Friends Committee on Legislation of California

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FCLCA's Ballot Proposition Recommendations for the November 3rd General Election

Proposition 1: ***Bonds for Affordable Housing.*** **VOTE YES.**
Proposition 1 was placed on the ballot by the state Legislature. It authorizes $11.25 billion in general obligation bonds for affordable housing projects. Of the total, $10 billion would fund low- and moderate-income housing, including multifamily developments, home ownership assistance, farmworker housing, student housing at UC and CSU campuses, tribal housing grants, and local pilot programs to reduce housing costs. These bonds would be repaid from the state's General Fund over a 25-year period. The remaining $1.25 billion would support the longstanding veterans' home loan program, which is repaid by veterans through their mortgage payments at no cost to taxpayers.

While bond financing is expensive, it also spreads the cost out over the length of the program much like a home mortgage. Future generations will also benefit from the addition of affordable housing. According to the Legislative Analyst's Office (LAO), if voters pass all of the bond measures on the November ballot, the increased debt service would amount to only one-half of one percent of the state's General Fund budget.

In 2018, California voters approved two propositions to provide funding for affordable housing, including the Cal Vet Home Loan Program, which authorized favorable mortgages to veterans, and supportive housing under the No Place Like Home Program. Those funds have been expended. Given the state's ongoing need for affordable housing and its manageable impact on state finances, **FCLCA recommends a YES vote on Proposition 1.**

Proposition 2: ***Increases State's Rainy Day Fund.*** **VOTE YES.**
Proposition 2, the "Save for California's Future Act," would amend the state constitution to double the size of the cap on deposits to the state's Budget Stabilization Account (BSA) during good fiscal years from 10 percent to 20 percent of General Fund Revenues. The measure also provides that deposits into the BSA would not be treated as spending under the State Appropriations Limit (also known as the "Gann Limit") – which could result in cuts to other programs without this exemption – and expands the types of debts that may be paid from excess capital gains revenues.

California is fortunate to rely heavily on its progressive income tax to pay for state services, including taxes on capital gains. However, the state's income tax collections can decline

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dramatically during economic downturns, which threatens deep cuts in safety-net spending in order to balance the state's budget.

Proposition 2 will increase the state's budget reserves. It is a fiscally prudent measure that will help cushion the impact of the state's revenue volatility and will protect vital state services in bad economic years. **FCLCA recommends a YES vote on Proposition 2.**

Proposition 3: ***Permanent Funding for Schools and Health Care.*** **VOTE YES.**
In 2012, the voters approved Proposition 30 to temporarily increase income tax rates on high-income taxpayers. In 2016, voters extended the higher rates on the wealthiest Californians until 2030. FCLCA endorsed both measures.

Proposition 3 would make higher tax rates on higher incomes permanent. California's tax revenues should provide adequate funding for education, healthcare, and other essential programs which make California a desirable place in which to live, work, and operate a business. Looming cuts in federal support combined with tax cuts for the wealthiest Californians in 2031 would portend a state budget disaster, which Proposition 3 would mitigate.

FCLCA supports an equitable tax burden, which includes progressive taxation. The wealthiest individuals have enjoyed a disproportionate share of tax cuts at the federal level. **FCLCA recommends a YES vote on Proposition 3.**

Proposition 4: ***Repeal of Prohibition on Public Funding of Election Campaigns.*** **VOTE YES.**
In 1988, California voters passed Proposition 73, which amended the state's Political Reform Act of 1974 to prohibit public financing of election campaigns save for five charter cities that were exempted. Since then, the marriage of Big Money and politics has reached absurd proportions. Candidates who can finance their own campaigns from their personal wealth have a clear advantage over other candidates who may become beholden to the influence of monied special interests. At the national level, we have seen elected officials "primaried" for exercising political independence when wealthy political actors choose to finance opposition candidates' campaigns. Public funding of election campaigns would enable voters to vote for candidates based on merit and would make elected officials accountable to the public rather than to special interests.

Proposition 4 does not create a public campaign system for state and local governments. By lifting the ban, it allows state and local governments to enact public financing systems under broad rules defined by the measure. **FCLCA recommends a YES vote on Proposition 4.**

Proposition 5: ***Recall of State Officers.*** **VOTE YES.**
Proposition 5 amends the State Constitution to fix a defect in the process for recalling state officials. Under current law, voters are asked two questions on the recall ballot. The first question: Should the official be removed from office? This is determined by a simple majority of voters. The second question: Who should replace the official if the official is removed from office? This is determined by a plurality of voters even if the candidate who replaces the incumbent (question 2) receives far fewer votes than the number of votes to retain the incumbent (question 1).

If agreed to by the voters, Proposition 5 would eliminate the election of a successor from recall ballots. Any vacancy created by the recall would then be filled according to existing procedures established in state law along with a separate process established for gubernatorial recalls. If the Governor is recalled during the first two years of his or her term, the Lieutenant Governor would serve as Governor until voters elect a new governor in a future statewide election. If the Governor is recalled later in the term, the Lieutenant Governor serves as Governor for the remainder of the term.

As the California League of Women Voters points out, under current law if the 2021 recall against Governor Newsom succeeded, the leading candidate to replace him would have taken office with the support of only 28 percent of the vote. Proposition 5 will guard against inherently undemocratic outcomes while retaining the voters' right to recall elected officials. **FCLCA recommends a YES vote on Proposition 5.**

Proposition 37: ***Loans for Middle-Income Home Buyers.*** **VOTE YES.**
Proposition 37 is a major attempt to help middle-income Californians purchase new homes by providing state-backed second mortgages to cover up to 17 percent of the down payment (the borrower would be required to pay at least 3 percent of the down) on a newly constructed home. The loans would be administered by the California Housing Finance Agency and would be funded by the sale of up to $25 billion in revenue bonds, which would be repaid by homeowners at no cost to taxpayers.

FCLCA has some reservations about the proposal. It is limited to the purchase of newly constructed homes and does not help buyers of existing homes, which make up most of California's housing stock. It could promote urban sprawl, and critics contend it could push home prices upward in certain markets.

While FCLCA generally emphasizes affordable housing for those most in need, this measure addresses another important need by helping the "missing middle:" teachers, nurses, electricians, postal workers and other middle-class families who do not qualify for affordable housing or housing subsidies but who also cannot afford to purchase a home in California. The state is falling far short of new home construction needed for keeping pace with the growing demand for housing. On balance, the positives far outweigh the negatives. **FCLCA recommends a YES vote on Proposition 37.**

Proposition 38: ***Bonds for Immunology Research.*** **VOTE NO.**
Proposition 38 would authorize $8.4 billion in state general obligation bonds to fund immunology and immunotherapy research that would be conducted jointly through a University of California-affiliated nonprofit research institute and a grant program for public and nonprofit universities and institutions.

While the emerging medical research of fields of immunology and immunotherapy are already leading to new treatments and prevention of an array of serious, common medical conditions, it is troubling that Proposition 38 is reportedly written in such a way that only one UCLA research institute, the California Institute for Immunology and Immunotherapy, would receive half of the funds. The Yes on 38 Campaign is being bankrolled by two wealthy Californians, Gary K. Michelson and Meyer Luskin, both of whom have close ties to the UCLA research institute.

Voters typically approve general obligation bonds, which are paid from the state's General Fund, for infrastructure projects. They are usually placed on the ballot by the Legislature. Proposition 38 is an end run around the state Legislature. If California wants to fund immunology research, whether through bonds or directly from the General Fund, it should first be taken up in the legislative process where it can be deliberated and weighed against other compelling state needs with a broader representation of interests. **FCLCA recommends a NO vote on Proposition 38.**

Proposition 39: ***Prohibit Citizens From Voting Unless They Present Government-Issued Identification.*** **VOTE NO.**
Proposition 39 has been proposed to eliminate fraudulent voting in California; however, all the evidence indicates that voting in California is already secure. According to the Brennan Center for Justice at the NYU School of Law: "The Presidential Advisory Commission on Election Integrity relies on a database produced by the Heritage Foundation to justify baseless claims — by President Trump and some of the panel's members — of rampant voter fraud." A search of the conservative Heritage Foundation's own database, indicates that there have been only 71 criminal charges for voter fraud in California from 1982 to 2025. This amounts to a tiny fraction of the tens of millions of votes cast.

That these numbers are so low should not be surprising. Under penalty of perjury, California voters must swear to citizenship and must provide evidence of their eligibility when registering to vote. A signature match is conducted of every mail-in ballot. Noncitizens face risk of felony conviction and subsequent deportation for fraudulent voting.

Proposition 39 would create additional hurdles for all voters to cast their votes. When voting in person, voters would be required to present a government-issued identification. (Voters could request a voter identification card at no cost.) New and existing voters would be required to designate a government ID in order to vote by mail, which they would provide on their mail-in ballot envelope. These requirements increase the likelihood of ballots being rejected on account of simple errors. People who have changed their names due to changes in their marital status or gender transition are more likely to be blocked from voting. The requirement to include the last four digits of a person's Driver's License, Social Security, or a Voter ID number on the mail-in ballot envelope could invite privacy problems as ballots are handled by many people.

The LAO estimates that it would cost taxpayers between the high tens of millions to low hundred million dollars annually to implement Proposition 39, a very high price to pay when considering that voter fraud is exceedingly rare.

Voter suppression by elected officials is an ongoing problem, one that threatens the very essence of democracy and our ability to hold elected officials accountable. Proposition 39 has been bankrolled by several billionaire backers of President Trump, who still maintains he is the victim of voter fraud and has engaged in voter suppression efforts around the country. **FCLCA recommends a NO vote on Proposition 39.**

Proposition 40: ***One-Time Tax on Billionaires. NO RECOMMENDATION.***
California currently faces two glaring problems: an enormous inequality in the distribution of wealth, and a shortage of tax revenue to support social programs and fund government services. Both problems were aggravated by the passage of HR 1 in 2025, the "Big Beautiful Bill," which slashed federal spending on safety-net programs while enacting huge tax cuts for the wealthiest individuals. Proposition 40 is a bold attempt to plug a large hole in the state budget that is likely to arise if state funds are used to offset recent cuts in federal support for Medi-Cal and food assistance programs.

The initiative would enact a one-time tax of five percent on the accumulated net wealth of taxpayers and trusts with assets valued over $1 billion. The tax would be retroactive and apply to taxpayers residing in the state as of January 1, 2026. The revenues would fund healthcare and education, with 90 percent to healthcare and 10 percent to education.

FCLCA recognizes that tax revenues should provide adequate funding for education, healthcare, public assistance, housing, and other human and social programs and supports progressive taxation. However, there are practical and legal challenges to implementing Proposition 40.

California relies heavily on its progressive income tax meaning that a small number of people pay a large share of state income taxes. It is estimated that 200 billionaires live in California. If a few of them left the state, it could have a significant negative impact on state tax revenues. While claims of billionaires leaving the state in response to

Proposition 40 may be exaggerated, it seems likely that many will employ other tax-avoidance schemes. The LAO estimates that California could lose $1 billion per year in ongoing tax collections.

Proposition 40 may be unconstitutional given that it is a retroactive tax that applies to wealth that was accumulated before the tax existed. Wealth taxes are also difficult to administer. A dozen European countries had wealth taxes at one time or another, and only three still do. According to the LAO, if Propositions 41 or 42 receive more "yes" votes than Proposition 40, courts could invalidate Proposition 40 even if it is affirmed by a majority of voters.

Despite these drawbacks, in the absence of a more promising proposal, Proposition 40 offers hope for adequate funding in the near term but not in the more distant future. **The FCLCA Board did not reach unity on Proposition 40 and therefore makes no recommendation.**

Proposition 41: ***Prohibits New State Taxes That Exclude Revenues From State Spending Limit and Requires Audits For New State Special Taxes.*** **VOTE NO.**
While Proposition 41 is ostensibly about prohibiting any new state taxes that voters exempt from the 1979 "Gann Limit" and creating transparency and efficiency by requiring audits, its real purpose is to derail Proposition 40, the "wealth tax," should it be enacted by voters.

In 1979, California voters passed the state spending limit known as the "Gann Limit." The Gann Limit caps state spending at 1978-79 levels adjusted annually for inflation and population increases. This rigid formula hinders state government's ability to deal with unexpected contingencies such as natural disasters or other compelling state needs. Since then, voters have passed "special taxes," which are taxes whose revenues are designated for a specific purpose, with clauses that exempted the new spending from the state spending limit. Without these exemptions, the state would have to reduce funding to other programs in order to stay within the confines of the state spending limit. Proposition 41 explicitly prohibits any new state taxes enacted after January 1, 2026, from being exempt from state spending limit constraints. But there is more.

Proposition 41, along with Proposition 42, is bankrolled by Google co-founder Sergey Brin. Lest there be any confusion about this measure's real intent, the text of the initiative states that other voter-approved measures appearing on the same ballot are void if they conflict with this measure and if Proposition 41receives more YES votes. In short, Proposition 41 is a ruse whose real purpose is to invalidate Proposition 40**.**
FCLCA recommends a NO vote on Proposition 41.

Proposition 42: ***Prohibits New State Personal Property Taxes and Certain Retroactive State Taxes.*** **VOTE NO.**

Proposition 42 amends the State Constitution to prohibit new taxes on financial assets or other personal property. By amending the Constitution, this measure could greatly limit the Legislature's ability to raise sufficient revenues in future years. The prohibition could only be undone by another constitutional amendment, which is very difficult to pass in a large state with huge media markets like California. It makes more sense for the Legislature to retain the ability to consider new revenues in response to changing circumstances over time and for voters to hold legislators accountable for taxing and spending decisions.

The text of Proposition 42, like that of Proposition 41, also contains language stating that other voter-approved measures appearing on the same ballot are void if they conflict with this measure and if Proposition 42 receives more YES votes. Regardless of how one feels about the proposed wealth tax, Proposition 42 would have far-lasting negative impacts that go well beyond Proposition 40. Like its partner Proposition 41, Proposition 42 is a cynical, self-interested ploy by billionaires to preemptively invalidate the new wealth tax proposed by Proposition 40. **FCLCA recommends a NO vote on Proposition 42.**

Proposition 43: Limits *Voters' Ability to Raise Revenues for Local Government Services*. VOTE NO.

Under current law, local governments must obtain the approval of at least a two-thirds, supermajority of voters to levy special taxes, which are taxes dedicated to a specific purpose. Thanks to a 2017 California Supreme Court ruling, the two-thirds voter threshold does not apply to special taxes put on the ballot by a citizen-initiated, signature gathering drive. Since that ruling voters have approved taxes by a simple majority to provide revenues for healthcare needs, police and firefighting, public schools, transportation projects, affordable housing projects, programs for the homeless, public parks and recreation and other services.

This measure would make it harder to fund local priorities by amending the State Constitution to require that any proposed special taxes placed on the ballot must be approved by a two-thirds supermajority of voters. Thirty-four percent of the voting public could negate the will of the larger majority.

Proposition 43 was put on the ballot by the Legislature as a part of a compromise to keep an even more onerous proposal sponsored by the Howard Jarvis Taxpayer's Association off the ballot after the Secretary of State qualified that measure back in April. Assembly Member Buffy Wicks, the author of the legislative measure that put Proposition 43 on the ballot, has indicated that she opposes Proposition 43.

Communities should retain their ability to address their changing needs in order to fulfill their own destinies. **FCLCA recommends a NO vote on Proposition 43.**

Proposition 44: *Requires Community Health Clinics Spend 90 percent of Revenue on Program Services.* VOTE NO.

If passed, Proposition 44 would mandate private, nonprofit, safety-net clinics to spend at least 90 percent of their total revenue each year on providing healthcare services. Administrative costs and other expenses would be limited to no more than 10 percent of annual revenue. Clinics that fail to comply with the new mandate would pay penalties to the state but could apply for the penalties to be refunded if they comply within five years. According to the LAO, these safety-net clinics currently report spending about 80 percent of their revenue on healthcare services, though the percentage varies across the board.

Safety-net clinics function as primary care providers for many low-income, uninsured Californians. Smaller, rural clinics are often not able to achieve the economies of scale that larger clinics can. Having to pay penalties could further jeopardize safety-net clinics, which are already facing serious fiscal challenges on account of federal spending cuts. Proposition 44 is a solution in search of a problem with potentially harmful consequences. **FCLCA recommends a NO vote on Proposition 44.**

Proposition 45: ***Modifies Environmental Review for Certain Projects.*** **VOTE NO.**
Proposition 45 would significantly modify the California Environmental Quality Act (CEQA) by speeding up environmental reviews for a broad category of "essential projects," limiting the analyses of alternatives, and restricting the scope and timing of CEQA-related lawsuits.

Proposition 45 is sponsored by the California Chamber of Commerce and backed by business and development interests. While CEQA exemptions may be appropriate in limited instances such as affordable housing projects, several opponents of Proposition 45 claim that language in the text of the initiative would dramatically weaken environmental reviews of proposed data centers. Though the YES on 45 campaign maintains that its provisions do not apply to data centers, the campaign has received significant contributions from three companies that are building data centers in California.

Business interests have consistently attacked CEQA in the state Legislature, citing delays and lawsuits which increase the costs of large projects. Mounting concerns over affordability have created a political opportunity for business interests to seize the moment and attempt broad changes to the law.

While Proposition 45 would result in construction cost savings for developers, it will also result in less public input, more environmental degradation, including more air pollution and contaminated water supplies with negative public health consequences and harm to wildlife. Taxpayers inevitably end up bearing the costs of remediation. **FCLCA recommends a NO vote on Proposition 45.**

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