



PROPOSITION 43

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

ANALYSIS OF MEASURE

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 State 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.

PROPOSAL

Requires Certain Local Taxes Receive Two-Thirds Approval by Voters. Under current law, local taxes that are used for a specific purpose require a two-thirds vote to be approved. These are called special taxes. However, recent court decisions have allowed special taxes that are *proposed by voters* to be approved with a majority vote. Under Proposition 43, beginning on January 1, 2027, any new, increased, or extended local special taxes proposed by voters would require a two-thirds vote.

FISCAL EFFECTS

Possibility for Lower Local Government Tax Revenues in the Future. Proposition 43 makes 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.

YES/NO STATEMENT

A **YES** vote on this measure means: Certain local government taxes would require two-thirds approval by voters.

A **NO** vote on this measure means: Certain local government taxes could continue to be approved by voters with a majority vote.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Possibility that local government tax revenues will not go up as much in the future due to a higher vote threshold for certain taxes.

BALLOT LABEL

Fiscal Impact: Possibility that local government tax revenues will not go up as much in the future due to a higher vote threshold for certain taxes.