Howard Jarvis Taxpayers Association
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Taxing Times

"Eternal vigilance is the price of liberty."
Often quoted by Howard Jarvis

The Official Newsletter of the Howard Jarvis Taxpayers Association ★ Howard Jarvis, Founder ★ Vol. 51, Issue 3 ★ Fall 2025

HJTA FILES INITIATIVE TO SAVE PROP. 13

In the wake of state court decisions that opened a loophole in Proposition 13 and made it easier to raise taxes, the Howard Jarvis Taxpayers Association has filed a new initiative with the California Attorney General's office that would place a constitutional amendment on the November 2026 ballot to close the loophole.

The Local Taxpayer Protection Act to Save Prop. 13 will restore the requirement that local special taxes, those that earmark the revenue for a specific purpose, must go on the ballot and be approved by two-thirds of voters in order to pass.

A 2017 state Supreme Court decision, *California Cannabis Coalition v. City of Upland,* contained ambiguous language suggesting that if a tax increase is put on the ballot by a citizens' initiative instead of by a government body, such as a city council, then the state constitution does not apply and the two-thirds vote isn't needed.

This is a frontal assault on Proposition 13, the landmark 1978 initiative that limits tax increases and protects Californians from being taxed out of their property. In addition to controlling property taxes, Prop. 13 made it harder to raise other taxes.

The effort by special interests to undermine Prop. 13 began immediately, and ever since, taxpayers have been in a battle over whether it will or *will not* be easier to raise taxes. The "Upland" decision is the latest attack on Prop. 13's protections.

The Local Taxpayer Protection Act to Save Prop. 13 will close the "Upland" loophole. It also will end the unconstitutional tax increases related to property ownership that courts have so far allowed to go into effect. One of these is the massive real estate transfer tax in the City of Los Angeles, Measure ULA. This and similar taxes will "sunset" two years after HJTA's initiative passes.

In order to qualify The Local Taxpayer Protection Act to Save Prop. 13 for the November 2026 ballot, HJTA must collect a minimum of 874,641 signatures of registered California voters by approximately January 1. We will aim to collect about 1.3 million total signatures to ensure that we have more than enough valid signatures to qualify.

This is where **we need your help to Save Prop. 13**.

You can sign the petition right now, if you have a computer and printer available. Go to *SaveProp13.com*

and click "Sign the Petition." Download the petition, which comes with complete instructions and a clip-and-tape mailing label for your convenience. Print the petition. Then simply write in your name and residential address, sign the petition, and fill out and sign the Declaration of Circulator to legally verify that you saw the voter (you) sign it. The Declaration of Circulator is a state requirement, and without it, the signatures on that petition will not count.

You can also be the Circulator of the petition signed by another voter, verifying that you saw that person sign the petition. You can circulate an unlimited number of petitions for other voters to sign. There's room for two voters who live in the same county to sign each petition. Please remind them to write the residential address where they are registered to vote; otherwise, their signature will not count. As long as you witness them signing the petition, you can fill out the Declaration of Circulator, or they can do it themselves.

If you don't have access to a computer and printer, call our offices in Sacramento at 916-444-9950, or Los Angeles at 213-384-9656, or email *info@HJTA.org*, and we'll

Continued on page 10

Taxing Times

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PRESIDENT'S MESSAGE

CAPITAL GAINS TAX: ANOTHER HIT TO HOMEOWNERS

By Jon Coupal

Just when you think things couldn't get worse for California's beleaguered taxpayers, a new problem is beginning to emerge that will surprise many homeowners when they sell their primary residences. The problem is the result of both rapidly rising home values and the failure of our political leaders to enact inflation adjustments to the capital gains exclusion on the sale of homes.

Let's start with inflation.

Inflation under the Biden presidency inflicted a great deal of pain to most Americans. During that four-year period, the cost of food (especially eggs), energy, and housing went up over twenty percent. As this column has argued previously, inflation is the cruelest tax of all.

As punishing as inflation was nationally, California felt even greater pain. According to National Business Capital, "the most impacted states, however, were California and New York, which suffered from a potent combination of decreasing wages (when adjusted for inflation) and large price increases from 2021 to 2022."

The rapid rise in housing costs was particularly acute. In the last four years, the U.S. housing market has experienced a 47% increase in prices according to *Business Insider* (May 10, 2024). But, as one can expect, California is much worse than the national average in housing costs.

For existing homeowners, particularly those who are locked into lower-interest loans, the rapid increase in housing costs has been mostly beneficial. Home equity, nationally, has increased 80% since 2020 due to rapid increases in home values. This approximately $19 trillion in new wealth adds to the personal balance sheets of Americans lucky enough to own homes. As of 2024, this rate of increase was about twice the rise in financial wealth from other investments including stocks and bonds.

But as a recent *Wall Street Journal* article pointed out, there are downsides to rapid increases in home values, including higher property taxes. (Fortunately, that is much less of a problem in California which limits annual increases in assessed value to two percent.)

For homeowners who are planning to sell their primary residence in the near future, there is a growing concern that the proceeds from the sale could be sharply reduced by state and federal taxes on capital gains. Although there is a general awareness of a capital gains exclusion, the value of the exclusion has been severely eroded due to inflation. The assumption that the sale of a primary residence won't result in capital gains tax liability might prove to be more myth than reality.

That's because the rapid increase in home equity has created more instances where the maximum home sale gain exclusion amounts under the Internal Revenue Code may be surpassed and result in taxable gains. Currently, under Sec. 121(b), the exclusion is up to $250,000, or if married filing jointly, $500,000. (California tax law conforms to the federal standard.)

Importantly, these exclusion amounts have not been indexed for inflation and have remained at $250,000/$500,000 since 1997.

Here are the details of the current exclusion. The IRS Code allows a taxpayer to exclude from gross income a limited amount of gain on the sale or exchange of property that, during the five-year period ending on the date of the sale or exchange, has been owned (ownership test) and used (use test) by the taxpayer as the taxpayer's principal residence for periods aggregating to two years or longer (Sec. 121(a)). In addition, the exclusion generally can be claimed only once every two years (the lookback requirement) (Sec. 121(b)(3)).

It's important to keep good records of improvements to the property, because the money spent on remodeling and other

Continued on page 10

PRESERVE THE BENEFITS OF PROPOSITION 13

At the Howard Jarvis Taxpayers Association, we have received a number of inquiries from those wishing to help us preserve the benefits of Proposition 13 for their children, grandchildren and heirs. If you would like more information about making an endowment to the Howard Jarvis Taxpayers Association or the Howard Jarvis Taxpayers Foundation, visit *www.HJTA.org* and click on the MENU, then click on "About," then click on "HJTA Heritage Society"; write to us at 621 S. Westmoreland Ave., Suite 200, Los Angeles, CA 90005; email us at *info@HJTA.org*; or call us at 213-384-9656.

Howard Jarvis Taxpayers Association

Heritage Society

We thank and appreciate the following for their generous donations:

The Selck Family,
in the name of Lester John Selck and Jane Selck

The Gardner Grout Foundation

The Benson Foundation

The Allan W. and Elizabeth A. Meredith Trust

Baker Family Donor Advised Fund
at the Rancho Santa Fe Foundation

The Stanley E. Corbin Trust

The V. Lorel Bergeron Trust

The Ben F. Guess IRA

The Thomas S. Gallagher Trust

The Estate of Jonathan Davis Wexler

A big "Thank You" to the Members of the *Heritage Society* who help make our work on behalf of taxpayers possible!

FORMER STATE SENATOR PATRICIA "PAT" BATES JOINS HJTA BOARD OF DIRECTORS

The Howard Jarvis Taxpayers Association is excited to announce that former State Senator Patricia "Pat" Bates has joined the Board of Directors.

Sen. Bates brings extraordinary experience that is certain to help guide HJTA to more and greater accomplishments for taxpayers. Before her election to the state Senate, Pat served on the Orange County Board of Supervisors from 2007 to 2014, and before that she was a member of the state Assembly from 1998 until 2014.

Pat earned a bachelor's degree in psychology from Occidental College and worked as a social worker for the Los Angeles County Department of Public Social Services. In 1989, she became the first mayor of the city of Laguna Niguel and served on the city council for a decade. She was a founding member of the Conservative Women's Leadership Association, which expanded into the California Women's Leadership Association, and has been a supporter and mentor for women throughout Orange County.

Sen. Bates' legislative accomplishments include authoring legislation to crack down on sex offenders and illegal distributors of fentanyl, curb opioid abuse and addiction, and fight homelessness, among many others. She also sponsored Brandon's Law, which prohibits drug rehab facilities from misrepresenting their services.

In 2017, she was elected to serve as the minority leader in the state Senate, only the second woman in the history of the state to lead a party caucus.

The Howard Jarvis Taxpayers Association is so very pleased and grateful to welcome Patricia "Pat" Bates to the HJTA Board of Directors.

ENDING THE TRANSFER TAX LOOPHOLE

The plain language of Proposition 13 prohibited real estate transfer taxes, but the California courts carved loopholes that have allowed some cities to impose them. Unlike capital gains taxes, which are levied on profits, transfer taxes are a percentage of the entire sale price when real estate is transferred from one owner to another.

Before Proposition 13, state law allowed a documentary transfer tax of 0.11%, and Prop. 13 didn't change that. But new transfer taxes were not permitted.

That changed in the 1990s, when a series of court decisions opened the door for general-purpose transfer taxes to be levied by charter cities, which are cities that have adopted their own local constitution. "General law" cities that did not have a charter were still limited to the 0.11% documentary transfer tax limit in state law.

More and more charter cities adopted new transfer taxes. HJTA's attorneys observed that even some "general law" cities seemed to be interested in becoming charter cities just to take advantage of the transfer tax loophole.

That ends when the Howard Jarvis Taxpayers Association's new initiative qualifies for the November 2026 ballot and is approved by a majority of voters.

Existing transfer taxes over the 0.11% limit will "sunset" two years after the initiative is adopted.

The Local Taxpayer Protection Act to Save Prop. 13 closes the transfer tax loophole by banning all new transfer taxes above the original 0.11% allowed by state law. Existing transfer taxes over the 0.11% limit will "sunset" two years after the initiative is adopted.

This includes Measure ULA in the city of Los Angeles, a massive real estate transfer tax of 4% on properties sold for more than $5 million and 5.5% on properties sold for more than $10 million. The tax also applies to the value of non-sale transfers of ownership. Although promoted to voters as a "mansion tax," Measure ULA is a tax on all real estate valued at more than $5 million. It hits commercial properties, apartment buildings, even affordable housing developments.

Measure ULA was an initiative on the November 2022 ballot. It is not a general tax but a special tax, dedicated to funding specific kinds of homelessness programs and housing. The 1990s court decisions said charter cities could enact general-purpose transfer taxes, not special-purpose transfer taxes.

But Measure ULA went through two court-created loopholes: the transfer tax loophole from the 1990s, and the "Upland" loophole from the 2017 California Supreme Court decision in *California Cannabis Coalition v. City of Upland*. In that case, the court used ambiguous language that suggested a special tax that required a two-thirds vote could instead pass with a simple majority vote if it was proposed by a citizens' initiative instead of a city council.

The Local Taxpayer Protection Act to Save Prop. 13 will close both loopholes. Measure ULA will be ended, and so will roughly two dozen other transfer taxes in cities including Berkeley, Oakland, Palo Alto, San Francisco, Pomona, Culver City and Santa Monica.

Proposition 13 banned transfer taxes in 1978 because Howard Jarvis knew that local governments would look for ways to take back the money that Prop. 13 had stopped them from grabbing. Collected at the time of sale, transfer taxes are a way of stealing the equity that property owners have built up in their homes or business properties.

Please tell everyone you know that the Howard Jarvis Taxpayers Association is doing something about it. They can learn more and sign the petition at *SaveProp13.com*.

Thank you for your help to get this important initiative qualified for the ballot. ☐

UNDER THE DOME XIII

WATCHING OUT FOR TAX HIKES

By Scott Kaufman, Legislative Director

We are in the first year of the Legislature's two-year cycle. When the session started, Democratic leaders urged their colleagues to prioritize issues of affordability. Then came all the tax hike proposals. There was a proposal to raise the already highest-in-the-nation income tax, to raise the corporate tax, to place a $5-per-square-foot vacancy tax on commercial property, a tax on social media platforms and a bill to allow private individuals, with the support of the attorney general's office, to sue taxpayers they believed weren't paying enough taxes. Luckily, through our efforts and those of our allies, we have been successful in defeating (or severely watering down) all those bills.

But hundreds of bills remain, and we are still monitoring dozens of them (both good and bad). Here are some of the bills we are still watching closely:

Assembly Bill 418 (Support): Requires a public hearing and specific findings before the sale of tax-defaulted properties to ensure that property owners are justly compensated.

Assembly Bills 569 and 1383 (Opposed): These bills would allow cities to offer "supplemental" retirement plans and lower the retirement age to 55 and increase the percentage of pay to 3 percent, or 90% of their final average salary. Unfunded pension liabilities are a threat to the solvency of local governments, crowding out needed public spending or burdening residents with the need for tax increases to fund basic public services.

Assembly Bill 632 (Opposed): This bill would strip away the due process that protects property owners from mistaken or improper liens on their property when local governments or agencies seek administrative fines or penalties.

When the session started, Democratic leaders urged their colleagues to prioritize issues of affordability. Then came all the tax hike proposals.

Assembly Bill 699 (Opposed): This bill reduces ballot transparency. It exempts certain tax increase and bond measures from an existing law that requires the ballot to include in the statement of the measure the amount of money to be raised annually and the rate and duration of the tax to be levied.

Assembly Bill 761 and Senate Bill 333 (Opposed): These bills would allow two transportation districts (in Monterey and San Luis Obispo) to adopt, with voter approval, a 1 percent transactions and use tax that would, in combination with other taxes, exceed the state's two percent cap for combined local sales taxes (on top of the state's 7.25% sales tax).

Assembly Bill 1188 (Opposed): This bill would require voters to write their initials in a box on an initiative or referendum petition attesting that they have read the official top funders list, and it would require the ballot label to include a list of the top funders of each citizens' initiative or referendum. These requirements needlessly add to the burden on voters who are exercising the direct democracy rights guaranteed to them by the State Constitution.

Assembly Bill 1223 (Opposed): This bill allows the Sacramento Transportation Authority to impose a tax in specific areas for transportation projects, develop toll facilities, and expand the allowable expenditure categories to widely sweep in "infrastructure."

Assembly Bill 1237 (Opposed): This bill would authorize the Los Angeles Metropolitan Transportation Authority to impose an unconstitutional $5 charge on the purchase of a ticket to the 2026 World Cup or the 2028 Olympics or Paralympics to support LA Metro transit systems.

Senate Bill 239 (Opposed): This bill would weaken the Ralph M. Brown Act by removing critical transparency protections, making local government less open and accessible to the press and public.

Senate Bill 255 (Support): This bill requires counties to establish a notification program for recorded property documents by 2027, with provisions for mail and electronic notifications, fee collection, and exemptions for government-granted documents.

Senate Bill 284 (Support): This bill clarifies that eligible family members who inherit a family home can consolidate ownership under the one-year timeline of Proposition 19. This measure will also provide protection for individuals who are not able to take ownership of a home because of a probate process. By adding clarity to Prop. 19, this measure eases some of the burdens on families that wish to preserve an important asset and not be unduly burdened by a sudden tax reassessment.

Questions about pending legislation?

Email me at **Scott@HJTA.org.**

HJTA will continue to track these bills and keep you informed on our website. Go to *www.HJTA.org/legislation/legislative-updates*. Or drop me an email at *Scott@HJTA.org*. I'm happy to answer your questions.

Will Proposition 13 have another birthday?

June 6 marked the 47th birthday of Proposition 13. Now it's up to us to make sure there are *many more* birthdays ahead.

We've seen how the courts and local governments blast loopholes into Prop. 13 to raise your taxes. That's why we must get our new initiative, **The Local Taxpayer Protection Act to Save Prop. 13**, on the ballot. You can help by telling everyone that they can get the official petition right now at *SaveProp13.com*. And we hope we can count on you for a special donation to the Protect Prop. 13 Committee, if it doesn't pose a hardship.

Please turn to page 9 for details. Thank you! ☐

THE LEGAL FRONT

COULD JUDGES REMOVE OUR NEW INITIATIVE FROM THE BALLOT?

By Timothy A. Bittle, Director of Legal Affairs

Wait a minute. "By Timothy A. Bittle, Director of Legal Affairs"? I thought Bittle retired! I thought Laura Dougherty was the Director of Legal Affairs! What gives?

Well, I was supposed to retire. In fact, my retirement party was calendared, invitations had gone out, people were RSVP'ing, and I had already picked up my Walmart Greeter vest. But then Laura accepted a job at the Commission on State Mandates. Bad for my retirement, but good for taxpayers because the Legislature is constantly heaping new duties on local governments that cost money to implement, and the Commission decides who must bear those costs — local taxpayers or the State. Laura will be a voice for taxpayers.

> ***Our last initiative, which we called the "Taxpayer Protection and Government Accountability Act," was an ambitious undertaking.***

Since Laura's departure meant that HJTA would be shorthanded at a time when several cases had deadlines looming, I decided to postpone my retirement. For now, I am the acting Director of Legal Affairs until we find a qualified attorney to take my place. In case the position is still open by the time this publication reaches you, feel free to send any interested attorneys to our website, *www.HJTA.org*, where they can scroll down to the bottom of the homepage and click the link for Employment Opportunities.

Now that we've cleared that up, let's talk about the initiative that HJTA recently filed with the Secretary of State, which we're calling "The Local Taxpayer Protection Act to Save Proposition 13." Several of our Members are wondering, if they help collect signatures to qualify this measure, how do we know the courts won't remove it from the ballot like they did last time? Let me answer that question.

Our last initiative, which we called the "Taxpayer Protection and Government Accountability Act," was an ambitious undertaking. Like the One Big Beautiful Bill, we tried to fix a lot of problems that had weakened taxpayer rights, while adding new rights protecting taxpayers from future tax increases. At great expense, enough signatures were collected to qualify the initiative for the ballot. We launched an aggressive campaign promoting the measure, and polls showed we were gaining support.

Alarmed by the rising poll numbers, Governor Gavin Newsom and those who control the State Legislature filed a lawsuit against the Secretary of State demanding that she remove our initiative from the ballot. Our attorney, who had officially submitted the initiative to the Secretary of State, was named as the Real Party in Interest.

The lawsuit argued that the measure went too far, that it amounted to a revision of the state constitution. As background, the constitution provides that it may be amended by the People exercising their initiative power, but a major revision requires a constitutional convention.

Because Election Day was approaching and therefore time was of the essence, the California Supreme Court agreed to hear the case in the first instance, without the need for a trial or appeal.

Lawyers for the government argued that the centerpiece of the initiative, which required voter approval of any new state taxes, would transform the Legislature from a law-making body into a mere law-recommending body, at least as to taxes, without which government cannot run.

The lawyers also attacked, as prohibited revisions, our proposed expansion of the People's referendum power to make governmental fees subject to voter approval or rejection through the referendum process, and our proposed requirement that fees be adopted by elected legislative bodies, not by unelected administrative agencies.

Our attorney argued that Propositions 13 and 218 also required voter approval of taxes and fees, and put a greater dent in governmental authority by actually prohibiting certain taxes and fees, yet the Court had upheld those measures against similar attacks.

Nonetheless, the Supreme Court ruled that the proposed requirement of voter approval for new state taxes, the expansion of the People's referendum power, and the shift of fee-setting authority from unelected to elected officials, especially when combined with the measure's other proposals, added up to a prohibited revision of the constitution. The Court ordered the Secretary of State to remove our initiative from the ballot.

Does the same fate await our new initiative? No, certainly not. First, today's measure has fewer elements and is limited to a single section of the constitution, so it cannot have the aggregate impact that influenced the court last time.

> ***Today's measure only closes loopholes in Proposition 13; it does not create any new rights.***

Second, today's measure only closes loopholes in Proposition 13; it does not create any new rights. Our former initiative did both, yet the Court found fault with only the new rights. It had no problem with closing loopholes related to existing rights.

Third, whereas our former initiative would have affected all taxes and fees, today's measure deals only with taxes levied on real property or on persons as an incident of property ownership. It doesn't deal with other kinds of taxes, or with fees.

Fourth, our former initiative

threatened state revenue. Today's measure addresses only local revenue. Call me cynical, but I believe that was a big unspoken factor in the Court's decision to invalidate our former initiative. We'd like to believe in three independent branches of government, insulated by the Separation of Powers. But that's not how things work in the real world of California politics. In the real world, the Legislature passes, and the Governor signs the budget that funds the State's court system and pays the salaries of our Judges and Justices. Standing before the Court as the plaintiffs who filed the lawsuit challenging our former initiative were the Legislature and the Governor, who control the Court's funding. One hand washes the other.

Today's measure does three things. It restores the two-thirds vote for special taxes (that is, taxes earmarked for a specific purpose), whether proposed by the local legislative body or in the form of a citizens' initiative. It clarifies that general parcel taxes (that is, parcel taxes that go into the General Fund) are forbidden, whether proposed by the local legislative body or in the form of a citizens' initiative. And it limits transfer taxes to 0.11 percent of the purchase price when property is sold. Several charter cities have transfer taxes that are many times higher than that, which basically steals all of the seller's equity.

Each of these three elements closes a loophole in Proposition 13 that was intended neither by those who drafted it, nor by the voters who enacted it. I am confident that today's measure will not be deemed a revision of the constitution. ☐

HERE'S HOW TO GET THE OFFICIAL PETITION

FOR *THE LOCAL TAXPAYER PROTECTION ACT TO SAVE PROP. 13.*

If you have a computer and printer:

Go to ***SaveProp13.com*** and click or tap "**SIGN THE PETITION NOW**," then "**DOWNLOAD THE PETITION**." You'll get a PDF file that includes the official petition, plus all the information you need to make sure your signature counts. The petition can be printed on one sheet of regular letter-size paper. You can print as many copies as you need. Share with a friend!

If you have a computer or smartphone but DON'T have a printer:

Go to ***SaveProp13.com*** and click or tap "**SIGN THE PETITION NOW**," then "**MAIL THE PETITION TO ME**." Fill out the form with your name and address, and HJTA will get the petition in the mail to you as soon as possible.

You can also scan this QR code to go directly to the form:

Or just CALL us! We'll mail the petition to you:

Sacramento office:
916-444-9950

Los Angeles office:
213-384-9656

or EMAIL HJTA

info@HJTA.org

Clip and tape mailing label to any envelope:

Mail your signed petition to:

Howard Jarvis Taxpayers Association
1201 K Street, Suite 1030
Sacramento, CA 95814
SAVE PROP. 13

SIGN UP FOR THE NEW "SAVE PROP. 13" EMAIL NEWSLETTER

Go to *SaveProp13.com* and click the menu button for "Newsletter" to receive weekly updates on HJTA's campaign to qualify The Local Taxpayer Protection Act to Save Prop. 13 for the November 2026 ballot.

LISTEN TO THE HOWARD JARVIS RADIO SHOW

Listen to the Howard Jarvis Radio Show every Tuesday evening at 6:00 p.m. for the latest on this urgent campaign to Save Prop. 13. You can hear it live on AM 790 KABC in Southern California, AM 810 KSFO in Northern California and on the live stream at *KABC.com* and *KSFO.com* anywhere. Or catch the podcast version of the show at *www.HJTA.org* and wherever podcasts are available.

SAVE THESE INSTRUCTIONS!

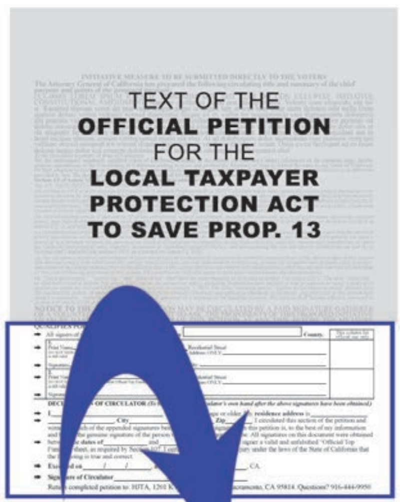
It's easy to sign the petition to Save Prop. 13, and even easier to circulate the petition to other voters who can sign it too. These instructions will help you answer any questions about how to complete and sign the petition to make sure the signatures are valid and counted.

Go to SaveProp13.com to print the petition at home on ordinary letter-size paper, or call our offices to have the petition mailed to you. The Sacramento office is 916-444-9950, and the Los Angeles office is 213-384-9656. Tell a friend about the petition to Save Prop. 13!

Make sure your signature counts! Easy as 1-2-3.

Check voter registration:
RegisterToVote.ca.gov

View Top Funders list:
SaveProp13.com



Step 1 Write in the county where the voters who sign this petition are registered to vote. Two different counties? Use two separate petitions.

Step 2 Using blue or black ink, print your name, sign your name, and write your residential street address and city. This must be the address where you are registered to vote. Each voter must write their own information. The second voter's signature is optional. You can return the petition with one signature.

Step 3 Complete and sign the Declaration of Circulator. This is the official certification that you witnessed the voter signing the petition (even if you witnessed your own signature). This is an essential step! Without a completed and signed Declaration of Circulator, the signatures on the petition will not count. You can be the circulator for an unlimited number of petitions. Of course, you can only sign once in the signature blocks for voter signatures. Duplicate voter signatures will not count.

invalid is severable. Notwithstanding any other law, if approved by a majority of the qualified electors, this section shall become effective pursuant to section 4 of article XVIII as it existed on January 1, 2025.

NOTICE TO THE PUBLIC: THIS PETITION MAY BE CIRCULATED BY A PAID SIGNATURE GATHERER OR A VOLUNTEER. YOU HAVE THE RIGHT TO ASK. THE PROPONENTS OF THIS PROPOSED INITIATIVE MEASURE HAVE THE RIGHT TO WITHDRAW THIS PETITION AT ANY TIME BEFORE THE MEASURE QUALIFIES FOR THE BALLOT.

Step 1 → All signers of this petition must be **registered to vote in** LOS ANGELES (EXAMPLE) **County.** | This column for official use only

Step 2 → 1. Print Name VALERIE VOTER → Residential Street Address ONLY: 123 HOME STREET
DO NOT SIGN UNLESS you have seen Official Top Funders sheet and its month is still valid.
→ Signature Valerie Voter → City: LONG BEACH (EXAMPLE)

Optional → 2. Print Name Vincent Voter → Residential Street Address ONLY: 321 Rezidenz Ave.
DO NOT SIGN UNLESS you have seen Official Top Funders sheet and its month is still valid.
→ Signature Vincent Voter → City: West Covina

DECLARATION OF CIRCULATOR *(To be completed in circulator's own hand after the above signatures have been obtained.)*

Step 3 → I, VALERIE VOTER, am 18 years of age or older. My **residence address** is 123 HOME STREET, **City** LONG BEACH, **St** CA **Zip** 90801. I circulated this section of the petition and witnessed each of the appended signatures being written. Each signature on this petition is, to the best of my information and belief, the genuine signature of the person whose name it purports to be. All signatures on this document were obtained between the **dates of** 8/29/25 and 8/30/25. I showed each signer a valid and unfalsified "Official Top Funders" sheet, as required by Section 107. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

→ **Executed on** 8 / 30 / 2025, **at** LONG BEACH, CA.

→ **Signature of Circulator** Valerie Voter

Mail to: Return completed petition to: HJTA, 1201 K Street, Suite 1030, Sacramento, CA 95814. Questions? 916-444-9950

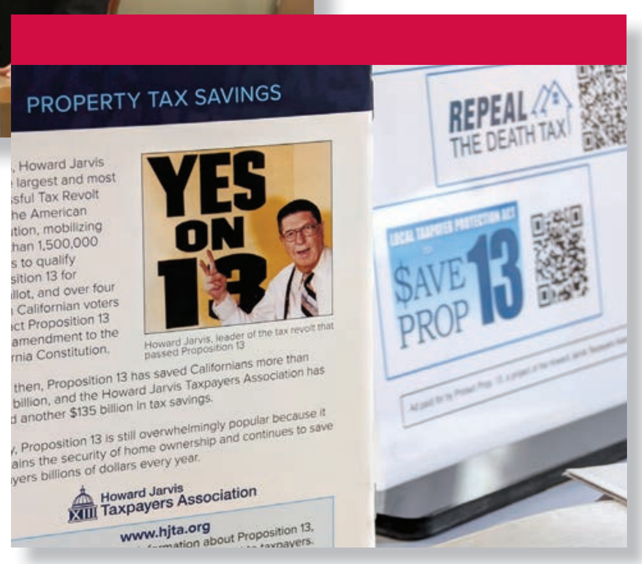
In the example above, Valerie Voter signed the petition and is also the circulator. Her brother Vincent lives in the same county, so he could sign the same petition. Then Valerie filled out and signed the Declaration of Circulator showing the dates she collected the signatures and the date and place where she signed (executed) the Declaration of Circulator. The petition is ready to mail to the Howard Jarvis Taxpayers Association, 1201 K Street, Suite 1030, Sacramento, CA 95814.

HJTA IN ACTION

HJTA was proud to support the Consolidated Board of Realtists of Southern California's 23rd Annual H.O.M.E. Fair, Home Ownership Made Easy. This year's theme was "Reclaiming Black Wall Street: Advancing Homeownership, Strengthening Communities and Entrepreneurship." Pictured, left to right, are CBR board member **Anna "Queen" Tutt, HJTA Vice President of Communications Susan Shelley**, and **H.O.M.E. Fair chairman Larry Springs**.

Susan Shelley joined **Dr. Rosie Milligan** on a panel at the H.O.M.E. Fair to talk about the problems that the Proposition 19 "death tax" is causing in the Black community, as families who are trying to build generational wealth are being taxed out of it when a parent passes.

Legislative Director Scott Kaufman spoke in opposition to proposals for a "split roll" property tax system at the April meeting of the state Board of Equalization.



HJTA President Jon Coupal was a panelist at the State Policy Network's conference in Fresno, an event that brought together advocacy groups supporting better policies for California.

IMMEDIATE ACTION NEEDED: WE MUST SAVE PROP. 13

We need your help to Save Prop. 13. We must raise at least $175,000 to buy the statewide advertising we need to launch our signature collection drive for our new initiative. And at the same time, we must continue to fight other tax increases and attacks on Prop. 13 at the state and local levels.

Any amount helps, $5, $10, $25, whatever you feel comfortable donating (but not if it poses a hardship). Please use the form below to donate to the Protect Prop. 13 Committee. Make your check payable to "Protect Prop. 13," or enter your credit card information. You can also donate online or scan to donate.

Donate Online

efundraisingconnections.com/c/Prop13

Scan to Donate

Send to:

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**IMPORTANT! Please be sure to include your street address (no P.O. Boxes).

Contributions to Protect Proposition 13 are not tax-deductible.

Return your donation form to:

Howard Jarvis Taxpayers Association, 1201 K Street, Suite 1030, Sacramento, CA 95814

Ad paid for by Protect Prop. 13, a Project of the Howard Jarvis Taxpayers Association.

Thank you for your support in this urgent effort to reach all the taxpayers of California with our message to Save Prop. 13.

We greatly appreciate you.

Protect Proposition 13 does not solicit or accept any "earmarked" contributions. All expenditure decisions are made solely by the Principal Officer(s) of the Committee.

Trim and tape mailing label to any envelope:

Howard Jarvis Taxpayers Association
1201 K Street, Suite 1030
Sacramento, CA 95814

SAVE PROP. 13

THE HISTORY OF LEGAL ATTACKS ON PROPOSITION 13

By Jon Coupal

On June 6, 1978, California voters delivered a shock wave, not just in California, but throughout America. Proposition 13 reduced property taxes by more than half and imposed other restrictions on government's ability to extract money from citizens and businesses.

Despite Prop. 13's victory with 64.8 percent of the vote, tax-and-spend progressives immediately filed a lawsuit directly in the California Supreme Court seeking to invalidate the new measure. Fortunately (and perhaps bowing to public sentiment), the court rejected the lawsuit against a variety of constitutional arguments.

However, it wasn't long before new, more limited, legal attacks against Prop. 13 began working their way up through the courts. The primary target of these assaults was Section 4's requirement for a two-thirds vote for local taxes. That section provides that, "Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district." In two separate setbacks for taxpayers, the courts weakened the two-thirds vote requirement via convoluted definitions of both "special taxes" and "special districts." Both court decisions reduced the scope of the two-thirds vote requirement.

Shortly thereafter, local governments began to impose property taxes in the form of "benefit assessments." The original purpose of such levies was to finance improvements directly beneficial to specific parcels of property, such as sidewalks. But "benefit assessment" abuse culminated in *Knox v. City of Orland* which upheld a countywide flat rate parcel tax. In response, HJTA qualified, and the voters enacted, Proposition 218, known as the Right to Vote on Taxes Act (1996), clamping down on not just fake "benefit assessments," but also other property-related fees and charges.

Prop. 13 was intended to prohibit transfer taxes and expressly stated so.

At this point, a rational person would think that the California judiciary would recognize that citizens have voted for robust taxpayer protections that should not be weakened by result-oriented court opinions in favor of higher taxes. In fact, Proposition 218 itself made clear that it should be interpreted in a manner to effectuate its purposes of tax limitation.

But the worst was yet to come. In 2017, the California Supreme Court's decision in *California Cannabis Coalition v. City of Upland* created an ambiguity as to whether the state constitution applies to local citizens' initiatives in the same way it applies to measures placed on the ballot by a government body. Since that time, all kinds of unconstitutional taxes – backed by tax-and-spend special interests – have been imposed on Californians, costing billions of dollars that they would not otherwise have had to pay had the courts applied the plain language of the constitution. Most insidious of all was Measure ULA in Los Angeles, a massive "special transfer tax" ostensibly for homelessness programs.

The first *Upland* taxes were special taxes (e.g., sales taxes and hotel taxes) in which the funds were dedicated and, prior to *Upland,* clearly required a two-thirds vote. After *Upland*, if the tax proposal was placed on the ballot by initiative, the appellate courts have held they can be imposed with a simple majority vote.

Next up were the *Upland* transfer taxes, which are taxes on the sale/transfer of real estate. Because transfer taxes impose a form of "equity theft," Prop. 13 was intended to prohibit transfer taxes and expressly stated so. But in another judicial ruling, the courts concluded that Prop. 13 only prohibited "special" transfer taxes intended for a specific purpose.

Now we hear cities are playing with the idea of passing parcel taxes without a two-thirds vote and a bill was just introduced in the Legislature to allow transportation districts to do the same. *Upland* has opened a Pandora's box of tax increases which voters must now close.

The initiative would end the Measure ULA tax which has inflicted much damage to the Los Angeles real estate market.

That's why HJTA has submitted a proposed initiative that would close these loopholes from being used in the future and which also invalidates general transfer taxes that exceed the state limit. The initiative would also end the Measure ULA tax which has inflicted much damage to the Los Angeles real estate market.

Visit *www.SaveProp13.com* for the very latest information on the initiative, and be sure to tune in to the Howard Jarvis Radio Show every Tuesday evening from 6:00 p.m. to 7:00 p.m. on 810 KSFO in the greater Bay Area and 790 KABC in Southern California. You can also listen to the show anywhere by going online to *KABC.com* and *KSFO.com*, or catch the podcast version of the show on our website, *www.HJTA.org*.

HJTA FILES INITIATIVE TO SAVE PROP. 13

Continued from page 1

be happy to mail the petition to you.

Please share the *SaveProp13.com* link with your friends, family, coworkers and anyone you meet who is tired of paying tax after tax after tax. The Howard Jarvis Taxpayers Association is taking action to protect Californians from higher taxes. We greatly appreciate your support of this important effort.

Thank you! ☐

PRESIDENT'S MESSAGE

Continued from page 2

changes may add to the cost basis, reducing the capital gains and the taxes owed when the property is sold.

Homeowners are advised to consult their tax professionals prior to selling their primary residence as well as deciding how much to spend on their replacement residence. In the meantime, pressure needs to be applied to both Congress and the California Legislature to increase the exclusion as well as include an inflation factor moving forward.☐

FOUNDATION REPORT

UPDATE ON HJTA'S LAWSUIT TO INVALIDATE MEASURE ULA

HJTA's lawsuit to have Measure ULA declared invalid is now before the California Court of Appeal, Second Appellate District, Division 4. It is case number B334071.

Measure ULA was a citizens' initiative on the November 2022 ballot in the city of Los Angeles. It was presented to voters as a "mansion tax" to address homelessness. In fact, it is a tax on the sale of all real estate with a value above $5 million, not only mansions. The tax is 4% of the sale price of the property if the value is between $5 million and $10 million. Above $10 million, the tax rate jumps to 5.5%.

State law does not allow cities such as Los Angeles to levy real estate transfer taxes for a special purpose, only for a general purpose. Because Measure ULA was a citizens' initiative, however, it was assumed to go through the "Upland" loophole, created by a 2017 state Supreme Court decision that suggested the rules that limited a city council did not apply to a citizens' initiative.

However, the Howard Jarvis Taxpayers Association's team of experienced lawyers challenged the validity of Measure ULA based on a provision in the Los Angeles City Charter. Section 450 (a) states that initiative ordinances are limited to ordinances that "the Council itself might adopt."

Because the Los Angeles City Council is prohibited from adopting a transfer tax for a special purpose, a local citizens' initiative enacting a special-purpose transfer tax is equally barred.

That's the argument HJTA made in Los Angeles Superior Court, but the ruling there relied on the "Upland" loophole to override everything else.

HJTA believes the lower court's decision was wrong, and now the case is at the Court of Appeal. Oral argument is scheduled for September 11. If HJTA prevails in having the Measure ULA tax declared invalid, Los Angeles property owners who paid the tax would be entitled to a refund.

YOUR ?s answered

WHAT'S GOING ON WITH REPEAL THE DEATH TAX?

We at the Howard Jarvis Taxpayers Association are grateful for your support of the Repeal the Death Tax initiative effort. For months, we have been working hard to see if it's possible to try for a third time to collect the signatures needed to get this important measure on the ballot to reverse the provisions in Proposition 19 (2020) which have triggered reassessment of property passed from parents to children.

Prop. 19 was the biggest property tax increase in California history. But it may not hold that title for long.

The tax-raisers in Sacramento and their friends in the California courts have been attacking Proposition 13 in every way possible. We have been particularly troubled by court rulings that have carved a loophole in Proposition 13 that effectively wiped out the protection of the two-thirds vote requirement to raise local special taxes.

That's why we have filed the new initiative called The Local Taxpayer Protection Act to Save Proposition 13. It will close the "Upland" loophole (named after the 2017 court case that created it), which has allowed unconstitutional tax increases to take effect if they were proposed by a citizens' initiative instead of by a city council or other government body. The "Upland" loophole has become a weapon of special interests to raise taxes.

But that doesn't mean we've given up on our effort to Repeal the Death Tax. It will take a constitutional amendment to restore the parent-child transfer exclusion from reassessment. There are two ways to get a constitutional amendment on the ballot.

REPEAL THE DEATH TAX

www.RepealTheDeathTax.com

The fastest way is for the Legislature to pass a constitutional amendment with a two-thirds vote in each house. That can put the amendment on the ballot for voter approval as early as June 2026. In fact, the parent-child transfer exclusion was created by the Legislature in the first place, in 1986, and the vote in each house was unanimous. It went on the ballot for voter approval, and 75% of voters said, "YES." That vote is a measure of how many Californians were being crushed by having their family property reassessed to current market value after the death of a parent.

The second way to get a constitutional amendment on the ballot is with an initiative. In order to collect the more than one million signatures needed in the limited time allowed, HJTA is asking everyone who supports this effort to sign up for updates at *RepealTheDeathTax.com*. We have tens of thousands of people signed up to receive a petition, but we need hundreds of thousands to get it across the finish line.

So you can help to Repeal the Death Tax by calling your state representatives and asking them to support a constitutional amendment to restore the parent-child transfer exclusion, the way it was before Proposition 19 gutted it in 2020. If you're not sure who represents you in the Assembly and state Senate, you can look up your representatives' names and phone numbers at *findyourrep.legislature.ca.gov*.

And please tell everyone you know to sign up for updates at *RepealTheDeathTax.com*. Slowly, as more people have the sad experience of losing a parent and inheriting property that is reassessed, the word is getting out that this problem must be fixed. We wish it had been possible to reverse this already, but we're not giving up.

Thank you for your support of this important effort.

Thank You FOR RECRUITING NEW PROP. 13 SUPPORTERS!

HJTA's hat is off to all of you who have recruited new Members to the taxpayers' cause. Please keep up the good work!

The tax revolt that passed Proposition 13 has always depended on grassroots supporters. Howard Jarvis always fought for average taxpayers who pay government's bills, and we at HJTA continue his crusade.

Everyone knows at least one person, and probably more, who should join our movement.

The vast majority of those who know about Proposition 13 support it, but many are not aware that their taxpayer protections are under constant attack by Sacramento politicians.

Taxpayers' best defense is an informed public. You can support Proposition 13 by helping HJTA recruit new Members who will strengthen the taxpayers' cause in Sacramento and throughout the state.

Please use the coupons below to send us the name and address of at least one taxpayer who would benefit from learning more about Proposition 13 and the tax-fighting work of HJTA. If you know of more than one, provide their information or pass a coupon on to them, and we will be glad to reach out to them as well.

HJTA MEMBERS: HELP HJTA HELP YOU

Howard Jarvis Taxpayers Association is California's number-one taxpayer advocacy organization. By recruiting new Members, we strengthen the taxpayers' cause in Sacramento and throughout the state.

Help protect Proposition 13! Every HJTA Member knows at least one person who should join HJTA. Please send us their names and addresses. HJTA will send them information on our ongoing work and a membership application. Thank you!

Mail to: HJTA, 621 South Westmoreland Avenue, Suite 200, Los Angeles, CA 90005-3971

Please send information on the tax-fighting work of the Howard Jarvis Taxpayers Association and a membership application to:

Name: ____________________

Street Address: ____________________

City: ____________________ **State:** __________ **ZIP:** __________

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