



UPDATED

Date: July 10, 2025

To: Members, Assembly Elections Committee

From: Peter Blocker, Vice President of Policy

Subject: **OPPOSITION to SB 512 (Pérez), as amended on June 16, 2025**

The California Taxpayers Association respectfully opposes SB 512, which would authorize voters in certain districts to impose transportation-related retail transactions and use taxes through initiative measures. In doing so, this bill would codify and expand a misinterpretation of the California Supreme Court's 2017 decision in *California Cannabis Coalition v. City of Upland*, which would undermine constitutional taxpayer protections.

CalTax opposes SB 512 for the following reasons:

Undermines the Two-Thirds Vote Requirement for Special Taxes. Since the passage of Proposition 13 in 1978, California's Constitution has required a two-thirds vote of the electorate to approve local special taxes – those earmarked for specific purposes. This safeguard was reaffirmed by Proposition 218 in 1996, which extended the two-thirds vote requirement to all local governments and clarified that any new or increased local tax requires voters' approval.

These provisions were designed to promote affordability and ensure broad public consensus before imposing new costs on Californians.

Misapplies the *Upland* Decision. The *Upland* ruling addressed only the timing of elections for citizen initiatives and did not alter the substantive vote thresholds for tax approval. The Supreme Court declined to comment on whether such action would be illegal, thus creating ambiguity and uncertainty. Legal experts have consistently interpreted the decision as preserving the two-thirds vote requirement for special taxes, regardless of whether a measure is placed on the ballot by a governing body or through a citizen initiative.

Despite this, some local governments have exploited the ambiguity by advancing tax measures through initiatives to bypass the two-thirds threshold. SB 512 would codify this tactic, allowing transportation-related special taxes to be enacted with a simple majority vote, contrary to the intent of voter-approved Propositions 13 and 218.

Encourages Strategic Manipulation of Elections and Erodes Public Trust. SB 512 invites local officials and interest groups to use the initiative process to impose taxes that otherwise would be rejected by voters under the constitutionally required two-thirds standard. This approach has been used in cities like San Francisco and Los Angeles, where officials acting in their “individual capacity” sponsored tax initiatives to avoid the appropriate two-thirds threshold. This undermines the integrity of the electoral process and diminishes public confidence in local governance.

Makes Regressive Transportation Taxes More Prevalent. By lowering the threshold for passage, SB 512 would make it easier to enact sales taxes, which are among the most regressive forms of taxation. These taxes disproportionately impact low-income Californians by increasing the cost of everyday necessities. As inflation drives up the prices of goods, the sales tax burden grows in tandem, further straining household budgets and exacerbating economic inequality.

Harms California Workers. After comparing the costs of operating in California vs. other states, many employers left our state in recent years. A Hoover Institution report found that from 2018 to 2022, at least 352 companies relocated their headquarters out of California – with many businesses citing the state’s tax burden as the deciding factor in their relocation. The relocation of these companies and their employees to lower-cost states has a major impact on state and local tax revenue, causes unemployment for workers who cannot move to the new location, and is a sign that California must find ways to be more competitive. Tax increases passed as a result of SB 512 would be a step in the wrong direction, and would encourage more companies to move workers and investments to other states. Californians are sensitive to this problem, as illustrated by a June 2025 Public Policy Institute of California survey that found that 55 percent of Californians would prefer less taxes.

Additionally, unlike the federal government, state and local agencies must pay sales tax on their purchases. As more sales taxes are enacted, the cost of government operations— including schools, universities, and municipal services – will rise, diverting resources away from core public functions.

For the foregoing reasons, CalTax and the organizations listed below oppose SB 512.

On behalf of...

California Taxpayers Association
Acclamation Insurance Management Services
Alameda County Taxpayers’ Association

Allied Managed Care
California Association of Realtors
California Building Industry Association
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Fuels and Convenience Alliance
Coalition of Sensible Taxpayers
Coalition of Small and Disabled Veteran Businesses
Contra Costa Taxpayers Association
Council on State Taxation
Family Business Association of California
Flasher Barricade Association
Howard Jarvis Taxpayers Association
Kern County Taxpayers Association
Lake Forest Chamber of Commerce
National Federation of Independent Business
Orange County Taxpayers Association
Solano County Taxpayers Association

The California Taxpayers Association is a nonpartisan, nonprofit association formed to support good tax policy, oppose unnecessary taxes and promote government efficiency. Established in 1926, CalTax is the oldest and largest group representing California taxpayers.

cc: The Honorable Sasha Renee Pérez, California State Senate