



Chief Executive Office.

COUNTY OF LOS ANGELES

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Joseph M. Nicchitta

September 24, 2026

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell, Chair Pro Tem
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Supervisor Janice Hahn
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From: Joseph M. Nicchitta 
Chief Executive Officer [Joseph M. Nicchitta \(Sep 24, 2026 10:27:08 PDT\)](#)

OVERVIEW OF THE NOVEMBER 3, 2026, GENERAL ELECTION BALLOT MEASURES

This memorandum is to provide the Board of Supervisors with information regarding the statewide propositions on the November 3, 2026, General Election Ballot.

- **Proposition 1:** Authorizes Bonds for Housing Affordability Programs. Legislative Statute.
County Position: None
- **Proposition 2:** Increases State's Rainy Day Fund. Legislative Constitutional Amendment.
County Position: None
- **Proposition 3:** Provides Permanent Funding for Schools and Healthcare by Extending Existing Tax on High Incomes. Initiative Constitutional Amendment.
County Position: None
- **Proposition 4:** Repeals Prohibition Against Public Funding of Election Campaigns. Legislative Statute.
County Position: None



- **Proposition 5:** Changes Recall Election Process for Statewide Officers. Legislative Constitutional Amendment.
County Position: None
- **Proposition 37:** Creates Loan Program for Middle-Income Buyers of Qualified New Homes. Initiative Statute.
County Position: None
- **Proposition 38:** Authorizes Bonds for Immunology Research. Initiative Statute.
County Position: None
- **Proposition 39:** Prohibits Citizens from Voting Unless they Present Government-Issued Identification. Initiative Constitutional Amendment.
County Position: None
- **Proposition 40:** Imposes One-Time Tax on Certain Taxpayers. Initiative Constitutional Amendment and Statute.
County Position: None
- **Proposition 41:** Prohibits New State Taxes that Exclude Revenues from State Spending Limit. Requires Audits for New State Special Taxes. Initiative Constitutional Amendment.
County Position: None
- **Proposition 42:** Prohibits New State Personal Property Taxes and Certain Retroactive State Taxes. Initiative Constitutional Amendment.
County Position: None
- **Proposition 43:** Limits Voters' Ability to Raise Revenues for Local Government Services. Legislative Constitutional Amendment.
County Position: None
- **Proposition 44:** Requires Community Health Clinics Spend 90 percent of Revenue on Program Services. Initiative Statute.
County Position: None
- **Proposition 45:** Modifies Environmental Review for Certain Projects. Initiative Statute.
County Position: None

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The Attachment provides a summary of each proposition and comments from affected County departments.

Should you have any questions concerning this matter, please contact me or Angela C. Ovalle, Acting Branch Manager, at (213) 974-1348 or aovalle@ceo.lacounty.gov.

JMN:JG:ACO
AM:dr

Attachment

c: All Department Heads



FACT SHEET

Proposition 1: Authorizes Bonds for Housing Affordability Programs. Legislative Statute.

COUNTY POSITION: **NONE**

If approved by voters, Proposition 1 would authorize the issuance of \$11.25 billion in general obligation bonds for affordable housing and homeownership programs administered by the State. On June 25, 2026, Governor Gavin Newsom signed Senate Bill [\(SB\) 417](#) (Limon), the Veterans and Affordable Housing Bond Act of 2026, which placed the bond on the November 3, 2026, ballot for voter approval.

Bond revenues would be distributed across a range of affordable housing and homeownership programs:

Affordable Housing

- \$5.1 billion for the Multifamily Housing Program (MHP) for new construction, rehabilitation, and preservation of permanent and transitional rental housing for lower-income households.
- \$1.15 billion for supportive housing through MHP. Funds may be used as operating subsidy reserves.
 - Up to 15 percent may be available as grants for acquisition, conversion or rehabilitation of interim housing to permanent housing.
 - \$150 million must be used for the development or acquisition of youth housing.
- \$750 million for the Portfolio Reinvestment Program to preserve existing affordable housing projects at risk of market-rate conversions.
- \$500 million for the Infill Infrastructure Grant Program to support high-density affordable and mixed-income housing in infill sites.
- \$450 million for housing for agricultural employees and their families.
- \$350 million for new affordable student housing projects.
- \$200 million to fund the acquisition and rehabilitation of unrestricted housing units, with long-term affordability restrictions.
- \$200 million to finance housing and housing-related services for tribal governments.
- \$200 million for grants or loans to local housing trust funds that demonstrate innovative, cost-saving approaches to sustaining and increasing affordable housing.

Homeownership

- \$1.25 billion for the CalVet Home Loan Program to support veterans with home purchases.
- \$600 million for the CalHOME program to assist development projects that involve multiple home ownership units.
- \$500 million for the MyHome down payment assistance program.

Background. According to the California Department of Housing and Community Development (HCD), the State must plan for more than 2.5 million homes by 2031 to meet prospective housing demand. More than one million units are needed for low-income households, where the shortfall in housing supply is the most acute. The California Housing Partnership finds that while California has funded more than 23,000 affordable homes in 2025, the State only funds 20 percent of what is needed to meet its housing goals.

Due to restricted rents and high development costs, housing developers rely on public subsidies from federal, State, and local governments to finance affordable housing projects. The State's largest affordable housing program, MHP, provides low-interest, long-term financing for affordable housing development and preservation. The first round of 2023 HCD Multifamily Finance Super Notice of Funding Availability received more than \$3.5 billion in requests, an oversubscription of 4:1. MHP, in particular, was oversubscribed at a ratio of 10:1, indicating high demand for limited State resources.

Voter-approved bonds are one of the primary sources of funding for affordable housing production in the State. In 2018, voters approved of the Veterans and Affordable Housing Bond Act of 2018, which authorized \$4 billion in bond funding, including \$3 billion for affordable housing programs such as MHP and \$1 billion for the CalVet program. According to the Legislative Analyst's Office (LAO), all funds associated with the bond have been committed to projects.

LAO Report. The [LAO reports](#) that bond funds from Proposition 1 would provide subsidies for up to 40,000 multifamily rental units statewide, as well as support up to 40,000 California households with homeownership assistance. LAO further reports that Proposition 1 would result in increased State General Fund (SGF) costs of \$500 million to \$600 million annually over 25 years to repay the housing bond.

County Impact. Proposition 1 may have direct, but minimal operational impacts on Los Angeles County (County), depending on how the affordable housing programs are structured. Further, Proposition 1 would provide substantial capital to expand construction, acquisition, and rehabilitation of affordable housing projects in the County. County departments and agencies note that by increasing the State's capacity to finance affordable housing development and other housing initiatives, the measure would help advance State and local housing and homelessness reduction goals.

According to the Los Angeles County Development Authority (LACDA), Proposition 1 would provide essential State financing for a substantial proportion of projects in the County's and the LACDA's purview and is critical to advancing the County's affordable housing goals. On an operational level, the LACDA reports that Proposition 1 may result in administrative impacts on the County and the agency, depending on how its funding is administrated or delegated to localities.

For example, if projects are required to submit as co-applicants or if funds are delegated through alternative processes in which the LACDA is tasked with administering funding awards, the County and/or the LACDA may need to dedicate staff and resources.

The Department of Homeless Services and Housing (HSH) reports that Proposition 1 is critical to helping the County meet the numeric targets adopted by the Board of Supervisors (Board) under Measure A, particularly related to increasing affordable housing units countywide. HSH also reports that the bond's carve-out for supportive housing funds for acquiring and converting interim housing to permanent housing directly supports ongoing work converting interim inventory into long-term supportive housing, and pairs with capitalized operating subsidy reserves that improve long-term project feasibility.

The Department of Consumer and Business Affairs reports that Proposition 1 would expand funding for California Housing Finance Agency (CalHFA) homebuyer programs, whose recipients may also qualify for grants through the County's down payment assistance program. With more financing available to homebuyers, particularly in an expensive housing market such as the County, Proposition 1 could help more homeowners purchase their first home and enhance the County's own homebuyer program.

Support. Housing California, the California Housing Consortium, League of California Cities, California State Association of Counties, Southern California Association of Non-Profit Housing, California Housing Partnership, California Apartment Association, Yes In My Backyard (YIMBY) Action, and United Brotherhood of Carpenters, among others.

Opposition. Reform California.

Proposition 2: Increases State's Rainy Day Fund. Legislative Constitutional Amendment.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 2 would amend the Constitution of the State of California (California Constitution), by amending Section 20 of Article XVI thereof, relating to increases to State reserves subject to voter approval.

The amendment would:

- *Save More in the Rainy Day Fund.* Proposition 2 would require the State to make deposits into the rainy day fund until it reaches 20 percent of SGF taxes (instead of ten percent of SGF taxes). In addition, the State would make even larger deposits in years when revenues from taxes on investment gains are very high, like when the stock market is booming.
- *Extend and Expand Extra Debt Payments.* Proposition 2 would also require the State to make extra debt payments through 2040 (instead of through 2030). These debt payments would be the same as the amount initially deposited into the rainy day fund each year. In addition, the amount set aside for extra debt payments could be used for an expanded set of purposes. Specifically, these payments could be used to make required payments to schools and community colleges, repay borrowing from other State funds, and repay certain loans from the federal government.
- *Change How Rainy Day Fund Deposits Count Toward the State Appropriations Limit.* Deposits into the rainy day fund would not count toward the State appropriations limit (often referred to as the Gann Limit). Funds later withdrawn from the rainy day fund that were not counted when deposited would instead count against the Gann Limit in the Fiscal Year (FY) they are withdrawn or returned to the SGF.
- *Change How Other Deposits Count Toward the State Appropriations Limit.* The State has an account (the Projected Surplus Temporary Holding Account) to set aside funds when revenues are surging. By setting these funds aside, the State can avoid overspending when revenue estimates are particularly uncertain. Under Proposition 2, deposits into this account also would not count toward the Gann Limit. Instead, the money would count toward the Gann Limit when it is taken out of the Projected Surplus Temporary Holding Account. This exclusion could not be larger than ten percent of SGF taxes in each year.

Background. The California Constitution establishes the Budget Stabilization Account (BSA) and requires the State Controller to transfer from the SGF to the BSA, no later than October 1 of each FY, a sum equal to 1.5 percent of the estimated amount of SGF revenues for that FY.

- The California Department of Finance is required to report specified information to the Legislature, including:
 - A. An estimate of the amount of SGF proceeds of taxes that may be appropriated for that FY;
 - B. An estimate of the portion of that amount that is derived from personal income taxes paid on net capital gains; and
 - C. The portion of the estimate in (B) that exceeds eight percent of the estimate made in (A).

Notwithstanding the requirement for the State Controller to transfer 1.5 percent of SGF revenues for each FY from FY 2015-16 to FY 2029-30, the California Constitution instead requires 50 percent of that amount and 50 percent of the amount described in (C) to be transferred to the BSA. The California Constitution requires the remaining 50 percent to be appropriated for unfunded liabilities and other specified purposes.

The California Constitution limits the amount that is required to be transferred to the BSA for any FY from exceeding an amount that would result in a balance in the account that, when the transfer is made, exceeds ten percent of the estimated amount of the SGF proceeds of taxes for the FY.

- The California Constitution creates the Public School System Stabilization Account (PSSSA) in the SGF and requires the State Controller to transfer specified amounts from the SGF to the account. Upon a proclamation by the Governor declaring a budget emergency, the Legislature may suspend or reduce transfers to the BSA or PSSSA, return funds in the BSA to the SGF, and appropriate funds in the PSSSA for the support of school districts and community college districts. The California Constitution defines “budget emergency” for these purposes to mean the existence of conditions of disaster or extreme peril, as declared by the Governor, or a determination by the Governor that estimated resources are inadequate to fund SGF expenditures for the current or ensuing FY at a level equal to the highest amount of total SGF expenditures estimated at the time of enactment of any of the three most recent Budget Acts.

The California Constitution requires the Governor, within the first ten days of each calendar year, to submit to the Legislature a proposed budget for the FY commencing on July 1 of that calendar year. Under existing statutory law, the Director of Finance is required to submit a revised budget proposal to the Legislature on or before May 14.

- The California Constitution prohibits the total annual appropriations subject to limitation of the State and of each local government from exceeding the appropriations limit of the entity of government for the prior year, adjusted for the change in the cost of living and the change in population. The California Constitution defines “appropriations subject to limitation” of the State for these purposes.

LAO Report. The [LAO reports](#) that by continuing to require deposits into the rainy day fund until the balance reaches 20 percent of SGF taxes, Proposition 2 would help the State save more over time. In addition, by depositing more money when revenues are surging, the State likely would save more in the rainy day fund in certain years. More reserves would make balancing the budget somewhat easier when revenues decline. Furthermore, the LAO reports that by requiring the State to make extra debt payments through 2040, the State might make more debt payments than it would without Proposition 2.

County Impact. No direct impact on the County as the proposed increase to the BSA cap from ten percent to 20 percent is strictly a State budget matter.

County Counsel reports that the measure would not impact County operations directly, and it would not require implementation by any County department or agency. County Counsel also reports that the measure does not appear to require changes to County procedures, responsibilities, or service delivery. Furthermore, County Counsel reports that any fiscal effect on the County would probably be indirect and would depend on future State budget decisions affecting funding for County programs.

Support. No registered support.

Opposition. No registered opposition.

Proposition 3: Provides Permanent Funding for Schools and Health Care by Extending Existing Tax on High Incomes. Initiative Constitutional Amendment.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 3 would make permanent the existing 2012 voter-approved tax rates for high income Californians, currently set to expire in 2031. The affected tax rates, which are an additional one to three percent for the marginal tax rate, would apply to personal income after 2030 over about \$371,000 for single filers, \$743,000 for joint filers, and \$505,000 for heads of household (adjusted annually for inflation).

Proposition 3 would maintain the current revenue allocation from the increased marginal tax rate to be deposited into the Education Protection Account (EPA), with 89 percent to K-12 schools and 11 percent to community colleges. If there are funds in excess of existing California Constitution education funding requirements, then 50 percent of the excess (not to exceed \$2 billion per FY) would be allocated to the Department of Health Care Services for critical, emergency, acute, and preventive health care for children and their families, primarily through Medi-Cal programs.

Background. Voters approved Proposition 30 in 2012 to temporarily increase income tax rates on high-income taxpayers. In 2016, voters approved Proposition 55 to extend these higher rates until 2030. The top two percent of California taxpayers pay these higher rates. Propositions 30 and 55 did not contain mechanisms to adjust the bracket thresholds for inflation.

LAO Report. The [LAO reports](#) that Proposition 3 would bring in between \$5 billion and \$15 billion each year. The amount of money brought in by Proposition 3 would likely go up and down a lot from year to year because much of the revenue comes from taxing income that is closely tied to the stock market.

The LAO also notes that roughly 40 percent of the funding would go to schools and community colleges, and the rest would go to other State programs, including a portion being set aside for budget reserves the State could use to fund these programs when revenues decline.

County Impact. The Los Angeles County Office of Education (LACOE) receives funds each year from the EPA, which was created by Proposition 30. Each year, the State Department of Finance estimates the total amount of additional revenues that will be available for transfer into the EPA during the next FY, which shall be used to support instructional programs. For FY 2025-26, LACOE expected to receive \$133,484 from the EPA for classroom instruction programs.

The Department of Public Health indicates that Proposition 3 would have no direct impact on the Department but could provide important ongoing revenue for Medi-Cal managed care programs and other programs aimed at providing health care services to children and families.

According to County Counsel, Proposition 3 concerns State income tax rates and revenue allocation and would not assign an implementation role to any County department. The measure would maintain an existing State tax and direct revenue to schools, community colleges, state health care programs, and the SGF, rather than to counties.

Support. California Federation of Teachers, California Professional Firefighters, California School Employees Association, California Teachers Association, AFSCME California, SEIU California, California Democratic Party, California Democratic Socialists of America, and California State PTA.

Opposition. California Taxpayers Association and Reform California.

**Proposition 4: Repeals Prohibition Against
Public Funding of Election Campaigns.
Legislative Statute.**

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 4 would amend the Political Reform Act of 1974 (PRA) to authorize public campaign financing for candidates seeking elective office and allow the State and local governments to offer public campaign financing programs. The measure would remove existing prohibitions on public officers expending, and candidates accepting public funds for election campaigns.

The measure would require certain criteria for any public campaign financing program, including:

- The public funds are not earmarked for education, transportation, or public safety.
- The program does not discriminate based on party, or according to whether a candidate is a challenger or an incumbent.
- Candidates receiving public funds abide by expenditure limits and meet criteria that demonstrate broad-based support in the district in which they are running, such as a requirement to receive small-dollar contributions or vouchers from a specified number of voting-age residents.
- Public funds are not used for legal defense fees or fines or to repay a personal loan from the candidate to their campaign, and a candidate who receives public funds does not use any source of funds to repay a personal loan to their campaign after the campaign ends.

Proposition 4 would provide that the Fair Political Practices Commission (FPPC) is not responsible for administering or enforcing a local agency's system of public financing of candidates.

The measure would also increase the potential fine for a criminal violation of the State's ban on campaign contributions or expenditures by foreign entities to at least the amount contributed or expended, up to a maximum of three times that amount.

Background. In June 1974, California voters passed an initiative, the PRA, that created the FPPC and codified significant restrictions and prohibitions on candidates, officeholders, and lobbyists.

Amendments to the PRA by the Legislature must further the purposes of the proposition and require a two-thirds vote of each house of the Legislature, or the Legislature may propose amendments that do not further the purposes of the act by a majority vote, but such amendments must be approved by the voters to take effect.

Voters approved Proposition 73 in 1988, which amended the PRA, to prohibit public funding of campaigns for State and local elections. Charter cities are exempt from the current ban on public campaign financing.

Court decisions on previous legislation to authorize the creation of public financing programs ruled that they directly conflict with a primary purpose and mandate of the PRA, as amended by Proposition 73, to prohibit public funding of political campaigns, and would require approval of the voters to implement such a change.

[SB 42 \(Umberg\)](#) [Chapter 245, Statutes of 2025], which contains the provisions of Proposition 4, was approved by the Legislature and signed by the Governor in 2025. The bill required the Secretary of State to submit the provisions of the bill to the voters for approval at the November 3, 2026, statewide general election. The bill would only become effective upon approval of the voters. The Board adopted a [motion](#) on August 12, 2025, to support SB 42.

LAO Report. The [LAO reports](#) that Proposition 4 would not create a public campaign finance program. However, it would allow State and local governments to create such programs in the future. The cost of these programs could be significant for governments that choose to create them. The total cost would depend on which governments created such programs and how those programs would be designed.

The LAO also notes that, if approved, Proposition 4 would likely require the FPPC to hire more legal staff to help provide guidance to State and local government officials on creating public campaign finance programs under the PRA.

County Impact. The Registrar-Recorder/County Clerk (RR/CC) indicates that the impact would depend on action taken by the Board to implement a public campaign financing program. Likely costs of such a program could include changes to education, campaign filing, reporting, disclosure, administration, disbursement of public funds, investigation, and enforcement processes. There could also be a potential increase in the number of candidates if a public campaign financing program is implemented, which could affect the ballot length and associated costs.

According to County Counsel, Proposition 4 would not immediately alter how the County does business. This measure would enable, but not require, local governments to establish public campaign financing programs. For the County to create such a program, it would need to adopt a separate ordinance and/or charter amendment satisfying the requirements of SB 42, including establishing the amount of public funds to be set aside for qualifying candidates.

County Counsel also notes that the fiscal impact on the County is indeterminate at this time and would depend on whether the County chooses to adopt an enabling ordinance or charter amendment and the level of funding it decides to provide to qualifying candidates.

Support. ACLU of California, California Clean Money Action Fund, California Common Cause, Consumer Watchdog, End Citizens United, League of Women Voters of California, California Democratic Party, and California Working Families Party.

Opposition. California Taxpayers Association and Reform California.

Proposition 5: Changes Recall Election Process for Statewide Officers. Legislative Constitutional Amendment.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 5 would eliminate the successor election for a recalled State officer and instead provide that if a State officer is recalled, the office will remain vacant until filled in accordance with law. The measure would repeal the prohibition that prevents the officer subject to the recall from being a candidate to fill the office in a special election, but would prohibit the appointment of the same officer to fill the vacancy.

If the Governor is recalled, the Lieutenant Governor will become Governor for the remainder of the unexpired term. If the Governor is recalled before the close of the nomination period for the next statewide election during the first two years of the Governor's term, the measure provides for a special election to be held to replace the Governor, to be consolidated with the next statewide primary election and, if necessary, the subsequent statewide general election. The measure requires the Secretary of State (SOS) to perform the recall duties of the Governor when a recall is initiated, and requires the State Controller to perform the recall duties of the Governor and SOS if recalls of those two officers are initiated at the same time.

Background. Proposition 5 was approved to appear on the November 3, 2026, ballot when the Legislature passed [Senate Constitutional Amendment \(SCA\) 1](#) [Chapter 204, Statutes of 2024], as part of a legislative effort to revise California's recall process for State officers. Former Senator Josh Newman introduced SCA 1 to address perceived flaws in the State's recall process, specifically, the concern that an official could be replaced without majority support under the current simultaneous successor election format.

LAO Report. The [LAO reports](#) that, if approved, the fiscal impact of Proposition 5 would depend on how often recalls occur and which offices are impacted. A statewide recall would trigger costs in all 58 counties, while a district-based recall would affect only the jurisdictions within that district. Costs could increase when a special election is required to fill a vacancy created by a recall, particularly when that special election cannot be consolidated with an already-scheduled election, potentially costing State and local elections officials millions of dollars.

At the same time, Proposition 5 could produce savings by removing the second question from the ballot in situations where a recalled office is filled by appointment or when a governor is recalled later in the term. Eliminating replacement-candidate listings would reduce printing, ballot preparation, and related administrative expenses, with potential savings also reaching millions per election.

Overall, the net fiscal effect remains uncertain because it depends on future recall scenarios, though any impact is expected to represent less than 0.1 percent of the SGF budget.

County Impact. If approved by voters, this measure would minimally impact the RR/CC's operations as it requires the Department to generate the ballot and conduct the recall election of a State officer in accordance with the measure.

Fiscal impact is estimated to be neutral as State recall elections are reimbursed by the State. This law will not affect the recall of local officers, including County elected officials.

Support. California Common Cause; Culver City Democratic Club; Indivisible CA; League of Women Voters of California; Lieutenant Governor Eleni Kounalakis; StateStrong; Santa Monica Democratic Club; and Secretary of State Shirley N. Weber, Ph.D., among others.

Opposition. Election Integrity Project California, Inc. and Reform California.

Proposition 37: Creates Loan Program for Middle-Income Buyers of Qualified New Homes. Initiative Statute.

COUNTY POSITION: **NONE**

If approved by voters, Proposition 37 would authorize the CalHFA to issue up to \$25 billion in revenue bonds to establish a new State-administered down payment assistance program.

CalHFA would be required to use the bond proceeds to provide middle-class homeownership loans covering up to 17 percent of the home's purchase price for down-payment assistance. Eligible homes must be new construction or the first sale of a converted property, and priced below \$1 to \$1.5 million, depending on the county.

Borrowers must be a California resident for at least one year prior to the time of the application, earn less than 200 percent of the area median income and contribute at least three percent of the home's purchase price. Homebuyers must occupy the home as their primary residence. The bonds would be repaid through loan payments made by participating homebuyers.

Proposition 37 would also allow housing developer to opt into a "qualified builder option" if projects satisfy the housing requirements of the program. Developers that choose this option must comply with additional labor standards in exchange for modified construction-defect rules intended to provide developers with greater flexibility.

Background. California has one of the most expensive housing markets in the nation. According to the LAO, while home prices have stabilized in recent years, the income required to afford a mortgage on a bottom-tier or mid-tier home has increased faster than median household income. Several State and local homebuyer assistance programs seek to reduce financial barriers for first-time homebuyers and support intergenerational wealth through homeownership.

CalHFA currently offers two programs that assist eligible homebuyers with down payment and closing cost expenses. The CalHFA MyHome Assistance Program offers deferred-payment junior loans that provide up to three percent for a convention loan (or 3.5 percent for a government loan) of the home's purchase price or appraised value. In 2023, the State launched the Dream for All Shared Appreciation Loan, which provides first-generation and first-time homebuyers with down payment assistance of up to 20 percent of the home's purchase price, capped at \$150,000. The loan, plus a portion of the appreciation in the home value, is repaid by the homeowner when the home is sold, transferred or the first mortgage is paid.

If approved by voters, Proposition 37 would create another State-administered down payment assistance program for first-time homebuyers.

LAO Report. The [LAO reports](#), Proposition 37 would not result in direct State or local costs because it would use payments from homebuyers to repay bond investors. However, the LAO acknowledges several factors may influence the impact of the proposition, including the extent to which investors want to buy the bond, how much the loans available cost homebuyers relative to other down payment assistance programs and if the program results in increased home construction and homebuying.

County Impact. Since the loan program is structured, funded, and managed entirely by CalHFA, Proposition 37 would not have a direct fiscal or operational impact on the County. However, by expanding resources available to support homeownership, the measure could strengthen existing County initiatives that help first-time homebuyers.

The Department of Business and Consumer Affairs (DCBA) administers the [Greenline Home Program](#), a County program that provides up to \$35,000 toward down payment and closing costs for qualifying low- to moderate-income, first-time homebuyers. According to DCBA, due to the high cost of housing in the County, the program relies on the layering of multiple grants to get participants the funds needed to finalize a home purchase. DCBA reports that Proposition 37, if approved, could provide additional assistance for homebuyers currently participating in the County's program, increasing the chances that the County program will have success in achieving its own goals.

Support. Former Assembly Speaker Robert Hertzberg (sponsor), California State Controller Malia Cohen, California State Treasurer Fiona Ma, the California Democratic Party, the United Brotherhood of Carpenters and Joiners of America, Western States Regional Council of Carpenters, and the California Association of Realtors.

Opposition. Reform California.

**Proposition 38: Authorizes Bonds for
Immunology Research. Initiative Statute.**

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 38 would authorize \$8.4 billion in State general obligation bonds to support immunology and immunotherapy research.

The measure would allocate the funding equally between:

1. A University of California-affiliated nonprofit medical research institute selected by the California Department of Public Health based on specified criteria; and
2. A grant program for public or nonprofit universities and institutions.

Background. Immunology is the study of the body's immune system and how it protects the body from abnormal cells and other causes of disease. Immunotherapy develops treatments that help the immune system fight diseases more effectively. The measure would require that at least \$4.2 billion of the bond funds be used for immunology research on cancer, heart disease, and Alzheimer's disease. No more than two percent of total bond funds may be used for State administrative costs. Payments on the bond would come from the SGF.

LAO Report. The [LAO reports](#) that Proposition 38 would increase the State costs by \$500 million to \$600 million annually for about 20 years to repay the medical research bond. The State could recover part or all of this cost in subsequent decades if the funded research leads to discoveries that generate revenue.

County Impact. The Department of Health Services (Health Services) reports that while it has academic affiliations with institutions that conduct immunology research, the County does not participate in the research process.

The Department of Public Health (DPH) does not anticipate direct operational impacts if Proposition 38 is approved. DPH notes that greater research could lead to important breakthroughs in immunology treatments and could potentially result in improved health outcomes for County residents.

According to County Counsel, Proposition 38 would not affect County operations directly. There would be minimal direct impact on County departments. Potentially, there could be ancillary benefits to DPH if DPH is able to access research funding opportunities, though the measure does not specifically establish an obligation for the State to provide such funding to County health departments.

Support. ALS Association; Alzheimer’s Association; American Nurses Association of California; California Black Health Network; Michelson Center for Public Policy; Parkinson Association of Northern California; and Reform California.

Opposition. None on file.

Proposition 39: Prohibits Citizens from Voting Unless they Present Government-Issued Identification. Initiative Constitutional Amendment.

COUNTY POSITION: NONE

If approved by the voters, Proposition 39 would require State and local elections officials to make “best efforts” using government data to verify that voters on the rolls are United States (U.S.) citizens, and would require county elections officials to report every year the percentage of registered voters whose citizenship status has been verified.

The measure would require new and existing voters to select a government-issued identification (ID) in their voter registration to vote by mail. The State would be required to provide a voter ID card at no cost to voters who request one.

Proposition 39 would also require voters to provide additional identifying information each time they cast a ballot in any election in California. Elections officials would be required to verify voters’ identities before counting their ballots. The ID requirement would depend on whether a voter casts a ballot in person or by mail. When voting in person, a voter would be required to present a government-issued ID for verification. When voting by mail, a voter would be required to provide the last four digits of their selected government-issued ID number on the ballot envelope.

The measure would require the California State Auditor (Auditor) to report every odd-numbered year how well the State and each county comply with the proposition and make recommendations for improvement.

Proposition 39 would require the Legislature to pass additional laws to implement the measure and clarify details that are not defined in the proposition, such as which forms of identification could be used and what steps would be considered “best efforts” to verify the citizenship status of registered voters.

Background. Under current law, when registering to vote, individuals must state under penalty of perjury that they are U.S. citizens and provide information to verify their identity, such as their birthdate and driver’s license or Social Security Number. Voters who do not provide this identifying information through the registration process may be asked to present identification the first time they vote.

Under existing law, elections officials are required to keep the voter rolls up to date by removing people who are no longer eligible to vote from the list, and receive regular updates from other government entities to identify people, such as those who have died.

Voters identify themselves when they vote in California, whether it is by signing on the ePollbook if they vote in person in the County, or by signing the envelope of their ballot if they vote by mail. Elections officials verify signatures for vote by mail ballots before counting them, but generally do not verify signatures from in-person voters before counting the ballots.

LAO Report. The [LAO reports](#) that Proposition 39 would increase State and local government costs by tens of millions of dollars to low hundreds of millions of dollars each year. The exact cost would depend on future choices made by the Legislature, State departments, local governments, and voters, such as the design and requirements of the voter identification card and the number of cards requested. There could also be some amount of savings due to fewer people registered to vote due to the removal of ineligible voters or eligible voters lacking government-issued identification. These savings would likely not exceed the costs of the measure.

County Impact. The RR/CC indicates that there would be significant costs associated with implementing Proposition 39, if it passes. These costs include:

- Developing new procedures, policies, and election worker training for the implementation of voter identification at the Vote Center;
- Updating the ePollbook interfaces/systems, voter databases, and Vote Center procedures;
- Updating the vote by mail envelope design and assigning additional staffing to provide voters who request by phone or electronically the government-issued ID the voter used when registering;
- Verifying the last four digits of a government-issued ID provided on all vote by mail ballots; and
- Developing and publishing the annual report required by Proposition 39.

RR/CC also notes that the ballot measures requirements would likely result in an anticipated increase in the time needed to process ballots and certify an election.

According to County Counsel, this measure would fundamentally alter how RR/CC conducts voter registration and elections administration and would represent a significant departure from existing State law. Currently, State law does not require proof of documentation of citizenship for voter registration – only self-attestation to U.S. citizenship under penalty of perjury is required. Proposition 39 would eliminate this self-attestation model and require documented proof of citizenship, creating an entirely new verification and compliance regime.

Support. Reform California and California Republican Party.

Opposition. American Civil Liberties Union, California Democratic Party, California Common Cause, Courage California, Disability Rights California, Equality California, League of Women Voters of California, Planned Parenthood Affiliates of California, California Nurses Association, California School Employees Association, California Teachers Association, and SEIU California.

**Proposition 40: Imposes One-Time Tax on
Certain Individuals and Trusts. Initiative
Constitutional Amendment and Statute.**

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 40 would impose a one-time tax of up to five percent on taxpayers and trusts with covered assets valued over \$1 billion. Covered assets would include businesses, securities, art, collectibles, and intellectual property, but would exclude real property and some pensions and retirement accounts. Ninety percent of these tax revenues would be allocated for health care, and ten percent for food assistance or education-related programs. The measure would prohibit using revenues to replace existing funding for these purposes and would exempt such tax revenues from constitutional requirements for school funding, budget reserves, and State spending limit. The tax would be retroactive and apply to taxpayers residing in the State as of January 1, 2026.

Background. The measure would create the 2026 Billionaire Tax Reserve Fund, where all taxes, interest, and penalties resulting from the initiative would be deposited. The fund would have two sub-accounts, the Billionaire Tax Health Account and the Billionaire Tax Education and Food Assistance Account, which would provide funding for Medi-Cal and other health coverage programs for low- and moderate-income individuals; health care access, benefits, and services; public education from K-14; and food assistance programs such as CalFresh, California Food Assistance Program, CalFood, or California's Universal Meals Program for school meals.

If Proposition 41 or 42 on this same ballot receive more "yes" votes than Proposition 40, then Proposition 40 could be prevented from becoming law even if it is approved by a majority of voters.

LAO Report. The [LAO reports](#) that Proposition 40 would raise tens of billions of dollars over several years from a new wealth tax, though actual revenue is uncertain. Billionaires could take steps to lower their tax bills, such as leaving California or shifting wealth tied to stock prices, potentially reducing State income taxes. These actions could shrink State income tax revenue by less than \$1 billion annually, meaning less funding for the SGF, which finances public services such as education, health care, and prisons.

County Impact. DPH reports that Proposition 40 could provide funding to offset recent State budget cuts to Medi-Cal benefits and eligibility, particularly for immigrant communities. Restoring benefits or waiving proposed premiums could improve coverage retention, reduce unreimbursed use of DPH clinics, and lessen revenue losses in the Drug Medi-Cal program. DPH also notes that the measure could help replace SNAP-Ed (CalFresh Healthy Living) funding eliminated under H.R. 1.

The Department of Public Social Services (DPSS) notes that the measure would direct some funds to backfill safety-net programs affected by State and federal funding shifts, including Medi-Cal and CalFresh, without replacing existing funding. However, it does not specify how funds would be allocated or the criteria for distribution. DPSS further notes that it cannot determine whether the additional revenue would ultimately benefit the intended programs. Assessing this would require complex economic forecasting, as the tax could simultaneously increase program funding and create broader economic effects, such as higher unemployment or increased caseloads, that influence whether the benefits outweigh the costs.

According to County Counsel, if approved, Proposition 40 could provide the County with a substantial increase in revenue. However, significant uncertainties affect actual County benefit. The State has not determined how revenues will be allocated to counties. The wealth tax may face challenges that could delay or prevent implementation. Revenue collections could fall below estimates due to economic conditions and taxpayer behavior. High-net-worth individuals may relocate to other states to avoid the wealth tax or may find ways to adjust their income to reduce their tax payments, resulting in loss of State income tax revenues that could exceed Proposition 40 revenues collected. The State may offset existing General Fund allocations to counties based on anticipated Proposition 40 revenues, reducing net County benefit even if collections underperform. County Counsel further reports that the County departments could face new compliance requirements. Implementation could require increased staffing in the Auditor-Controller's office and system modifications to track restricted funds. All departments receiving funds would need to establish baseline documentation and maintain records proving revenues expanded rather than replaced existing services. The measure's one-time designation creates uncertainty about program sustainability if the tax is not renewed.

Support. U.S. Senator Bernie Sanders; U.S. Representative Ro Khanna; California Superintendent of Public Instruction Tony Thurmond; Democratic Party of California; Teamsters California; UNITE HERE Local 11; and California Democratic Socialists of America.

Opposition. Governor Gavin Newsom; Gubernatorial Candidate Steve Hilton; California Business Roundtable; California Council for Affordable Housing; California Housing Consortium; California Medical Association; California Primary Care Association; California Professional Firefighters; California State Sheriffs' Association; California Teachers Association; California YIMBY; Housing Action Coalition; Planned Parenthood Affiliates of California; Reform California; and State Building and Construction Trades Council of California.

Proposition 41: Prohibits New State Taxes that Exclude Revenues from State Spending Limit. Requires Audits for New State Special Taxes. Initiative

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 41 would amend the California Constitution, by adding Article XXIV thereof, relating to audits of programs funded by new State special taxes and prohibiting new State taxes that are excluded from existing voter-approved State spending limit.

The amendment would:

1. Require One-Time Audits Before Special Taxes Appear on the Ballot Through the Voter Initiative Process Pre-Election Audits for Special Tax Initiatives.

- Require the Auditor, to review each program that would receive funds from a new or increased special tax proposed through the voter initiative process.
- This audit would occur after supporters collect 25 percent of the signatures needed to qualify a measure for the ballot, which is before it is known whether the initiative will qualify for the ballot.
- Require the audit to evaluate:
 - Whether the program obtains resources cost-effectively;
 - Whether spending is efficient and goals are being met;
 - Fraud, waste, abuse risks and safeguards;
 - Compliance with laws and internal policies;
 - The reliability of data used;
 - Accountability and oversight structures;
 - Cost comparisons with similar non-government programs; and
 - Ways to cut costs by at least ten percent annually.
- Allow the Auditor to seek input from the LAO.
- Require the Auditor to write an executive summary of findings that would have to:
 - Be sent to State leaders;
 - Posted publicly; and
 - Printed in the official voter guide if the initiative qualifies.
- If a proposed voter initiative with a special tax qualifies for the ballot, Proposition 41 requires the Auditor's summary to be included in the Voter Information Guide (VIG).
- If voters approve the special tax, the cost of the one-time audit would be paid from the new tax revenues.

2. Ongoing Audits of Programs Receiving Funds from New or Increased Special Taxes.

- Require the Auditor to periodically review programs that receive funding from special taxes created or increased by the Legislature or by voters after January 1, 2026.
- These ongoing audits would happen every four years.
- Require, for any special tax enacted on or after January 1, 2026, that:
 - The Auditor conducts ongoing audits every four years;
 - The audits evaluate the same factors as pre-election audits plus recommendations to improve effectiveness and reduce taxpayer burden;
 - The Auditor invites input from both LAO and the public; and
 - The audit costs be reimbursed from the tax revenue.
- Specify that the cost of this ongoing work would be paid using the new tax revenue.

3. State Appropriations Limit.

- Require, beginning January 1, 2026, that:
 - No new State tax be exempted from the State spending limit (Gann limit); and
 - The State does not enforce any tax enacted after that date if it is exempted from the limit.

4. Applicability

- The article applies to all statewide initiatives submitted on or after January 1, 2026.

5. Conflicting Measures

- Provide that if another initiative is on the same ballot, it would:
 - Set different audit rules or exempt taxes from the spending limit;
 - Override the other if it receives more votes; and
 - If overridden but the other measure is later struck down, become effective again.

6. Severability

- Provide that if any part is found invalid, the rest remains in effect.

7. Effective Date:

- Make the measure effective as soon as legally possible and becomes operative immediately.

8. Legal Defense:

- Provide that if the measure is legally challenged and State officials refuse to defend it:
 - The State Attorney General (AG) must appoint independent counsel to defend the measure; and
 - Funding for legal defense is continuously appropriated from the SGF.

Background. *Elections Administration:* The Secretary of State oversees elections across the state and prepares and mails the State VIG.

VIG: California citizens may propose State laws and constitutional amendments through the statewide initiative process. Supporters of an initiative collect signatures from registered voters to qualify their initiative for the ballot. State law sets how many valid signatures supporters must collect to qualify their initiative for the ballot. Supporters notify the Secretary of State once they have gathered 25 percent of the necessary signatures.

Special Taxes: State taxes can be raised by the Legislature or by voters. When a special tax is created, the revenue from that tax is dedicated to a specific purpose or program. For example, certain fuel taxes can only be used to pay for public roads and other transportation programs.

Auditor: The Auditor is an independent and nonpartisan office in State government. It reviews how well the State and local governments follow the law, use money, and run their programs. These reviews are called audits. An audit may give recommendations to help improve government operations and efficiency. Some audits happen regularly over time while other audits are done only once.

LAO Report. The [LAO reports](#) that Proposition 41 would increase the Auditor costs by creating new and ongoing audit requirements. The costs would depend on (1) the number of new or increased special taxes that are proposed and approved and (2) the complexity of the programs being audited. These costs likely would be in the range of the low millions of dollars per year but would grow over time. The one-time and ongoing audit costs associated with special taxes approved by voters or the Legislature would be paid from the revenues collected by the special taxes. One-time audit costs associated with special taxes that do not ultimately appear on the ballot or are rejected by voters would be paid from the SGF. (The SGF is the account the State uses to pay for most public services, including education, health care, and prisons).

The LAO also reports that Proposition 41 would require a summary of the Auditor's review to appear in the VIG when a voter initiative with a special tax appears on the ballot. These audit summaries could add several pages to the VIG, which would increase State printing and mailing costs by a few hundred thousand dollars per qualified initiative.

Furthermore, the LAO reports that Proposition 41 would require the Auditor to make recommendations for programs to reduce costs or improve efficiency. Proposition 41 could result in savings or improved services if policymakers implement the Auditor's recommendations and those recommendations prove effective. Any resulting savings would depend on future decisions and are not known.

The LAO concludes that net fiscal effect of Proposition 41 is unknown as it depends on future decisions by voters, the Legislature, and other policymakers.

County Impact. The Chief Executive Office – Budget Operations and Management Branch (CEO-BOMB) reports that Proposition 41 would not impact the County's current tax revenues but could make it more difficult to enact future proposed tax measures.

County Counsel reports that Proposition 41 would cap certain government spending and establish mandatory State audits for programs funded by newly enacted special taxes. It would also act as a poison pill to the one-time billionaire tax (Proposition 40), which is written explicitly to exempt its expected revenue from the State spending limit. If both propositions pass but Proposition 41 receives more votes, then it will effectively void Proposition 40, which would result in a reduction of revenue for public healthcare services and education and food assistance programs that would have been generated. The precise fiscal impact to the County is indeterminable.

Support. Building a Better California and Californians for a More Transparent and Effective Government.

Opposition. No registered opposition.

Proposition 42: Prohibits New State Personal Property Taxes and Certain Retroactive State Taxes. Initiative Constitutional Amendment.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 42 would amend the California Constitution, by adding Article VIII thereof, relating to prohibiting the imposition of new taxes on personal property, including the ownership or control of retirement holdings, individually-owned assets, and other forms of personal savings as well as requiring all new taxes to only apply prospectively.

The amendment would:

1. *Prohibit New Taxes on Financial Assets or Other Personal Property*

- Prohibit the State from imposing new taxes on retirement holdings, individually owned assets, or other personal savings (such as 401(k)s, IRAs, mutual funds, business interests, digital assets, or personal property). Existing taxes in place before December 31, 2025, would be unaffected.

2. *No Retroactive Taxes*

- Prohibit the State from applying retroactive taxes to activities, conditions, or residency statuses that existed before the tax's effective date.
 - Provide an exception for limited retroactive taxes (up to 365 days) only if the Governor declares an emergency (natural disaster, civil disorder, foreign attack) or a fiscal emergency, and the tax revenue is used strictly for that emergency.

3. *Application to Initiatives*

- Provide that these rules apply to statewide ballot measures voted on beginning in 2026.

4. *Conflicting Ballot Measures*

- Provide that if this measure appears alongside another initiative that tries to impose prohibited taxes or retroactive taxes, this measure would override the other if it received more votes. If another measure overrides it but is later struck down in court, this measure would become fully effective.

5. *Severability*

- Provide that if any part of this measure is ruled invalid, the remaining portions will still stand.

6. *Effective Date*

- Provide that the measure becomes effective and operative as soon as legally possible.

7. *Liberal Interpretation*

- Provide that the measure must be interpreted broadly to achieve its intended purpose.

8. *Guaranteed Legal Defense*

- Provide that if the Governor and AG refuse to defend the measure in court, the AG would have to appoint independent counsel and that funding for that counsel would be automatically provided by the SGF to ensure vigorous defense.

Background. *Certain Personal Property Is Taxed in California.* Both the State and local governments tax the ownership of certain personal property. These taxes are based on the property's value. Personal property is all the things that people own other than real estate. One example of these kinds of taxes is the vehicle license fee that car and truck owners pay to the Department of Motor Vehicles each year. Another example is the property taxes owners of business equipment pay to counties each year.

Ownership of Financial Assets Is Not Taxed. The ownership of many types of personal property is not taxed. One major example is financial assets like stocks and investment accounts. Although the State does tax income people make from their financial assets, there is no tax for simply owning those assets.

LAO Report. The [LAO reports](#) that Proposition 42 would restrict the options the State has to raise taxes in the future. This could make it somewhat harder for the State to raise taxes. This could reduce future tax revenues. When and by how much future revenues would be reduced is unclear.

County Impact. CEO-BOMB reports that the County does not receive any revenue directly from income taxes, capital gain taxes, or corporation taxes which are major sources of revenue for the SGF. The tax revenues that could impact the County's ability to increase taxes in the future could be from "individually owned assets" and "personal property." It is unclear what taxes would be included. To the extent that such taxes would include real property (secured and unsecured), then the County

may not be able to add new taxes on property-related taxes such as those added to property tax bills from voter-approved bonds and assessment, or parcel taxes.

County Counsel reports that Proposition 42 would amend the California Constitution to prohibit the enactment of any new State tax, enacted or effective on or after January 1, 2026, that taxes the ownership or control of personal property, including retirement accounts, financial assets, investment accounts, business interests, intellectual property, and other forms of personal savings. The measure would also prohibit retroactive State taxes that impose liability based on conduct, activities, or taxpayer status occurring before the tax's effective date.

County Counsel also reports that limited exceptions are provided for taxes enacted by the Legislature in response to certain declared physical or fiscal emergencies, provided the revenues are expressly limited to addressing the emergency.

Furthermore, County Counsel reports that Proposition 42 proposition would not directly modify the County's current property tax administration because California does not impose taxes on most financial assets or retirement accounts.

Support. California Black Chamber of Commerce; California Enlisted Association of the National Guard of the United States; California Multicultural Business Alliance; California Senior Alliance; California Small Business Association; California Taxpayers Association; Contra Cost Taxpayers Association; Disabled American Veterans Department of California; Placer County Taxpayers Association; Reform California; and Ventura County Taxpayers Association.

Opposition. No registered opposition.

Proposition 43: Limits Voters' Ability to Raise Revenues for Local Government Services. Legislative Constitutional Amendment.

COUNTY POSITION: NONE

If approved by the voters, Proposition 43 would amend the California Constitution, by adding Section 4.5 to Article XIII A thereof, relating to prohibiting local governments, or their voters via the initiative power, from imposing special taxes unless and until the tax receives a two-thirds voter approval.

The constitutional amendment would provide that:

- Beginning on January 1, 2027, no local government, including the electorate of a local government exercising the initiative power, may impose, extend, or increase any special tax, unless and until that tax is submitted to the electorate and approved by a two-thirds vote.
- Provide that no local government, including the electorate of a local government exercising the initiative power, may impose ad valorem taxes on real property except as otherwise provided in the California Constitution.

Background. *Local Governments in California.* California has many local governments. These include cities, counties, special districts, and school districts.

Vote Thresholds for Local Taxes. The California Constitution allows local governments to increase taxes with local voter approval. Tax increases can be put on a ballot by voters or a local governing board (such as a city council or board of supervisors). Increases in some types of local taxes require a two-thirds vote to approve them, while other types of taxes require a majority (more than half) vote to approve them. Some local tax increases are approved permanently, while others are approved for a limited period of time. Before those taxes expire, voters can be asked whether to extend them.

LAO Report. The [LAO reports](#) that Proposition 43 would make it harder for local governments to pass certain taxes. As a result, local governments' tax revenues could be lower in the future than they otherwise would be. The actual revenue impact is unknown and would depend on future decisions by local governments and voters.

County Impact. CEO-BOMB reports that Proposition 43 would not impact current revenues to the County, but it would make it more difficult to pass future special taxes because all new special taxes would require two-thirds voter approval. Also Proposition 43 would prohibit the County from imposing ad valorem taxes on real property (except as otherwise provided in the California Constitution).

CEO-BOMB also notes that Proposition 13 already caps the ad valorem tax at one percent of assessed value at the time of sale, and it restricts annual increases to a maximum of two percent. Thus, CEO-BOMB is not sure how a county could impose greater ad valorem taxes (i.e., a tax levied based on the assessed value of a property) on real property unless Proposition 43 is referring to voter-approved bonds and assessments that can be included on property tax bills to fund, for instance, local public schools, public libraries, infrastructure, etc.

CEO-BOMB notes that the key impact of Proposition 43 would be that if the State wanted to increase property tax rates in the future, it would now require two-thirds voter approval rather than a simple majority.

County Counsel reports that Proposition 43 would require two-thirds vote by electorate to enact, extend or increase local special tax initiatives and prohibit local governments and ballot initiatives from enacting ad valorem property taxes except those authorized elsewhere in the California Constitution. The restriction also applies to citizen initiatives, which currently only need a simple majority vote to be approved.

County Counsel also reports that if approved by the voters, Proposition 43 would make it more difficult for the County and other local governments to secure funding for public services such as affordable housing, homelessness programs, local public schools, and transit projects, among others. The precise fiscal impact is indeterminable.

Support. Howard Jarvis Taxpayers Association and Reform California.

Opposition. Evolve California.

Proposition 44: Requires Community Health Clinics Spend 90% of Revenue on Program Services. Initiative Statute.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 44 would require nonprofit Federally Qualified Health Centers (FQHCs) and FQHC Look-Alikes to spend at least 90 percent of their revenue on program services advancing their charitable purpose, including but not limited to patient services, rather than management and overhead. The measure would allow the California Department of Public Health to waive the spending requirement in exceptional circumstances. It would also authorize the AG to publish guidance defining qualifying expenditures. The measure would impose monetary penalties for noncompliance, which may be refunded if FQHCs become compliant within five years. It would also authorize criminal charges for false reports and schemes to artificially increase spending ratio.

Background. An FQHC is an organization that receives federal funds to provide prevention and primary services in an outpatient clinic setting in underserved areas. An FQHC Look-Alike meets all the same eligibility requirements as an FQHC but does not receive federal Health Center Program grant funding. They do receive the same Medi-Cal/Medicaid reimbursement rates as FQHCs. These clinics spend most of their revenue on patient care (about 80 percent on average), with the rest covering administrative and other costs. Proposition 44 would limit other expenses to no more than ten percent. The AG would further define allowable health care and non-health-care costs, and clinics could request temporary waivers in certain cases.

LAO Report. The [LAO reports](#) that Proposition 44 would increase State costs in the low tens of millions of dollars annually to enforce the new requirements, much of which would be covered by fees and penalties charged to the affected entities.

County Impact. Health Services is concerned that although Proposition 44 would not apply to County-operated clinics, it could set a concerning precedent for how these clinics are regulated in the future.

According to DPH, although the measure is not expected to directly impact its own operations, it could significantly disrupt operations at the FQHC partners that DPH relies on and refers residents to.

County Counsel notes that because FQHCs form an important part of the health care safety net for the uninsured and underinsured, Health Services could be affected if Proposition 44 negatively impacts FQHCs financially. FQHCs nationwide reportedly are experiencing financial stress because of federal Medicaid cuts. FQHC representatives are concerned that Proposition 44 could negatively affect their ability to recruit and retain talented and experienced executive leaders and other

management level staff. County Counsel further notes that Proposition 44 would not alter how the County does business. Health Services does not operate FQHCs, and it already has a legal obligation under Welfare and Institutions Code section 17000 to care for the medically indigent. However, disrupted operations to the County's FQHCs simply may add to Health Services' uninsured and under-insured patient load if the FQHCs must turn patients away because the cost of any assessed penalties impacts their ability to provide health care. This would be considered a medium impact on County operations.

Support. SEIU-UHW West.

Opposition. California Medical Association; American College of Emergency Physicians, California; California Academy of Family Physicians; Community Clinic Association of Los Angeles County; Clínica Monseñor Oscar A. Romero; Complete Care Community Health Center; Eisner Health; JWCH Institute/ Wesley Health Center; Northeast Valley Health Corporation; Planned Parenthood Affiliates of California; California Children's Hospital Association; California Hospital Association; APLA Health; California Primary Care Association; AltaMed; LA County Business Federation; and Chinatown Service Center.

Proposition 45: Modifies Environmental Review for Certain Projects. Initiative Statute.

COUNTY POSITION: **NONE**

If approved by the voters, Proposition 45 would create special procedures under the California Environmental Quality Act (CEQA) and the Permit Streamlining Act (PSA) that apply only to “essential projects.”

This measure would set deadlines for the lead agencies to complete reviews and approvals, including 365 days to issue a final decision and complete the environmental impact assessment for a complete application, 180 days to complete a negative declaration, and 90 days for all other determinations. This measure would shorten public comment periods to 15 days for Mitigated Negative Declarations and 30 days for Environmental Impact Reports. If lead agencies fail to meet deadlines, applicants can request a public hearing that the agency must complete and issue a final decision within 60 days.

Proposition 45 would establish a new pre-application screening for tribal cultural resources and changes to CEQA’s existing tribal consultation process; change the “project alternative analysis” by allowing an applicant-developed single “project alternative;” establish payment of prevailing wages/project labor agreements for all essential projects and with special labor rules for housing projects; and limit the basis for challenging the approval of an essential project based upon defects in the environmental document.

This measure would also define essential projects to mean the following:

- A housing project that constructs residential units, mixed-use developments, transitional housing, farmworker housing, group living accommodations, student housing, senior housing, subdivisions or common interest developments, or converts existing commercial buildings to residential use.
- A water project that constructs, expands, repairs, replaces, improves, or directly or indirectly augments a public water system or systems described in the State’s Water Resilience Portfolio.
- A public health project that constructs a medical treatment facility.
- A public safety project that constructs a first responder facility or a wildfire risk reduction project.
- A transportation project that utilizes fuel tax revenues exclusively for planning, constructing, improving, maintaining, and operating public streets and highways, including associated environmental mitigation and administrative costs.

Proposition 45 would also make changes to the judicial review process for essential projects. The measure would, among other changes, require courts to resolve challenges within 270 days of filing, limit the scope of review and the content of the

administrative record, and apply remedies only on the portion of an approval found non-compliant, until the non-compliance is corrected. This measure would prohibit the extension of public comment periods except in cases of a court order.

Background. Under current law CEQA requires State and local agencies, as lead agencies, to identify, analyze, and mitigate, if possible, the environmental impacts of proposed projects before their approval. The lead agency determines if the proposed project may have significant impacts on the environment. The lead agency will determine the type of environmental document that is necessary, if a project is not CEQA-exempt. Environmental documents include a mitigated negative declaration where significant impacts can be mitigated or an environmental impact report (EIR) which is a full environmental analysis. The EIR includes the consideration of project alternatives, including a “no project alternative,” and mitigation measures to reduce the impacts of the proposed project to a level of insignificance. The current timelines for CEQA are generally considered discretionary not mandatory. CEQA timelines include completing an initial study within 30 days of receiving the application, completing and adopting a negative declaration or mitigated negative declaration within 180 days once the application is complete, and 365 days to complete and certify an EIR from the date the application is complete.

The PSA expedites project development permits by setting time limits for State and local government agencies to approve or disapprove a project. The PSA clock does not start until the applicant submits a complete permit application. The agency has 30 days after an application is submitted in which to inform the applicant of whether the application is complete. If the agency does not inform the applicant within that 30-day period, the application will be deemed complete if the application is for a development project, even if the application is deficient. A new 30-day period begins with each re-submission of an application, such as to correct deficiencies. The PSA applies to development projects, which includes a project involving the issuance of a permit for construction or reconstruction but not a permit to operate. Although the PSA generally applies only to development projects that require the exercise of discretion, housing development projects that are subject to a ministerial approval process are subject to the PSA.

LAO Report. The [LAO reports](#) that Proposition 45 would cost State and local governments tens of millions of dollars annually, potentially exceeding \$100 million annually, to implement new project review and court challenge procedures for eligible projects. Fees paid by project applicants and people filing lawsuits would partly cover these costs. In the longer term there may be more significant positive or negative fiscal effects for state and local governments. The overall effect depends, in part, on how the new procedures change the number of eligible projects that are built and whether those projects have different environmental impacts.

County Impact. Proposition 45 would streamline and make more predictable environmental review and permitting procedures for essential projects, help deliver essential projects more quickly while reducing costs associated with project

reviews. Proposition 45 may require new County-funded staffing for departments to adjust internal procedures and shift workload. This measure would present significant administrative challenges for the departments acting as lead agencies to complete a full and robust technical review of complex project proposals within the expedited timelines, which would reduce certainty about comprehensive project impacts and adherence to County standards. The automatic remedies and revised procedures may be difficult to implement for complex projects. Further, the fixed deadlines may compromise elements of project applications that are outside the control of the lead agency responsible for the project's approval.

The Department of Public Works (DPW) is supportive of efforts to streamline CEQA procedures and reduce delays in approval times. DPW frequently serves as a lead, coordinating, or permitting agency for CEQA-related projects, therefore procedural clarity and firm deadlines will help address administrative costs, workload prioritization, and staffing challenges. DPW believes Proposition 45's special procedures would help expedite the planning and construction of water and transportation infrastructure projects. DPW reports that Proposition 45 does not explain how the expedited timelines will address technical study completion and State agency requests for information which typically start a new timeline for determinations. DPW reports that predictable timelines for essential projects could also help safeguard grant funding by ensuring that project milestones are completed before funding deadlines expire. The initial implementation phase may require additional staffing and administrative costs. However, in the long-term, DPW anticipates that projects which qualify for existing CEQA exemptions may experience minor to moderate savings, while larger or more complex transportation and water infrastructure projects could receive more significant savings from accelerated environmental review, shorter regulatory approval timelines, and reduced litigation-related delays. DPW expects administrative and procedural changes to persist until the State issues guidance, new procedures are fully implemented, and relevant case law provides greater certainty regarding Proposition 45's special procedures and administrative requirements.

The Department of Beaches and Harbors (DBH) reports that Proposition 45 may benefit certain lessee projects through project streamlining (such as an upcoming 100-percent affordable housing project), reduced CEQA litigation risk, and lower project costs. DBH notes that future capital projects may qualify for the special procedures of Proposition 45. DBH does not report direct fiscal impacts from Proposition 45.

The Department of Parks and Recreation (LA County Parks) reports that Proposition 45 would likely have no impact on department projects generally. Further, certain fuel management projects that may qualify for the special procedures of Proposition 45 are typically small in scale and currently exempt from CEQA. LA County Parks notes that, for project applicants, this measure may provide streamlined alternatives analysis for an EIR, limited processes for public comments, and expedited judicial review. LA County Parks does not report direct fiscal impacts from Proposition 45.

The Department of Regional Planning (DRP) reports that while Proposition 45 could reduce processing times and litigation uncertainty for qualifying projects, the proposed deadlines and automatic remedies would substantially change current department processes, CEQA procedures, and may be difficult to implement for complex discretionary projects.

DRP also reports that the applicability of Proposition 45's special procedures may not provide additional benefits to projects which qualify for by-right or ministerial approvals. The special procedures would benefit subdivisions, large discretionary housing projects, clean-energy projects, medical and educational facilities, broadband projects, and other major developments.

According to DRP, the most significant concern is that the mandatory timelines and automatic remedies in Proposition 45 do not adequately account for complex technical studies, applicant-caused delays, consultation, public-notice requirements, and the practical steps necessary to bring major discretionary projects to hearing. CEQA schedules, for instance, are often affected by matters outside the lead agency's control, including changing project descriptions, incomplete applicant responses, financing changes, seasonal biological surveys, records searches, mandatory consultation, data collection, mapping, and complex technical studies. In addition, fixed deadlines may reduce the time available for independent and technically sound analysis, development of effective avoidance or mitigation measures, and informed public and decision-maker review. Further, the measure provides no certainty for how to address incomplete applications against the deadline to accept a project application. DRP notes that Proposition 45 would increase departmental workload, but the measure does not provide additional funding for staff, consultant support, legal review or case-management technology that may be needed for implementation.

County Counsel reports that Proposition 45 would significantly affect County administrative procedures resulting in the need to train staff and allocate resources to meet expedited review deadlines. Furthermore, the expedited review timelines for local agencies may be infeasible for complex projects where technical review is more involved, such as for clean energy projects, data centers, telecommunications infrastructure, and battery energy storage systems.

Support. American Clean Power – California; Associated General Contractors of California; California Building Industry Association; California Business Roundtable; California Chamber of Commerce California Hospital Association; California Water Association; Housing Action Coalition; NAACP California/Hawaii State Conference; and State Assembly Member Buffy Wicks.

Opposition. American Nurses Association of California; California Bicycle Association; Center for Environmental Health; Clean and Healthy California; Greenbelt Alliance; National Parks Conservation Association; Sierra Club California; and State Building and Construction Trades Council of California.