CITY OF SAN MATEO

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Agenda Report

Agenda Number: 12 | Section Name: CONSENT CALENDAR | Account Number: 10-1511 | File ID: 26-12744

TO: City Council

FROM: Alex Khojikian, City Manager

PREPARED BY: City Clerk's Office

MEETING DATE: October 19, 2026

SUBJECT:
November 3, 2026 Statewide Propositions — Recommendations

RECOMMENDATION:
Approve the Legislative Committee's recommendations to take the following positions on the propositions on the ballot for the November 3, 2026 Statewide General Election: Proposition 1 (Veterans and Affordable Housing Bond of 2026) – Support; Proposition 37 (California Middle-Class Homeownership and Family Home Construction Act of 2026) – Support; Proposition 40 (The 2026 Billionaire Tax Act) – Watch; Proposition 43 (Local Special Taxes: Vote Threshold) – Oppose; Proposition 45 (Building an Affordable California Act) - Oppose.

BACKGROUND:
On October 12, 2026, the Legislative Committee, comprised of the Mayor and Deputy Mayor, met to review the statewide ballot propositions appearing on the November 3, 2026, General Election ballot and consider recommendations for City Council positions. The Committee received a presentation from the City's state legislative consultant, California Public Policy Group (CPPG), and evaluated the propositions in the context of the City Council's adopted Legislative Platform.

Of the fourteen statewide propositions appearing on the ballot, the Legislative Committee recommended that the City Council adopt positions of support on Propositions 1 and 37, opposition to Propositions 43 and 45, and a watch position on Proposition 40.

Attachment 1 provides a summary of each statewide proposition prepared by CPPG. If the City Council approves the Committee's recommendations, CPPG will prepare and submit letters communicating the City's positions on the applicable propositions and continue monitoring Proposition 40 for relevant developments. The City's Legislative web page will also reflect these positions.

BUDGET IMPACT:
There is no budgetary impact associated with this administrative action.

ENVIRONMENTAL DETERMINATION:
This recommendation is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

STRATEGIC PLAN ALIGNMENT
This staff report supports the Organizational Health and Good Governance initiative.

NOTICE PROVIDED
All meeting noticing requirements were met.

ATTACHMENTS
Att 1 – November 2026 Propositions Summaries and Analysis

STAFF CONTACT
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Date: August 4, 2026

To: Alex Khojikian, City Manager
Jennifer Yamaguma, Assistant City Manager
City of San Mateo

From: Dane Hutchings
Founder + CEO
California Public Policy Group

Re: CPPG Summary of November 2026 Statewide Ballot Measures

OVERVIEW

California voters will make many important decisions on the November 3 ballot. Besides electing a governor, congressional and state representatives, community leadership and reviewing local measures, voters will decide the fate of fourteen (14) statewide propositions:

- Six (6) of these measures, if approved, have financial and policy impacts on local governments in the following areas: voter-proposed special taxes, voter identification in elections, public campaign financing, permit streamlining for "essential projects," and two housing bond proposals.
- Five (5) measures focus on state revenue and budgeting issues, with potentially major policy outcomes, including with Prop. 40, the "Billionaire's Tax."
- Three (3) address a spectrum of other policy issues: the process for recalling state officers, a $8.4 billion immunology research bond, and expenditure thresholds for federally qualified health centers.

All measure text can be found on the Secretary of State's website here.

The following measures are covered in this memo:

1. Proposition 45. Building an Affordable California Act.
2. Proposition 43. Local Special Taxes: Vote Threshold.
3. Proposition 39. California Voter ID Initiative.
4. Proposition 4. California Fair Elections Act of 2026.
5. Proposition 1. Veterans and Affordable Housing Bond of 2026.
6. Proposition 37. California Middle-Class Homeownership and Family Home Construction Act of 2026.
7. Proposition 2. Save for California's Future Act.
8. Proposition 3. California Children's Education and Health Care Protection Act.
9. Proposition 40. The 2026 Billionaire Tax Act.
10. Proposition 42. Retirement and Personal Savings Protection Act of 2026.
11. Proposition 41. The Improving Transparency, Effectiveness, and Efficiency in California Government Act of 2026.
12. Proposition 5. Recall of State Officers.
13. Proposition 38. California Immunology Research and Cures Initiative.

14. Proposition 44. The Clinic Funding Accountability and Transparency Act.

Some big news for local governments associated with the November ballot, however, has already occurred. As a result of local government advocacy efforts in partnership with labor organizations, the Legislature negotiated the removal from the ballot of the aggressive Local Taxpayer Protection Act to Save Proposition 13, sponsored by the Howard Jarvis Taxpayers Association (HJTA). That measure would have cost local governments billions in lost revenue by repealing some local voter-approved taxes, including charter city real estate transfer taxes and non-ad valorem parcel taxes. While the removal of HJTA's measure was a huge positive, it also came at a cost. In exchange, ACA 22 (Wicks, 2026), now Prop. 43, was placed on the ballot, which requires a two-thirds vote on future local voter initiatives proposing a special tax. More on this issue is contained (below) in the explanation of Proposition 43.

Also note the gap in ballot numbering, which lists Propositions 1-5, followed by Propositions 37-45. This is due to the Legislature adoption of AB 182 (Pellerin, 2026), a budget trailer bill, which required the Secretary of State to list those first five items (starting with Prop. 1, the Veterans and Affordable Housing Bond) so that the voters would see them first.

Below is a quick guide to the various propositions, organized by policy areas, and arranged so that those of interest to local governments come first. For each, there is a brief summary, links to the text, some background on the politics, and potential implementation issues.

PERMITTING "ESSENTIAL PROJECTS"

Proposition 45. Building an Affordable California Act.

This measure proposes to enact a new stand-alone chapter of the California Environmental Quality Act (CEQA) to expedite permit processing and environmental reviews for a wide spectrum of "essential projects," defined to include: housing, clean energy, water, transportation, broadband internet, education, public safety and public health facilities. Requires applications submitted by any person, legal entity, public agency, or public utility to be processed by local and state public agencies, along with any related judicial reviews, in accordance with strict timelines, conditions and limitations. Projects must also comply with robust tribal consultation and labor provisions. Applicants have the option of utilizing none, some, or all of this measure's provisions.

The Politics: This measure is sponsored by the California Chamber of Commerce and placed on the ballot via the initiative process. Unlike the numerous CEQA "exemptions" approved in conjunction with the 2025 Budget Act, this proposal is focused on reducing delays and uncertainties associated with the permitting, processing and legal reviews associated with a range of defined "essential projects." Following an initial draft that was released of this measure, the sponsors made numerous amendments in the final version to expand tribal consultation and tighten labor provisions. Also, three controversial projects—High Speed Rail, the Delta Conveyance, and nuclear energy projects—are excluded from its application. Supporters include various construction, clean power, water and hospital organizations. Opponents include over 200 public health, environmental, climate, land trust, environmental justice and other groups.

Implementation: Should this measure be approved by voters, local agencies will need to become familiar with these new project-approval requirements applicable to processing an "essential

project." Also note that this Act applies to pending essential projects, including those involved in legal disputes, on the date it takes effect.

LOCAL REVENUE LIMITATIONS

Proposition 43. Local Special Taxes: Vote Threshold.

This measure prohibits prospectively, on or after January 1, 2027, a local government, or its electorate by local initiative, from enacting a special tax unless approved by two-thirds of local voters, or imposing an "ad valorem"(according to value) tax on real property other than as authorized under Article 13 and 13A of the California Constitution.

The Politics: This measure is the result of complex negotiations between the Legislature and the Howard Jarvis Taxpayer's Association (HJTA). HJTA gathered sufficient signatures to place its "*Local Taxpayer Protection Act to Save Proposition 13"* on the November ballot, which, if enacted, would have cost local cities billions in revenue due to its retroactive provisions repealing existing taxes. In brief, the HJTA measure proposed to:

- Repeal existing charter city real property documentary transfer taxes, and cap real property documentary transfer taxes at the existing statutory limit applicable to counties and general law cities, and
- Repeal the 2017 CA Supreme Court's *Upland* decision and related local enacted taxes. *Upland* interpreted the Constitution in a way that lowered the voter threshold (from two-thirds to a majority) for enacting or increasing local special taxes placed on ballots via local citizen initiatives.

As a result of the Legislative negotiations, ACA 22 (Wicks, 2026), was placed on the ballot as Proposition 43, and HJTA agreed to pull its measure. Several things about Prop. 43 are important for local governments to understand:

- It operates prospectively, and only affects measures placed on local ballots after January 1, 2027.
- Its primary effect is to reverse the *Upland* decision, and thereby require a two-thirds vote for local special taxes when placed on the ballot by local initiative. This essentially would reset the law, consistent with legal interpretations held prior to *Upland:* that local general taxes require a majority vote and local special taxes require a two-thirds vote.
- Unlike HJTA's proposal, ACA 22 places no limitations on the ability of charter cities to enact or increase a local documentary transfer tax. A documentary transfer tax is considered a "excise tax" not an "ad valorem" tax. Given the reversal of the *Upland* decision, a future local voter initiative in a charter city to enact a documentary transfer tax dedicated to specific purposes would require a two-thirds vote.

In a related move, the Legislature approved ACA 21 (Rivas, 2026), which pulled (ACA 13, 2023) from the ballot. ACA 13 was previously approved as a counterpoint to a prior HJTA' proposal from 2024, but after the California Supreme Court deemed that proposal ineligible, ACA 13 was moved to the 2026 ballot.

Even though ACA 22 passed with bi-partisan support, a vigorous campaign for and against Proposition 43 is expected. Supporters, so far, are HJTA, and Reform California, an organization headed by Republican Assemblymember Carl De Maio (R-San Diego). Opposition, however, will be

curiously led by Assemblymember Buffy Wicks (D-Oakland), the author of ACA 22, who argues: *"I authored ACA 22 not because I wanted it to become law — but because it was the only path left to get the more dangerous initiative off the ballot before time ran out."*

Implementation: If this ballot measure is approved, local voter initiatives proposing special taxes will require a two-thirds vote. Yet, local governments should realize that the HJTA only got a piece of what it was seeking (prospective reversal of *Upland)* in this measure. They did not achieve their objective of repealing existing taxes enacted with majority votes allowed by *Upland*, or repealing existing charter city documentary transfer taxes. HJTA could revisit these efforts with future ballot initiatives.

ELECTION-RELATED MEASURES

Proposition 39. California Voter ID Initiative.

This measure requires voters to present government-issued identification at the polls, or the last four digits of a government-issued identification number when voting by mail. In addition, this measure:

1. Defines "government-issued identification" as "documentation that provides conclusive verification of the voter's identity."
2. Requires each election official to only count a regular or provisional ballot after verifying the identity of the person voting, and ensure they cast only one ballot in the election.
3. Requires the state to provide, upon the request of an eligible voter, a voter-ID card at no charge to use when casting a ballot.
4. Requires the type of verification a voter will use to be:
    a. Indicated on their voter registration record,
    b. Noted on the mail ballot envelope provided to them, and
    c. Available to them, on request, by phone or electronically.
5. Requires the Secretary of State and county elections officials to use their best efforts to verify citizenship attestations, and annually report on the percentage of county voter rolls that have been citizenship-verified.
6. Requires the Legislature to promptly enact laws to implement this measure, provide for military and overseas voters, and ensure that state and local officials comply and support compliance with this law.
7. Authorizes citizens to seek judicial review of compliance with this law, and requires the State Auditor to audit the state and each county for compliance every odd numbered year.

The Politics: This measure is sponsored primarily by two Republican legislators, Senator Tony Strickland (R-Huntington Beach) and Assemblymember Carl DeMaio. It is supported by the Californians for Voter ID organization, with its stated purpose of promoting public confidence and trust in elections, deterring and detecting voter fraud, and minimizing the risk of voter impersonation by requiring proof of identity to vote. Opponents include: League of Women Voters, Common Cause, the American Civil Liberties Union of Northern and Southern California, Equality California, and other groups. The League of Women Voters representative arguing against the measure states: *"This voter ID measure is not about protecting voters; it is about importing the current federal administration's election lies and intimidation tactics into California. It would expose voters' sensitive personal information, create new ways to reject eligible ballots, and wrongly target voters through error-prone citizenship checks."*

Implementation: If approved, this measure will place new duties and costs on local election officials to revise voter registration cards, add identification information, check voter identification both at

the polls and when counting mail-in ballots, and then verify voters have only voted once. In addition, extensive voter-education will be required, since voters will likely have to revise their voter registration cards to indicate the type of identification verification they will use when voting. The Legislature is also required to "promptly enact" implementation laws, which may lead to other implementation duties. With citizens authorized to seek judicial review to determine compliance, and the State Auditor required to audit counties every two years, disputes over compliance will likely remain a high-profile political issue.

Proposition 4. California Fair Elections Act of 2026.

This measure repeals the existing prohibition in the Political Reform Act of 1974 against public funding of campaigns for public office, and instead authorizes state and local entities to allocate public funds (pursuant to enacted state laws and local ordinances) to candidates subject to the following limitations:

1. Prohibits the use of public funds earmarked for education, transportation or public safety.
2. Prohibits a candidate from using public funds to pay legal defense fees, or repay personal loans to their campaign.
3. Prohibits a candidate, after their campaign ends, from using any source of funds to repay personal loans to their campaign.
4. Prohibits public funding programs enacted by the state or local agencies from discrimination based on political party or on the basis of whether a candidate is a challenger or incumbent.
5. Authorizes the state and local agencies to establish "strict criteria" that candidates must meet to be eligible to receive public funds. This criteria shall require candidates to demonstrate broad-based support within their districts, such as requiring candidates to receive small-dollar ($10 or potentially higher) contributions or vouchers from a specified number of voting-age residents. This criteria, however, shall not include requiring a candidate to obtain a specified number of signatures, or raise a specified dollar amount through small-dollar contributions.
6. Authorizes the state and local agencies to establish expenditure limits for voluntarily participating candidates, but such limits shall not exceed the "net supportive funds" received by other candidates for the same office, plus any independent expenditure amounts against the voluntary participating candidate, minus any dollar amount of independent expenditures in support of the qualified, voluntary participating candidate.
7. Provides that the Fair Political Practices Commission is not responsible for administering or enforcing public campaign funding systems established by local agencies.
8. Increases the allowable fine for violations of the Political Reform Act's prohibition against contributions to campaigns by foreign governments or foreign nationals from one to three times the amount contributed.

The Politics: This measure was placed on the ballot by SB 42 (Umberg, 2025), with the rationale that allowing for public financing of campaigns will reduce the current disproportionate influence of wealthy donors and special interests and enable a wider variety of candidates to run for public office. Voter approval of this measure is required, because public financing of state and local campaigns is prohibited under provisions of the state's Political Reform Act enacted by Proposition 73 of 1988. In 2016, the Legislature attempted to amend the Political Reform Act by statute to allow public financing of campaigns, via SB 1107 (Allen), but the Third District Court of Appeal rejected that effort in *Howard Jarvis Taxpayers v Newsom (2019),* holding that this authorization must be enacted by the voters. Courts, however, have made one exception to these limitations ruling that charter cities have

separate authority to enact public campaign financing programs; eight charter cities currently have them. When this measure was pending in the Legislature, lead supporters included the League of Women Voters, Common Cause, and the California Clean Money Campaign. Opposition was led by the California Taxpayer Association making several arguments including: that it will force taxpayers to finance political speech, governments may be able to prohibit certain candidates from obtaining funding, these mechanisms can lead to abuse and corruption, and both the state and local agencies already face fiscal challenges and budgetary pressures.

Implementation: If this measure is approved by voters, the state, and each local agency, can decide for themselves whether to enact a public campaign finance program consistent with the measure's provisions. If, however, state and local agencies begin to adopt such programs, political pressure could increase on more local agencies to enact such programs.

HOUSING BONDS

Proposition 1. Veterans and Affordable Housing Bond of 2026.

This measure proposes an $11.250 billion general obligation state housing bond. Of that amount, it allocates: $10 billion to various housing programs administered by the Department of Housing and Community Development (HCD) and the California Housing Finance Agency (CHFA), and $1.250 billion to support housing programs administered by the California Department of Veteran's Affairs (DVA). The estimated total cost to state taxpayers to pay the principal and interest for this measure is $17.39 billion over 30 years.

The Politics: In late June, the Legislature placed this affordable housing bond, via SB 417 (Limón and Rivas, 2026), on the ballot. The measure enjoyed bi-partisan support with votes of 61-7 in the Assembly, and 29-2 in the Senate. In a related move, the Legislature approved a budget trailer bill, AB 182 (Pellerin, 2026), which directed the Secretary of State to list this measure as Proposition 1 on the November ballot. This is the first affordable housing bond the voters will decide since approving a $3 billion housing bond, Prop. 1 of 2018. While the amount of this bond is significantly larger than prior housing bonds, the demand for affordable housing resources is acute. It would take annual state investments of a similar magnitude to really make a dent in the state's affordable housing needs identified through the Regional Housing Needs Assessment (RHNA) process. Supporters listed in the final Senate Floor analysis for SB 417 include affordable housing organizations, local government agencies, planning groups, and individual business organizations. Habitat for Humanity was listed in opposition, seeking an amendment to require 10 percent of bond funds to be dedicated to the Cal-Home Program.

Implementation: Several of this bond's allocations require additional implementation legislation to clarify programmatic detail. In addition, the funds dedicated for homeless and foster youth, local housing trusts, and acquiring and converting units to affordable housing are all subject to three-year reversion provisions. Local agencies should closely track legislative and administrative implementation efforts.

Proposition 37. California Middle-Class Homeownership and Family Home Construction Act of 2026.

This measure authorizes the California Housing Finance Agency (CHFA) to issue up to $25 billion in revenue bonds to offer eligible buyers fixed-rate second mortgages for up to 17% of the purchase price of a "qualified new home" with a value capped no more than 125% of the conforming loan limit

within the applicable county (ranges between $832,750 to $1.249,125). Eligible homes must be new construction or a new residential unit retrofitted from a previous nonresidential property. Borrowers must be California residents earning less than 200% of area median income, pay at least 3% down, and retain a real estate agent or broker to represent them in the transaction. Contractors must agree to comply with labor-related provisions in Sec. 21080.66 PRC applicable to the CEQA exemption for residential construction. Details are also included outlining the process for addressing any construction defect disputes. Provides that the revenue bonds issued are not a debt or liability of the state, and authorizes amendments to further the measure's purposes, with a 60 percent vote of each house of the Legislature and Governor's signature.

The Politics: This measure is sponsored by former Assembly Speaker and Senator Bob Hertzberg, who explained his reasons (listed in Ballotpedia) for sponsoring the measure as follows: *"I wanted to create something that would support the building of, and therefore supply, more middle-class housing. We need to increase supply. Because these subsidy programs, most of them, just end up increasing the cost of housing. You wind up buying your grandma's house with bad pipes and a leaky roof, and then you're stuck with all those expenses. The subsidies raise prices, but they don't add supply. And lately, everything has been focused on affordable rental housing. This is about ownership. Because, as I always say, home is where the wealth is."* Supporters include the California Association of Realtors, several carpenters unions, and existing and former elected officials. No opposition to the measure is yet listed.

Implementation: If CHFA effectively implements this program, and developers of new homes and lenders participate, California homebuyers will have an additional option to assist them obtain lower-cost downpayment assistance for purchasing new homes. Having more qualified buyers can incentivize construction of more homes. One wrinkle, however, is that buyers of a newly-constructed home through this program are required to retain a real estate agent or broker, which could offset some savings.

STATE BUDGET RESERVE AND TAX PROPOSALS

Proposition 2. Save for California's Future Act.

This measure makes several revisions to existing Constitutional formulas which require contributions into the Budget Stabilization Account (BSA) also refeed to as the state's "Rainy Day Fund." In brief, the measure:

- Increases the total cap of the BSA from 10 to 20 percent of state General Fund revenues.
- Increases the maximum revenues attributed from excess capital gains that may be contributed into the BSA from 8-10 percent, with a proviso to include 150 % of any amounts in excess of 10 percent. Prohibits contributions into the BSA from being counted as "appropriations subject to limitation" under the state's annual appropriations limit (Gann limit)
- Authorizes, in addition to the BSA, that contributions may also be made into a "Projected Surplus Temporary Houlding Account" provided they do not exceed 10 percent of General Fund proceeds of taxes for the fiscal year in which the transfer is made. Prohibits contributions into this "Projected Surplus" account from being counted as "appropriations subject to limitation" under the state's annual appropriations limit (Gann limit).

Provides, however, that that when revenues are withdrawn or transferred from the BSA or the Projected Surplus accounts they are subject to the Gann Limit.

The Politics: This measure was placed on the ballot by the Legislature via ACA 20 (Gabriel) of 2026. Legislators supporting the measure were all Democrats, except for one Republican in the Assembly. The official rationale for this measure is that—given the state's volatile revenues—it is prudent budgeting to allow legislators to place more into reserves in surplus years, so that they can better cushion impacts on education, social services, health care and other important state programs during downturns. But there are other aspects of this proposal that must also be noted:

- The measure exempts contributions into the state's reserves from the Gann limit. This totals up to 30% of General Fund revenues, when contributions (20% to the BSA and 10% to the new "Projected Surplus" account) are combined. The motivation for these Gann limit exemptions also reflects the reality that the state exceeded this limit during the post-COVID boom in 2022, where $17 billion was returned to taxpayers, and could soon exceed it again as state revenues increase.
- The existing BSA requires 50 percent of surplus revenues to be placed into reserves, and the remaining 50 percent to be appropriated by the Legislature for a narrow range of activities: repayment of budgetary loans to the General Fund, repayment of state mandates, and paying down unfunded retirement liabilities, health and other benefits. This measure gives more options to the Legislature including repayment of the Medical Providers Interim Payment Fund, earlier recognition of costs under a specified school local control funding formula, repayment of federal loans to the Unemployment Fund. Offering more spending options of these excess funds could make it less likely the Legislature pays down state unfunded retirement liabilities.
- The measure also reduces the political optics associated with a Governor declaring a fiscal emergency to access the state's reserve funds. Instead of requiring a separate declaration by the Governor, this measure allows it to be folded into the release of the May Revise.

Implementation: From a local government perspective, having the state maintain healthy budgetary reserves is positive for the state's economic underpinnings and can avoid chaotic "boom and bust" cycles. Yet, it remains to be seen whether this measure will impose greater fiscal discipline, or improved preparation for an economic recession, since—even in the existing strong economy—the state has been dipping into reserves to fund an ongoing structural deficit.

Proposition 3. California Children's Education and Health Care Protection Act.

This measure extends and makes permanent the existing income tax tables applicable to high-income earners subject to the state's 10.3, 11.3, and 12.3 percent tax tables, which are scheduled to sunset in 2031. The funds collected pursuant to these tax tables are dedicated to education and community colleges.

The Politics: This tax on higher-income households was originally approved as "temporary" by voters in 2012, then extended again in 2016. The taxes collected from these tax tables produce approximately $10 billion annually, which are dedicated to schools and community colleges. The state General Fund, however, also benefits because these revenues offset what the state is otherwise required to spend on education (under Proposition 98), and thus it "frees up" an equivalent amount of revenue to be spent on other state priorities. While this measure was qualified as an initiative, it is of obvious importance to Legislators. The Legislature required it to be listed by the Secretary of State as Proposition 3—where it will be seen earlier on the ballot by voters—instead of leaving it with the mix of other tax-related ballot measures (such as Prop. 40, the Billionaire Tax).

Implementation: No local implementation necessary. If this measure is approved by voters, state revenues from these taxes will not sunset in 2031.

Proposition 40. The 2026 Billionaire Tax Act.

This measure imposes a new five percent (5%) tax on California residents who have over $1 billion in personal wealth. The measure directs the revenues collected from this tax into a separate "2026 Billionaire Tax Reserve Fund," which the Legislature can allocate as provided "by law," except that these tax proceeds cannot be used to supplant existing state funds for health care, education or food assistance programs. More specifically, this measure:

- Declares that the purpose of this measure is to protect access to high-quality, equitable health care, and support funding for K-14 (kindergarten-community college) public education and food assistance programs, by raising revenue from a one-time tax on billionaire wealth. In addition, the measure is intended to: "respond to urgent, existing health care, education and nutritional needs that are being worsened by reductions in federal and state funding and the broader fiscal uncertainty facing the state."
- Authorizes the Legislature to amend the provisions of this measure with a two-thirds vote, "if the statute is consistent with and furthers the purposes of the 2026 Billionaire Tax Act."
- Prohibits allocations of revenue from the 2026 Billionaire Tax Reserve Fund from being counted as "appropriations subject to limitation" under the state's annual appropriations limit (Gann limit).

The Politics: This measure will be one of the most heavily-contested measures on the November ballot. If approved, it will yield a temporary influx of billions into the state treasury, and also raise uncertainties over its longer-term impact on the state's economy. The measure is sponsored by the Service Employees International Union-United Healthcare Worker's West (SEIU-UHW West), and supported by the Teamsters California, California Democratic Socialists of America, U.S. Senator Bernie Sanders and others. Arguments on the supporter's website state: *"We're calling on California's billionaires to step up and pay a one-time, emergency 5% tax to prevent the collapse of California healthcare and help fund California public K-14 education and state food assistance programs."* Opposition to the measure includes Governor Gavin Newsom, and prominent organizations including the State Building and Construction Trades Council of California, the California Teachers Association, and Planned Parenthood. Governor Newsom, arguing against the measure, states: *"It's really damaging to the state. … The evidence is in. The impacts are very real — not just substantive economic impacts in terms of the revenue, but start-ups, the indirect impacts of … people questioning long term-commitments, medium-term. That's not what we need right now, at a time of so much uncertainty. Quite the contrary."*

Implementation: The measure contains an expedited process to resolve disputes over its validity. Challenges must be filed within 60 days of its passage in Sacramento Superior Court, and that Court is encouraged to resolve claims by April 1, 2027. Appeals must be referred directly to the California Supreme Court and be resolved by November 1, 2027. Individual taxpayers can also be expected to challenge the state's efforts to determine their residency, level of wealth and collect taxes. Lastly, there is room for future disputes over whether the Legislature could adopt a statute that extends or expands this wealth tax.

Proposition 42. Retirement and Personal Savings Protection Act of 2026.

This measure prohibits any new state tax that either (1) taxes the ownership or control of personal property (including retirement accounts, financial assets, investment accounts, business interests, and intellectual property), or (2) applies retroactively based on the taxpayer's conduct, activities, or a status (including residency) that occurred before the new tax's effective date. The measure applies to taxes that are enacted or take effect on or after January 1, 2026, including taxes that appear on the same ballot as this measure. States that if this measure receives more affirmative votes than a conflicting ballot measure (that seeks to impose such taxes) appearing on the same ballot, that "the provisions of this measure shall prevail in their entirety, and all the other provisions of the other measure shall be null and void."

The Politics: Aside from its stated purpose to "protect the ability of California's to save for their futures," this measure is clearly designed as a "poison pill" against Proposition 40, the 2026 Billionaire Tax Act. Supporters for the measure include the California Small Business Association, California Taxpayers Association, California Black Chamber of Commerce with major financial backing from leaders of major California technology companies. Formal opposition is not currently listed for the measure on Ballotpedia.

Implementation: Both this measure and Prop. 40, have language stating that if either receives a greater number of affirmative votes than a conflicting measure it shall prevail. An effort to recount the votes could arise if the margins are narrow. In addition, litigation could be filed to decide the applicability of the conflict clauses. For example, Prop. 40 deals with taxing billionaires, while the protections in this measure apply also to all other taxpayers.

Proposition 41. The Improving Transparency, Effectiveness, and Efficiency in California Government Act of 2026.

This measure prohibits any new state taxes, enacted after January 1, 2026, that exclude their revenues from existing voter-approved state spending limit, including any new taxes that appear on the same ballot as this measure. Requires pre-election audits of programs that would receive funding from a special tax (a tax proposed to fund specific purposes) proposed by voter initiative, and requires recurring audits every four years of programs funded by all special taxes enacted after January 1, 2026.

The Politics: This initiative was drafted by the same proponent who drafted Proposition 42. Aside from imposing various requirements related to state audits, the measure contains a "poison pill" designed to frustrate the enactment of Proposition 40, the 2026 Billionaire Tax Act. The measure provides that "in the event that the other initiative contains a state tax that is exempted or excluded from the Government Spending Limitation (defined by cross-reference to the Gann limit) ... and in the event this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and all provisions of the other measure shall be null and void." Supporters include CalTax, the New California Coalition, Reform California and a list of leadership from major California technology companies. Formal opposition is not currently listed for the measure on Ballotpedia.

Implementation: An effort to recount the votes could arise if the margins are narrow between this measure and Prop. 40. Should both this measure and Prop. 40 pass, a Court will have to sort through the legal issues associated with the conflict clauses.

OTHER MEASURES

Proposition 5. Recall of State Officers.

This measure makes several changes associated with the removal of state officers by recall:

1. Eliminates the process whereby a recall of the Governor or other state officer is accompanied by an election of a successor who receives a plurality of the vote.
2. Declares that if a state officer is recalled the office is vacant, it shall be filled in accordance with the Constitution and statute.
3. Allows a recalled state officer to be a candidate to fill the seat they were recalled from, but prohibits their appointment to the office they were recalled from.
4. Removes the existing prohibition that a recalled state officer cannot be appointed by a Governor as a judge.
5. Changes the state recall process for the Governor by requiring:
    a. If a Governor is recalled, that the Lieutenant Governor to serve as Governor for the remainder of the unexpired term.
6. Provides that if a Governor is recalled during the first two years of the term, that a special election be called and (depending on timing) either consolidated with upcoming statewide primary or general election. If a candidate receives a majority vote in a statewide primary election, they shall serve for the remainder of the Governor's term. If no candidate receives a majority at the statewide primary election, then the top-two will advance to the general election, where the candidate receiving a majority of votes shall complete the remainder of the Governor's term.

The Politics: This measure was placed on the ballot by the Legislature with the passage SCA 1 (Newman, 2024), and addresses California's existing process for voter recall of state officers. Several prominent recall efforts helped shape legislative discussions of this measure. Former Democratic Senator Josh Newman, the author of this measure, was recalled from his seat in 2018, and replaced at that same election by former Republican Senator Ling Ling Chang. In 2020, however, Senator Newman ran again and regained his office. (However, he lost his seat again in 2024.) In 2003, Democratic Governor Gray Davis was recalled in a special election, and then replaced as Governor by Republican Arnold Schwarzenegger. More recently, in 2021, a recall effort was made on Governor Gavin Newsom, but that effort was defeated with 61% of the vote. While presenting this measure in the Legislature, Senator Newman argued that it *"will ensure that statewide and legislative recalls in California are democratic, fair and not subject to political gamesmanship."* Supporters in the Legislature included the League of Women Voters and Common Cause. Opponents were led by Election Integrity Project California who argued in rejecting the concept that the Lieutenant Governor serve as a replacement for a recalled Governor, noting that they are usually of the same political party, and that *"it is the people's right to not only to vote to oust the person in question, but to choose a replacement."*

Implementation: This measure focuses on recall issues associated with state officers.

Proposition 38. California Immunology Research and Cures Initiative.

This measure proposes a $8.4 billion state general obligation bond for immunology and immunotherapy research (technologies that use body's immune system to treat disease) was placed on the ballot via the initiative process. Its purpose is to fund research to advance the prevention and treatment of various illnesses including: cancer, heart disease, diabetes, Alzheimer's, Parkinson's, high blood pressure, and high cholesterol. Much of this funding is required

to be directed through the State Department of Public Health to fund "a world-class and innovative immunology immunotherapy research institute affiliated with the University of California." In addition, other provisions of this measure:

1. Requires 50 percent of the bond directed to this institute, along with a $100 million state start-up fund from the General Fund which will be repaid once bonds are issued.
2. Requires grant made to a recipient to offer the institute and the University of California Los Angeles (UCLA) the opportunity to substantially participate and collaborate on funded research and clinical trials.
3. Requires recipients of grant funds to pay 10 percent of all revenues the state derived from the sale, licensing, commercialization, or monetization of intellectual property rights that arise from funded research. Also, requires that any developed technology or drug be made available to California patients, hospitals and insurance companies at a 20 percent discount to the average national price.

The Politics: The primary recipient of these funds appears to be the recently-formed California institute of Immunology and Immunotherapy affiliated with UCLA (based on various descriptions in the measure). UCLA recently acquired control for the former Westside Pavilion mall, which is being converted into the UCLA Research Park. The state previously contributed $200 million to assist with acquiring this property. Major philanthropic contributors to this project include a $120 million donation from surgeon and inventor Dr. Gary Michelson and his wife, Alya. A quote attributed to UCLA Health CEO John Mazziota states: *"The goal is to build the immunology equivalent to Silicon Valley in Los Angeles."* The measure is supported by a wide range of health and medical research related organizations. No opposition has been identified on Ballotpedia.

Implementation: This measure includes extensive detail governing the allocation of the funds and accountability provisions. A research council is also established with a seven-member executive committee consisting of the chancellors of the following UC campuses: Berkeley, Davis, Irvine, Los Angeles, Riverside, San Diego, and San Francisco.

Proposition 44. The Clinic Funding Accountability and Transparency Act.

This measure requires nonprofit federally qualified health centers (community clinics that provide primary care to medically underserved areas and populations) to spend at least 90% of their revenue on program services advancing their charitable purpose, including but not limited to patient services, rather than management and overhead. This measure requires affected clinics to file specified data on their annual revenues and expenses with the Attorney General's (AG) Registry of Charities and Fundraisers, and for the AG to calculate a "mission spend ratio" for each entity. Clinics that fail to submit reports can be fined up to $10,000 per month. Any clinic that fails to meet its mission spend ratio shall be subject to an administrative penalty equal to the difference between what the clinic spent on "mission" activities compared to 90 percent of the clinic's revenue. The funds collected from administrative penalties shall be held in a special account for up to five years, after which they may be appropriated by the Legislature for clinical worker training, recruitment and retention.

The Politics: This measure is sponsored by Service Employees International Union-United Healthcare Workers (SEIU-UHW and SEIU 721), who are engaged in a broader effort to organize community clinic workers to have a larger say in decisions that impact in patient care, and have the opportunity to bargain for better pay and benefits. They argue this measure is necessary because

"Clinic CEOs are… misusing our tax dollars, and spending millions on executive pay and other non-essentials….As massive cuts to federal healthcare funding hit California, it is time to ensure community clinics are spending our tax dollars where it is needed most: on patient care." Opposition to the measure is led by the California Hospital Association, California Medical Association, Planned Parenthood, the California Teachers Association and a wide range of other groups. The President and CEO of the California Primary Care Association argues: *"We will not allow California's most vulnerable patients to be used as political pawns. Our broad coalition will mount an aggressive campaign to educate voters, defeat this reckless initiative, and protect care for millions of patients."*

Implementation: The California Attorney General's office is the lead state entity charged with implementing this measure.

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