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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. 52, Issue 3 ★ Fall 2026

VOTE YES ON 43 TO SAVE PROP. 13 PROPOSITION 43 CLOSES THE “UPLAND” LOOPHOLE

The Local Taxpayer Protection Act to Save Proposition 13 is on the November ballot as Proposition 43, giving California voters the opportunity to make it harder to raise taxes. Proposition 43 states that all local special taxes must be approved by two-thirds of voters in order to pass.

If that sounds familiar, it's because Proposition 13 already requires local special taxes, those which earmark the revenue for a specific purpose, to receive the approval of two-thirds of voters. However, courts have carved a giant loophole in that taxpayer protection, inventing an exception for special taxes proposed by citizens collecting signatures on petitions.

Of course, that begs the question,

“Who are these citizens collecting signatures to raise their own taxes?”

The citizens have turned out to be special interest groups, sometimes colluding with government officials who are seeking an easier path to a tax increase. In 2017, the California Supreme Court gave them one.

In a case known as *California Cannabis Coalition v. City of Upland*, the justices used ambiguous language suggesting that if a tax increase was proposed by citizens instead of a city council or other government body, the state constitution didn't apply. Therefore, a two-thirds vote wasn't needed, and a simple majority — 50% plus one vote — was enough for a special tax to pass.



Olivia Valentine and Susan Shelley handed out yard signs in Hawthorne.

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LOS ANGELES PROPERTY OWNERS DEFEAT STREETLIGHT ASSESSMENT

A costly increase in a streetlight assessment was defeated by Los Angeles property owners using the protest vote process enacted in the 1996 HJTA initiative Proposition 218.

The vote wasn't close. Nearly

80% of the weighted votes said “No” to the higher assessment. Under Prop. 218, the city cannot impose the increase in the assessment.

Property owners were clearly skeptical of the city's claim that it

needed to raise an additional \$125 million annually for streetlights, maintenance and repair amid a continuing problem with vandalism and copper wire theft. The proposed higher assessment was not accompanied by any actions

to prevent or prosecute the crimes putting the city's infrastructure out of service.

Documents from the Bureau of Street Lighting showed that a single-family home on a roughly

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HJTA-PAC's Candidate Endorsements

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HJTA's Voting Guide to State and Local Propositions

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What Is Happening with Prop. 19?

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PRESIDENT'S MESSAGE

HOW THE WEALTH TAX ALLOWS THE LEGISLATURE TO CIRCUMVENT PROP. 13

By Jon Coupal

Sacramento politicians are asking Californians to believe a familiar story again: Don't worry, this tax only applies to someone else.

This time, it is wrapped in the language of fairness and sold as a "billionaire tax." But when you actually read the fine print on how the ballot measure is structured, the reality becomes crystal clear. This is not simply a tax on billionaires. It is a framework that will allow future Legislatures to expand new taxes onto your property, savings, investments, retirement accounts, taxing millions of Californians who would never consider themselves billionaires.

We've seen this story before. Today starts with taxing billionaires, tomorrow it's exploited as a massive loophole to find new ways to tax your home.

That is why this debate matters to every homeowner, every small business owner, every retiree, every family trying to hold on to a home in California, and every Californian who thought

Proposition 13 protected them from exactly this kind of slow-moving tax increase.

Because this measure, Proposition 40 on the November ballot, creates something far more dangerous than a one-time tax. It creates a new mechanism to tax every Californian's assets — their home equity, savings account, retirement savings, even their furniture and pets.

Supporters want voters to focus on billionaires but the unions included language for future Legislatures to amend and expand the measure later with a two-thirds vote. Once that authority exists, Sacramento politicians could redefine who gets taxed, what assets get taxed, and how far those taxes extend.

One of the most insidious details in the bill is how the authors wrote it to allow the Legislature to circumvent Prop. 13. The authors of the measure aren't stupid, and they deliberately structured the initiative so the current exclusion for real property exists in statute — spe-

cifically in the Revenue and Taxation Code — rather than as a permanent constitutional protection. That distinction matters enormously.

Why? Because the same measure explicitly grants the Legislature authority to amend the "2026 Billionaire Tax Act" with a two-thirds vote, so long as lawmakers claim the changes further the purposes of the act. In other words, the initiative itself hands future Legislatures the power to rewrite key portions of the tax structure after voters approve it. That is the bridge around Proposition 13.

The measure first creates constitutional authority for non-uniform taxation of property. It then places the actual exclusion for real property into statutory language that can later be amended by the Legislature with a two-thirds vote. So while supporters say today that homes and real estate are excluded, the mechanism to remove that exclusion without a vote of the people already exists inside the measure itself.

The result is a simple but dangerous formula:

1. Create new constitutional authority for wealth taxes with pre-planned loopholes to exploit long after voters make their decisions.
2. Place property exclusions in amendable statute instead of permanent constitutional language to protect taxpayers.
3. Empower the politicians in the Legislature to later rewrite those statutes with a two-thirds vote.
4. Circumvent Prop. 13 by allowing the Legislature to expand taxes onto real property without going back to voters for another statewide ballot measure.

Prop. 13 was designed to stop politicians from endlessly escalating property taxes on Californians. But this proposal is carefully constructed to create a legislative pathway around those protections to impose a new tax on home equity.

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BOARD OF DIRECTORS

Bill Kelso
Charles H. Bell, Jr.
Craig Mordoh

Sen. Patricia "Pat" Bates (ret.)
Sen. Jim Nielsen (ret.)

In Memoriam

Trevor Grimm
1938–2019

Gary Holme
1943–2022

Gloria Phillips
1934–2025

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!

CHANGES ON THE HJTA BOARD OF DIRECTORS

The Howard Jarvis Taxpayers Association has long been guided by an outstanding Board of Directors, accomplished and caring individuals who understood the challenges of fighting the battle to protect taxpayers and who were equal to the task. We have been so privileged to have their leadership.



Gloria Phillips with HJTA President Jon Coupal in March 2024.

Sadly, our dear friend and board member Gloria Phillips passed away last year. Gloria joined the board in 2010 and was a steady and insightful advisor. We miss her terribly and will always be grateful that she gave her time so generously to help HJTA and the taxpayers of California.

We are beyond fortunate to welcome a new member, Charles H. Bell, Jr., to the HJTA Board of Directors.



Charles H. Bell, Jr.

Chuck, as we have known him for years, was the founding member of Bell, McAndrews & Hiltachk, LLP. He is now retired after practicing political and election law since 1980. He was

the founding Chairman of the California Political Attorneys Association, a member of the American Bar Association's Standing Committee on Election Law, and currently serves on the ABA President's Advisory Committee to its Task Force for Democracy.

Chuck has served as general counsel to the California Republican Party and provided legal advice and representation to three former California governors and two presidential candidates, as well as numerous candidates for Congress and state offices.

He is a graduate of Stanford University and Stanford Law School.

We're honored that Chuck Bell has agreed to serve on the HJTA Board of Directors, and we're grateful to have his help to continue the proud legacy of the Howard Jarvis Taxpayers Association. □

LOS ANGELES PROPERTY OWNERS DEFEAT STREETLIGHT ASSESSMENT

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quarter-acre lot would be assessed an additional \$147.08 for the 2026-27 fiscal year. Condominium owners would pay slightly less, while homes on half-acre lots would pay more. A multi-family building with more than 50 units would pay \$1,529.68, and a retail development on a half-acre lot would pay \$970.76.

These assessments would rise with inflation every year. The charge would appear on property tax bills.

Property owners had the right to say no because in 1996 the Howard Jarvis Taxpayers Association put forward and successfully passed The Right to Vote on Taxes Act, Proposition 218. No longer would a city council have unchallenged and unaccountable power to place any assessment, in any amount, on property. Under Prop. 218, costs must be proportionate to the benefit provided to each parcel that will be assessed a new fee. Property owners must be notified and given an opportunity to cast a protest vote. Ballots are weighted according to the amount each parcel would be assessed.

If a majority of the weighted ballots returned say "no," the new assessment cannot be collected.

That's exactly what happened in the city of Los Angeles. It's a message to city officials that the taxes and charges residents already pay should be spent responsibly, and on the highest priorities, before tax increases are considered. □

★ JUDICIAL ELECTIONS ★

We felt it was important to call to your attention two justices on the California 2nd District Court of Appeal who are on the ballot. These justices issued a ruling in December 2025 against taxpayers' interests and in a manner that weakens Proposition 13. The case was HJTA's challenge to Measure ULA, the so-called "mansion tax."

Justice Armen Tamzarian wrote and

Justice Audra Mori signed the opinion, which concerningly declared, "The voters did not generally intend for Proposition 13 to limit their own power to raise taxes by initiative."

By doing so, these justices opened the door for local voters to override the state constitution and Proposition 13 to raise taxes in any manner, in any amount, without a two-thirds vote, if the tax increase is placed on the ballot

by a "citizens' initiative." Their decision in this case, *Howard Jarvis Taxpayers Association v. City of Los Angeles*, severely undermines the taxpayer protections in Proposition 13.

Voters will decide whether Justices Armen Tamzarian and Audra Mori are worthy of retention. Their names will be on the ballot in the 2nd District, which covers Los Angeles, San Luis Obispo, Santa Barbara and Ventura counties. □

HELP US SPREAD THE WORD TO VOTE YES ON 43 WITH A YARD SIGN AND DOOR HANGERS.
Request them at YESon43.com or call our offices at 916-444-9950 or 213-384-9656.

For official elections and voter information, go online to sos.ca.gov/elections

FOUNDATION REPORT

FOLLOW THE MONEY CHASES HOMELESSNESS SPENDING

This year, the Howard Jarvis Taxpayers Foundation reimagined the annual *Follow the Money* report as a comprehensive deep-dive into areas of public spending that persistently lack accountability for outcomes.

We brought in economist and journalist Adam B. Summers to research and analyze public spending on homelessness, the tax increases it has required, and the overall rise in homelessness despite those public investments.

“Broken Promises: The Failure of Homelessness Spending in California” was released on April 15, 2026. The report is available on the website of the Howard Jarvis Taxpayers Association at www.HJTA.org. Find it under “Menu,” “Resources,” “Studies and Reports.” Or go directly to www.HJTA.org/studies-and-reports/follow-the-money-2026.

HJTf Chairman Jon Coupal said the *Follow the Money* report is a valuable addition to the public debate. “Taxpayers can see the overall picture of how their tax dollars have been spent on homelessness,” he said, “and the outcomes of that spending.”

The Howard Jarvis Taxpayers Foundation works to educate the public about government mismanagement of their tax dollars and, where appropriate, to seek accountability in the courts.

HJTf is a 501(c)(3) organization, with tax ID number 52-1155794. Contributions or gifts to the Howard Jarvis Taxpayers Foundation are deductible from your federal income tax when you itemize deductions and may also be deductible from state income tax. For more information about donating, please visit www.HJTA.org/take-action or contact Foundation President Craig Mordoh at 213-384-9656.

VOTE YES ON 43 TO SAVE PROP. 13

In city after city, special interests wrote their own tax increase, directed the money to themselves, collected signatures to place the measure on the ballot, and evaded Proposition 13’s requirement for a two-thirds vote.

The Howard Jarvis Taxpayers Association filed lawsuits challenging these taxes, but in every case, the state appellate courts ruled against taxpayers, and the California Supreme Court denied review. To fight back, HJTA and its allies submitted 1.4 million signatures in 2024 to place the Taxpayer Protection and Government Accountability Act on the ballot. It would have protected taxpayers in multiple ways, and it would have closed the “Upland” loophole.

In an outrageous move against the voters of California, Gov. Gavin Newsom and state legislative leaders sued, directly in the state Supreme Court, to have the Taxpayer Protection and Government Accountability Act removed from the ballot. The Supreme Court ruled in their favor and the measure was removed, preventing voters from passing it, or even seeing it.

HJTA vowed to fight back again.

With our allies in the business community, HJTA submitted more

than 1.3 million signatures on a new initiative this year, the Local Taxpayer Protection Act to Save Proposition 13. It fully closes the “Upland” loophole and ensures that all local special taxes must receive a two-thirds vote to pass. The initiative also included a ban on future real estate transfer taxes higher than 0.11%, as well as a repeal of existing transfer taxes above that level. Property-related taxes, such as parcel taxes, that had not received a two-thirds vote would be similarly repealed.

California law allows the proponents of an initiative to withdraw it from the ballot up until 5:00 p.m. on the date that the Secretary of State must certify the measures and finalize the ballot. As the June 25 deadline drew closer, HJTA came under fierce pressure, originating from the governor’s office, to withdraw the Local Taxpayer Protection Act from the ballot in exchange for legislation that capped real estate transfer taxes.

HJTA said no. We were determined to close the “Upland” loophole, even though it was becoming clearer by the day that the campaign would face ferocious opposition.

Then, with just hours to go before the deadline, the governor’s office called with an offer. If HJTA would

Continued from page 1

defer the fight over transfer taxes and the repeal of existing taxes, the Legislature would place a substitute measure on the ballot to close the “Upland” loophole. Still, that was not enough for HJTA to withdraw the initiative from the ballot.

HJTA demanded that the Legislature also remove from the November ballot a “poison pill” measure known as ACA 13. If passed by voters, it would have imposed a higher vote threshold to pass taxpayer protection initiatives, including the Local Taxpayer Protection Act and all future measures that sought to make it harder to raise taxes.

This added up to a better deal for taxpayers: A legislative constitutional amendment (using our own language from our own initiative) would be on the ballot to close the “Upland” loophole, and we would be rid of the risk that ACA 13 might pass and cause our measure to fall short of victory. In addition, HJTA demanded the right to control the ballot measure argument in the voter guide.

The governor’s office agreed, and in a matter of hours the Legislature had approved, by a two-thirds vote in each house, placing a new measure to close the “Upland”

loophole on the November ballot, while removing “poison pill” ACA 13 from that same ballot.

This cleared the way for the Local Taxpayer Protection Act to Save Proposition 13 to be on the ballot as Proposition 43. Now the challenge is to get the “Yes on 43” message out to 23 million California voters.

Please turn to page 3 to find out how you can get door hangers, yard signs and other campaign materials to help spread the word to friends and neighbors to vote **YES on 43, to make it harder to raise taxes.**

Voting begins October 5, when all active registered voters will receive a ballot in the mail, and continues through 8:00 p.m. on November 3.

The Howard Jarvis Taxpayers Association would like to thank everyone who collected signatures, donated or spread the word to help qualify the Local Taxpayer Protection Act to Save Proposition 13 for the ballot. Although the version that will be on the ballot is somewhat different than the original initiative, your efforts have put us in the position to pass one of the most important taxpayer protections of the last fifty years. Thank you for your support of Proposition 43 and HJTA. We greatly appreciate you. □



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 www.HJTA.org.



THE LEGAL FRONT

Victory for Taxpayers in Battle to Tax Streaming Services

By Gregory A. Thyberg, Jr., Director of Legal Affairs



Allow me to introduce myself. I am Gregory A. Thyberg, Jr., the new Director of Legal Affairs for the Howard Jarvis Taxpayers Association.

I look forward to continuing HJTA's work defending taxpayers and the protections of Propositions 13 and 218.

As readers of *Taxing Times* know, the rights of taxpayers can be won or lost in court. Did voters approve the tax being collected? Are fees based on the cost of service? When voters repeal a charge, must government respect their decision?

Those questions are at the center of most of HJTA's cases.

In fact, we just won a great victory in Glendale.

How would you react if you voted to tax telephone and telecommunications services, only to be told years later that you had also approved a tax on Hulu, ESPN+, and Disney+?

In *Hulu, LLC, et al. v. City of Glendale*, the City attempted to apply its voter-approved Communications Users Tax to subscription streaming services and sought approximately \$852,000 in back taxes, interest, and penalties dating back to 2019.

The critical question was simple: Did Glendale voters actually approve this tax?

While the case was pending, a Court of Appeal upheld a similar tax imposed by the City of Santa Barbara. Glendale relied on that decision. That is where HJTA stepped in.

HJTA filed an *amicus curiae*, or friend of the court, brief focused on Proposition 218's voter approval requirement. We argued that the Santa Barbara case did not control because Glendale voters had been shown different ballot materials.

Those materials focused on telephone and telecommunications services. They did not adequately inform voters that the tax would apply to subscription streaming. In fact, the City's own later budget materials stated that services such as Netflix and Hulu were not being taxed.

The trial court agreed with the central position advanced in HJTA's brief.

HJTA urged the Court to focus on what Glendale voters had actually been told and approved. A government should not be able to ask voters one question at the ballot box and later claim that the answer authorized something materially different.

On July 7, 2026, the trial court agreed with the central position advanced in HJTA's brief. The Court held that Glendale voters

had not been adequately informed that the tax would apply to present or future streaming services. The City therefore could not impose the tax without obtaining new voter approval.

HJTA's involvement helped put the decisive issue before the Court: not simply whether streaming services could fit within the language of a communications tax, but whether Glendale voters had actually approved taxing them.

The ruling matters beyond streaming. Technology changes and new services emerge, but technological change cannot become an excuse to bypass the voters. When the law requires voter approval, voters must be told what they are being asked to approve.

The Glendale case remains open because the ruling may be subject to further proceedings or appeal. But the decision is already an important affirmation of Proposition 218's voter approval protections.

Another important Proposition 218 case is before the California Supreme Court, involving the sometimes complicated issue of water rates.

In *Dreher v. City of Los Angeles Department of Water and Power*, Los Angeles uses tiered water rates that assign different costs based partly on water budgets tied to parcel size and temperature zone. Two customers using the same amount of water may therefore pay different rates.

HJTA filed an amicus brief on July 1 arguing that these water budget breakpoints are based on policy judgments about reasonable use, rather than the proportional cost of service required by Proposition 218. The case is now fully briefed.

A third case asks what happens when voters repeal assessments, but the government continues trying to collect them.

In 2024, El Dorado Hills voters approved Measures Q, R, and S by more than a two-thirds majority, repealing certain landscaping and lighting assessments. Despite those results, the District sought to continue placing the assessments on the tax roll and sued when the County Auditor Controller refused.

Technology changes and new services emerge, but technological change cannot become an excuse to bypass the voters.

HJTA and a local citizens group sought to intervene, but the Court denied intervention. HJTA then learned that an existing Real Party in Interest was unrepresented. HJTf agreed to represent that party and is now counsel of record.

The common thread in all three of these cases is that HJTA will fight to ensure the government will follow the rules set in Propositions 13 and 218.

These cases involve different subjects, but they share one principle: Government must follow the rules.

As HJTA's new Director of Legal Affairs, I look forward to helping defend that principle in court. □

VOTE BETWEEN OCTOBER 5 AND NOVEMBER 3.

Every active registered voter will receive a ballot in the mail in early October, so watch your mailbox!

To register to vote, visit RegisterToVote.ca.gov, or go to VoterStatus.sos.ca.gov to check your current voter registration.



VOTE BETWEEN OCTOBER 5 AND NOVEMBER 3.
Vote by mail or visit VoterStatus.sos.ca.gov for voting locations.

IMPORTANT NOTE: Please visit hjta.org/2026VotingGuide before you vote.
New endorsements may be added before Election Day.

OFFICIAL HJTA-PAC CANDIDATE ENDORSEMENTS Statewide General Election			
FOR YOUR REFERENCE	GOVERNOR	LETICIA CASTILLO Assembly District 58	ROBB TUCKER Congressional District 3
	STEVE HILTON	PHILLIP CHEN Assembly District 59	TOM McCLINTOCK Congressional District 5
	STATE CONTROLLER	ED DELGADO Assembly District 60	KEVIN KILEY Congressional District 6
	HERB MORGAN	NATASHA JOHNSON Assembly District 63	KEVIN LINCOLN Congressional District 13
	SECRETARY OF STATE	TRI TA Assembly District 70	PETER VERBICA Congressional District 19
	DON WAGNER	KATE SANCHEZ Assembly District 71	VINCE FONG Congressional District 20
	ATTORNEY GENERAL	GRACEY VAN DER MARK Assembly District 72	DAVID VALADAO Congressional District 22
	MICHAEL GATES	LAURIE DAVIES Assembly District 74	JAY OBERNOLTE Congressional District 23
	SUPERINTENDENT	CARL DEMAIO Assembly District 75	BOB SMITH Congressional District 24
	SONJA SHAW	ANDREW LAWSON Assembly District 79	YOUNG KIM Congressional District 40
	STATE ASSEMBLY	STATE SENATE	MITCH CLEMMONS Congressional District 41
	HEATHER HADWICK Assembly District 1	ALEXANDRA DUARTE Senate District 4	JENNY RAE LE ROUX Congressional District 47
	JOE PATTERSON Assembly District 5	ROGER NIELLO Senate District 6	JIM DESMOND Congressional District 48
	JOSH HOOVER Assembly District 7	LINDA PRICE Senate District 10	ARMEN KURDIAN Congressional District 49
	DAVID TANGIPA Assembly District 8	NATHAN MAGSIG Senate District 12	BOARD OF EQUALIZATION
	JABRA MUHAWIEH Assembly District 21	TONY RODRIGUEZ Senate District 20	SHANNON GROVE Board of Equalization 1
	CAROL PEFLEY Assembly District 28	MIKE NETTER Senate District 22	JOHN PIMENTEL Board of Equalization 2
	SHANNON KESSLER Assembly District 30	JOE LISUZZO Senate District 28	DENIS BILODEAU Board of Equalization 4
	DAVID COUCH Assembly District 32	KELLY SEYARTO Senate District 32	COUNTY ASSESSOR
	ALEXANDRA MACEDO Assembly District 33	RHONDA SHADER Senate District 34	JORDAN MARKS San Diego County Assessor
	CHARLES HUGHES Assembly District 34	TONY STRICKLAND Senate District 36	COUNTY SUPERVISOR
	SAUL AYON Assembly District 35	LAURA BASSETT Senate District 38	TED GAINES El Dorado County, 4th District
	JEFF GONZALEZ Assembly District 36	KRISTIE BRUCE-LANE Senate District 40	SCHOOL BOARD
	TED NORDBLUM Assembly District 42	U.S. CONGRESS	LANCE CHRISTENSEN Wheatland School Board, Trustee
	CAROLYN DANIELS Assembly District 44	JAMES GALLAGHER Congressional District 1	
	GREG ABDOUCH Assembly District 45		
	TRACEY SCHROEDER Assembly District 46		
	GREG WALLIS Assembly District 47		

The HJTA-PAC generally does not endorse in city, county or school board races, with occasional exceptions for previously endorsed candidates and individuals who have a long history of fighting alongside HJTA to protect Proposition 13.

HJTA'S VOTING GUIDE for Statewide Ballot Measures

Watch your mailbox for your mail ballot in the first week of October.

HJTA'S QUICK VOTING GUIDE

VOTE YES ON 39, 41, 42, 43, 45 | **VOTE NO** ON 1, 2, 3, 4, 5, 38, 40, 44
Under consideration: 37

NO on Proposition 1

Called the "Veterans and Affordable Housing Bond Act of 2026," this is \$11.25 billion in state general obligation bonds with only \$1.25 billion allocated to benefit veterans. The rest will finance other housing assistance programs. Bonds are borrowed money. Like all general obligation bonds, the actual cost to taxpayers will be roughly double the advertised amount due to interest that must be paid to investors. Bonds are the most expensive way to pay for anything, and when used to pay for programs instead of capital projects, it's a much greater burden on taxpayers than just paying for these programs from the budget. Vote no on 1.

NO on Proposition 2

This measure makes changes to the Gann Limit, passed by voters in 1979, and to the rules for the Budget Stabilization Account ("Rainy Day Fund") that were approved by voters in 2014. Tax revenue goes up and down in California with the stock market, because of the state's dependence on taxes from high earners and capital gains. Proposition 2 attempts to address this revenue volatility challenge with new rules for the Budget Stabilization Account. However, while Prop. 2 addresses the treatment of appropriations into and out of reserve funds in a way that makes sense from the perspective of addressing revenue volatility, it doesn't address the weakening of the Gann Limit by Propositions 98 (1988) and 111 (1990), enabling reckless overspending that has led to structural deficits and self-inflicted budget "emergencies." California is in desperate need of fiscal discipline. The changes in the state constitution that permit unlimited spending should be reversed. Prop. 2 falls far short of real spending reform and, unfortunately, amounts to little more than a Band-Aid on a severed limb. Vote no on 2.

NO on Proposition 3

Remember the "temporary" income tax rate hike "for the schools" that was passed in 2012 and "temporarily" renewed in 2016? This measure renews it again and this time makes it permanent. California has the highest income tax rates in the nation, and every year the state has a bigger budget and a higher cost of living to show for it. These "temporary" income tax rate hikes should not be a backdoor method for permanent tax increases. Vote no on 3.

NO on Proposition 4

Existing law, the Political Reform Act of 1974 (PRA), prohibits the use of tax money to finance political campaigns for elective office. Proposition 4 would remove that ban. HJTA has previously won court cases upholding this provision of the PRA, and we haven't changed our position. Taxpayers should not have to pay the campaign expenses of candidates running for office or incumbents running for re-election. Vote no on 4.

NO on Proposition 5

This measure alters the constitutional right to recall a state officer and vote for a replacement candidate. Proposition 5 would eliminate the

election of a replacement candidate in recalls of statewide officeholders and state legislators. Offices would be filled by appointment or later special election. If a governor was recalled, the Lieutenant Governor would become Governor for the remainder of the unexpired term or until a special election, depending on timing. Proposition 5 allows the recalled officeholder to run in the special election to fill the seat, which current law prohibits. This measure makes a mockery of the recall process. Vote no on 5.

Proposition 37 – Still under consideration as *Taxing Times* goes to press

This measure authorizes \$25 billion in bonds for a program that would offer second-mortgage loans for down payments on newly constructed or converted homes (not existing homes) to eligible buyers who earn less than 200% of the area median income. Although there is no direct cost to taxpayers, a market downturn could cause mass foreclosures if stretched borrowers are unable to make their payments or sell the home for what they owe. Investors bear the financial risks, but the California Housing Finance Agency (CalHFA) must manage this massive pool of funds to protect the bondholders and pay them the interest they are owed. Are there potential risks to taxpayers in the future? Prop. 37 is not a constitutional amendment, which means the Legislature can change the rules later. HJTA appreciates the intent of this measure, but we also have concerns about the size of the program and the criteria for eligibility to participate.

NO on Proposition 38

Another bond measure, Proposition 38 authorizes \$8.4 billion in state general obligation bonds for research and therapies related to using the body's immune system to treat disease. There is no reason that this cost should be borne by California taxpayers. Viable research can be funded by pharmaceutical companies, foundations and the federal government. An analysis by CalMatters reveals that the ballot language criteria were tailored in a way that very likely excludes all but one institute in the entire state: the California Institute for Immunology and Immunotherapy, whose prominent donor and co-founder is the chief backer of the proposition. Prop. 38 appears to be a clear case of self-dealing at the expense of taxpayers. Vote no on 38.

YES on Proposition 39

Proposition 39 is the Voter ID initiative. While 36 states currently require some form of voter ID, California isn't one of them. Voter ID is used successfully around the country to prevent voter impersonation at the polls and to ensure that mail ballots are validly submitted by eligible voters. It's especially important to California taxpayers to secure our elections from the potential for fraud, because billions of dollars of tax measures are on the ballot in nearly every election. Vote yes on 39.

NO on Proposition 40

This is the "wealth tax," supposedly affecting only billionaires but in fact a threat to every California taxpayer and homeowner. Proposition 40 imposes a "one-time tax" of 5% of "covered assets" valued above \$1 billion. However, the measure includes language that allows the Legislature to rewrite the law later, potentially changing the thresholds, the assets that are covered, the percentage to be taken, and the number of times the tax would be levied. This is an entirely new type of tax, and we don't know where it will lead. Will all Californians have to submit forms to the Franchise Tax Board declaring their assets every year? How much will ordinary Californians have to pay for "wealth tax preparation" to comply with this law? Vote no on 40.

HJTA’s VOTING GUIDE for Statewide Propositions, continued

YES on Proposition 41

This measure requires pre-election audits of programs that would be funded by new statewide special taxes. It’s a good idea to find out where the existing funds are going before voters are asked to approve higher taxes for the same programs. Vote yes on 41.

YES on Proposition 42

In direct opposition to the “wealth tax,” this measure would prohibit any new state tax that taxes the ownership or control of personal property or applies retroactively based on activities or status that existed before the effective date of the new state tax. This will protect Californians, especially homeowners, from the risk of a “wealth tax” on the value of homes or any other accumulated savings and investments. Vote yes on 42.

YES on Proposition 43

Proposition 43 is the **Local Taxpayer Protection Act to Save Proposition 13**. It restores Prop. 13’s two-thirds vote requirement to pass local special taxes. Prop. 43 closes the court-created “Upland” loophole that has allowed special interest groups to write their own tax increases, direct the money to themselves, collect signatures to place them on the ballot and then evade the two-thirds vote requirement. Because of this loophole, Californians are paying billions of dollars in taxes that they should not have had to pay. Vote yes on 43 and tell a friend!

NO on Proposition 44

This measure requires community clinics that provide primary care to medically underserved areas and populations to spend at least 90% of their revenue on patient services, not management and overhead. It authorizes the Attorney General to publish guidance on qualifying expenditures and lets the Department of Public Health issue waivers. It authorizes monetary penalties and criminal charges. It is sponsored by a powerful labor organization seeking to expand its control over private clinics. Vote no on 44.

YES on Proposition 45

Few things have impeded rational housing policy in the state more than the California Environmental Quality Act. It slows down development which, in turn, limits housing supply, increasing the cost of living. Far from being a tool to address legitimate environment concerns, it has been used more frequently as leverage by labor organizations to exact favorable labor agreements. While CEQA reform to prevent excessive delays is necessary, Proposition 45 is not perfect since it carves out only certain projects for reform and locks in costly labor agreements. It also creates opportunities for government to pick winners and losers. But while HJTA would prefer a full revamp of CEQA, Prop. 45 is a good first step.

LOCAL BALLOT MEASURE RECOMMENDATIONS

City of Los Angeles

NO on Measure FD

This is a one-half percent sales tax increase in the city of L.A. with the revenue earmarked for the fire department. We oppose this measure because the sales tax in Los Angeles will already rise to 10.25% in October because of Measure ER passing in L.A. County in June, and because the City Council and the Mayor should fully fund the fire department from the existing budget of approximately \$15 billion without a tax increase. This measure is a special tax that should require a two-thirds vote to pass, but courts have allowed “citizens’ initiative tax increases,” placed on the ballot by collecting signatures, to pass with fewer votes. HJTA’s ballot measure, the Local Taxpayer Protection Act to Save Proposition 13 (Proposition 43 on the November ballot) will close the loophole, but this tax increase, if approved by just 50% plus one vote, will squeeze through it before Proposition 43 takes effect in January.

City of Santa Monica

NO on Measure ES

This is a parcel tax, an extra \$495 per taxable parcel of property every year, adjusted annually for inflation. The revenue is earmarked for schools. Special taxes are required by the constitution to be approved by two-thirds of voters, but this is another “citizens’ initiative tax increase” rushing to squeeze through the court-created “Upland” loophole before voters approve Proposition 43 in November.

Five-County Bay Area

NO on regional transit sales tax

This is a sales tax increase of at least one-half percent (1% in San Francisco) in five Bay Area counties (San Francisco, Alameda, Contra Costa, San Mateo, Santa Clara) to fund transit. Critics rightly argue that the longstanding financial and management problems of transit systems in the Bay Area will not be fixed with another tax increase. Beyond that, a higher sales tax burdens people who already pay high sales taxes and are struggling with the high cost of living. This measure, too, is a “citizens’ initiative tax increase” attempting to get through the court-created loophole before HJTA closes it with Proposition 43.

Here’s how to find voting locations, drop boxes, early voting and more.

IMPORTANT LINKS:

- Register to Vote – [RegisterToVote.ca.gov](https://www.register tovot e.ca.gov)
- Check Your Registration, Find Polling Places – [VoterStatus.sos.ca.gov](https://www.voterstatus.sos.ca.gov)

WE NEED YOUR
HELP
TODAY!

WE MUST PASS PROP. 43
The Local Taxpayer Protection Act to Save Proposition 13

Thanks to your support, Prop. 43 is on the November ballot to SAVE Prop. 13! But we can't let up now. It's more important than ever to get our message out to every California voter.

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 Yes on Prop. 43 Committee. Make your check payable to "Yes on Prop. 43," or enter your credit card information. You can also donate online or scan to donate.

Donate Online
Yeson43.com

Scan to Donate



Send to:
Howard Jarvis Taxpayers Association
Attn: Director of Member Services, Dept. 264502
P.O. Box 14230, Orange, CA 92863-1230

Trim and Mail

I am sending a donation to **YES ON PROP. 43** in the amount of:

☐ \$10 ☐ \$25 ☐ Other \$ _____

☐ My check is enclosed, payable to **YES ON PROP. 43**.
☐ Please charge my contribution to my credit card. (Complete section below.)

Signed: _____ Date Signed: _____
Name: _____
Street Address (no P.O. Boxes**): _____
City/State/ZIP: _____

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

CONTRIBUTOR INFORMATION
IMPORTANT: State law requires us to collect the following information within 60 days or return your contribution. Money orders and cashier's checks cannot be accepted.
Phone: _____ Email: _____

IF DONOR IS: (Choose One)
☐ **A BUSINESS OR ORGANIZATION:** ☐ Corporation ☐ LLC ☐ Partnership ☐ Other: _____
Name of individual with primary responsibility for approving this contribution: _____
☐ **An INDIVIDUAL, complete the following:**
Occupation: _____ Name of Employer: _____
(If self-employed, please print name of business in Name of Employer space above. If retired, please print "none.") Contributions or gifts to the YES ON PROP. 43 Committee (Committee number 1493012) are not deductible for tax purposes. Thank you.

☐ Please charge \$ _____ to my: ☐ Visa ☐ Mastercard ☐ Discover ☐ American Express
Card #: _____ Security (CVC) Code: _____
Exp. Date: _____ Name on Card: _____
Signature: _____

Billing Address (if different from mailing address):
Name _____
Street Address (no P.O. Boxes**) _____
City/State/ZIP _____

Is this a company credit card? ☐ No ☐ Yes
Company Name _____
Company Address (Street Address, no P.O. Boxes**) _____
City/State/ZIP _____

Note: Must be payable to "YES ON PROP. 43."

Sign up here to receive taxpayer email updates: _____ @ _____
Your email address will be used only for communications from HJTA. We will not trade or rent your email address, and you can unsubscribe at any time.
****IMPORTANT!** Please be sure to include your street address (no P.O. Boxes).
Contributions to Yes on Prop. 43 are not tax-deductible.

Thank you
for your
support
in this
urgent effort
to reach
all the
voters of
California
with our
message of
Yes on 43.

We greatly
appreciate you.

Trim and tape
mailing label to
any envelope:

Howard Jarvis Taxpayers Association
Attn: Director of Member Services, Dept. 264502
P.O. Box 14230
Orange, CA 92863-1230

YES ON PROP. 43

Return your donation form to:
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YOUR^s answered

WHAT IS HAPPENING WITH PROPOSITION 19?

HJTA has tried twice to collect enough signatures to place the repeal of the intergenerational transfer provisions of Proposition 19 on the ballot. As you know, Proposition 19 repealed earlier initiatives (Propositions 58 and 193) that had, for more than thirty years, protected family property from reassessment to market value when passed between parents and children.

Proposition 19 changed the state constitution to eliminate this protection, and now all real property is reassessed to market value upon transfer between parents and children, with an exception for a parent's primary residence that becomes the primary residence of an eligible child within one year. That narrow exclusion from reassessment is capped at an additional \$1 million of market value above the current taxable value. With California's sky-high property values, even inheritors who move into the property, as Prop. 19 requires in order to claim the exclusion from full reassessment, could face an unaffordable increase in annual property taxes.

To undo these provisions in Proposition 19, the state constitution must be amended. That means collecting more than a million signatures of registered voters on an initiative petition, or convincing the Legislature to pass a legislative constitutional amendment by a two-thirds vote in both the Assembly and the Senate. Either method would place the measure on the ballot for voter approval.

HJTA is continuously evaluating the possibilities for repealing the "death tax" provisions of Proposition 19. We believe that public support for this effort is growing year-by-year as more Californians sadly become familiar with the change to the tax treatment of inherited property.

In the meantime, HJTA has worked with Sen. Kelly Seyarto, R-Murrieta, on several bills that target some specific problems caused by Proposition 19:

PASSED AND SIGNED INTO LAW: Senate Bill 520 (2023) – This law clarified that a homeowner who moves into a care facility does not lose the Homeowners' Exemption. If the homeowner passes away while living

in a nursing home or other residential care facility, that individual's children are eligible for the Proposition 19 exclusion from reassessment just as if the homeowner had continuously occupied the home as a principal residence.

PASSED THE SENATE, PENDING IN THE ASSEMBLY: SB 974 – Clarifies that Special Needs Trusts are recognized as meeting the eligibility requirements for the Proposition 19 exclusion. This means children or adults with special needs would not face reassessment of the inherited home in which they are living when their parents pass away, even though their parents did not live in the home as their principal residence.

PASSED THE SENATE, PENDING IN THE ASSEMBLY: SB 288 – Provides that for the purposes of the Proposition 19 intergenerational transfer, the one-year period for moving into an inherited home doesn't begin until the probate process concludes, if the estate is in probate.

In addition to Senator Seyarto's bills, HJTA is supporting Assembly Constitutional Amendment 4, introduced by Senator Bob Archuleta, D-Norwalk. ACA 4 would allow eligible veterans to claim the Homeowners' Exemption without having to give up the Veterans' Exemption or Disabled Veterans' Exemption. Currently, only one exemption may be claimed, forcing veterans to choose between their present financial needs and their children's eligibility for the Proposition 19 exclusion from reassessment. The Homeowners' Exemption, a simple form filed with the county assessor's office, establishes that the property is the principal residence of the parent and eligible for the Proposition 19 exclusion from reassessment.

HJTA will continue to monitor the progress of these bills, and we will continue to look for opportunities to fully reverse the damaging provisions of Proposition 19.

If you would like to contact your representatives in the state Legislature to let them know you are concerned about this issue, you can find their names and contact information at findyourrep.legislature.ca.gov. It's an election year, and it's a good time to reach out to the people who are seeking your vote.

PRESIDENT'S MESSAGE *Continued from page 2*

If the government gains the authority to treat accumulated assets, e.g., your home equity, as a permanent source of taxation, the definition of "wealth" becomes whatever politicians need it to be in order to close the next budget deficit.

That should concern everyone.

California already has some of the highest taxes and highest costs of living in the nation. Families are paying more for housing, electricity, gasoline, insurance, groceries, and child care than almost anywhere else in America. Businesses and residents are already leaving the state because they simply

cannot afford to live here anymore.

Now imagine layering an entirely new type of tax on top of the income, sales and property taxes you already pay — an asset tax on the value of your home equity, real estate, retirement savings, investments, and even personal property.

The economic consequences would ripple far beyond the small group of billionaires the politicians are using as the face of the campaign.

Housing costs would rise.

Families would be priced out of their lifelong homes due to skyrocketing taxes on home equity.

Investment would slow.

Capital would leave the state faster.

Family-owned businesses would become harder to sustain.

Retirement planning would become more uncertain.

And once government normalizes the idea that wealth itself — rather than income — is permanently taxable, the pressure to lower thresholds of who pays becomes inevitable because California's budget crisis will not subside anytime soon.

California politicians are not proposing this because they lack revenue. California has collected historic levels of tax revenue over

the last decade. In fact, according to the nonpartisan Legislative Analyst, state spending has increased \$100 billion in the last six years! The problem is not that Sacramento lacks money. The problem is that Sacramento has created a system in which spending consistently outpaces reality.

When politicians create new powers to tax property, savings, investments, and accumulated assets, those powers never remain limited to a tiny handful of people forever.

Proposition 40 is not a billionaire tax.

It is an everyone tax. □



PROTECT PROPOSITION 13

UNDER THE DOME



THE INSIDE STORY ON THE DEAL TO SAVE PROP. 13

By Scott Kaufman, Legislative Director

This is the story of how the Howard Jarvis Taxpayers Association forced the Legislature into a near-unanimous vote to make it harder to raise taxes.

In the last weeks before the Legislature's summer recess, the Howard Jarvis Taxpayers Association was heavily pressured by special interest groups and elected officials, including the governor's office, to pull the Local Taxpayer Protection Act to Save Proposition 13 from the November ballot.

Many of our supporters in the business community received even more intense pressure, with demands that they stop helping HJTA's campaign to pass the initiative. That led to the people concerned about transfer taxes cutting a separate deal for a transfer tax cap, introduced as Assembly Bill 736.

AB 736 was a terrible deal for taxpayers. It was not a constitutional amendment, so its caps on transfer taxes could be overridden with special legislation all the time, like the sales tax cap. And it did nothing at all about closing the "Upland" loophole, ambiguous language in the California Supreme Court's 2017 *California Cannabis Coalition v. City of Upland* decision, which lower courts interpreted to allow special-interest-sponsored "citizens' initiative tax increases" to evade the two-thirds vote requirement in Proposition 13.

HJTA was pressured to withdraw its initiative for AB 736 alone. But the problem with "Upland" taxes has been getting worse with every election, as more and more interest groups write their own tax increases, direct all the money to them-

selves, collect signatures to place them on the ballot and then enjoy a much lower vote threshold to pass them than the identical measure would require if placed on the ballot by a government body: 50%-plus-1 instead of 66.67%.

Closing the "Upland" loophole has been a top priority for HJTA for almost 10 years. We cannot save Prop. 13 without closing the "Upland" loophole. We can't fix transfer taxes without closing the "Upland" loophole. So, despite the pressure to withdraw the initiative in exchange for a transfer tax cap, and threats to spend upwards of \$10 million against us if we didn't, HJTA said no deal.

*As the
legendary
comedian
W.C. Fields
said,
"Trust everybody,
but cut
the cards."*

Then, with just hours to go before the deadline to finalize the ballot, we won a tremendous victory for taxpayers. The governor's office and the Legislature reversed their previous stance and offered their full support for the two-thirds vote requirement to pass local special taxes. They offered to pass a legislative constitutional amendment, Assembly Constitutional Amendment 22, that would close the "Upland" loophole once and for all.

But that wasn't enough. We also insisted that the Legislature reverse its vote from 2023 that put a "poison pill" constitutional amendment, Assembly Constitutional Amendment 13, on the November ballot. ACA 13 would have required the Local Taxpayer Protection Act to Save Proposition 13 to meet an unusually high vote threshold to pass, potentially making it far more difficult to enact taxpayer protections through the initiative process, permanently.

The governor's office and the Legislature agreed to our terms. Assembly Constitutional Amendment 21 was passed to remove the poison pill ACA 13 from the November ballot and clear the way for the Local Taxpayer Protection Act to Save Proposition 13 to be approved by a simple majority of voters instead of a more challenging vote threshold. The new measure is exclusively focused on restoring the two-thirds vote requirement for local special taxes in Proposition 13, after courts have eroded its protections.

That's the deal to which HJTA agreed as a condition of withdrawing its original initiative.

In exchange, we deferred the fight over transfer taxes to another day, and we gave up the provision in the initiative that would have repealed, in two years, some existing transfer taxes and parcel taxes that court-created loopholes had already allowed.

On June 25, as the clock ticked down to the 5:00 p.m. deadline, the Assembly and the Senate voted almost unanimously to pass two Assembly Constitutional Amendments, ACA 21 and ACA 22, to put

the revised Local Taxpayer Protection Act to Save Proposition 13 on the November ballot and take the poison pill ACA 13 off. HJTA was at the Secretary of State's office to personally witness the measures being formally enrolled.

*The Local
Taxpayer
Protection Act
to Save
Proposition 13
is now
Proposition 43.*

When they could no longer be revoked, HJTA withdrew the original initiative.

As the legendary comedian W.C. Fields said, "Trust everybody, but cut the cards."

After the 5:00 p.m. deadline, the Secretary of State officially certified all the November ballot measures. The Local Taxpayer Protection Act to Save Proposition 13 is now Proposition 43.

When voters approve it, all new local special taxes, those that earmark the revenue for specific purposes, will require a two-thirds vote of the people. This includes transfer taxes, sales taxes, business taxes and parcel taxes. There will no longer be an exception from the two-thirds vote requirement for any "citizens' initiative tax increases" that were placed on the ballot by special interest groups collecting signatures.

The "Upland" loophole will finally be closed.

**STAY
CONNECTED!**

**Get our emails with taxpayer updates
and commentary by Jon Coupal.**

Sign up for email alerts at www.HJTA.org



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.

The vast majority of those who know about Proposition 13 support it, but many are not aware that their tax-

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!

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

City: _____ **State:** _____ **ZIP:** _____

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