Office of Senate Floor Analyses
(916) 651-1520 Fax: (916) 327-4478

VETO

Bill No: SB 512
Author: Pérez (D), et al.
Enrolled: 9/16/25
Vote: 27

SENATE ELECTIONS & C.A. COMMITTEE: 3-1, 9/9/25
AYES: Cervantes, Allen, Limón
NOES: Choi
NO VOTE RECORDED: Umberg

SENATE FLOOR: 30-10, 9/11/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ASSEMBLY FLOOR: 50-19, 9/4/25 - See last page for vote

SUBJECT: District elections: initiatives

SOURCE: Self-Help Counties Coalition

DIGEST: This bill expands the types of jurisdictions that may, by an initiative, impose transactions and use taxes (TUTs) for transportation purposes.

ANALYSIS:

Existing law:

1) Provides that initiative is the power of the electors to propose statutes and amendments to the California Constitution and to adopt or reject them. A state initiative measure must receive a majority of votes cast thereon in order to take effect.

2) Permits initiative powers to be exercised by the electors of each city or county under procedures that the Legislature shall provide. If a majority of the voters voting on a proposed local initiative ordinance vote in its favor, the initiative takes effect.

3) Provides that ordinances may be enacted by most districts through the initiative process, with the following exceptions: (1) Irrigation districts; (2) A district formed under a law that does not provide a procedure for elections; (3) A district formed under a law which does not provide for action by ordinance; (4) A district governed by an election procedure that permits voters, in electing the district's directors or trustees, to cast more than one vote per voter; and (5) A district in which the directors are empowered to cast more than one vote per director when acting on any matter. The term "district," for these purposes, includes any regional agency that has the power to tax, to regulate land use, or to condemn and purchase land.

4) Prohibits a local government from imposing, extending, or increasing a general tax unless it is submitted to the electorate and approved by a majority vote. The general tax proposal must be submitted to the voters at an election that is consolidated with a regularly scheduled general election for members of the governing body of the local government.

5) Prohibits a local government from imposing, extending, or increasing any special tax unless it is submitted to the electorate and approved by a two-thirds vote. Any tax levied by a special purpose district or agency is a special tax.

6) Authorizes a county board of supervisors to create a local transportation authority to operate within the county.

7) Authorizes a local transportation authority to impose a retail TUT ordinance applicable in the incorporated and unincorporated territory of a county if the ordinance is adopted by a two-thirds vote of the local transportation authority and the tax is subsequently approved by voters.

8) Requires a county transportation expenditure plan to be prepared for the expenditure of the revenues for the period during which the tax is to be imposed, and prohibits the plan from being adopted until it has received the approval of the board of supervisors and of the city councils representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the county.

This bill:

1) Permits the voters of any district authorized to impose a TUT for transportation purposes to impose the TUT by an initiative.

2) Prohibits a TUT enacted by an initiative from exceeding the maximum authorized rate for a tax imposed by an ordinance enacted by the governing body of the district. The initiative must contain all spending limitations and substantive accountability standards that apply to a TUT imposed by an ordinance enacted by the district's governing body, including the inclusion of a transportation expenditure plan that specifies the purposes for which the revenue derived from the tax will be used.

3) Specifies that the provisions of this bill are declaratory of existing law.

Background

Initiatives. The California Constitution guarantees the right of voters to propose statutes and amendments to the Constitution and to adopt or reject them. It also requires the Legislature to provide for initiative powers that may be exercised by voters in cities and counties. Although not required by the California Constitution, the Legislature has adopted procedures in the Elections Code to allow voters to exercise initiative powers in some local districts.

Other types of measures can appear on the ballot for voters' consideration. These include referenda, recalls, and measures that a governing body places on the ballot.

Upland Decision. The California Constitution prohibits a local government from imposing, extending, or increasing a special tax unless it is approved by a two-thirds vote of the electorate. The California Constitution also imposes other restrictions on taxes imposed by local governments, including a requirement that a general tax must be approved by the voters at a general election for members of the local government's governing body, except in an emergency.

In August 2017, the California Supreme Court issued its ruling in *California Cannabis Coalition v. City of Upland*, 3 Cal. 5th 924 (2017). The Court was asked to address whether the requirement that a local government must submit a proposed general tax to the voters at a regularly scheduled general election applies to measures that are placed on the ballot not by the governing body, but instead by the voters through the initiative process.

The court concluded that the California Constitution "does not limit voters' power to propose and adopt initiatives concerning taxation," and that local general taxes proposed through the initiative process could appear on the ballot at elections other than regularly scheduled general elections. In reaching that conclusion, the majority opinion noted that the Court has consistently taken the position that courts should protect and liberally construe the people's initiative power, and that it would not construe the California Constitution as limiting that power "[u]nless a provision explicitly constrains the initiative power or otherwise provides a similarly clear indication that its purpose includes constraining the voters' initiative power."

The *Upland* decision did not directly address whether a local initiative measure that proposes special taxes must comply with the two-thirds vote requirement found in Article XIII C, Section 2, Subdivision (d) of the California Constitution.

Local Transportation Authorities. TUT or district taxes dedicated to transportation originated in 1970, when the Legislature authorized several counties served by the Bay Area Rapid Transit District to impose a regional sales tax. The Legislature subsequently authorized district taxes for individual counties or local entities, including Fresno, Los Angeles, Sacramento, San Diego, and Santa Clara, among others. The Legislature also approved SB 142 (Deddeh, Chapter 786, Statutes of 1987), the Local Transportation Authority and Improvement Act, which provided a process for individual counties to create a local transportation authority and implement local sales taxes of up to 1% for transportation purposes, upon the adoption of a specified expenditure plan and approval of a ballot proposition by county voters. Today, as many as 25 so–called "Self-Help Counties" impose a transportation tax.

Comments

Author's Statement. This bill reaffirms the ability of Californians to fund transportation projects that benefit their communities by clarifying that voters within transportation districts can qualify a transportation sales tax measure by initiative. For nearly 40 years, Proposition 218 has granted voters across 25 counties the ability to approve local sales taxes to fund local and regionally significant transportation projects including public transportation, active transportation, interchanges, roadway improvements, and other transportation infrastructure.

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 transaction and use tax measure 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 Election Code with the provisions of Proposition 218 and other authorizing statutes − bringing much needed consistency and clarity in California law.

Majority versus Two-Thirds. As previously mentioned, the California Constitution prohibits a local government from imposing, extending, or increasing a special tax unless it is approved by a two-thirds vote of the electorate. An initiative requires a majority vote of the electorate to be approved. If approved, this bill would provide all transportation districts another option, at a lower vote threshold, to raise revenue for specific transportation projects.

Multi-County Districts and Election Administration. Elections are administered at the local level, typically by the county elections official. If an initiative is proposed in a multi-county district, coordination between the respective county election officials would be vital for many of the initiative-related and election-related tasks, such as who provides the ballot question and translates ballot materials into mandated languages.

Related/Prior Legislation

SB 63 (Wiener, Chapter 740, Statutes of 2025), among other provisions, created the Public Transit Revenue Measure District in the counties of Alameda, Contra Costa, San Mateo, Santa Clara, and the City and County of San Francisco and authorizes the district's board to impose a retail TUT by a qualified voter initiative.

SB 904 (Dodd, Chapter 866, Statutes of 2024), among other provisions, authorized special taxes in the Sonoma-Marin Area Transit District to be imposed by a qualified voter initiative, if the initiative complies with certain requirements.

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

According to the Assembly Committee on Appropriations:

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.

SUPPORT: (Verified 10/15/25)

Self-Help Counties Coalition (source)
California-Nevada Conference of Operating Engineers
California State Building and Construction Trades Council
California State Council of Laborers
District Council of Iron Workers
Riverside County Transportation Commission

OPPOSITION: (Verified 10/15/25)

California Taxpayers Association
Acclamation Insurance Management Services
Alameda County Taxpayers' Association
Allied Managed Care
California Association of Realtors
California Building Industry Association
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Fuels and Convenience Alliance
Coalition of Sensible Taxpayers
Coalition of Small and Disabled Veteran Businesses
Contra Costa Taxpayers Association
Council on State Taxation
Family Business Association of California
Flasher Barricade Association
Howard Jarvis Taxpayers Association
Kern County Taxpayers Association
Lake Forest Chamber of Commerce
National Federation of Independent Business

Orange County Taxpayers Association
Solano County Taxpayers Association

ARGUMENTS IN SUPPORT:

In a letter sponsoring this bill, the Self-Help Counties Coalition states, in part, the following:

> …a statutory inconsistency between Proposition 218 (California Constitution Article XIIIC, Section 3) and Elections Code Section 9300 has created legal ambiguity regarding the public's right to use the initiative process within certain special transportation districts. Proposition 218 guarantees voters the right to propose local taxes by initiative, but that right is not clearly reflected in Elections Code 9300 for transportation authorities and transit districts governed by special statutes.
>
> SB 512 resolves this issue by affirming 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 legislation does not create new taxing authority or impose new taxes—it simply preserves and protects the democratic process by ensuring that local communities can continue to lead on transportation investment.

ARGUMENTS IN OPPOSITION:

A coalition of business groups and taxpayer associations are opposed to this bill for a multitude of reasons. Two of their reasons, in part, are below:

a) Undermines the Two-Thirds Vote Requirement for Special Taxes. Since the passage of Proposition 13 in 1978, California's Constitution has required a two-thirds vote of the electorate to approve local special taxes – those earmarked for specific purposes. This safeguard was reaffirmed by Proposition 218. These provisions were designed to promote affordability and ensure broad public consensus before imposing new costs on Californians.

b) Misapplies the *Upland* Decision. The *Upland* ruling addressed only the timing of elections for citizen initiatives and did not alter the substantive vote thresholds for tax approval. Despite this, some local governments have exploited the ambiguity by advancing tax measures through initiatives to bypass the two-thirds threshold. This bill would codify this tactic, allowing

transportation-related special taxes to be enacted with a simple majority vote, contrary to the intent of voter-approved Propositions 13 and 218.

GOVERNOR'S VETO MESSAGE:

I am returning Senate Bill 512 without my signature.

This bill reaffirms that jurisdictions may use the initiative process to impose transactions and use taxes for transportation purposes.

The courts have consistently and repeatedly affirmed this existing authority; therefore, this bill is unnecessary.

ASSEMBLY FLOOR: 50-19, 9/4/25
AYES: Addis, Aguiar-Curry, 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, Jackson, Kalra, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Papan, Pellerin, Quirk-Silva, Ramos, Celeste Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Alanis, Castillo, Chen, Davies, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis
NO VOTE RECORDED: Ahrens, Bains, Irwin, Krell, Pacheco, Patel, Petrie-Norris, Ransom, Michelle Rodriguez, Schiavo

Prepared by: Scott Matsumoto / E. & C.A. / (916) 651-4106
10/15/25 12:38:59

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