

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 512 (Pérez) – As Amended July 17, 2025

Policy Committee: Elections

Vote: 5 - 2

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill authorizes the voters of a special district that has existing authority to impose a transactions and use tax (TUT) for transportation purposes to impose a retail TUT by an initiative measure.

The initiative must contain all spending limitations and substantive accountability standards applicable to a tax imposed by an ordinance enacted by the district's governing body. This bill declares the authority to impose such a TUT by initiative to be declaratory of existing law.

FISCAL EFFECT:

To the extent this bill requires a qualified TUT measure be put on the ballot, with resultant workload costs for county elections officials, 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, counties could seek reimbursement from the state. However, since a county elections official may recover the costs of administering an election for another local agency from that agency, these costs are likely non-reimbursable by the state.

COMMENTS:

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

Although Proposition 218 acknowledges the power of the people to affect local taxes, California's Elections Code conflicts with that authority due to the lack of explicit authority to allow for residents of local transportation districts to propose and pass transportation [TUT measures] by means of a citizen's ballot initiative. As a result of these inconsistencies, any transportation tax measure that is passed by citizens' ballot initiative may be susceptible to litigation – rendering these crucial transportation projects vulnerable to unnecessary delays and increased costs. This bill addresses this discrepancy that exists by aligning the state's Elections Code with the provisions of Proposition 218 and other authorizing statutes – bringing much needed consistency and clarity in California law.

- 2) **Background. *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, and 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, it is unclear whether a district authorized to impose a TUT for transportation purposes meets one of those disqualifying conditions:

Specifically, state law provides that the initiative process is not available in a district “formed under a law that does not provide a procedure for elections.” State law does not further elaborate on what it means for a law to provide “a procedure for elections,” nor is there relevant case law...State law generally requires TUT measures to be approved by the voters in order to take effect. It could be argued that the statutory provisions for voter approval of those measures are “a procedure for elections.” On the other hand, the governing boards of districts that are authorized to impose a TUT for transportation purposes generally are appointed, rather than elected, so those districts do not hold regularly-scheduled districts elections for the purpose of electing governing board members. That fact may support an argument that the laws governing those boards does *not* provide a procedure for elections.

This bill expressly allows such a district to impose special taxes through a qualified voter initiative meeting certain conditions.

- 3) **Support and Opposition.** This bill is sponsored by the Self-Help Counties Coalition, which argues this bill affirms “that if a transportation district already has the authority to levy transportation sales taxes, its voters also have the constitutional right to propose such measures through the initiative process.” This bill is also supported by construction associations and labor organizations.

This bill is opposed by a coalition of business groups led by the California Taxpayers Association, which argues, “SB 512 invites local officials and interest groups to use the initiative process to impose taxes that otherwise would be rejected by voters under the constitutionally required two-third standard.”

- 4) **Prior Legislation.** SB 904 (Dodd), Chapter 866, Statutes of 2024, authorized the imposition of special taxes by a qualified voter initiative of the Sonoma-Marín Area Rail Transit District (SMART) and made other changes to state law governing SMART operations.

Analysis Prepared by: Irene Ho / APPR. / (916) 319-2081