



September 23, 2025

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**Subject: Veto Request for SB 512 (Pérez)**

Dear Governor Newsom:

The California Taxpayers Association and the organizations listed below respectfully request that you veto 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.

We oppose SB 512 for the following reasons:

**Encourages Strategic Manipulation of Elections and Erodes Public Trust.** SB 512 invites local officials and interest groups to rig 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.

**Undermines the Two-Thirds Vote Requirement for Special Taxes.** Since the passage of Proposition 13 in 1978, the California 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 new costs are imposed on Californians.

**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 and federal tariffs drive up the prices of goods, the sales tax burden grows in tandem, further straining household budgets and exacerbating economic inequality.

**Harms California Workers.** Tax increases passed as a result of SB 512 would run counter to your administration's work to attract employers to California and promote the state as a superior place to create jobs and do business. Californians are sensitive to the affordability 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 request your veto of SB 512.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Gutierrez", with a stylized flourish at the end.

Robert Gutierrez  
President and Chief Executive Officer  
California Taxpayers Association

*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.*

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