

HJTA is the Taxpayers' Resource • www.HJTA.org



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. 52, Issue 2 ★ Spring 2026

FIGHT TO SAVE PROP. 13 REACHES KEY MILESTONE

The **Local Taxpayer Protection Act to Save Proposition 13** moved a step closer to the ballot in February when the Howard Jarvis Taxpayers Association, together with our allies in a strong coalition of business and taxpayer groups, turned in more than 1.3 million signatures to the 58 county elections offices.

“It’s an achievement that could not have been accomplished without our great Members,” said HJTA President Jon Coupal. “Your support made it possible for HJTA to write the initiative and lead the effort to collect the needed signatures within a very

limited time period. I couldn’t be more proud of our Members and our organization.”

The next step is the counting and verification of signatures by county officials, who will report the total to the Secretary of State. The exact number of valid signatures needed to qualify for the ballot is 874,641, but before all signatures are verified, a random sample is checked for validity and a projected total is calculated. If the projected number of valid signatures is 110% of the total needed (962,106), the measure is eligible for the ballot at that point and no further signature verifica-



Claire Kaufman and Debra Desrosiers review signed petitions mailed to HJTA’s Sacramento office.

tion takes place.

A proposition number for the November ballot would be

assigned sometime after June 25. Ballots for the November 3 elec-

Continued on page 11

THREAT OF SPLIT ROLL IS BACK

Although it never really goes away, the threat to Proposition 13 from a proposal for “split roll” is back, with a vengeance.

Candidate for governor Tom Steyer has made the destruction of Proposition 13 a major campaign promise. He has called it a “scam” that Prop. 13 protects all taxable property in California, including

commercial and industrial property.

But this is an argument voters rejected in June 1978, when Proposition 13 was on the ballot, and again in November 2024 when Proposition 15 would have imposed annual reassessment to current market value on all business properties in California.

Voters rejected Proposition 15

in 2024, just as in June 1978 they rejected Proposition 8, a last-minute measure put on the ballot by the Legislature that would have allowed a split-roll property tax system. Lawmakers hoped voters would choose that over Prop. 13. They didn’t.

California voters have understood the argument that two things

would follow from reassessing business properties to current market value every year: Prices would go up, and homeowners would be next.

The problem in California is government overspending. Revenue growth is strong, but spending growth is outpacing it at both the

Continued on page 4

Taxing Times



Published by the Howard Jarvis Taxpayers Association (HJTA). Susan Shelley, Editor. ISSN: 1092-8766

Headquarters

621 S. Westmoreland Avenue, Suite 200
Los Angeles, CA 90005-3971
(213) 384-9656

**A tribute
to Joel Fox,
1949–2026**

See page 3

**HJTA-PAC
Endorsements for
the primary election**

See page 5

**Taxfighter
of the
Year**

See page 11



PRESIDENT'S MESSAGE

WHY DOES CALIFORNIA EVEN BOTHER WITH A BUDGET? *By Jon Coupal*

Understandably, very few citizens of California closely follow the state budget process which, for the 2026–27 fiscal year, kicked off in January with the release of the Governor’s proposal. Of course, part of that may be due to the complexity of public finance issues, but the reality is that since 2010 with the passage of Proposition 25, the state has no discernible annual spending plan.

Technically, the timing of passing a budget hasn’t changed. It’s merely that the deadlines in the constitution are ignored.

This column has previously reported on how all phases of the budget dance are fake insofar as they are subject to substantial amendments throughout the year. This happens through so-called “trailer bills” and “junior budget bills,” rendering what was for decades a rational process for fiscal planning into a never-ending convoluted outflow of taxpayer cash.

The real corruption in the budget process — percolating for several years prior — was constitutionalized in 2010 with the passage of Proposition 25, laughingly labeled the “On-Time Budget Act of 2010.” Its real purpose was to repeal the two-thirds vote requirement for the state budget. Voters were promised three things. First, annual budgets would be passed on time; second, the budget process would be fully transparent; and third, legislators would forfeit their pay if the budget was late. As we now know, all three of these representations were lies.

While the “budget bill” is constitutionally mandated to be enacted by June 15, what the politicians actually pass on that date is a temporary placeholder budget. And it only passes so that legislators can get their pay checks.

The damage Prop. 25 inflicted is hard to overstate. Just last

year, a major overhaul in the California Environmental Quality Act (CEQA) was passed as a trailer bill, bypassing many of the normal procedures for enacting legislation. Granted, CEQA reform was needed, but the far-reaching proposal should have been enacted under regular order with more debate and transparency.

The fact that there is no longer a single budget bill, and that money is appropriated 365 days a year, has removed all seriousness in dealing with California’s precarious financial position.

Just a month ago, California’s Legislative Analyst (in a desperate display of wishful thinking) recommended that elected leadership deal with the budget challenges now rather than waiting until we have a full-blown crisis, such as a recession.

“While important components of the state economy are sluggish, revenues are not falling, nor are conditions as bad as they

would be in an outright recession,” the LAO explained. “This makes solving the budget problem with ongoing solutions all the more important. Continuing to use temporary tools — like budgetary borrowing — would only defer the problem and, ultimately, leave the state ill-equipped to respond to a recession or downturn in the stock market.”

But hopes for rationality were dispelled on January 9th with the release of Newsom’s latest budget proposal. While the LAO is traditionally diplomatic and measured in reporting on the initial plan in January, this year, the criticism was particularly harsh.

Here are the problems laid out by the LAO.

First, Newsom is overly optimistic that the stock market will stay strong. The Legislative Analyst warns that several reliable indicators show the market

Continued on page 10



BOARD OF DIRECTORS

Gloria Phillips

Bill Kelso

Sen. Patricia
“Pat” Bates (ret.)

Craig Mordoh

Sen. Jim Nielsen
(ret.)

Trevor Grimm

In Memoriam – 1938–2019

Gary Holme

In Memoriam – 1943–2022

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

John Marana

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

A portrait of an elderly man with white hair and glasses, smiling. He is wearing a light-colored blazer over a dark plaid shirt. The portrait is set against a light green and blue watercolor background. There are decorative green leafy branches in the top left and bottom right corners of the page.

In Memory of **Joel Fox**

1949–2026

With the greatest sadness, we must share the news that our friend, trusted advisor and former president of the Howard Jarvis Taxpayers Association, Joel Fox, passed away in January.

Joel was with HJTA for 19 years, starting from the earliest days and serving as president between 1986 and 1998. He led the organization to a historic victory for taxpayers with the passage of Proposition 218, the Right to Vote on Taxes Act, in 1996. Last year he returned to join the Board of Directors of the Howard Jarvis Taxpayers Foundation, helping to guide the organization's legal and educational efforts.

In the interim he was a force of nature in California politics, earning the respect of leaders in both parties. Among his many impressive achievements was his work as a senior policy consultant to the Schwarzenegger for Governor campaign in 2003. Joel's sons Eric and Zack recalled that Schwarzenegger admirably referred to their dad as "the man."

As the co-publisher and editor-in-chief of the influential political website "Fox and Hounds Daily," Joel showcased the writing of voices across the political spectrum. It was characteristic of his respectful and thoughtful nature to enable civil discussion even when disagreements were intense.

Joel was a prolific writer. His opinion pieces, hundreds of them, appeared in major newspapers including *The Wall Street Journal*, *The Washington Post*, the *Los Angeles Times* and many others. His articles have been collected by the California State Library. Joel also wrote books — *The Legend of Proposition 13*, published in 2003, tells the story of the California tax revolt that saved so many people from being taxed out of their homes. Joel even wrote mystery novels, among them, *Lincoln's Hand*, *FDR's Treasure* and *The Mark on Eve*.

Between 1991 and 2004, Joel was appointed by leaders of both political parties to serve on six state commissions and two local government commissions. In 2006 he joined the faculty of Pepperdine University as an adjunct professor in the Graduate School of Public Policy.

When we learned of Joel's passing, it was a gut punch to all of us in the Howard Jarvis organization. We extend our deepest sympathy and condolences to Joel's treasured wife, Dr. Cydney Fox, his sons and daughters-in-law, his grandchildren, his extended family and all his many friends.

A memorial was held in Sacramento to honor Joel in the city where we all were privileged to benefit from his work.



GOOD BILLS, BAD BILLS, BLANK BILLS

By Scott Kaufman, Legislative Director

When the deadline for legislators to submit bills for the year passed earlier this spring, California lawmakers had introduced just under 1,800 bills. Eleven hundred of those bills were introduced in the last week before the deadline and 600 of them are blank, expressing only an “intent” to add the real bill later.

You may be surprised to know that’s actually low. According to Chris Micheli, an attorney and lobbyist up here in Sacramento who tracks these sorts of things, it’s 550 fewer bills than last year. Small blessings, I guess. But it’s still a lot and your intrepid lobbyist here at the Howard Jarvis Taxpayers Association reviews them all. We’ll have more to share with you in the next issue of *Taxing Times*, but here’s what we’re following already:

Assembly Bill 1608 would allow the inspector general overseeing the California High-Speed Rail Authority to withhold records that the official believes would “reveal weaknesses” that could harm the state or benefit someone inappropriately. This effort to throttle transparency of a project that is already the subject of international derision is incomprehensible as well as offensive to the public’s right to know. We plan to oppose.

Assembly Bill 1768 would allow Los Angeles County to adopt, with voter approval, a one-half percent transactions and use tax (sales tax) that, in combination with other taxes, exceeds the state’s two percent cap. If you live in Los Angeles County, this can only mean one thing. New or higher taxes are coming. Be warned and be ready to vote no when you receive your ballot for the June 2 primary election!

We’ll oppose.

Assembly Bill 2180 is a big one. It will likely be our number-one priority this year. This bill will make it easier to justify higher water rates in defiance of Proposition 218. After Prop. 13, 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 quickly became an end run around Prop. 13 and in 1996, Proposition 218, known as the Right to Vote on Taxes Act, clamped down on fake “benefit assessments” as well as requiring other property-related fees and charges to be based on the proportional cost of service. That included water rates.

Recently, a court decision, *Dreher v. City of Los Angeles*, interpreted the law in a way that undercut protections for ratepayers, and now the water districts are asking the Legislature to change the law to cement that interpretation in place. However, the *Dreher* decision is still working its way through the courts and directly conflicts with other rulings. It’s not only inappropriate for the Legislature to insert itself into another branch of government like this but also likely unconstitutional. Proposition 218 made clear that it should be interpreted in a manner to effectuate its purposes of tax limitation. We will oppose AB 2180.

Assembly Bill 2484 would allow the San Diego Metropolitan Transit System to impose, with voter approval, a one-half percent transactions and use tax that exceeds the state’s two percent cap. MTS just loves trying

to raise your taxes down there. Here comes another one to vote on. We will oppose.

Senate Bill 288 is a good one! It’s about time we got some positivity on this list. This one is by State Senator Kelly Seyarto, who has made it his mission to unwind as much of Proposition 19 inheritance limitations as possible. This bill deals with probate and says that Prop. 19’s one-year window to move into the property and claim it as your own begins at the conclusion of the probate proceedings. A lot of folks who were forced through the probate process were seeing their property taxes reassessed because they couldn’t move into the home in time. This fixes that, and we will be supporting the bill.

Senate Bill 762 would allow the City of Hercules, with voter approval, to impose a transactions and use tax of up to one percent that exceeds the state’s two percent cap. If you’re in Hercules, more taxes are coming. This is another oppose from us.

Senate Bill 974 is another Sen. Seyarto bill dealing with Prop. 19. This one clarifies that if a severely and permanently disabled person inherits the family home as their primary residence, and they have a special needs trust, they satisfy the conditions of Prop. 19. We will support it.

Senate Bill 1078 would allow Santa Cruz County to adopt, with voter approval, a one-half percent transactions and use tax that, in combination with other taxes, exceeds the state’s two percent cap. This is like AB 1768 and can only mean new or higher taxes are coming. So, Santa Cruz readers, you’re on notice, too. Get ready to vote no

on higher taxes! This is another one we will be opposing.

Senate Bill 1408 is another sales tax hike. This one would allow the Contra Costa Transportation Authority to, with voter approval, impose a transaction and use tax of one percent. That’s the second sales tax hike on the list from Contra Costa County. Aren’t you folks lucky! You know the drill. Vote no! We’ll be opposing it.

Senate Constitutional Amendment 4 and Senate Bill 623 go hand-in-hand and are another positive addition to the list. Currently, you can only claim one “real property tax benefit” at a time. Proposition 19 requires you to claim the Homeowners’ Exemption in order to pass your property tax base-year value to your heirs. That means you can’t claim the Veterans’ or Disabled Veterans’ Exemption and still pass your home to your kids without reassessment. This bill would allow eligible property owners to claim all three. We will be supporting it.

As always, if you have a question about bills pending in the Legislature, you’re welcome to write to me at Scott@HJTA.org.

It’s a privilege to represent your interests in the State Capitol.

THREAT OF SPLIT ROLL IS BACK *Continued from page 1*

state and local levels. As long as there are coalitions of special interests that seek higher taxes, Proposition 13 will be a target. That’s how effective it is at pro-

tecting taxpayers from insatiable government spenders.

Your support of the Howard Jarvis Taxpayers Association has made it possible for HJTA to lead the fight

against split roll and every other scheme to weaken Proposition 13 and the taxpayer protections it placed in our state constitution. Thank you for your membership

and for your generous contributions year-round. We couldn’t do it without you. □

STATEWIDE PRIMARY ELECTION – JUNE 2, 2026



HOWARD JARVIS TAXPAYERS ASSOCIATION
POLITICAL ACTION COMMITTEE

(Ballots will be mailed to all active registered voters by May 4)

To register to vote or check your registration: RegisterToVote.ca.gov

ENDORSEMENTS FROM THE HJTA-PAC

FOR YOUR REFERENCE

GOVERNOR

STEVE HILTON

STATE CONTROLLER

HERB MORGAN

SECRETARY OF STATE

DON WAGNER

SUPERINTENDENT

SONJA SHAW

STATE ASSEMBLY

HEATHER HADWICK
Assembly District 1

JOE PATTERSON
Assembly District 5

JOSH HOOVER
Assembly District 7

DAVID TANGIPA
Assembly District 8

JUAN ALANIS
Assembly District 22

CAROL PEFLY
Assembly District 28

DAVID COUCH
Assembly District 32

ALEXANDRA MACEDO
Assembly District 33

CHARLES HUGHES
Assembly District 34

SAUL AYON
Assembly District 35

JEFF GONZALEZ
Assembly District 36

TED NORDBLUM
Assembly District 42

GREG ABDOUCH
Assembly District 45

GREG WALLIS
Assembly District 47

LETICIA CASTILLO
Assembly District 58

PHILLIP CHEN
Assembly District 59

ED DELGADO
Assembly District 60

NATASHA JOHNSON
Assembly District 63

TRI TA
Assembly District 70

KATE SANCHEZ
Assembly District 71

GRACEY VAN DER MARK
Assembly District 72

LAURIE DAVIES
Assembly District 74

CARL DEMAIO
Assembly District 75

ANDREW LAWSON
Assembly District 79

STATE SENATE

ROGER NIELLO
Senate District 6

NATHAN MAGSIG
Senate District 12

MIKE NETTER
Senate District 22

KRISTINA IRWIN
Senate District 24

KELLY SEYARTO
Senate District 32

RHONDA SHADER
Senate District 34

TONY STRICKLAND
Senate District 36

LAURA BASSETT
Senate District 38

U.S. CONGRESS

JAMES GALLAGHER
Congressional District 1

CHRISTINE BISH
Congressional District 3

PETER VERBICA
Congressional District 19

VINCE FONG
Congressional District 20

DAVID VALADAO
Congressional District 22

JAY OBERNOLTE
Congressional District 23

YOUNG KIM
Congressional District 40

JIM DESMOND
Congressional District 48

BOARD OF EQUALIZATION

SHANNON GROVE
Board of Equalization 1

JOHN PIMENTEL
Board of Equalization 2

Dual endorsement (*Alphabetical*)

MARTIN ARIAS
DENIS BILODEAU
Board of Equalization 4

COUNTY ASSESSOR

JEFFREY PRANG
Los Angeles County Assessor

JON DEVILLE
El Dorado County Assessor

JORDAN MARKS
San Diego County Assessor

COUNTY TREASURER

SHARI FREIDENRICH
Orange County Treasurer-Tax Collector

CHECK [HJTA.ORG](https://HJTA.org) FOR UPDATES BEFORE YOU VOTE

Endorsements and recommendations may have been added since *Taxing Times* went to press. All official endorsements of the Howard Jarvis Taxpayers Association PAC will be posted at HJTA.org/endorsements-by-the-hjta-pac.

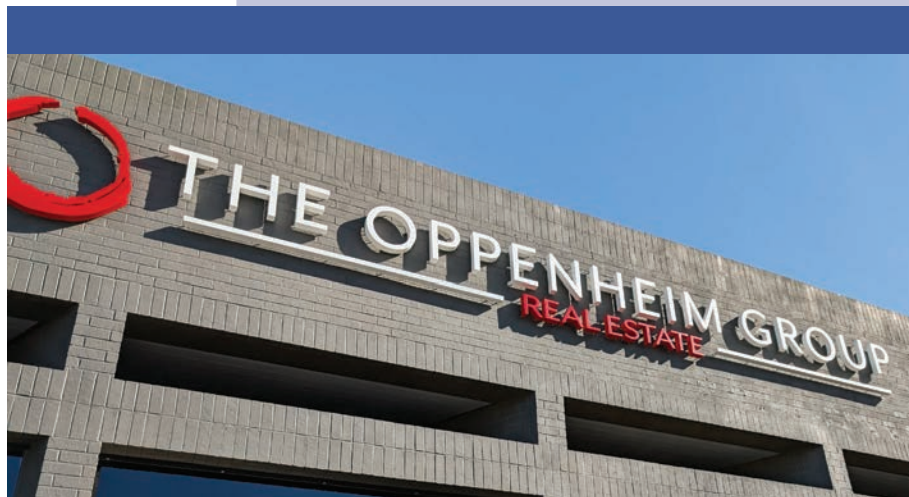
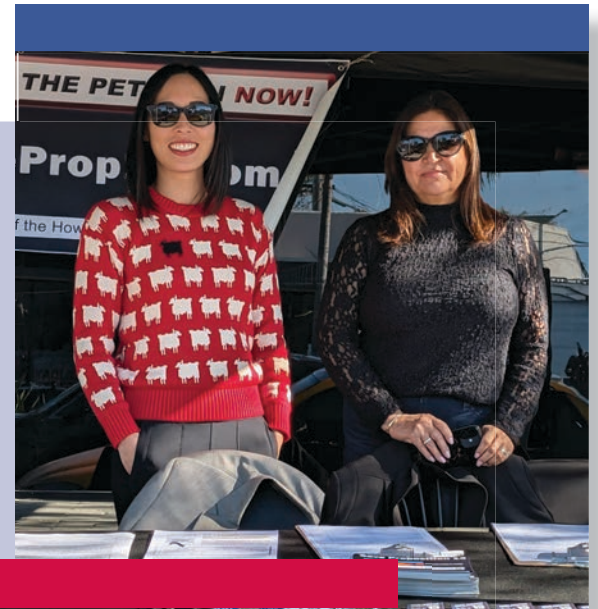
ELECTION INFORMATION

Early voting sites open on May 4. Ballot drop-off locations are open from May 5 to June 2. To find a location, visit: caearlyvoting.sos.ca.gov. Voter's Choice Act counties open Vote Centers on May 23. Election Day (last day to vote) is June 2. Polls are open from 7:00 a.m. to 8:00 p.m.

Need a new ballot or have a question about polling place locations? Contact information for all county elections officials is here: sos.ca.gov/elections/voting-resources/county-elections-offices

HJTA IN ACTION

Our thanks to Jason Oppenheim and his great team at The Oppenheim Group (as seen on TV in the Netflix reality show *Selling Sunset*) for inviting us to collect signatures at the Christmas Walk event in beautiful Corona del Mar. Claire Kaufman, Monique Gutierrez and HJTA President Jon Coupal pitched in to help.



Thank you to Philip Cohen of Mansfield Equities for inviting VP of Communications Susan Shelley to participate in this panel discussion about the harmful effects of Measure ULA, the “mansion tax” in Los Angeles, which would be repealed by our initiative, the **Local Taxpayer Protection Act to Save Proposition 13.**

breakfast forum:

THE GREAT DEVELOPMENT EXODUS:
WHAT'S DRIVING DEVELOPERS OUT OF LA?
10.28.2025

MANSFIELD EQUITIES
Real Estate Capital Advisory

Mansfield Equities delivers expert in-house financing for commercial real estate projects.

PROF 13 AFFORDABLE HOUSING
SECTION 8 LENGTHY ENTITLEMENT PROCESS
EB1 CEQA MEASURE ULA TRUMP
RENT CONTROL **LA FIRES** **TARIFFS**
COMPLEX ZONING **MEASURE ULA CEQA** **PROP 13**
CODES **COMPLEX ZONING CODES** **HOUSING**
TRUMP TARIFFS SECTION 8

Panel:

| | | | |
|---|---|--|---|
|  Susan Shelley Columnist SOCAL News Group |  Srinivas Yalamanchili Principal Positive Investments |  Jennifer Rivera Principal Rivera & Co |  Paul Schon Founder Schon Development Group |
|---|---|--|---|

Moderated by:

| | |
|---|--|
|  | Philip Cohen CEO / Founder Mansfield Equities |
|---|--|



Debra Desrosiers, Scott Kaufman and friends kicked off the signature-gathering effort last September at an event in Orange County.

We so appreciate The John Phillips Show and the entire team at 790 KABC for doing live remote broadcasts to help get the **Local Taxpayer Protection Act to Save Proposition 13** across the finish line! Thank you to the great people at **Pineapple Hill Saloon and Grill** in Sherman Oaks and **Gladstone's** in Long Beach. Special thanks to John Phillips and Randy Wang for making these events so successful and so much fun!



Legislative Director Scott Kaufman addressed the State Board of Equalization about the creeping danger of efforts to replace Proposition 13 with a “split roll” that reassesses business properties to current market value every year.



THE LEGAL FRONT

Update on the Challenge to Measure ULA, the “Mansion Tax”

By Timothy A. Bittle, Director of Legal Affairs

If you want to know whether the traveling impressionist art exhibit will stop in your town, what should you do? Follow the Monet. (I made up that joke. If you didn't like it, send your comments to info@HJTA.org.)

Seriously, though, if you want to know whether a tax is living up to the campaign promises made to voters, what should you do? Follow the money.

Measure ULA, a citizens' initiative that appeared on the 2022 ballot in the City of Los Angeles, was pitched to voters as a “mansion tax” that would generate billions for affordable housing and homeless programs. Voters, frustrated with growing homeless encampments and their own high rents, enacted the measure into law. With over two years of data now available, it's clear that the measure's proponents deceived the voters.

First, the tax is not limited to mansions. It applies to all types of real property. Besides the statutory tax collected by every city on sales of real property, Measure ULA imposed an additional tax on sales inside the City of Los Angeles — a 4% tax on sales valued at \$5 million up to \$10 million (\$40 per \$1,000), jumping to 5.5% on sales of \$10 million or more (\$55 per \$1,000). With annual inflation adjustments, the value thresholds increased to \$5.3 million and \$10.6 million as of July 1, 2025.

Second, the measure does not tax only profits. The tax is applied to the full sale price. If the seller's profit is low or nonexistent, the ULA tax can seize all of the seller's equity and transfer it to the government. In fact, the seller may need to withdraw additional money from the family savings account to pay the tax.

That's what happened to Los Angeles Dodgers first baseman Freddie Freeman. Because of the downturn in the market, he sold his house in Los Angeles for less than he originally paid. Adding insult to injury, however, he had to pay a \$2 million ULA tax to the City because the tax applies to the sale price, not to profit.

Third, the tax has not generated

the billions promised to voters. Measure ULA took a robust real estate market and drove it into a tailspin. Developers are not building. Owners with a choice choose not to sell. And owners who have no choice resort to creative gimmicks that transfer control of property without recording a sale above the tax threshold.

Fourth, and most reproachable, of the revenue that has been received by the City, only 1% has been spent on affordable housing or homeless programs. The City kept its hands on the other 99%.

By holding that local voters have “unconstrained” legislative power, the Court of Appeal has gifted not only Los Angeles politicians, but politicians in other cities — including general law cities — an opportunity to impose taxes they never had before.

The Howard Jarvis Taxpayers Association sued to challenge Measure ULA when it first passed. I will explain the basis of our lawsuit, then I will let you know how the courts have ruled and where we stand today.

Our lawsuit is based on section 450(a) of the Los Angeles City Charter. A city charter is the “constitution of the city.” It is settled law that any ordinance in conflict with the charter is void.

Charter section 450(a) is titled “Subject of Initiative.” It is one sentence. It states: “Any proposed ordinance which the Council itself might adopt may be submitted to the Council by a petition filed with the City Clerk, requesting that the ordinance be adopted by the

Council or be submitted to a vote of the electors of the City.”

The operative phrase — “which the Council itself might adopt” — has limited the subject of initiatives in the Los Angeles Charter since 1911, the year the initiative power was first reserved by state and local voters.

By limiting citizens' initiatives to ordinances “which the Council itself might adopt,” section 450(a) prevents the City Council from hijacking the people's initiative power in order to circumvent constitutional boundaries on the Council's power. In other words, even if city politicians act as private citizens, they can propose by initiative only an “ordinance which the Council itself might adopt.”

Article XIII A, section 4, of the California Constitution, part of Proposition 13, provides, “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...a transaction tax or sales tax on the sale of real property within such City, County or special district.”

Measure ULA is a transaction tax on the sale of real property. It is undisputed, therefore, that article XIII A, section 4, would prohibit the Los Angeles City Council from enacting Measure ULA.

Our lawsuit argues that, if the City Council is constitutionally prohibited from enacting a special transfer tax, then Charter section 450(a) prohibits the voters from enacting such a tax as well, because the voters are limited to “any proposed ordinance which the Council itself might adopt.”

What seems plain to us, however, cannot be seen by the courts. At least so far. The trial court ruled against us. We appealed and the Court of Appeal affirmed the trial court. In the words of the Court of Appeal, neither Charter section 450(a) nor article XIII A, section 4, of the state constitution stand as an impediment to the “unconstrained” power of local voters to enact an ordinance via initiative.

The decision of the Court of Appeal, championing Measure



ULA because it was enacted by voters, makes no sense since voter approval is common to all of the laws at issue. Article XIII A, section 4 (prohibiting special transfer taxes), was the product of a voter-approved statewide initiative. Charter section 450 (limiting initiatives to ordinances that the Council could adopt) was also enacted by voters.

In the hierarchy of the law, an ordinance must yield to the city charter, and the state constitution is above them both. Yet the decision below illogically elevates an ordinance, Measure ULA, to the top.

By holding that local voters have “unconstrained” legislative power, the Court of Appeal has gifted not only Los Angeles politicians, but politicians in other cities — including general law cities — an opportunity to impose taxes they never had before.

Prior to the decision in this case in the lower court, charter cities had no authority to impose special transfer taxes, and general law cities had no authority to impose transfer taxes of any kind. Now, by acting as private citizens, both charter and general law City Councils will be able to impose general and special transfer taxes of any amount, and without an election!

How can they impose transfer taxes without an election, you ask? The Elections Code regulates what City Councils must do when they receive an initiative petition with enough signatures to qualify for the ballot (10% of registered voters). The Council must call an election and submit the initiative to

Continued on page 10

FOUNDATION REPORT



CAN A PUBLIC ENTITY SPEND PUBLIC MONEY ON A CAMPAIGN TO RAISE THE PUBLIC'S TAXES?

June 22, 2026, marks the 50th anniversary of an important decision by the Supreme Court of California regarding the use of tax dollars for campaign materials and ads. In the case of *Stanson v. Mott*, a unanimous Court decided that “a public agency may not expend public funds to promote a partisan position in an election campaign.” The Court said public agencies may disseminate “information” to the public, but only in a “fair presentation of the relevant facts.”

The Howard Jarvis Taxpayers Foundation’s Public Integrity Project (PIP) was established to take action against the state or local governments if they improperly use public dollars to try to persuade citizens to vote for higher taxes. We watch closely to make sure advertising and promotional materials that are created at public expense do not cross the line into illegal advocacy.

Stanson v. Mott involved an expenditure by the California Department of Parks and Recreation of \$5,000 of public funds to promote a \$250 million bond measure that the Legislature had placed on the ballot. A taxpayer by the name of Sam Stanson filed a lawsuit against William

Penn Mott Jr., the director of the state Parks Department. Stanson sought to have Mott forced to repay the funds personally.

The Supreme Court held that the expenditure of public funds to promote the bond measure was unlawful, but the justices declined to order Mott to pay back the money himself unless he “failed to exercise due care in authorizing the expenditure of the funds.” The Court cited legislation that had “narrowed the circumstances” in which public employees could be held personally liable for losses.

Stanson v. Mott set the ground rules that allowed members of the public to file a complaint when government officials used the public’s money to advocate for raising the public’s taxes. But later developments made it much more difficult for these lawsuits to succeed.

In 1992, California enacted the Anti-SLAPP Law to protect against “strategic lawsuits against public participation.” The idea was to deter meritless lawsuits that were aimed at scaring people out of speaking freely or petitioning the government about issues of public concern. Lawsuits are costly to defend, and it was easy to see how the

threat of being sued over “public participation” in civic affairs would chill that First Amendment–protected activity.

So the Anti-SLAPP law allowed people who are sued for “public participation” to file a special motion to have the lawsuit dismissed at an early stage. Then the burden shifts to the person who filed the lawsuit to demonstrate a likelihood of succeeding on the merits. If the lawsuit-filer can’t make that case and the court grants the defendant’s motion, the defendant is entitled to attorney fees. That potential expense is a deterrent to frivolous lawsuits over First Amendment–protected activity.

Unfortunately for taxpayers, a 2009 California Supreme Court ruling in the case known as *Vargas v. City of Salinas* flipped this upside-down.

In that case, citizens sued the City of Salinas and its city manager, alleging that the city misused public funds by producing and distributing campaign-like materials to oppose a ballot measure that aimed to repeal the city’s utility users tax. The citizens said the use of public funds violated *Stanson*. But the city responded with an anti-SLAPP

motion, arguing that the city’s First Amendment rights to communicate its message on a public issue were being attacked with a “strategic lawsuit against public participation.”

The California Supreme Court agreed with the city. The lawsuit filed by the citizens was dismissed and they were ordered to pay the city’s legal fees.

Vargas v. City of Salinas created real obstacles for citizens who wish to challenge publicly funded campaign communications. The standard for when public spending is allowable has become more difficult to discern and violations more difficult to prove.

That’s why the Howard Jarvis Taxpayers Foundation’s Public Integrity Project is so important. Our legal team has the knowledge and experience to handle these tough cases. Your support makes it possible.

HJTF is a 501(c)(3) that funds all our legal and educational work. Donations may be tax deductible. For information about planned giving or for answers to other questions, please contact Foundation President Craig Mordoh. He can be reached by email at Craig@HJTA.org or by phone at 213-384-9656.

PRESIDENT’S MESSAGE *Continued from page 2*

may be overheated and at risk of a downturn. Because the state relies heavily on high earners and capital gains, revenues drop sharply when markets fall rather than decline slowly.

Second, LAO reports that the

budget doesn’t begin to address the long-term structural problems: “Even under the administration’s more optimistic revenues, the budget is only roughly balanced in the near term.” The problem with the now-permanent structural deficit

is that it just gets worse every year.

According to the LAO, “After four years of projected deficits and a cumulative total of \$125 billion in budget problems solved so far, the state’s negative fiscal situation is now chronic.”

The governor and the California Legislature should heed LAO’s chilling conclusion: “Taken together, these trends raise serious concerns about the state’s fiscal sustainability.” □

THE LEGAL FRONT *Continued from page 8*

the voters *or enact the initiative itself without an election.*

By choosing the second option, the Council can pass a new tax that had the support of only 10% of the registered voters.

We believe the Court of Appeal

erred and that such a seismic shift in the law relating to local taxing powers should not occur without the oversight of California’s highest court. That is why we filed a Petition for Review with the California Supreme Court, which

unfortunately was denied.

This means the Court of Appeal decision is the final word of the courts, but it’s not the final word on the issue. The Local Taxpayer Protection Act to Save Proposition 13 (the initiative proposed by

the Howard Jarvis Taxpayers Association) would repeal Measure ULA, and all excessive real estate transfer taxes in California, two years after the measure is approved by voters. □

YOUR? answered

IS IT TRUE WHAT THEY SAY ABOUT TEXAS AND FLORIDA?

Gov. Gavin Newsom has been repeating a claim that California has lower taxes than Texas and Florida on lower-income residents. For example, on March 7, he posted this on the X platform:

“For the bottom 40% of families, California taxes are LOWER than states like Florida and Texas. In fact, 16 other states tax LOW-WAGE earners MORE than California taxes our HIGH-WAGE earners. The evidence is clear, and the numbers don’t lie.”

Is it true?

The source for that claim is the 7th edition of the “Who Pays?” report from the Institute on Taxation and Economic Policy, or ITEP. The nonprofit, nonpartisan organization studies tax policy in all 50 states to “provide data-driven recommendations on how to shape equitable and sustainable tax systems.”

California has the nation’s highest state sales tax, high local sales taxes added to it, and very high gasoline taxes. The ITEP report calls these taxes “very regressive,” meaning they take a higher share of the income of

lower-income people.

California also has a very high state income tax, which even bites into lower incomes. Florida and Texas have no income tax at all.

So how did the researchers come to the conclusion that California has lower taxes on “the bottom 40%” of households than states including Texas and Florida?

This is how: ITEP calculated “the portion of residential real estate taxes passed through to tenants.” And property taxes are lower on long-held apartment buildings in California because of Proposition 13.

Therefore, lower-income households that rent in California pay lower property taxes than lower-income renters in Florida, Texas and other states that don’t have Proposition 13 to keep property taxes under control.

Proposition 13 deserves all the credit for lowering the tax burden on lower-income households in California compared to other states measured in the ITEP study.

We’ll let the governor know.



NICOLAS GAUTHIER TAXFIGHTER OF THE YEAR

The Howard Jarvis Taxpayers Association is proud to name Nicolas Gauthier, former capitol director for State Senator Kelly Seyarto, our 2026 Taxfighter of the Year. During his time in the Legislature, Nic shepherded hundreds of bills that cut costs for taxpayers, reduced regulation for businesses and

helped veterans.

Nic was also instrumental in our efforts to reverse the harmful effect of Proposition 19. He helped craft proposed legislation to restore the parent-child transfer exclusion from reassessment. He also worked to advance clean-up bills to solve issues with parents living in care facilities, inheritors going through the probate process and the ability for disabled children to stay in the family home instead of being forced by tax increases to sell it and move out.

In addition to his impressive work in the Legislature, Nic is a combat veteran of the Global War on Terror

earning numerous awards, including two Purple Hearts and a Bronze Star with “V” device (denoting valor) for saving the lives of his fellow soldiers. Nic is now an adjunct professor at William Jessup University and the city administrator for the city of Biggs.

Upon being notified of his award nomination, Nic said, “I’m deeply honored to receive this award and recognition. Freedom requires that citizens stay ever watchful of their government, and it has been my privilege to stand alongside the Howard Jarvis Taxpayers Association in that ongoing fight

for accountability and taxpayer rights.”

The Taxfighter of the Year Award is presented annually to honor an individual or group that shows exceptional dedication to protecting taxpayers. This often includes the contribution of a great deal of personal time and energy. Howard Jarvis said the successful passage of Proposition 13 could be summed up in three words: “and then some.”

Congratulations and many thanks to Nicolas Gauthier, the Howard Jarvis Taxpayers Association’s 2026 Taxfighter of the Year.

FIGHT TO SAVE PROP. 13 REACHES KEY MILESTONE *Continued from page 1*

tion mail out in early October.

That calendar means HJTA will have only 3–4 months to reach every registered voter in the state with our message to Save Prop. 13. [Please turn to page 9 to find out how you can help.]

The **Local Taxpayer Protection Act to Save Proposition 13** will

reinstate taxpayer protections that Prop. 13 wrote into the state constitution but courts have been weakening or erasing altogether. Specifically, it will:

- Restore Proposition 13’s total ban on real estate transfer taxes (sales taxes on property) higher than 0.11%, and repeal

(in two years) all existing transfer taxes above that level

- Restore Proposition 13’s requirement that all local special taxes must be approved by two-thirds of voters, no exceptions for “citizens’ initiative tax increases”

“I believe the success of the

Local Taxpayer Protection Act to Save Proposition 13 will send a strong message to politicians, special interests and the courts,” said Jon Coupal, “that the taxpayer protections voters have placed in *their* constitution may not be disregarded.” □



Listen to the Howard Jarvis Radio Show every Tuesday at 6:00 p.m. on AM 790 KABC in Southern California and AM 810 KSFO in Northern California. Or catch the podcast version at HJTA.org.

If you own property in the City of Los Angeles, you probably received a ballot related to a new assessment for streetlight maintenance and repair due to copper wire theft. It would add more than \$140 to the property tax bill for a typical single-family home. **Proposition 218 (1996)** gives you the right to protest and vote “no.” All ballots returned will be counted on June 2.

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 tax-

payer 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: _____

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: _____