

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON ELECTIONS

Gail Pellerin, Chair

AB 699 (Stefani) – As Amended April 1, 2025

SUBJECT: Elections: local tax measures.

SUMMARY: Permits the proponents of a local initiative measure, or a local jurisdiction submitting a local ballot measure, that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, to choose whether specified information about the tax implications of the measure will appear on the ballot label or in the voter information guide. Specifically, **this bill:**

- 1) Permits proponents of a local initiative measure, or a local jurisdiction submitting a local ballot measure, that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, not later than 88 days before the election, to inform the elections official conducting the election which of the following shall be included in or immediately following, as applicable, the statement of the measure that appears on the ballot:
 - a) An estimate of the amount of money to be raised annually and the rate and duration of the tax to be levied; or,
 - b) The phrase “See voter guide for measure information statement.”
- 2) Provides that if the proponents or local jurisdiction choose to tell voters to see the voter guide for information, the election order for the measure, or the full text of the measure in the case of a voter-submitted initiative, must include a statement of the reasons for selecting the inclusion of the phrase. Requires the phrase “See voter guide for measure information statement” to count toward any word limit that applies to the statement of the measure.
- 3) Requires a ballot label for a local initiative measure, if the proposed measure imposes a tax or raises the rate of a tax, to include in the statement of the measure to be voted on an *estimate* of the amount of money to be raised annually and the rate and duration of the tax to be levied, instead of the amount of money to be raised annually and the rate and duration of the tax to be levied. Provides that any estimate does not restrict or limit the tax the measure imposes.
- 4) Requires the proponents of a measure or the jurisdiction submitting a proposed measure that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, that chooses to include “See voter guide for measure information statement” in the ballot label to include the following in the measure information statement required to be sent to voters with the county voter information guide pursuant to existing law:
 - a) A concise description of the purpose of the tax proposed, including how the tax revenue and bond proceeds, if any, will be spent to benefit the community.

- b) If the measure imposes a tax expected to have more than one tax rate, a list of all the tax rates that are expected to apply and a description of how the tax will be imposed.
 - c) A plain language description of any mechanism that would cause the tax rate or rates to vary over time.
 - d) An explanation of the duration of the tax stating whether the tax expires on a specific date, expires upon final payment of indebtedness, does not expire until further action by the voters or the local governing body, or expires as the result of some other action or occurrence.
 - e) The best estimate from official sources of the average annual dollar amount of taxes that would be collected during the ten-year period following the initial levy.
 - f) If the tax measure would authorize the issuance of bonds, the security for which constitutes a lien on the property for ad valorem taxes within the jurisdiction, all the disclosures required by existing law.
- 5) Provides that for purposes of an election to approve a tax under the Mello-Roos Community Facilities Act of 1982, or a charter city's authority under Section 5 of Article XI of the California Constitution, the measure information statement mailed with the county information guide may consist entirely of a complete copy of the report and resolution of formation pursuant to existing law, or, in the case of a charter city, the applicable charter or ordinance provision.
- 6) Makes corresponding technical changes.

EXISTING LAW:

- 1) Requires the ballot statement for a local ballot measure to be a true impartial synopsis of the purpose of the proposed measure and be in language that is neither argumentative nor likely to create prejudice for or against the measure. (Elections Code §13119(c))
- 2) Requires the ballot statement for a local ballot measure that imposes a tax or raises the rate of a tax, including measures authorizing the issuance of bonds or the incurrence of debt, to include in the statement of the measure to be voted on the amount of money to be raised annually and the rate and duration of the tax to be levied. (Elections Code §13119(b))
- 3) Requires a local government agency, when submitting bond measures that will be secured by an ad valorem tax for voter approval, to mail a statement to voters with the sample ballot for the bond election. Requires the statement to be filed with the elections official conducting the election not later than the 88th day before the election, and to include all of the following:
 - a) The best estimate from official sources of the average annual tax rate that would be required to be levied to fund that bond issue over the entire duration of the bond debt service, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors. Requires the estimate to also identify the final fiscal year in which the tax is anticipated to be collected.

- b) The best estimate from official sources of the highest tax rate that would be required to be levied to fund that bond issue, and an estimate of the year in which that rate will apply, based on assessed valuations available at the time of the election or a projection based on experience within the same jurisdiction or other demonstrable factors.
- c) The best estimate from official sources of the total debt service, including the principal and interest that would be required to be repaid if all the bonds are issued and sold. Permits the estimate to include information about the assumptions used to determine the estimate. (Elections Code §9401)
- 4) Allows the tax rate statement that is required to be sent to voters in connection with a local bond measure, in addition, to contain a declaration of policy of the legislative or governing body of the applicable jurisdiction, proposing to use revenues other than ad valorem taxes to fund the bond issue, and the best estimate from official sources of these revenues and the reduction in the tax rate levied to fund the bond issue resulting from the substitution of revenue. (Elections Code §9401(b))
- 5) Defines the term “tax rate” to mean tax rate per \$100,000 of assessed valuation on all property to be taxed to fund a bond. (Elections Code §9401(c))
- 6) Provides that failure to comply with existing law related to the tax rate statement that is required to be sent to voters in connection with a local bond measure does not affect the validity of any bond issue following the sale and delivery of the bonds. (Elections Code §9403)
- 7) Provides that the Legislature declares that the essence of compliance with existing law related to the tax rate statement that is required to be sent to voters in connection with a local bond measure is good faith in presenting to voters the most accurate available information for their use in effecting comparisons and exercising judgement in casting their ballots. (Elections Code §9404)
- 8) Requires the statement of all measures submitted to the voters to be abbreviated on the ballot in a ballot label. Prohibits the ballot label from containing more than 75 words and requires it to be the condensed version of the ballot title and summary including the financial impact summary prepared pursuant to existing law. (Elections Code §§9051, 13247)

FISCAL EFFECT: Unknown. State-mandated local program; contains reimbursement direction.

COMMENTS:

- 1) **Purpose of the Bill:** According to the author:

AB 699 expands transparency for local tax and bond measures by providing the option to include key financial measures in the voter information guide, while amending ballot label requirements that have proven problematic or even impossible for tiered tax rates and bond issuances. The improved financial disclosures created by this bill will help voters better understand the potential

financial impacts of a proposed bond or tax measure.

Requiring that financial measures be explained to a voter in a 75-word ballot label can be too restrictive and can lead to confusion and at times can be misleading to voters. For example, tax rate for bonds issued in multiple series under one voter approval may fluctuate significantly over time. Attempting to comply with the law, local agencies are forced to insert rates into their ballot label language that are averages, projections, or statutory maximums that may not be charged in any given year.

Reducing tax and bond measures to be summarized in 75-words has led to lower passage rates and jurisdictions deciding not to go to the ballot at all. AB 699 addresses a serious problem in current law that inhibits local tax mechanisms that cannot be accurately explained in the 75-word ballot label. This bill is smart, good government policy that enhances transparency while ensuring local jurisdictions can continue to work in partnership with their local communities in support of vital infrastructure

- 2) **Local Ballot Measure Ballot Statements and Previous Legislation:** In 2015, the Legislature passed and the Governor signed AB 809 (Obernolte), Chapter 337, Statutes of 2015, which required the ballot, if a proposed local initiative imposed a tax or raised the rate of a tax, to include in the statement of the ordinance the amount of money to be raised annually and the rate and duration of the tax to be levied. AB 809 took effect in January 2016.

A 2017 Los Angeles County Superior Court ruling regarding the ballot label for a local tax measure placed on the ballot by a government agency subsequently prompted the introduction of AB 195 (Obernolte), Chapter 105, Statutes of 2017. According to previous analyses, the superior court ruled that Elections Code Section 13119 (b) applied only to initiative measures that qualify for the ballot through a petition signed by voters of the local jurisdiction and did not apply to a ballot measure placed on the ballot by a local government agency. Moreover, the intent of AB 195 was to clarify current law to better reflect the intent of AB 809 and to ensure the ballot label for all local tax measures placed on the ballot, not only initiative tax measures, are required to include the rate of the proposed tax increase, its duration, and an estimate of the amount of revenue to be raised. AB 195 was signed into law by Governor Brown.

This bill alters the information voters see on the ballot label for local measures that impose or increase a tax for more than one rate, or authorizes the issuance of bonds, and changes the information included in the measure information statement. Specifically, this bill permits the jurisdiction submitting the measure, or the proponents in the case of a voter-submitted initiative, to choose whether to include the current tax rate information required by AB 809 and AB 195, or to instead include the phrase “See voter guide for measure information statement.” If a local agency or the proponents elect to tell voters to see the voter guide, this bill requires the election order for the measure, or the full text of the measure in the case of a voter-submitted initiative, to include a statement of the reasons for selecting the inclusion of the phrase.

- 3) **Ballot Form:** Current law requires a ballot to comply with a variety of laws that dictate its content. For example, a ballot must contain the title of each office, the names of all qualified candidates, as specified, ballot designations, as specified, titles and summaries of measures submitted to voters, and instructions to voters, among other things. Moreover, current law requires a ballot to be printed in a certain form, as specified. Once all of these requirements are met, there is limited space left on the ballot to accommodate further requirements. Consequently, it is common practice to include other important election information in the voter information guide that is sent to all registered voters.
- 4) **75 Word Ballot Label Restriction:** Current law requires the statement of all measures submitted to the voters to be abbreviated on the ballot in a ballot label. Additionally existing law prohibits the ballot label from containing more than 75 words and requires it to be the condensed version of the ballot title and summary including the financial impact summary prepared pursuant to existing law. Because this bill requires certain information to be included on the ballot label, that information will count toward the 75 word limit in current law.
- 5) **Tax Rate Statement:** In 1968, the Legislature passed and the Governor signed SB 838 (Petrus), Chapter 813, Statutes of 1968, which required the elections official to mail to voters with the sample ballot a tax rate statement for local bond measures. The purpose of the tax rate statement is to provide tax rate information and educate voters on what they will be voting on. Until 2014, aside from a few technical changes, the information required to be included in this statement had mostly been unchanged since the requirement was enacted in 1968.

In 2014, the Legislature passed and Governor Brown signed AB 2551 (Wilk), Chapter 908, Statutes of 2014, which added a new requirement to the tax rate statement. Specifically, AB 2551 required the statement to include the best estimate from official sources of the total debt service, including the principal and interest that would be required to be repaid if all the bonds are issued and sold. According to previous analyses, the author of the bill argued that the tax rate statement needed to be updated to ensure voters understood how the estimate of the tax rate was reached and what the costs would be throughout the 30-40 year period of the bond. Additionally, the author argued that the Legislative Analyst's Office already includes the "fiscal effect" of any costs related to the approval of a statewide General Obligation Bond in the statewide ballot pamphlet sent to voters and that this bill adds similar language into the "tax rate" statement required to be sent with the sample ballot for all local bond measures.

In 2017, AB 1194 (Dababneh), Chapter 795, Statutes of 2017, was signed into law and required the tax statement that is required to be included in the sample ballot for local bond measures to include the best estimate from official sources of the average annual tax rate that would be required to be levied to fund the bond issue over the entire duration of the bond debt service, as specified, and required the estimate to identify the final fiscal year in which the tax is anticipated to be collected.

This bill creates new tax rate statement disclosure requirements for a local measure that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds that ballot measure proponents must include if they choose to include "See voter guide for measure information statement" on the ballot label. According to the author and sponsors, the new disclosures for tiered tax rates in the voter information guide will help voters better

understand the potential financial impacts of a proposed tax measure and enable local jurisdictions to provide enhanced information in the voter information guide rather than the 75-word ballot label, which does not provide enough space for appropriate context and explanation, ultimately causing confusion among voters.

If the local agency or proponents elect not to include the phrase “See voter guide for measure information statement” in the ballot label they would be required to follow the current tax rate statement requirements. Additionally other measures would also be required to follow the current tax rate statement requirements.

- 6) **Suggested Amendment:** Committee staff recommends the following clarifying amendment to ensure it is clear to a voter where to find the expanded tax rate information. Committee staff recommends the following amendment:

On page 6, in line 20, strike out “~~See voter guide for measure information statement~~” and insert, “See county voter guide for detailed tax rate information.”

- 7) **Arguments in Support:** In support of this bill, San Diego Unified School District, writes:

Recent changes to Elections Code Section 13119 require a local measure that imposes or increases a tax, including local school bond measures, to include on the 75-word ballot label the rate and duration of a tax, and the amount of money to be raised annually. While these provisions were enacted with the intention of increasing transparency by showing voters the costs of proposed ballot measures, they actually make bond measures more difficult for voters to understand. Unlike flat rate sales and parcel taxes, bond financing is complex. Tax rates and revenues fluctuate from year to year based on factors such as property values, interest rates, and project timelines. In many cases, bonds are tax-neutral and extend existing rates without raising taxes. Attempting to condense these nuances into a 75-word ballot label leads to oversimplified and sometimes misleading information — ultimately confusing voters and jeopardizing essential infrastructure funding...

AB 699 offers a practical solution. It allows local agencies to opt for an alternative disclosure format. Instead of oversimplifying the bond information into a 75-word label, agencies could include a statement on the ballot label directing voters to the voter guide for more information. The voter guide is the best place to explain the complexities of bond financing and to ensure that voters have accurate information to make an informed decision. For any local jurisdiction choosing this alternate path, the governing board would need to include a statement of reasons for this choice in the resolution calling the election — making the governing board accountable to its community for that decision.

- 8) **Arguments in Opposition:** In opposition to this bill, the Howard Jarvis Taxpayers Association, California Taxpayers Association, California Association of Realtors, and the California Business Roundtable, write:

For many, the ballot label is the only thing a voter reads before making their decision and having easy access to this critical information is imperative. We believe, when faced with a tax that could last decades, that voters should have

access to as much information as possible. Relegating this information to the separately mailed voter guide will reduce transparency for local tax and bond measures.

AB 809 and AB 195 were simple measures that added one sentence to the ballot label, specifically that the rate of a tax increase, its duration, and the amount of revenue to be raised, be included. Voters need to be fully aware of the taxes that they will potentially pay. AB 699 diminishes this transparency.

The governor, when vetoing a similar measure in 2019, said he was “concerned that this bill as crafted will reduce transparency for local tax and bond measures.” The governor was right then and it’s still true today.

- 9) **Previous Legislation:** SB 532 (Wiener) of 2023 would have exempted the fiscal disclosure requirements for local tiered-tax and bond measures from the 75-word cap on local ballot labels in order to explain what projects and benefits would result from proposed measures. SB 532 was subsequently amended to address a different issue.

SB 268 (Wiener) of 2019 would have permitted the proponents of a local initiative measure, or a local jurisdiction submitting a local ballot measure, that imposes or increases a tax with more than one rate, or authorizes the issuance of bonds, to choose to include in the ballot label either the estimate of the amount of money to be raised annually and the rate and duration of the tax levied in accordance with existing law or the phrase "See voter guide for tax rate information," as specified. Governor Newsom vetoed SB 268 stating, in part, “I am concerned that this bill as crafted will reduce transparency for local tax and bond measures.”

REGISTERED SUPPORT / OPPOSITION:

Support

All Home (co-sponsor)
Non-Profit Housing Association of Northern California (co-sponsor)
Association of California School Administrators
California Association of Clerks & Election Officials
California Association of School Business Officials
California Housing Partnership Corporation
California Special Districts Association
California's Coalition for Adequate School Housing
City of Oakland
Community College Facility Coalition
East Bay Housing Organizations
Enterprise Community Partners
Monterey Bay Economic Partnership
San Diego Unified School District
San Francisco Bay Area Planning and Urban Research Association (SPUR)

Opposition

California Association of Realtors

California Business Roundtable
California Taxpayers Association
Howard Jarvis Taxpayers Association

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