

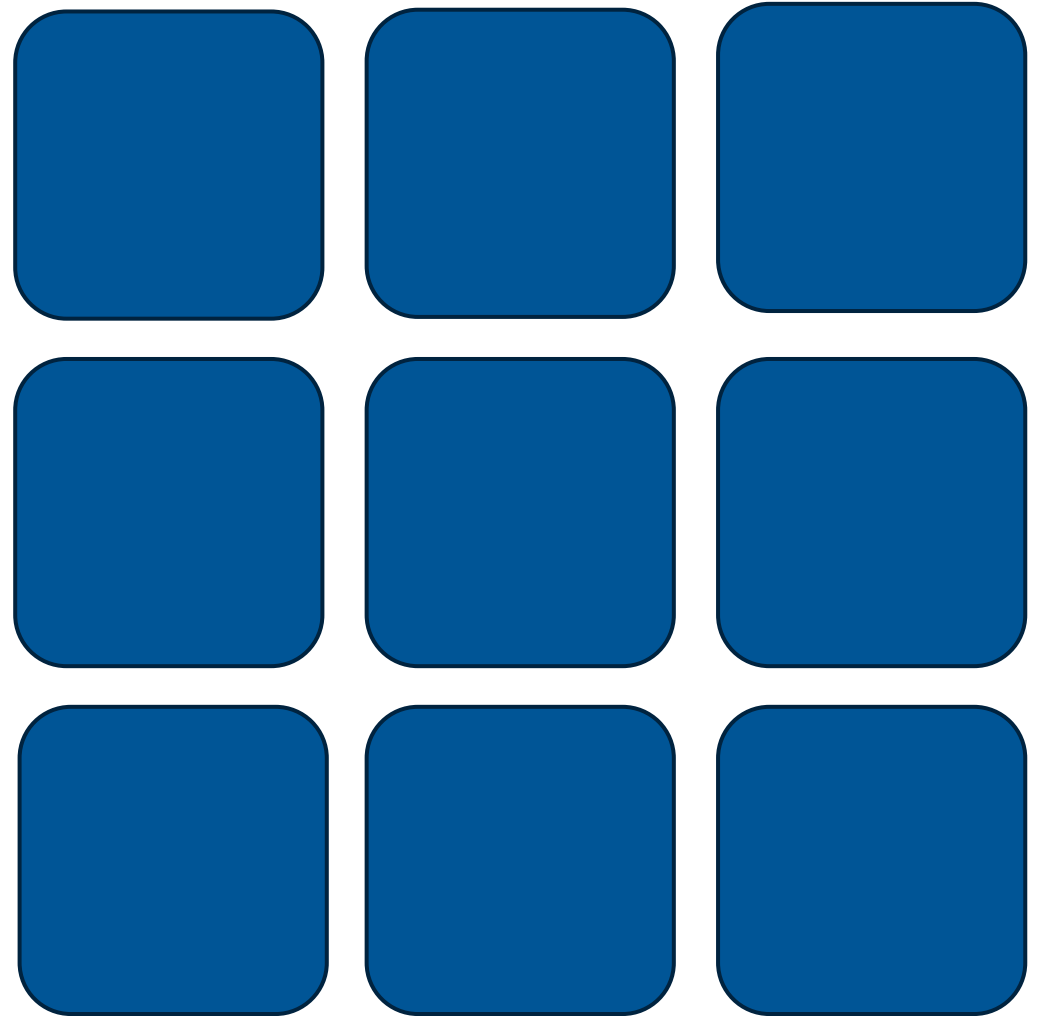
Pros and Cons of the 2026 State Propositions

League of Women Voters



LWV Mission

- To encourage informed and active participation in government and increase understanding of major public policy issues.
- Proudly **nonpartisan**, we neither support nor oppose candidates or political parties at any level of government but always work on vital issues of concern to members and the public.



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How to evaluate propositions:



- *How did it get on the ballot?*
- *What does it do?*
- *How does it change existing law?*
- *Who benefits?*
- *How much does it cost and who pays for it?*
- *Who supports or opposes it?*
- *Who's paying to support or oppose it?*

Disclaimer about arguments for and against

- They come from supporters and opponents, as published in the Official Voter Information Guide.
- We cannot vouch for their accuracy.
- They do not represent our viewpoint.
- They reflect the supporters' and opponents' opinions and may not be based on facts.



California propositions

Every statewide election cycle, California residents usually find propositions or measures on their ballots. These measures may be statewide, countywide, or local. Often these measures include a tax increase or bond proposal.

Statewide measures are usually indicated by a number (e.g., Proposition 1), and local measures are named by the county or city and designated with a letter (e.g., Measure S, Solana Beach).

Most measures require a simple majority of the voters to pass, although some require a higher percentage – see later!

How do state propositions get on the ballot?

- The **state legislature** can place constitutional amendments, bond measures, and changes in statutes on the ballot as propositions.
- **California voters** can propose an initiative to amend the constitution and/or a statute without the support of the legislature or governor.
- Voters can also attempt to repeal an enacted law by calling for a **veto referendum** on it.
 - Both types of citizen-initiated measures require a specific number of voter signatures

Which of the following is true?

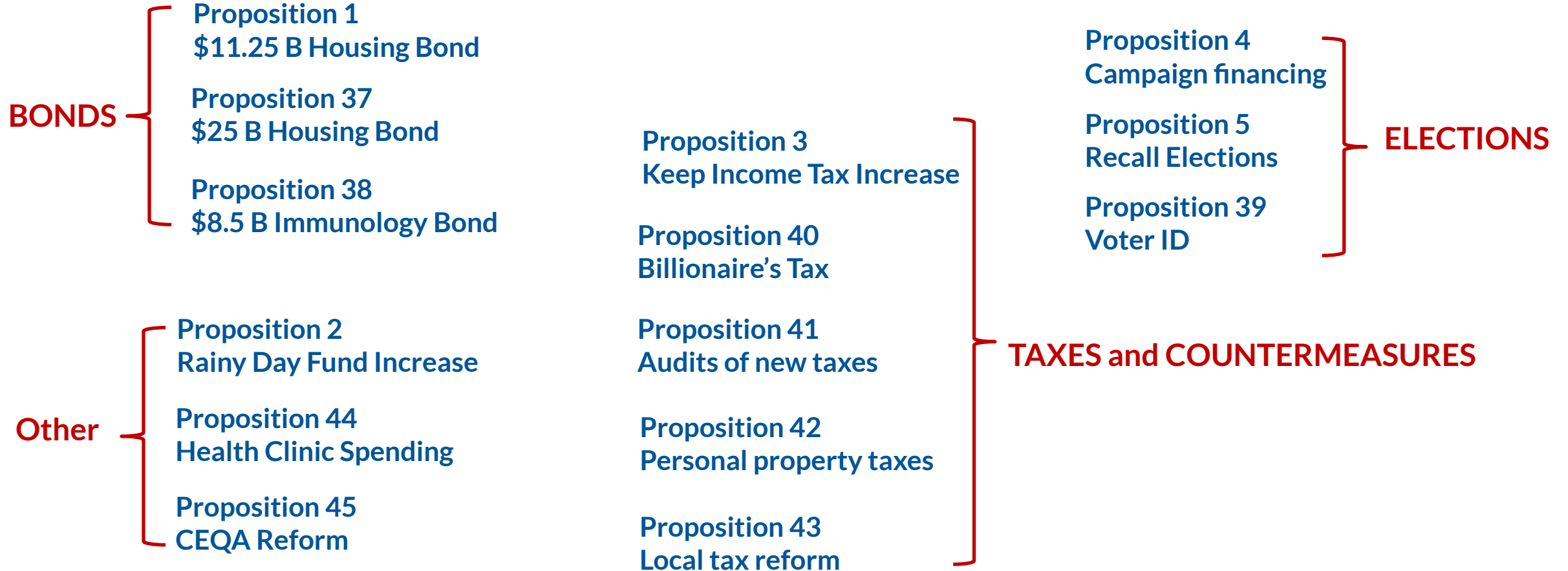
A. State propositions are lettered while local measures are numbered.

B. Propositions cannot be used to change the California constitution.

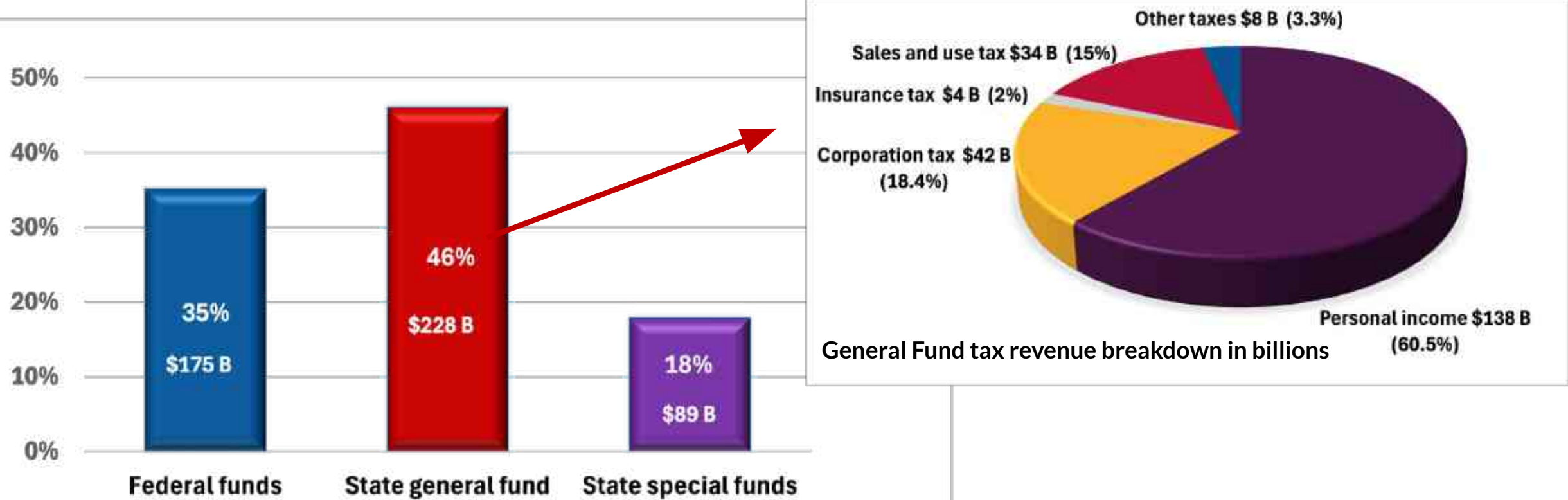
C. Citizens can get propositions on the ballot by collecting signatures.

D. All propositions must be approved by the legislature before they can appear on the ballot.

November 2026 Propositions



State revenue for 2025-2026 was \$496 billion



What is the “state appropriations limit”?

Important to understand for Props 2, 40, and 41!

- The California State Appropriations Limit, also known as the Gann limit, is a constitutional cap on how much tax revenue state and local governments, including school districts, can spend each year.
- The limit applies to both General Fund taxes and special taxes.
- Any tax revenue raised above that limit must be returned to voters as rebates and/or spent on specific infrastructure projects or K-12 education.

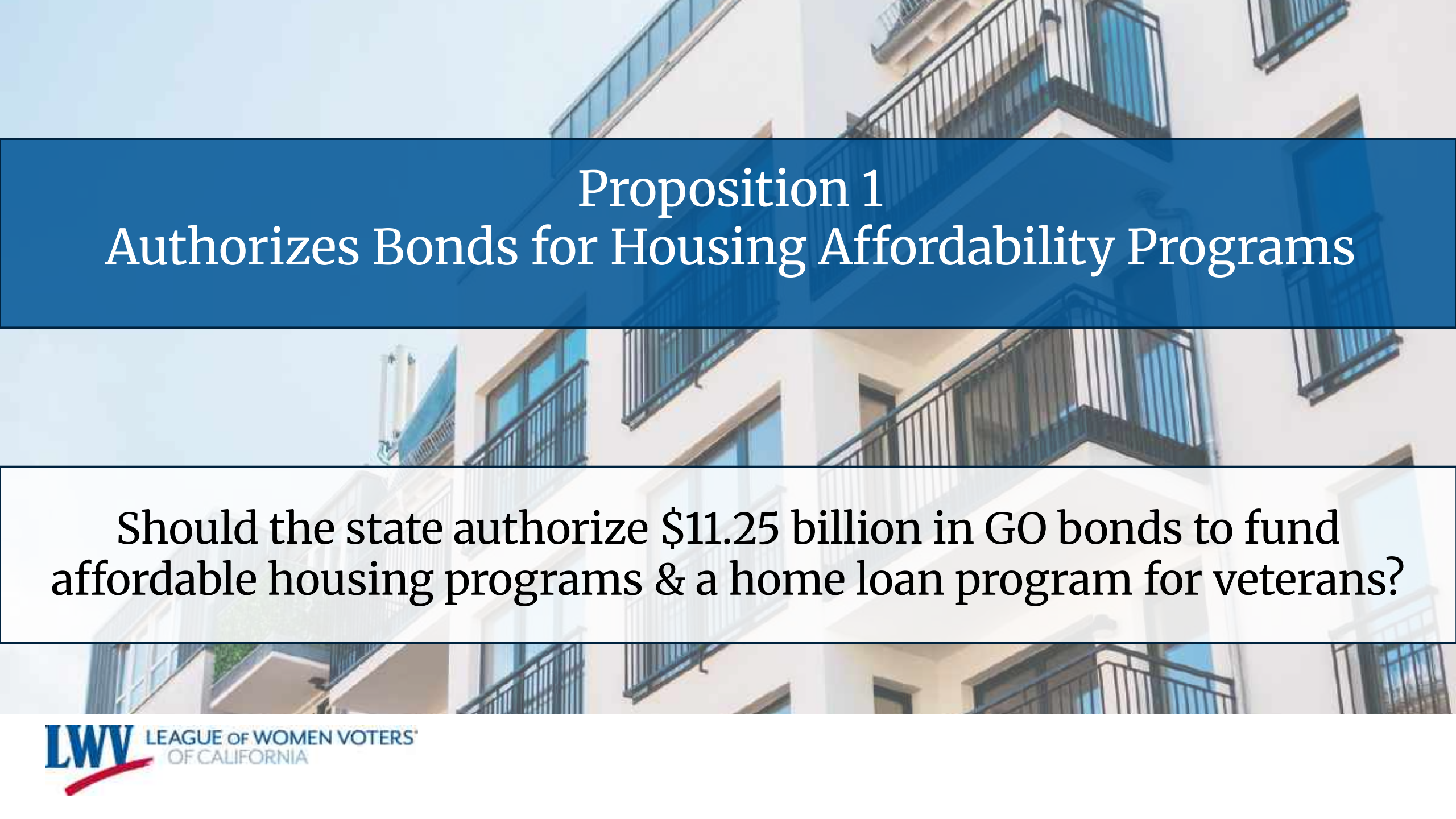
Important to understand for Props 1, 37 and 38!

Bond financing is a type of long-term borrowing the state uses to raise money for public projects.

The state obtains this money by selling bonds to investors. In exchange, it agrees to repay this money, with interest, according to a specified schedule.

General obligation (GO) bonds are repaid by the state.

Revenue bonds are repaid by the project they initially fund.



Proposition 1

Authorizes Bonds for Housing Affordability Programs

Should the state authorize \$11.25 billion in GO bonds to fund affordable housing programs & a home loan program for veterans?

Background on Prop 1

- Over the past few decades, the state has used GO bonds to fund various housing programs.
- In 2018, voters approved \$4 billion in bonds for housing-related programs, and housing loans for veterans.
- In 2024, voters approved \$2 billion in housing bonds for veterans and people experiencing homelessness with mental health issues.



Proposition 1 would

Allow issuance of **\$1.25 billion** in GO bonds for loans for veterans, whose mortgage payments would reimburse back the bondholders.

Allow issuance of **\$10 billion** in GO bonds, which the state repays. These bonds would be used for a mix of rental housing and homeownership for families with low incomes, farmworkers, students, and tribal communities as well as funding for infrastructure projects.

Fiscal Effects

- Bond repayments estimated to cost the state \$500 million to \$600 million annually for 25 years.
- Veterans' loans would repay themselves.

All fiscal impact data comes from the Legislative Analyst





Supporters

- U.S. VETS
- CA Federation of Teachers
- Self-Help for the Elderly
- Habitat for Humanity CA
- CA Alliance of Child and Family Services
- *YesOnProp1CA.com*

- Prop 1 will provide affordable housing for veterans, seniors, working families, and others struggling with housing costs.
- The measure will help prevent homelessness and expand opportunities for homeownership.
- Investing now in housing will strengthen communities and support California's long-term housing needs.

A close-up photograph of several hands, mostly of women, giving thumbs down gestures. The image is tinted with a reddish-orange color. The word "Opponents" is overlaid in white text.

Opponents

No arguments against the Proposition were submitted

Campaign Contributions as of September 1, 2026

Yes on Proposition 1

TOTAL = \$5,424,433

Building a Better California	\$1,000,000
NPH Action Fund	1,200,000
MidPen Housing Corp	\$350,000
The San Francisco Foundation	\$200,000
Self-Help Enterprises	\$100,000

No on Proposition 1

TOTAL = \$0

Yes on Prop 1



Supports issuing \$11.25 billion in GO bonds to support veterans' loans and affordable housing.

No on Prop 1



Opposes issuing \$11.25 billion in GO bonds to support veterans' loans and affordable housing.



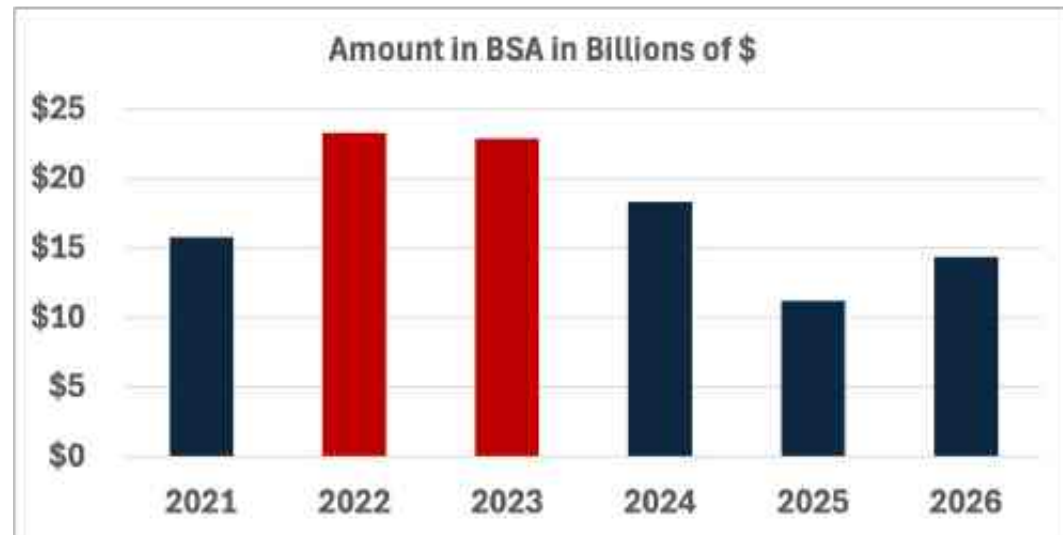
Proposition 2 Increases State's Rainy-Day Fund

Should the state increase the amount that can be saved in the BSA from 10% to 20% of General Fund revenue?

Background on Prop 2

- The Budget Stabilization Account (BSA) is the state's largest “rainy day” saving fund.
- The state is required to save a certain amount into the BSA each year. The state must also use an equal amount to pay off debts.
- Deposits into the BSA are counted towards the appropriations limit set by the Gann Act.

The total balance in the BSA is limited to 10% of the General Fund tax revenues for the year.



Proposition 2 would



Increase the amount that can be saved in the BSA to 20% of the General Fund revenue.

Also increase the amount used to pay off debt each year.

Deposits into the BSA would not be counted against the state spending limit but withdrawals would.

Fiscal effects

- State budget reserves would be higher.
- More reserves would make balancing the budget easier in years when the state revenues are lower.
- The state would also have to pay more towards debts each year.





Supporters

- Jesse Gabriel, State Assemblymember
- CA Professional Firefighters
- Los Angeles Chamber of Commerce
- CA Hospital Association
- CA State Board of Education
- CA Primary Care Association

- The state should save more rather than spend more when tax revenues spike.
- Funding for schools, healthcare, and public safety during economic downturns needs to be ensured.
- Saving more increases California's future financial security.



Opponents

- David Tangipa, State Assemblymember
- Steven Choi, State Senator
- Reform California

- Prop 2 guarantees more spending not less.
- Tax revenues that exceed spending limits would be placed in the BSA rather than returned to taxpayers as rebates.
- Provides no new funding for education, healthcare, or public safety.

Campaign Contributions as of September 1, 2026

Yes on Proposition 2

TOTAL = \$0

No on Proposition 2

TOTAL = \$0

Yes on Prop 2

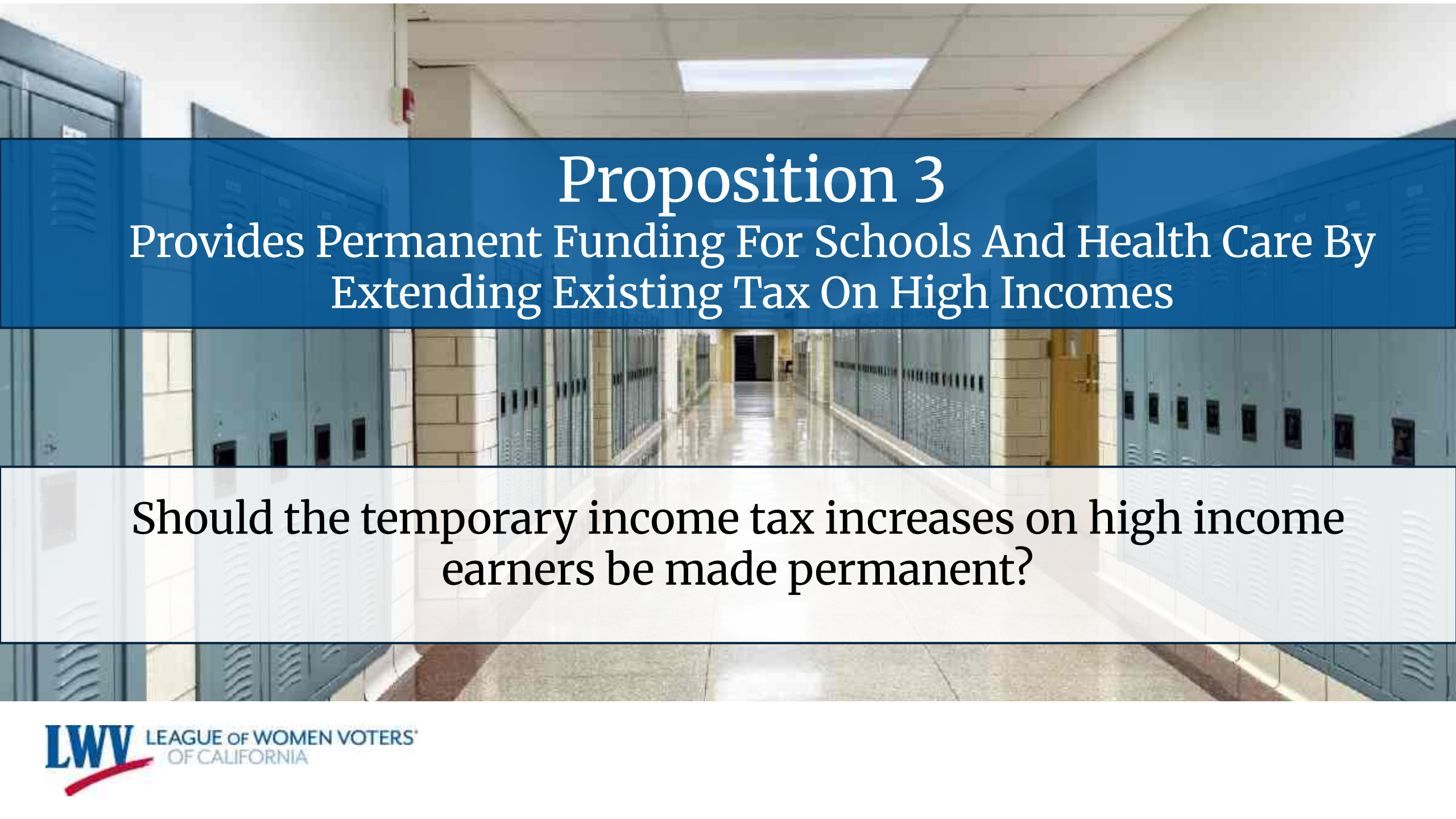


Supports increasing the amount the state can save in the BSA to 20% of the General Fund revenue.

No on Prop 2



Keeps the maximum the state can save in the BSA at 10% of General Fund revenue.

The background of the entire slide is a photograph of a school hallway. On both sides of the hallway are rows of blue metal lockers. The floor is a light-colored, polished tile that reflects the overhead fluorescent lights. The hallway leads to a doorway at the far end, creating a sense of depth.

Proposition 3

Provides Permanent Funding For Schools And Health Care By
Extending Existing Tax On High Incomes

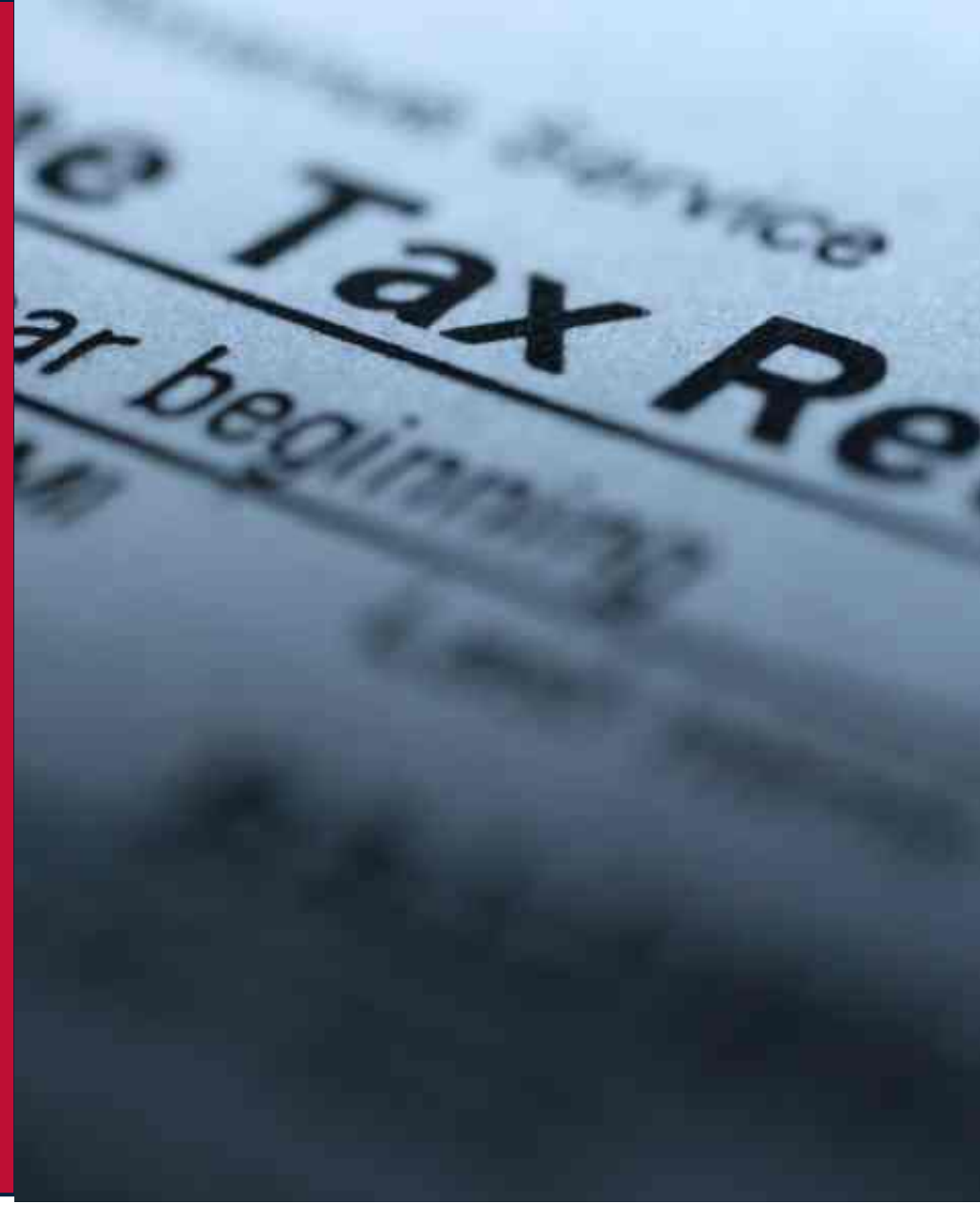
Should the temporary income tax increases on high income
earners be made permanent?

Background on Prop 3

- In 2012, voters passed Prop 30, creating new higher tax brackets for people earning more than \$250,000 a year.
- The extra revenue from the new taxes was put into the Education Protection Account which is distributed to K-12 and community colleges.
- Voters passed Prop 55 in 2016 which extended the new tax bracket to 2030.
 - Top earners pay between 12.3% of their income in state taxes and account for about half of all collected state income tax.

Proposition 3 would

- Make permanent the tax increases created by Prop 30 and extended to 2030 by Prop 55 until changed by voters.
- If Prop 3 fails, the maximum tax rate would drop to 9.3% in 2031.



Fiscal effects

- Approval of Prop 3 would maintain \$5 billion to \$15 billion of additional state income tax revenue.
- 40% of the funding would go to schools and community colleges. The rest would go to other state programs and reserves.





Supporters

- CA Teachers Association
- CA School Nurses Organization
- Planned Parenthood Affiliates of CA
- CA Professional Firefighters
- CA Federation of Teachers

- Prop 3 protects schools and healthcare without raising taxes.
- Maintains the current tax rates that the wealthiest 2% have paid for 15 years.
- Requires strict accountability and audits to ensure school funding gets to classrooms.



Opponents

- Howard Jarvis Taxpayers Association
- CA Taxpayers Association
- Family Business Association of CA
- CA Hispanic Chambers of Commerce
- Central Valley Business Federation

- Californians already pay the nation's highest income, sales and gas taxes.
- Prop 3 makes permanent income taxes that were intended to be temporary.
- Fix waste, fraud, and reckless spending before raising taxes.

Campaign Contributions as of September 1, 2026

Yes on Proposition 3

TOTAL = \$25,126,247

California Teachers Association Issues PAC	\$18,275,000
National Education Association	\$4,000,000
California Federation of Teachers COPE Prop Ballot Committee	\$750,000
American Federation of State, County and Municipal Employees	\$500,000
PACE of California School Employees Association	\$500,000

No on Proposition 3

TOTAL = \$0

Yes on Prop 3



Supports making a tax increase on high-income earners permanent instead of letting it expire in 2031.

No on Prop 3



Opposes making a tax increase on high-income earners permanent.

The background of the entire slide is a blurred photograph of a crowd of people. In the foreground, on the right side, a portion of an American flag is visible, showing the stars and stripes. The flag is held by someone, and its pole is visible. The rest of the background is out of focus, showing various people in different clothing.

Proposition 4

Repeals Prohibition Against Public Funding Of Election Campaigns

Should the state lift the ban on using public funds for election campaigns?

Background on Prop 4

- State law prohibits local governments, except for charter cities, from using public funds to finance campaigns. This ban was enacted by passage of Proposition 73 in 1988.
- Five charter cities in California currently employ different public financing models for local races, including vouchers and matching funds.



Proposition 4 would

Repeal the current ban on public funding of campaigns.

Require candidates to meet strict criteria to qualify for public funds.

Prohibit the use of public funds for legal defense, fines or personal loans.

Prohibit public funding from discriminating based on party or favoring incumbents.

Fiscal effects

- The total cost would depend on whether the state and local governments decide to adopt campaign funding programs and how those programs are designed.
- At the state level, it would incur estimated annual costs of a few hundred thousand dollars for legal staff to provide guidance on creating public financing programs.





Supporters

- Tom Umberg, State Senator
- CA Nurses Association
- League of Women Voters CA
- Common Cause CA
- CA National Organization for Women

- Prop 4 would amplify the voices of everyday voters and increase the diversity of campaign contributors.
- Qualified candidates could compete despite income and wealth disparities.
- Candidates must meet strict eligibility criteria and abide by spending limits to qualify for public funds.



Opponents

- CA Taxpayers Association
- Howard Jarvis Taxpayers Association
- CA Hispanic Chambers of Commerce

- The measure could force taxpayers to finance political speech they do not wish to support, such as negative political ads.
- Prop 4 has no limit on the number of candidates who can get money and no limit on spending.
- Candidates could still raise money from special interests and get public funding too.

Campaign Contributions as of September 1, 2026

Yes on Proposition 4

TOTAL = \$0

No on Proposition 4

TOTAL = \$0

Yes on Prop 4



Supports lifting the ban on the use of public funds for election campaigns.

No on Prop 4



Keeps the the ban on the use of public funds for election campaigns.



Proposition 5

Changes Recall Election Process For Statewide Officers

Should the procedures for recall elections be changed?

Background on Prop 5

- The California Constitution currently provides that voters can remove (recall) a state official by a majority vote.
- In the same election, voters can also choose a replacement.
The candidate with the most votes wins even if less than a 50% majority.



Proposition 5 would:

Eliminate the replacement election during a recall. If the recall vote is successful, the office would be filled either by appointment or special election depending on the office.

The winner of an election to replace a recalled official requires a 50%+1 vote majority.

If the governor is recalled, the Lieutenant Governor would serve until voters select a new governor.

Fiscal effect

- Prop 5 could cost state and local government millions of dollars.
- Costs could result from running special elections to fill a vacant seat.
- Savings could come from removing the second question and replacement candidates from the recall ballot.





Supporters

- Common Cause CA
- League of Women Voters CA

- Prop 5 preserves voters' power to remove an officeholder by majority vote and prevents a replacement candidate from winning with only a small share of the vote.
- Recalls should remove officials who fail voters, not be a shortcut to overturn an election and install someone with little support.



Opponents

- Brian Jones, State Senator
- Joe Patterson, State Assemblymember

- Voters should keep the right to remove an official and choose the replacement at the same election, saving taxpayers money.
- Leaving a seat vacant for a later special election could delay the voters' call for change and allow the person recalled to run.

Campaign Contributions as of September 1, 2026

Yes on Proposition 5

TOTAL = \$0

No on Proposition 5

TOTAL = \$0

Yes on Prop 5

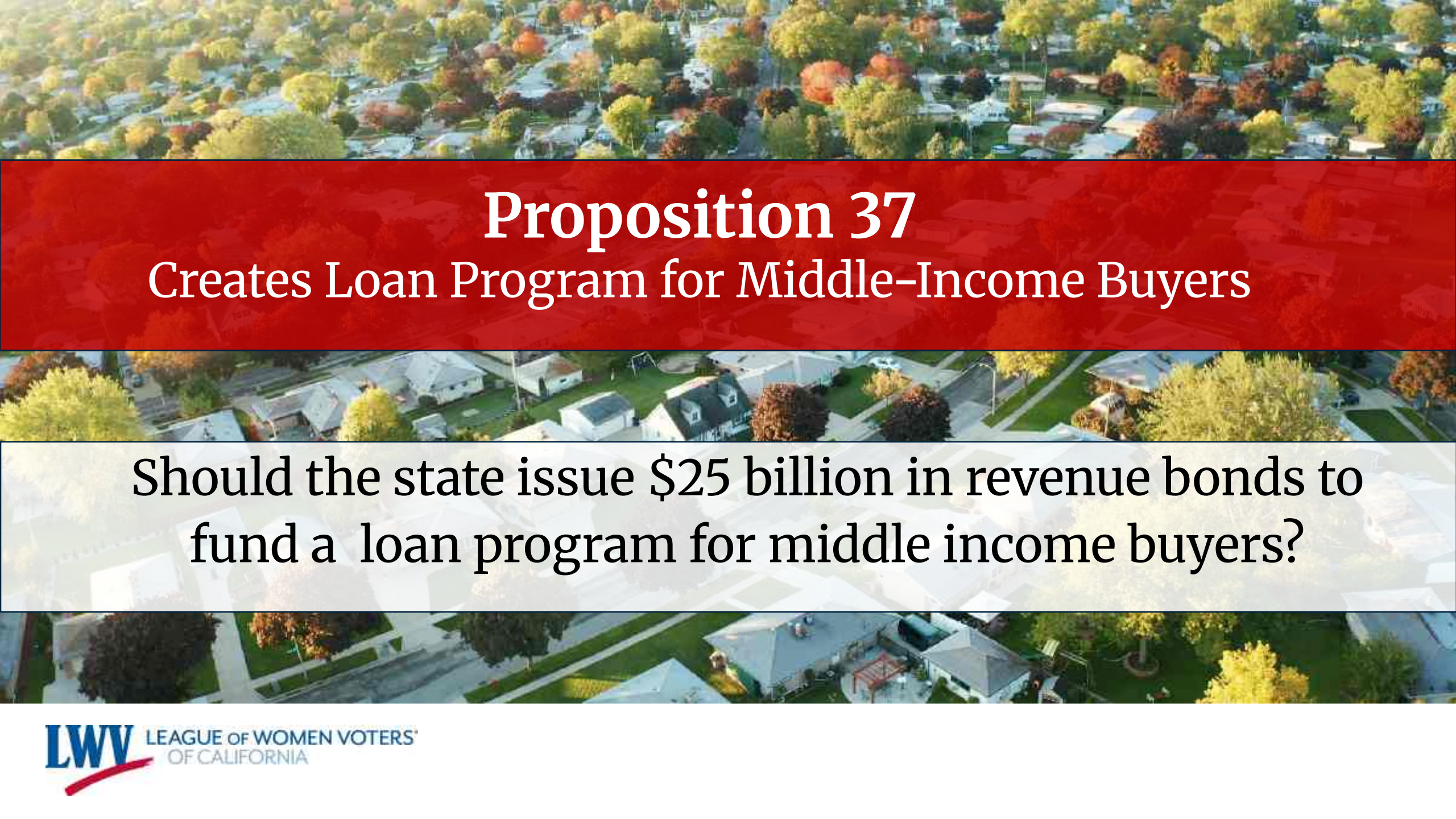


Supports eliminating the replacement election during a recall. If necessary, a separate election would be held to replace the recalled official.

No on Prop 5



Keeps the recall and replacement as one election, as under current law.



Proposition 37

Creates Loan Program for Middle-Income Buyers

Should the state issue \$25 billion in revenue bonds to fund a loan program for middle income buyers?

Background on Prop 37

- The California Housing Finance Agency (CalHFA) operates programs that helps some Californians purchase homes.
- Some of these programs provide down-payment assistance through loans that must eventually be repaid.
- Most existing programs focus on low- and moderate-income households.



If approved, Proposition 37 would

Authorizes CalHFA to issue up to \$25 billion in revenue bonds for fixed-rate loans for up to 17% of the house price.

Eligibility requires California residency, owner occupancy, income limits, and a 3% minimum down payment.

The program would apply only to newly built homes and certain converted nonresidential properties which cannot cost more \$1.5 million dollars.

Fiscal effects

- Because Prop 37 uses the payments from homebuyers to repay bond investors, it would not result in direct state or local costs.
- The ultimate impact of the program will depend on factors such as investor demand for the bonds and participation by homebuyers.





Supporters

- CA Conference of Carpenters
- Fiona Ma, Boardmember CalHFA
- CA State Commanders Veterans Council

- Prop 37 would make homeownership attainable for hardworking and middle-class Californians
- Provides low-interest mortgages funded by private bond investors, not taxpayers.
- Encourages new home construction.



Opponents

No arguments against the Proposition were submitted

Campaign Contributions as of September 1, 2026

Yes on Proposition 37

TOTAL = \$17,701,247

No on Proposition 37

TOTAL = \$0

Building a Better California	\$6,000,000
CA Association of Realtors	\$6,000,000
Homeowners for Families, CA Association of Realtors	\$4,000,000
United Brotherhood of Carpenters & Joiners	\$800,000
Western States Regional Council of Carpenters	\$450,000

Yes on Prop 37



Supports the issuance of \$25 billion in revenue bonds to create a loan program for middle income new home buyers.

No on Prop 37



Opposes the issuance of \$25 billion in revenue bonds to create a loan program for middle income new home buyers.



Proposition 38

Authorizes Bonds for Immunology Medical Research

Should the state authorize \$8.4 billion in GO bonds for immunology research?

- Most of the funding for medical research and development is from private industry and the federal government.
- However, in 2004 and 2020, California voters approved \$8.5 billion in bonds to establish an institute for stem cell research and to support related research.



Proposition 38 would

Allow the state to issue \$8.4 billion in GO bonds for medical research related to the immune system.

Half of the money would go to one research center specializing in immunology research.

The other half would be distributed to California universities and non-profit research institutions via a competitive grant process.

Require recipients to return 10% of licensing or revenue generated from funded research to the state.

Fiscal effects

- The state General Fund cost to repay the bond would be \$500 million to \$600 million annually for about 20 years.
- If research leads to commercial drug discovery, some of the cost could be offset if the funded research generates revenue.





Supporters

- Alzheimer's Los Angeles
- ALS Association
- Kidney Cancer Association
- Michael J. Fox Foundation
- CA American Nurses Association

- Supports life-saving immunology research to cure and prevent diseases like cancer, heart disease, Alzheimer's.
- All funds are dedicated exclusively to California-based nonprofit universities and research institute
- Strong accountability including independent audits.



Opponents

- Robert M Kaplan, PhD

- California would take on billions of dollars in debt without any guarantee that research discoveries would generate revenue.
- Decisions about medical research funding should be made through the normal budget process and medical review rather than through ballot measures.
- Half of the funding would go to a single research institute.

Campaign Contributions as of September 1, 2026

Yes on Proposition 38

TOTAL = \$15,201,247

Gary K. Michelson	\$10,200,000
Meyer Luskin	\$5,000,000

No on Proposition 38

TOTAL = \$0

Yes on Prop 38



Supports the issuance of \$8.5 billion in GO bonds to support research in immunology.

No on Prop 38



Opposes the issuance of \$8.5 billion in GO bonds to support research in immunology.



Proposition 39 Voter ID

Should the state prohibit voting without
identification?

Background on Prop 39

- U.S. Citizenship is required to vote in Federal, State and most Local elections.
- California voters are not generally required to provide identification when voting. In 2024, the state enacted SB 1174, which prohibits any county from requiring voter ID for voting.
- Federal laws and cases impacting Prop 39:
 - No provision requiring proof of citizenship



Proposition 39 would

Require State and Local elections officials to verify US citizenship status of registered voters and to annually report percentage of each county's voters whose citizenship they have verified

Require in-person voters to provide a government-issued ID at the polls

Require mail voters to provide a government-issued ID in their registration, write the last four digits on the ballot envelope, and the numbers would have to match

Create a new State-Issued voter identification card upon request

Fiscal effects

State and local government costs of between tens of millions of dollars and low hundreds of millions of dollars each year to implement new voting requirements.





Supporters

- Californians for Voter ID
 - www.voteridca.org/
- CA Women's Leadership Assn.
- Latino American Political Assn.
- The Transparency Foundation

- Increases participation and trust in our elections.
- Other states require voter ID, it's time for California to catch up
- Provides free voter ID cards.



Opponents

- Alex Padilla, US Senator for CA
- ACLU CA Action
- CA Nurses Assn.
- CA School Employees Assn.
- Common Cause
- League of Women Voters of CA

- California's elections are already secure
- This measure creates new, costly and unnecessary obstacles to voting
- Exposes personal information to identity theft.
- Wastes hundreds of millions in taxpayer dollars.

Campaign Contributions as of September 1, 2026

Yes on Proposition 39

TOTAL = \$21,714,154

Richard Uihlein	\$10,500,000
Steven Bray	\$3,250,000
Reform California (Carl DeMaio)	\$2,916,036
Nicole Shanahan	\$370,000
Perfect One Capital	\$300,000
Douglas Leone	\$250,000
Tyler Winklevoss	\$250,000
Cameron Winklevoss	\$250,000

No on Proposition 39

TOTAL = \$3,650,670

Quinn Delaney	\$1,500,000
Patty Quillin	\$1,500,000
ACLU of Northern California Issues Committee	\$375,557
California Donor Table	\$130,914
Wendy Munger	\$100,000

Yes on Prop 39

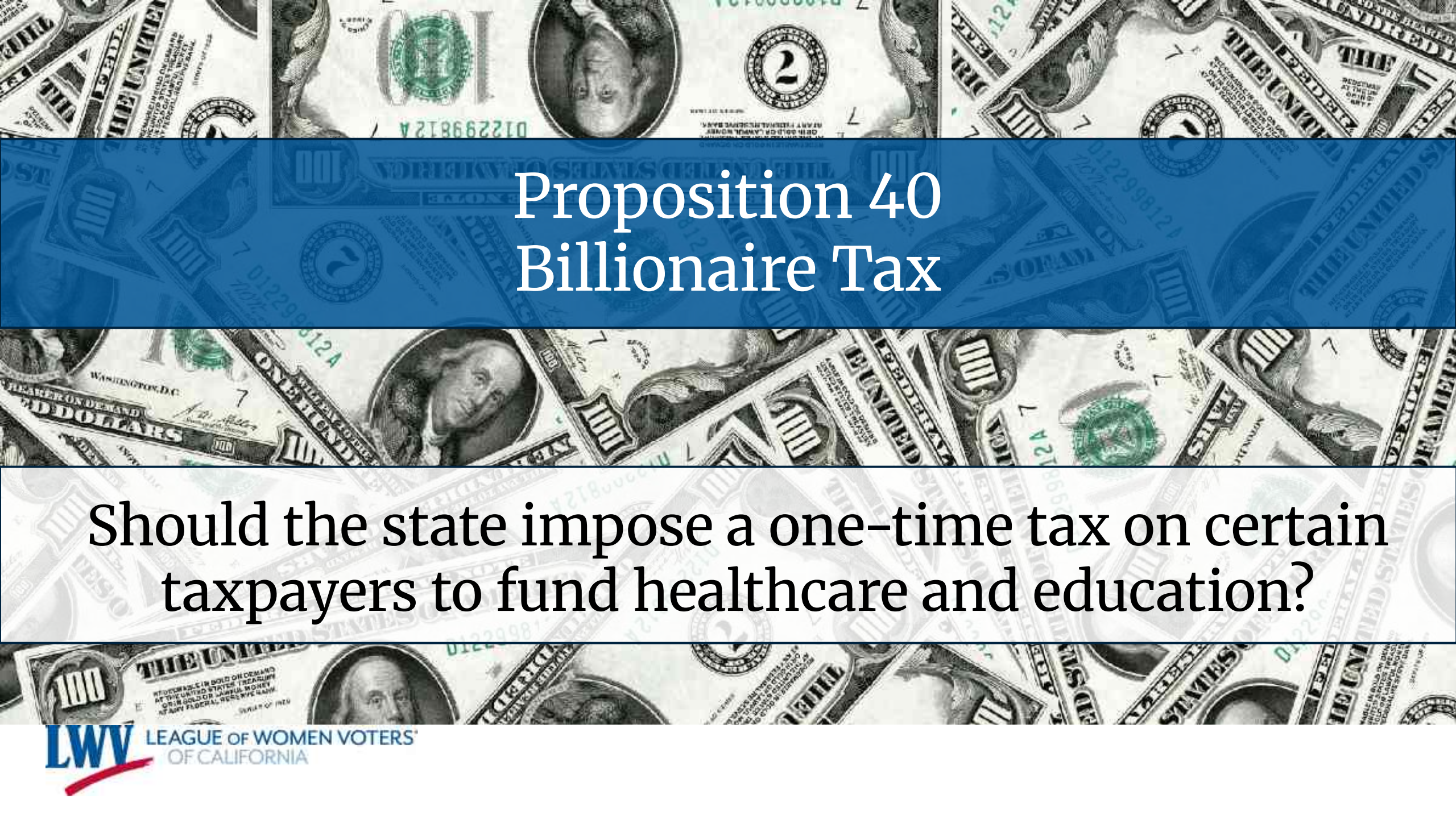


- Require voters to present additional identifying information to elections officials each time they vote
- Require election officials to maintain voter registration list and to verify citizenship attestations for every election
- Contains reporting and audit requirements.

No on Prop 39



- Voters are not required to present a government-issued ID when voting
- Voters must attest to their citizenship under penalty of perjury and provide identifying information when registering.
- Election officials are not required to use government data to verify those attestations or to report citizenship verification rates.

The background of the entire slide is a collage of various US dollar bills, including \$1, \$2, and \$100 denominations, arranged in a pattern that creates a sense of depth and texture. The bills are slightly overlapping and have a soft, faded appearance, serving as a backdrop for the text.

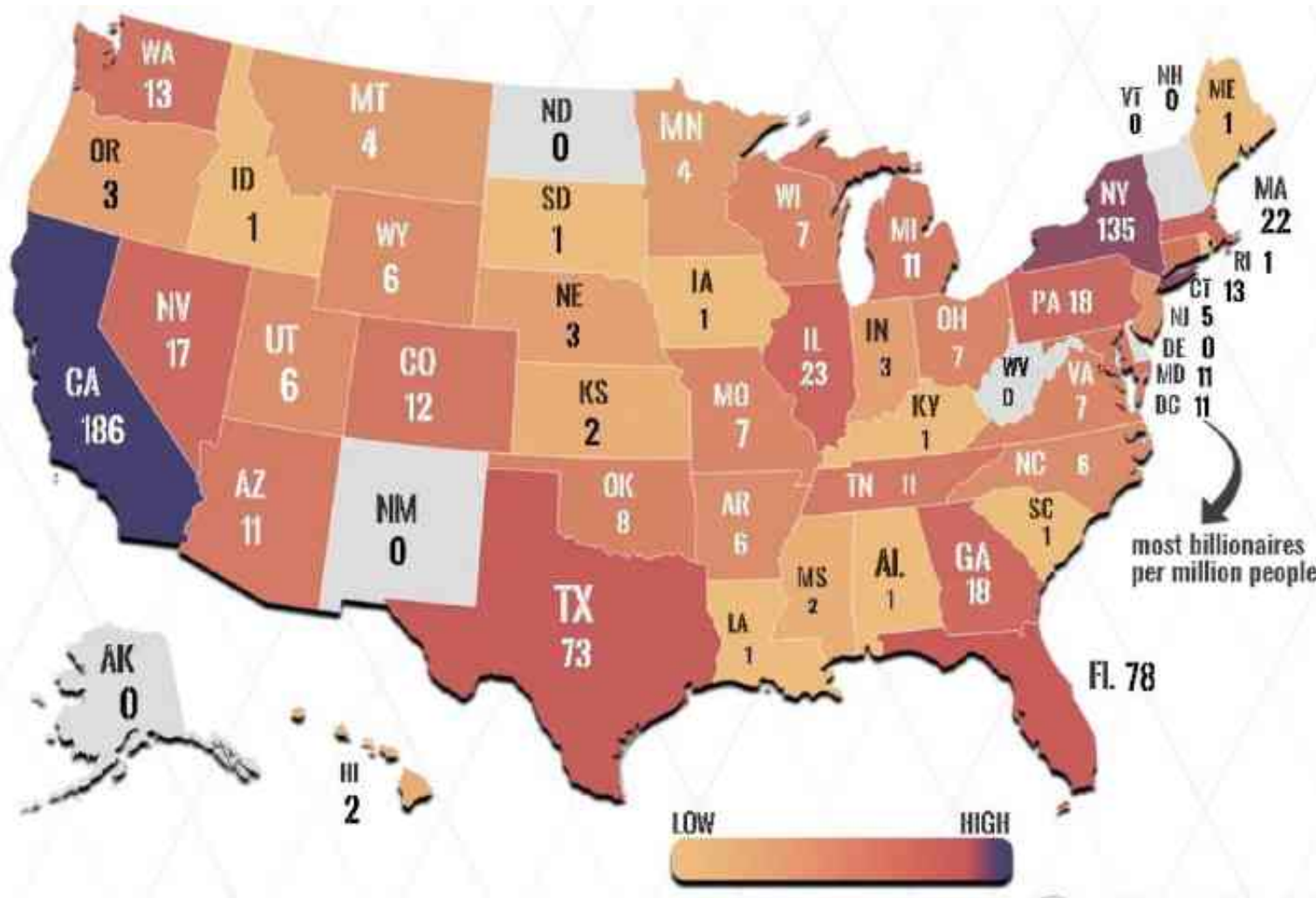
Proposition 40 Billionaire Tax

Should the state impose a one-time tax on certain taxpayers to fund healthcare and education?

Background on Prop 40

- California has historically taxed income rather than wealth.
 - Wealth – measured by net worth
 - Property taxes can be considered a tax on wealth
- Current CA income tax rate for top earners is 13.3%
- Healthcare is a major category of state spending
 - Federal funding reduction of about \$30 billion a year.
- Prop 40 put forth by SEIU-UHW





California:

- Has the highest number of billionaires in the U.S.
- Is home to a few hundred people with net worth over \$1 billion

Proposition 40 would

Establish one-time 5% wealth tax on individuals and trusts that own over \$1 billion in covered assets.

Everyone required to file a CA income tax return must declare on that return if their assets exceed \$1 billion.

Most of the money must be spent on health care.

Fiscal effects

- Temporary revenue increase from wealth tax of tens of billions of dollars
- Possible ongoing decrease in state income tax revenues of less than \$1 billion.
- State costs to administer the wealth tax could be tens of millions of dollars/year for several years.





Supporters

- Los Angeles College Faculty Guild
- Planned Parenthood of the Pacific Southwest
- SEIU-UHW

- The healthcare system in California is on the brink of collapse.
- The federal legislation that is resulting in these cuts is also disproportionately benefiting the wealthy so they should pay their fair share to support these social services.
- Wealth inequality is at its highest point in the country's history



Opponents

- CA Medical Assn.
- CA Primary Care Assn.
- CA School Boards Assn.
- CA Taxpayers Assn.
- CA Teachers Assn.
- State Building and Construction Trades Council of CA

- Poorly designed tax scheme that hurts the state economy and budget.
- Will drive wealthy taxpayers and their income tax revenue out of the state.
- One time tax does not result in stability of revenue nor solve the ongoing funding gap.
- May be unconstitutional.

Campaign Contributions as of September 1, 2026

Yes on Proposition 40
TOTAL = \$31,597,930

SEIU - UHW	\$31,396,873
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No on Proposition 40
TOTAL = \$31,770,000

Building a Better California	\$20,500,000
Chris Larsen	\$5,000,000
Ripple Labs	\$5,000,000
California Business Roundtable	\$450,000
Daniel Tierney	\$200,000

Yes on Prop 40



The state would collect a one-time tax from equal to 5% of the accumulated wealth of taxpayers and trusts with covered assets valued over \$1 billion

No on Prop 40



The state would *not* collect a one-time tax from equal to 5% of the accumulated wealth of taxpayers and trusts with covered assets valued over \$1 billion



Proposition 41

Spending Limits and Audits for New Special Taxes

Should new state taxes be included in state spending limits and be reviewed before voters approve them?

Background on Prop 41

- This proposition is in response to Proposition 40
- State taxes can be raised by the Legislature or by voters.
- A “special tax” is such that the revenue from it is dedicated to a specific purpose or program.
- The State Auditor is an independent and nonpartisan office in state government
 - It reviews how well the state and local governments follow the law, use money, and run their programs.



Proposition 41 would

Prohibit the state from enforcing any tax (on or after January 1, 2026) that is exempted from the state appropriations limits.

Requires one-time audits before special taxes appear on the ballot through the Voter Initiative Process

Ongoing audits of programs receiving funds from new or increased special taxes after January 1, 2026

Fiscal effects

- Net effect not known
- Increased State Auditor costs, mostly paid by new revenues
- High costs to print and mail Voter Information Guide
- Possible savings if State Auditor recommendations are implemented





Supporters

- CA Asian Pacific Chamber of Commerce
- CA Society of Certified Public Accountants
- CA Taxpayers Assn.

- Provides accountability, transparency and trackable progress of programs funded by our taxes.
- Require public audits both before taxes are voted on and ongoing if taxes are approved to improve accountability
- Provides independent, public information for voters on proposed taxes via the Voter Information Guide
- Will ensure that programs deliver on their promises and funding.



Opponents

- SEIU-UHW

- Prop 41 is designed specifically to cancel out Prop 40 (one time tax on individuals and trusts with wealth over \$1B)
- Funded by Billionaires

Campaign Contributions as of September 1, 2026

Yes on Proposition 41

TOTAL = \$63,276,335

Build a Better California
(nonprofit and associated PAC) \$63,250,000

Reform California with Carl
DeMaio \$21,807

No on Proposition 41

TOTAL = \$0

Yes on Prop 41



Requires the CA State Auditor to:

- Pre-review programs funded by the tax before the initiative appears on the ballot.
- Regularly review programs funded by special taxes approved by voters or the Legislature.

No on Prop 41



- The California State Auditor's responsibility to review government programs would not change. The state spending limit requirements would not change.



Proposition 42

Personal Property Tax & Retroactive Taxes

Should personal financial assets and retirement savings be protected from new or retroactive taxes?

Background on Prop 42

- This proposition is also in response to Proposition 40
- Certain personal property is taxed in California
- Ownership of personal financial assets is not taxed



Proposition 42 would

Prohibits new taxes on personal financial assets or other personal property

Limits retroactive taxes

Applies to new taxes that are enacted or take effect on or after January 1, 2026

Fiscal effects

- Possibility that tax revenues will be lower in the future





Supporters

- AMVETS (American Veterans), Department of CA
- CA Professional Firefighters
- CA Senior Alliance
- CA Small Business Assn.
- Peace Officers Research Assn of CA
- State Building and Construction Trades Council of CA

- Protects Californians' savings and retirement, preserving the security they've planned for.
- By prohibiting retroactive application, Prop 42 provides certainty for the future.



Opponents

- SEIU-UHW

- Prop 42 is designed specifically to cancel out Prop 40 (one time tax on individuals and trusts with wealth over \$1B)
- Funded by Billionaires
- Retirement instruments are excluded in Prop 40. A non-existent threat to stir up voters
- Voters voting yes on Prop 40 may not realize that only one can win and that a vote for Prop 40 and 42 won't grant them 2 wishes.

Campaign Contributions as of September 1, 2026

Yes on Proposition 42

TOTAL = \$64,277,037

No on Proposition 42

TOTAL = \$0

Build a Better California	\$64,250,000
Reform California with Carl DeMaio	\$22,537

Yes on Prop 42



The state could not establish new taxes on the ownership of financial assets or other personal property

No on Prop 42



The state would continue to have the option to establish new taxes on the ownership of financial assets or other personal property

Proposition 40, 41 and 42 Interactions

Proposition 41 and 42 were filed to compete with Proposition 40

All 3 propositions contain a competing measure provision

Scenario: All 3 pass (Yes = 50%+1 votes)

Number of Yes Votes	Which becomes law?	Which is stopped from becoming law?
Prop 40 > Prop 41	Prop 40	Prop 41
Prop 40 > Prop 42	Prop 40	Prop 42
Prop 41 > Prop 40	Prop 41	Prop 40
Prop 42 > Prop 40	Prop 42	Prop 40



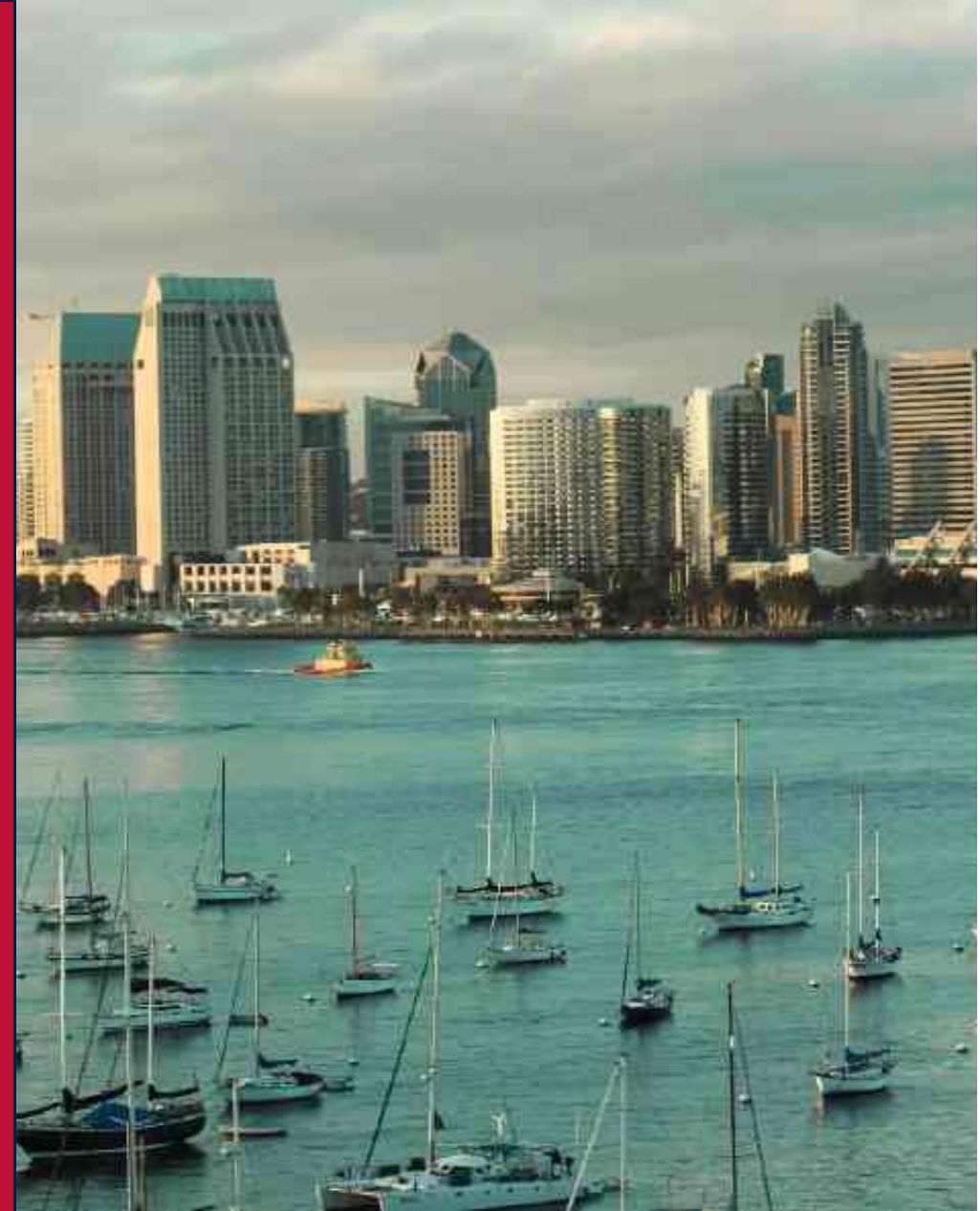
Proposition 43 Higher Threshold for Local Special Taxes

Should voter-proposed local special taxes
require two-thirds voter approval?

Background on Prop 43

- Local governments in California
- Vote thresholds for local bonds and taxes

Type of Tax	At present	Under Prop 43
Local school bond	55%	55%
Local infrastructure bond	66.7%	66.7%
Local <u>general</u> tax proposed by government or by voters	50%+1	50%+1
Local <u>special</u> tax proposed by government	66.7%	66.7%
Local <u>special</u> tax proposed by voters	50%+1	66.7%



How California's Requirements Evolved

Year	Proposition	Significance
1978	13	- Lowered the property tax rate to a maximum of 1 percent (for general purposes). - Required special taxes to be approved by two-thirds of voters.
1986	46	Allowed local governments to raise the property tax rate to finance infrastructure bonds if approved by two-thirds of local voters.
1986	62	Required general taxes to be approved by a simple majority of voters. (Did not apply to charter cities.)
1996	218	- Required all general taxes to be approved by a simple majority of voters. - Defined a special tax as all taxes (1) levied by special districts and school and community colleges districts and (2) used for specific purposes. - Required all parcel taxes to be levied as special taxes.
2000	39	Lowered the voter-approval threshold for school facilities bond measures to 55 percent.
2010	26	Narrowed the scope of charges that local governments can levy without voter approval.

Proposition 43 would

Require two-thirds voter approval for any new, increased or extended citizen-proposed local special taxes

Fiscal effects

- Possibility for lower local government tax revenues in the future





Supporters

- CA Consumer Advocates for Affordability and Safety
- CA Hispanic Chamber of Commerce
- CA Small Business Assn.
- CA Taxpayers Assn.
- Family Business Assn. of CA
- Howard Jarvis Taxpayers Assn.

- Restores Proposition 13 taxpayer protections
- Ensures broad public support before taxes are imposed or increased.
- The measure closes what supporters view as a loophole



Opponents

- CA Professional Firefighters
- CA School Employees Assn.
- Californians Against Waste
- Non-Profit Housing Association of Northern CA
- Nurse Alliance of SEIU CA
- Sierra Business Council

- Makes it harder to fund essential local services including fire, police, and infrastructure, parks and libraries
- Local decisions could be blocked by only 33% of voters
- Weakens your vote

Campaign Contributions as of September 1, 2026

Yes on Proposition 43

TOTAL = \$14,626,977

California Business Roundtable PAC	\$9,850,000
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Protect Prop 13 PAC	\$1,513,215
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Kilroy Realty	\$1,000,000
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Douglas Emmett Properties	\$1,000,000
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1800 Capital, Inc	\$500,000
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No on Proposition 43

TOTAL = \$851,247

SEIU	\$500,000
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California Professional Firefighters	\$250,000
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NPH	\$100,000
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Yes on Prop 43

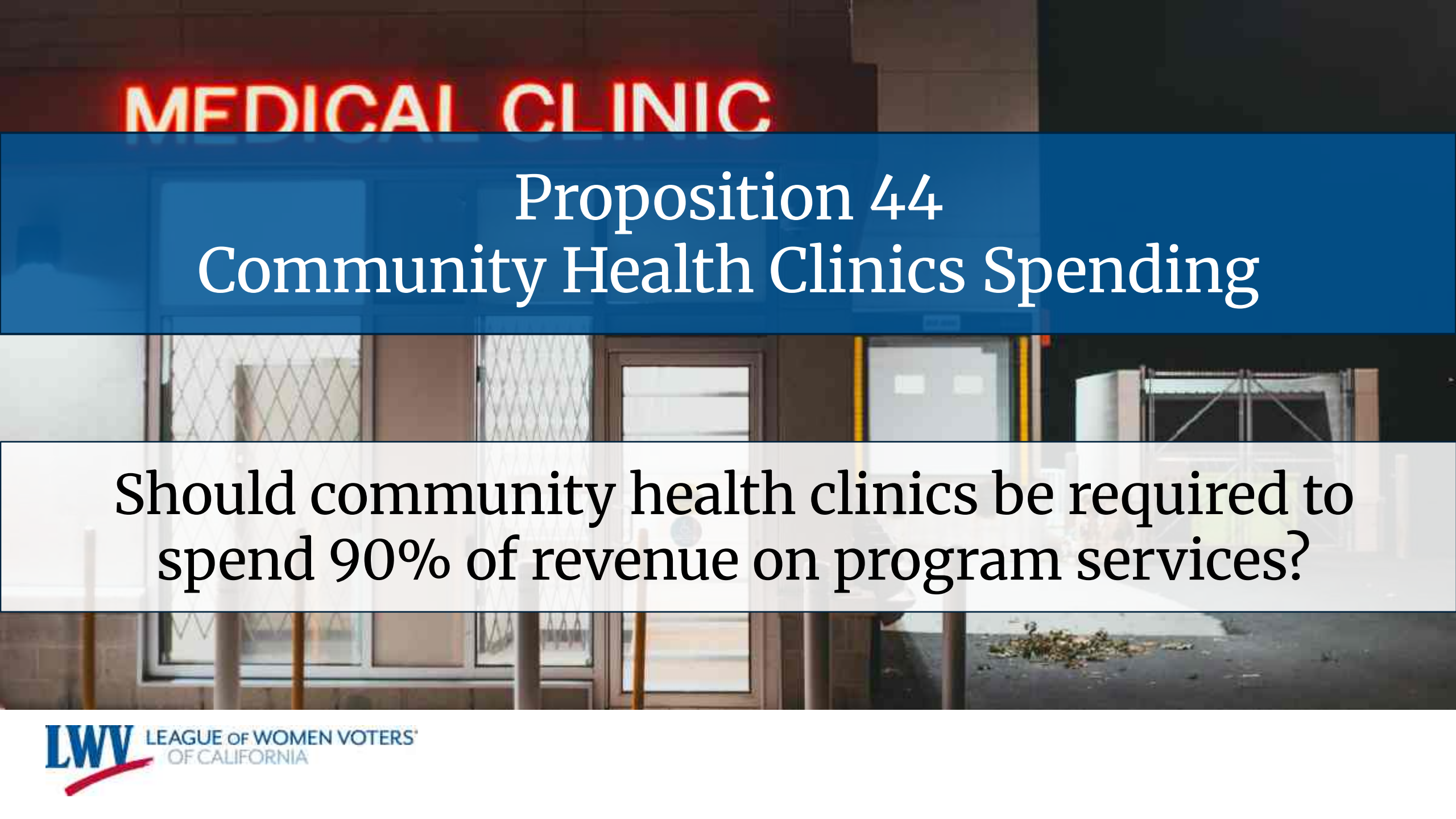


- Certain local government taxes would require two-thirds approval by voters

No on Prop 43



- Certain local government taxes could continue to be approved by voters with a majority vote



MEDICAL CLINIC

Proposition 44 Community Health Clinics Spending

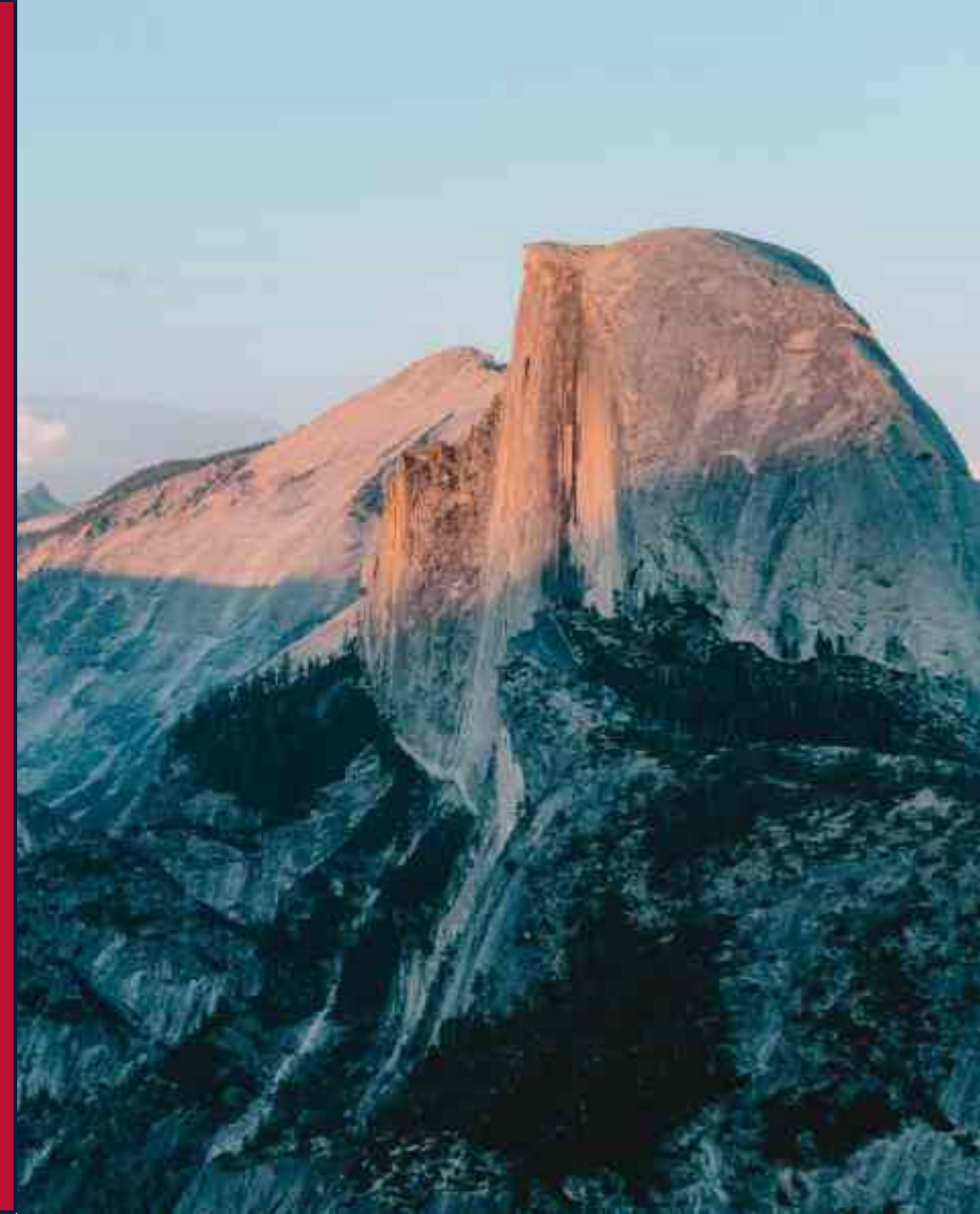
Should community health clinics be required to spend 90% of revenue on program services?

Background on Prop 44

Federally Qualified Health Center

- Also known as Safety Net Clinics
- Community clinics providing primary and preventive care to medically underserved areas and populations

Clinics spend most of their revenue on health care services



Proposition 44 would

Sets minimum spending (90% of total revenue) on health care at Federally Qualified Health Centers

Creates penalty for falling short of minimum

Creates the Mission Spend Ratio Penalty Account

Fiscal effects

- Creates state enforcement costs in the low \$10Ms, covered by fees
- Could have other uncertain costs





Supporters

- Community Clinic Worker

- Holds clinics accountable
 - Prioritize patient care over administrative spending
- Excessive overhead spending reduce healthcare access
- Increases transparency



Opponents

- American Academy of Pediatrics, CA
- American College of Emergency Physicians, CA
- American College of Obstetricians & Gynecologists District IX
- CA Academy of Family Physicians
- CA Medical Assn.
- CA School Nurses Org.

- FQHC are already highly regulated.
- Restricts spending on essential services and staff, imposing flawed and unworkable restrictions
- Cause 88% of all clinics in CA to operate at a loss
 - Force clinics to cut back on patient services
 - Send more patients to hospital emergency rooms

Campaign Contributions as of September 1, 2026

Yes on Proposition 44
TOTAL = \$16,929,633

SEIU-UHW	\$16,929,633
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No on Proposition 44
TOTAL = \$37,298,019

Altamed Health Services	\$5,467,867
CA Primary Care Assn	\$2,022,980
Wellspace Health	\$1,500,000
North East Medical Services	\$1,500,000
Family Health Ctrs of San Diego	\$1,511,285

MEDICAL CLINIC

Yes on Prop 44



Certain private nonprofit health care clinics would have to spend at least 90% of their revenue each year on providing health care services

No on Prop 44



The new requirement on health care clinic spending would not go into effect



Proposition 45 Modified Environmental Review

Should California modify environmental review for “essential” projects?

Background on Prop 45

- State law requires government agencies to review the environmental impacts of proposed projects.
- Judicial challenges
- Many projects also need to get other approvals/permits that can only happen after CEQA completion.



Proposition 45 would

Tightens time limits for review and court challenges of eligible projects.

Changes CEQA review for eligible projects

- Application process
- How environmental impacts are assessed
- Projects alternatives
- Consultations with Native Tribes
- ~~Public comments periods~~

Changes how courts review challenges to eligible projects

Types of Projects Eligible to use New Procedures

- Housing
- Water infrastructure (not including Delta conveyance facilities)
- Clean energy (not including nuclear power)
- Health facility, clinic, and medical office building
- Fire, police, and sheriff's stations
- Wildfire risk reduction
- Broadband Internet access
- Education facility
- Transportation (not including high-speed rail)

Fiscal effects

- Initial costs for state and local governments, likely from high \$10M to potentially exceeding \$100M annually.
- Longer term, uncertain but potentially more significant fiscal effects.





Supporters

- CA Children's Hospital Assn.
- CA Council on Affordable Housing
- CA Water Assn.
- Family Business Assn of CA

- Lengthy delays and red tape are delaying essential projects and driving up costs.
- The measure does not exempt projects from environmental review but creates faster procedures.
- Modernizing and streamlining permitting



Opponents

- American Nurses Assn., CA
- CA Environmental Voters
- CA Nurses for Environmental Health and Justice
- Clean Water Action
- Coalition for Clean Air
- Physicians for Social Responsibility, LA

- Does not reduce costs, only moves process quicker.
- Reduces/weakens environmental protections risking public health
- Limits public comments, community input and project alternatives analysis
- Limits judicial review
- Does not address other, more significant, housing costs

Campaign Contributions as of September 1, 2026

Yes on Proposition 45

TOTAL = \$32,671,244

Building a Better California	\$10,000,000
California Building Industry Assn	\$3,250,000
CalChamber Non-Donor Funds	\$2,000,000
Edison International	\$2,000,000
Building Industry Assn of Southern California	\$1,800,000

No on Proposition 45

TOTAL = \$14,966,287

Clean and Healthy California	\$7,000,000
Wendy Schmidt	\$5,000,000
Members' Voice of the State Building and Construction Trades Council	\$1,176,000
State Building and Construction Trade Council	\$823,857
District Council of Iron Workers of CA	\$500,000

Yes on Prop 45



- Certain public and private projects would be eligible for new project review and court challenge procedures

No on Prop 45



- Public and private projects would continue to use existing project review and court challenge procedures.

Local Measures

- askdlfjlaksjfdlkasjf

INSERT LOCAL MEASURE INFORMATION HERE AND ON SUBSEQUENT SLIDES

Voting Information Sources



www.vote411.org/



cavotes.org/easy-voter-guide/



Official Voter
Information
Guide

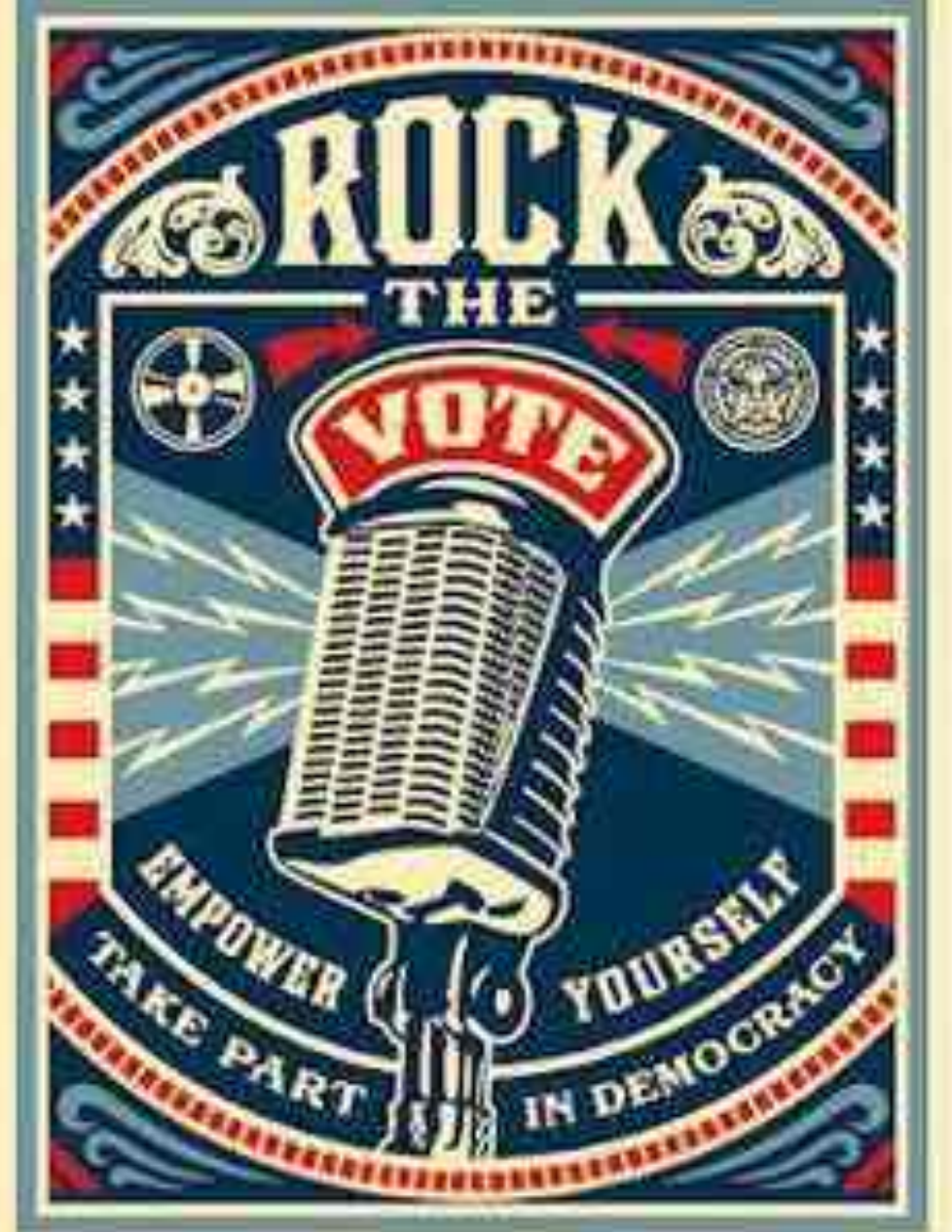
voterguide.sos.ca.gov/

BALLOTPEDIA

[ballotpedia.org/California 2026 ballot propositions](http://ballotpedia.org/California_2026_ballot_propositions)

CAL MATTERS

calmatters.org/california-voter-guide-2026/



Important Dates!

Oct 5

Ballots mailed to all registered voters

Oct 6

Secure ballot drop-off locations open

Oct 19

Deadline to register to vote*

Oct 24

In person voting at select Vote locations 8am-5pm

Nov 3

Last day to vote 7am to 8 pm

*You can register to vote at any Vote Location within your County until Election Day.

Check findmypollingplace.sos.ca.gov.

Check your voter registration
here



Support Our Work

- Empowering Voters
- Defend Democracy

**INSERT QR CODE OR
WEBSITE URL FOR YOUR
LOCAL LEAGUE'S
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