

# California State PTA

## Legislation Team Study Committee Report

**Initiative #1981 (#25-0005, Amendment 1)/Local Taxpayer Protection Act To Save Proposition 13**

(Version 3) [Text of Initiative](#)

August 2025 Status: Gathering Signatures.

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## SUMMARY

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**Initiative #1981 (#25-0005, Amendment 1) a.k.a “Local Taxpayer Protection Act To Save Proposition 13 (Version 3)** is an initiative constitutional amendment which, per the California Attorney General, limits the ability of voters to raise revenues for local government services in a variety of ways:

- Limits voters’ ability to pass voter-proposed local special taxes by raising the vote approval threshold requirement for such ballot measures from a simple majority (over 50%) to two-thirds.<sup>1</sup>
- In charter cities, voters are prohibited from approving real estate transfer taxes other than the existing 0.11% transfer tax authorized by Revenue and Taxation Code section 11911.
- Overturns all existing voter-approved property-related taxes that do not comply with these requirements two years after the measure is enacted.

The proponent, Jon Coupal, must collect signatures of 874,641 Californians registered to vote no later than Jan 12, 2026

The California State PTA Director of Legislation has appointed Carol Kocivar, Mary Perry, Jennifer Delgado, and Heidi Brewington to a study committee to make recommendations on this issue.

<sup>1</sup> *This initiative measure would not affect local General Obligation Bonds passed by fewer than two-thirds of voters. They are not voter-initiated but put forward by a government entity, e.g., local school districts. Further, Article XIII A, Section 1 of the California Constitution explicitly authorizes their passage with a 55% supermajority, based on specific conditions.*

# BACKGROUND

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## 2024 Initiative Requiring Two-thirds Vote on Taxes Removed from Ballot

This 2025 initiative is a rerun of portions of a 2024 initiative (#1935) designed to make it more difficult to raise taxes. The 2024 initiative, called “The California Two-Thirds Legislative Vote and Voter Approval for Fee and Charge Increases Initiative,” was removed from the ballot by court order.

A provision in that initiative, which would require the Legislature to seek approval from the voters for any new or higher state tax, was challenged.

The California Supreme Court unanimously ruled that the initiative amounted to a revision of the state constitution and was therefore unconstitutional and could not go before voters in November. [Justice Goodwin Liu](#) said, “[The initiative] would substantially alter our basic plan of government; the proposal cannot be enacted by initiative.”

The PTA took an “oppose” position on that 2024 initiative.

## Tax Laws and Cases

The state constitution and case law govern the vote requirements needed to increase or decrease state and local [taxes](#).

### **Proposition 218**

California voters approved [Proposition 218](#) in 1996 by a vote of 56.5% to 43.5%, adding Article XII C Voter Approval For Local Tax Levies to the California Constitution.

The article includes the requirement that **local governments may only enact, extend, or increase a special tax with a two-thirds (66.67%) vote of the electorate**. Following the passage of Proposition 218, the two-thirds supermajority vote requirement was applied to legislative referrals, referendums, and *citizen initiatives*. It also required that elections for general taxes be held at regular elections.

### **Case Law: Majority vote requirement for Citizen Initiatives**

In August 2017, the California Supreme Court ruled in *California Cannabis Coalition v. City of Upland* that one requirement contained in Article XIII C—that general taxes must be put on the ballot during general elections—did not apply to citizen initiatives.

The court categorized taxes imposed by citizen initiatives as separate from taxes imposed by local governments. This ruling brought the two-thirds (66.67%) vote requirement into question for special taxes proposed through citizen initiatives.

City and county officials in San Francisco argued that the court's 2017 decision meant that a simple majority—not a two-thirds supermajority—was required for the approval of **local citizen initiatives**, including tax measures that designate funds for specific purposes.

Based on those arguments, the city certified the measures as approved. The Howard Jarvis Taxpayers Association filed a lawsuit against the city and county in August 2018 stating that Proposition C, a commercial rent tax for childcare initiative, did not receive sufficient votes because it needed a two-thirds supermajority vote.

On January 27, 2021, the First District Court of Appeal ruled that the **supermajority requirement did not apply to Proposition C and only applied to measures placed on the ballot by the city council, board of supervisors, or school board.**

### **Charter Cities:**

The Legislative Analyst [explains](#):

[Charter](#) cities generally have authority to adopt their own local laws which generally supersede state law. Charter cities (and counties) are still subject to the U.S. Constitution, federal laws, the California Constitution, and state laws regarding matters of statewide concern. Of California's 483 cities, about one-quarter are charter cities.

Long-standing state law permits California's 58 counties to impose and collect a tax on the transfer of ownership in real estate. This is known as a documentary transfer tax. The tax is limited to 55 cents per \$500 in property sale (or 0.11 percent). A city can opt to impose a documentary transfer tax of half that rate (that is, 27.5 cents per \$500) when the property sale is within its boundaries. In those cases, the county and city each receives 27.5 cents per \$500. Counties and cities can use revenues from documentary transfer taxes for any governmental purpose. All counties in California, except for one, impose a documentary transfer tax.

Court decisions in the early 1990s determined charter cities could impose their own transfer tax on the sale of real property. Charter cities can set their own transfer tax rate. They are not limited to the statutory rate for documentary transfer taxes.

This type of tax is not named in statute so we refer to it as the "charter city-only transfer tax."

## **What The Initiative Proposes To Do**

This initiative would amend Section 4.5 of Article XIII A of the California Constitution by adding the following:

Sec. 4.5. Restoring Local Taxpayer Protections.

**Limits voters' ability to pass voter-proposed local special taxes by raising the vote approval threshold requirement for such ballot measures from a simple majority (over 50%) to two-thirds.**

“(b) Notwithstanding article II and article XI of this constitution, a local government, including the electorate of a local government exercising initiative power, may impose special taxes only on such entity; only as provided in section 4 of this article, in section 2 of article XIII-C, or in section (3)(a)(2) of article XIII D; and only after the tax is submitted to the electorate and approved by a two-thirds vote.”

**In charter cities, prohibits voters from approving real estate transfer taxes other than the existing 0.11% transfer tax authorized by Revenue and Taxation Code section 1191**

(c) “Notwithstanding article II and article XI of this constitution, no local government, including the electorate of a local government exercising the initiative power, may impose ad valorem taxes on real property, except as provided in section (3)(a)(I) of article XIII D, any non-ad valorem general tax upon a parcel of real property or upon any person as an incident of real property ownership, or any transaction tax, sales tax, documentary transfer tax, or other tax related to real property sales, transfers, documents or recordings except for the tax, and not exceeding the rate, specified in subdivisions (a) and (b) of Revenue and Taxation Code section 11911, as it existed on January 1, 2025.”

**Overtakes all existing voter-approved property-related taxes that do not comply with these requirements two years after the measure is enacted.**

(d) Any tax upon a parcel of real property or upon any person as an incident of real property ownership enacted prior to the effective date of this section that does not comply with this section, and any transaction tax, sales tax, documentary transfer tax, or other tax related to real property sales, transfers, documents or recordings enacted prior to the effective date of this section that does not comply with this section shall become null and void on December 31 two years following enactment of this section. This subdivision shall also apply to such taxes enacted under the initiative power.

## Fiscal Impact

Summary of estimate by Legislative Analyst and [Finance of fiscal impact on state and local governments](#):

“Annual loss of revenues to local governments totaling up to a couple of billion dollars, predominantly affecting certain charter cities. Potential future reduction in what local governments would otherwise collect in revenues due to a higher vote threshold for certain taxes and fewer types of taxes that local governments can adopt. (25-0004A1.)”

# CALIFORNIA STATE PTA AUTHORITIES

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PTA authorities for legislative positions consist of the PTA mission, PTA legislative platform, resolutions, and position statements.

[PTA Resolutions](#) come from our members and call attention to a problem and a need for action on a particular issue with statewide implications affecting children, youth, and families.

The list below is in alphabetical order.

## [ADEQUATE AND EQUITABLE STATE SCHOOL FINANCE SYSTEM](#)

**Adopted by Convention Delegates April 29, 1987**

**Reviewed and deemed relevant April 2018**

(excerpt)

RESOLVED, That the California State PTA and its units, councils and districts actively seek a new method of public school finance which includes, but is not limited to, the following components:

- a. A level of funding which provides adequate resources to give all students equal access to optimum educational opportunity.
- b. Sufficient additional revenues to meet the unique educational needs of California's diverse student population: the economically disadvantaged, limited- and non-English-speaking students, gifted students, and students with mental or physical or learning handicaps.
- c. Allocation of resources which addresses the differing needs and special problems of school districts.
- d. Swift remedy of those lingering revenue disparities which deprive California students of equal educational opportunity.
- e. Achieving equity by increasing revenue allocations to low wealth school districts rather than by reducing revenue allocations to high wealth districts.

## [BALLOT PROPOSITIONS \(INITIATIVES\)](#)

**Adopted by Convention Delegates May 1999**

**Reviewed by Board of Managers March 2013**

(excerpt)

RESOLVED, That the California State PTA participate in statewide efforts to educate the public about the initiative process in general and about specific initiatives as they appear on the ballot; and be it further

RESOLVED, That the California State PTA and its units, councils and districts support efforts to provide the public with clear and understandable information on ballot propositions and encourage full discussion of the issues; and be it further

## CALIFORNIA K-12 PUBLIC SCHOOL FUNDING CRISIS

**Adopted by Convention Delegates May 6, 1998**

**Reviewed and deemed relevant April 2018**

*(excerpt)*

RESOLVED, That the California State PTA and its units, councils and districts work to educate local public officials, the community and the media that California K12 public schools are underfunded, which has created a crisis situation in both school facilities needs and in educational program needs; and be it further

RESOLVED, That the California State PTA and its units, councils and districts work with local and state policymakers to develop and pursue a long-term school facilities plan that addresses the current school facilities crisis and ensures that school districts will be able to secure adequate funding to meet their school facilities needs; and be it further

## FINANCING CALIFORNIA'S PUBLIC SCHOOLS

**Adopted by Convention Delegates May 2007**

*(excerpt)*

RESOLVED, That the California State PTA and its units, councils and districts work to educate public policymakers, PTA members, community members, and the media about the shared responsibility in the continuing need for the necessary resources and funding for California's public school programs and facilities; and be it further

RESOLVED, That the California State PTA and its units, councils and districts continue to make financing our public schools, both programs and facilities, a top priority in order to ensure a quality education for every student.

## IMPROVING AND STABILIZING EDUCATION FUNDING

**Adopted by Convention Delegates April 2018**

*(excerpt)*

RESOLVED, That the California State PTA urge the Legislature and the Governor to improve and reform state and local funding so all California students have the opportunity to reach academic proficiency levels; and be it further

RESOLVED, That the California State PTA urge the state Legislature and the Governor to enact legislation that allows the state to invest in education including early childhood education at the levels of our highest achieving states; and be it further

RESOLVED, That the California State PTA, and its units, councils and districts collaborate with and encourage other organizations and the voters of the state of California to research and support increased, stable revenue sources in the state of California.

## LOCAL SCHOOL PARCEL TAX MEASURE THRESHOLD REDUCTION

**Adopted by Convention Delegates May 2008**

**Reviewed and deemed relevant November 2017**

*(excerpt)*

RESOLVED, That the California State PTA actively support and/or partner with coalitions to promote legislation and ballot measures to lower the requirement of a 2/3 threshold presently required to pass local school parcel tax measures to a 55% supermajority; and be it further RESOLVED, That district, council and unit PTAs support legislation and ballot measures to lower the requirement of a 2/3 threshold presently required to pass local school parcel tax measures to a 55% supermajority.

## LOWERING THE 2/3 VOTE REQUIREMENT ON SCHOOL AND LIBRARY BONDS

**Adopted by Convention Delegates May 1999**

**Reviewed by Board of Managers March 2013**

*(excerpt)*

RESOLVED, That the California State PTA and its units, councils and districts support legislation and ballot measures to lower the requirement of a 2/3 vote presently required to pass school and library bond measures.

## POST PROPOSITION 13 FUNDING OF PUBLIC EDUCATION

**Adopted by Convention Delegates May 11, 1979**

**Reviewed by Board of Managers April 2022**

*(excerpt)*

RESOLVED, That the California State PTA urge the Legislature and the Governor to enact an ongoing method of financing public schools such that the sources will be dependable, long-range, and adequate to provide optimum educational opportunity for all elementary and secondary students, with allowance for inflation and a mechanism for funding state, federal and court mandates; be it further RESOLVED, That the process for allocating funds to school districts take into account the differential costs of the special needs of both students and districts; and be it further RESOLVED, That local boards of education be given maximum decision-making authority in the deployment of funds and personnel to fulfill the educational needs of the students they serve.

## PROPERTY TAX LIMITATION

**Adopted by Convention Delegates May 4, 1978**

**Reviewed by Board of Managers March 2013**

*(excerpt)*

RESOLVED, That the California State PTA oppose property tax relief measures which would provide most of the benefits to owners of commercial and industrial property; and RESOLVED, That the California State PTA support legislation which would provide property tax relief for the benefit of homeowners and renters, with assurance of adequate replacement revenues for the support of quality public education and essential local government services; and



### SCHOOL CONSTRUCTION FUNDING

**Adopted by Convention Delegates May 1986**

**Reviewed and deemed relevant April 2018**

*(excerpt)*

RESOLVED, That the California State PTA seek and support legislation which will increase available funding for school construction, the maintenance of old facilities and the enlargement or improvement of existing housing, streamline the application procedures and upgrade eligibility standards and construction codes; and be it further

### STATE GOVERNMENT RESPONSIBILITY FOR A RATIONAL BUDGET PROCESS

**Adopted by Board of Managers October 1992**

**Reviewed by Board of Managers March 2013**

*(excerpt)*

RESOLVED, That the California State PTA urge the Governor and Legislature to make every effort to prevent future budget crises by cooperating to give the people what they deserve: A rational, progressive, equitable system of taxation that provides needed services, places the greatest tax burden on those most able to pay it, and ends, once and for all, the threat of an annual budget debacle.

### STATE TAX REFORM

**Adopted by Convention Delegates May 1991**

**Reviewed by Board of Managers March 2013**

*(excerpt)*

RESOLVED, That the California State PTA vigorously seek and support legislation and/or necessary ballot measures to fundamentally restructure the state tax system to ensure a broadly based, equitable system of taxation that generates adequate revenues to fund education and all other services needed by the children, youth and families of California.

## **PROPOSERS & OPPOSITION**

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Who is for it and who is against it?

At this time, there is no list of proponents and opponents for this 2025 initiative. However, the list below shows the proponents and opponents for the 2024 initiative (#1935) effort to raise the tax threshold to two-thirds.

### **2025 Initiative (#1981) Proponents Say:**

a) "Starting in 1978 with the passage of Proposition 13 through Proposition 26 in 2010,



California voters have repeatedly tried to protect themselves from excessive taxation by imposing strict limits on property-related taxes and requiring two-thirds voter approval for special taxes which disproportionately burden homeowners and small businesses. Despite the clear intent of the voters, special interests have exploited court-created loopholes to pass billions in new and higher taxes. This section will restore the tax relief started with Proposition 13. The interlocking provisions of this section are a matter of statewide concern to ensure effective tax relief, and will apply to all forms of local governments, including charter cities.”

#### **2024 initiative (#1935) Proponents:**

**Californians for Taxpayer Protection and Government Accountability** is leading the campaign in support of the initiative.

Additional supporters and organizations

- California Business Roundtable
- California NAIOP
- Howard Jarvis Taxpayers Association

#### **2024 (#1935) Opponents Say**

**AFSCME California, SEIU California State Council, California Special Districts Association, California State Association of Counties, and League of California Cities** oppose the initiative. Graham Knaus, executive director of the **California State Association of Counties (CSAC)**, said, "This deceptive initiative would undermine the rights of local voters and their elected officials to make decisions on critical local services that residents rely upon. It creates major new tax loopholes at the expense of residents and will weaken our local services and communities."

#### **2024 initiative (#1935) Opponents:**

- California State PTA
- California Alliance for Jobs
- California Contract Cities Association
- California Special Districts Association
- California State Association of Counties
- League of California Cities
- Rebuild SoCal Partnership
- AFSCME California
- California Professional Firefighters
- California State Council of Laborers
- SEIU California State Council

# PTA ANALYSIS

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California State PTA has a long history of supporting state and local funding to meet the needs of children, youth, and families. Since the passage of Prop. 13, which reduced the ability of local communities to raise taxes by requiring a two-thirds ( $\frac{2}{3}$ ) vote, schools and communities have struggled to meet the growing costs of running schools and providing programs and services for children, youth, and families.

A two-thirds ( $\frac{2}{3}$ ) vote requirement makes it extremely difficult for the state and communities to fund the services that families need. It also blocks the will of the majority. For those reasons, California State PTA has consistently supported the lowering of two-thirds ( $\frac{2}{3}$ ) vote thresholds.

The California Court decision held that a two-thirds ( $\frac{2}{3}$ ) vote is not necessary to increase local taxes proposed by a citizen initiative. That critical decision allows local communities to raise taxes for their local schools and services for children and families.

The decision also clearly supports the Constitutional right of citizens to influence public policy through the initiative process. The proposed initiative would take away the power of local communities to increase taxes by a simple majority vote through citizen initiatives.

**At a time when more money, not less, is needed to maintain important local and statewide services, this initiative would make it more difficult to meet the revenue needs of the state and local communities. It would also impede the right of citizens to tax themselves when they feel it is important to do so.**

The [LAO](#) states the fiscal impact is:

*“Annual loss of revenues to local governments totaling up to a couple of billion dollars, predominantly affecting certain charter cities. Potential future reduction in what local governments would otherwise collect in revenues due to a higher vote threshold for certain taxes and fewer types of taxes that local governments can adopt. (25-0004A1.)”*

In 2024, a California State PTA study committee recommended support for ACA 13, a position that is consistent with the above objection to a two-thirds vote requirement. ACA 13 required future ballot measures that increase voter approval requirements to pass by the same margin. It would also preserve the right of local governments to place advisory questions on the ballot, asking voters their opinions on issues. The **California Vote Requirements for Initiatives Requiring Supermajority Votes Amendment** is on the [ballot](#) in California as a [legislatively referred constitutional amendment](#) on [November 3, 2026](#).

# RECOMMENDATION

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Based on the California State PTA authorities and the fiscal impact of this proposed initiative, this committee recommends that the California State PTA **oppose** this initiative.

This committee also recommends that the California State PTA take an active role in campaigning to defeat this initiative.