each measure submitted to the voters that the ballot contain a ballot statement of no more than 75 words that is a condensed version of the title and summary, including the financial impact summary.
- 6) Requires the ballot statement for all local ballot measures that impose a tax or raise the rate of a tax, including measures authorizing the issuance of bonds or the incurrence of debt, to include the amount of money to be raised annually and the rate and duration of the tax to be levied.

This bill:

- 1) Requires, for a local measure that imposes or increases a tax with more than one rate or that authorizes the issuance of bonds, the jurisdiction submitting the measure to the voters or the proponents, if it is an initiative measure, to inform the elections official conducting the election which of these statements to include on the ballot:
 - a) The estimate of the money it will raise annually, the resulting tax rate, and duration of the tax; or
 - b) The phrase “See county voter guide for detailed tax rate information.”
- 2) Requires an information statement to be mailed or, when a voter requests, to be electronically delivered, to voters for each measure that receives the ballot statement “See county voter guide for detailed tax rate information.” The local

jurisdiction or the proponents shall provide information to the elections official to include in the county voter information guide, as follows:

- a) A concise description of the purpose of the tax and how its proceeds will be spent.
 - b) A list of all the rates that are expected and how they will be imposed.
 - c) A plain language description of what would cause the tax rates to vary over time.
 - d) An explanation of the duration of the tax and how its expiration occurs.
 - e) If the measure includes issuing bonds, whether they create property tax liens, the best estimate of the tax increase and years of collection of that increase needed to repay the bond, and the best estimate of the debt service required for the bond.
- 3) Specifies that Mello-Roos community facilities districts and charter cities may submit specified documents to be included in the voter information guide to comply with 2) above.

Background

Prior to 1978, local agencies could enact taxes by ordinance. Proposition 13 (1978) amended the Constitution to require a 2/3 vote of the electorate to enact a local special tax. Proposition 62 (1986) prohibited local agencies from imposing general taxes without majority approval of local voters, and clarified the 2/3 vote necessary to impose special taxes. Proposition 218 (1996) extended those vote thresholds to charter cities and required local agencies' to obtain voter approval to levy new assessments, fees, and taxes, which was subsequently limited by Proposition 26 (2010).

Proposition 13 also added Article XIII of the California Constitution, which provides that all property is taxable at the same percentage of fair market value unless explicitly exempted by the Constitution or federal law. The Constitution limits the maximum amount of any ad valorem tax on real property at 1% of full cash value, and directs assessors to only reappraise property when newly constructed, or ownership changes. Proposition 13 additionally limited any inflationary growth of the full cash value base to 2% per year.

Local agencies can place bonds measures on the ballot secured by increased property taxes, which can be in excess of the Proposition 13 limitations. When

public agencies issue bonds, they essentially borrow money from investors, who provide cash in exchange for the agencies' commitment to repay the principal amount of the bond plus interest in the future. Article XIII A, Section 1 of the California Constitution requires counties, cities, and school districts to get voter approval for long-term debt. Counties, cities, school districts, community college districts, and some special districts can issue general obligation (GO) bonds, secured by *ad valorem*, or according to value, property tax revenues with 2/3-voter approval (Proposition 46, 1986). Proposition 39 (2000) allows school districts and school facility improvement districts to issue GO bonds to build, rehabilitate, or replace schools with 55% voter approval subject to certain conditions, including tax limits.

Local ballot requirements. State law requires certain information to be included for local measures. Each measure submitted to voters must include a statement for the ballot label that includes no more than more than 75 words and is the condensed version of the ballot title and summary including the financial impact summary prepared pursuant to existing law. The ballot statement must be a true and impartial synopsis of the purpose of the proposed measure, and presented in language that is neither argumentative nor likely to create prejudice for or against the measure.

Local tax measures. AB 809 (Obernolte, 2015) added further ballot requirements for local initiatives that imposed or raised a tax. For these measures, the ballot must include in the statement of the measure:

- The amount of money the tax will raise annually;
- The duration of the tax; and
- The tax rate.

A 2017 Los Angeles County Superior Court ruling regarding the ballot label for a local tax measure placed on the ballot by a local agency found that AB 809 only applied to voter initiatives, not measures local agencies introduce. AB 195 (Obernolte, 2017) extended AB 809's requirements to tax measures local agencies submit to the electorate.

Local bond measures. When a local agency qualifies a bond measure for the ballot, it has to mail a measure information statement to voters with the sample ballot no later than the 88th day before the election. This statement must include the best available estimates of the:

- Average annual tax rate to be levied to fund that bond issue over the entire duration of the bond debt service, based on assessed property values within the jurisdiction;
- Highest tax rate to be levied to fund that bond issue, and an estimate of when that rate would apply; and
- Total debt service, including principal and interest, required to be repaid if all the bonds are issued and sold.

The local agency submitting the measure to voters can also declare its intent to use revenues other than ad valorem property taxes to fund the bond issue, and include its best estimate of this replacement revenue and the reduction in the tax rate resulting from the substitution of revenues.

Current law defines the term “tax rate” to mean the tax rate per \$100,000 of assessed property value. When local agencies prepare official election materials in addition to the sample ballot, including voter information guides, state law requires them to express the tax rate in this specific way. The local agency must include this tax rate information on all official materials directed at or including a bond issue proposal.

Since local bond measures impose a tax or raise the rate of a tax, the ballot must also include:

- The amount of money the tax will raise annually;
- The duration of the tax; and
- The tax rate.

Comments

Purpose of this bill. According to the author, “AB 699 expands transparency for local tax and bond measures by providing the option to include key financial measures in the voter information guide, while amending ballot label requirements that have proven problematic or even impossible for tiered tax rates and bond issuances. The improved financial disclosures created by this bill will help voters better understand the potential financial impacts of a proposed bond or tax measure.

“Requiring that financial measures be explained to a voter in a 75-word ballot label can be too restrictive and can lead to confusion and at times can be misleading to

voters. For example, tax rate for bonds issued in multiple series under one voter approval may fluctuate significantly over time. Attempting to comply with the law, local agencies are forced to insert rates into their ballot label language that are averages, projections, or statutory maximums that may not be charged in any given year.

“Reducing tax and bond measures to be summarized in 75-words has led to lower passage rates and jurisdictions deciding not to go to the ballot at all. AB 699 addresses a serious problem in current law that inhibits local tax mechanisms that cannot be accurately explained in the 75-word ballot label. This bill is smart, good government policy that enhances transparency while ensuring local jurisdictions can continue to work in partnership with their local communities in support of vital infrastructure.”

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

According to the Senate Appropriations Committee, unknown, potentially significant state-mandated local costs for elections officials to prepare and send measure information statements to voters. Actual costs would depend upon how many proponents of local multi-tiered tax and bond measures opt to include financial impact information in the voter information guide, and would vary among the state’s 58 counties. These costs are likely to be state-reimbursable, subject to a determination by the Commission on State Mandates.

SUPPORT: (Verified 8/29/25)

Nonprofit Housing Association of Northern California (Source)

All Home, a Project of Tides Center (Co-Source)

Association of California School Administrators

California Association of Clerks & Election Officials

California Association of School Business Officials

California Housing Partnership

California Special Districts Association

California's Coalition for Adequate School Housing

Community College Facility Coalition

East Bay Housing Organizations

Enterprise Community Partners, INC.

San Diego Housing Federation

Seiu California

OPPOSITION: (Verified 8/29/25)

California Association of REALTORS
California Taxpayers Association
Howard Jarvis Taxpayers Association
Shift-bayarea

ASSEMBLY FLOOR: 54-20, 6/5/25

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

NOES: Alanis, Bains, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Patterson, Petrie-Norris, Sanchez, Ta, Tangipa, Wallis

NO VOTE RECORDED: Flora, Ortega, Patel, Ramos, Schiavo

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**** **END** ****