



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Emily Lam

SUBJECT: See Below

DATE: June 12, 2026

Approved

Date:

6/12/2026

SUPPLEMENTAL

SUBJECT: Ballot Initiative 25-0006A1: Limits Ability of Voters to Raise Revenues for Local Government Services. Initiative Constitutional Amendment

REASON FOR SUPPLEMENTAL

The purpose of this Supplemental Memorandum is to provide an update on a statewide ballot measure known as *Initiative 25-0006A1: Limits Ability of Voters to Raise Revenues for Local Government Services. Initiative Constitutional Amendment*.

RECOMMENDATION

As recommended by the Rules and Open Government Committee on June 10, 2026, adopt a resolution to declare the City's opposition to Initiative 25-0006A1, which is a proposed ballot measure limiting the ability of voters to raise revenues for local government services.

BACKGROUND

The City Council has historically adopted positions on various ballot measures in past statewide elections that impact San José's residents, businesses, and visitors. At the June 10, 2026 Rules and Open Government Committee meeting, the Committee

approved a recommendation to oppose Initiative 25-0006A1.¹ This measure would significantly decrease real property transfer and conveyance taxes and corresponding revenues for all charter cities in California. The measure is eligible for the November 3, 2026 statewide general election and will become qualified, unless withdrawn, on June 25, 2026, 131 days prior to the election.

ANALYSIS

Initiative 25-0006A1 would prohibit real property transfer and conveyance taxes.² It would increase the threshold to pass voter-proposed local special taxes from a simple majority to two-thirds. This measure would also overturn all existing voter-approved property-related taxes not complying with these requirements on December 31, 2028. Both the California Department of Finance and Legislative Analyst's Office estimate that local governments across the state could expect to lose up to \$2 billion per year in tax revenues.³ If this measure were to pass, the City would lose approximately \$98 million to \$130 million in annual revenue, decreasing local funding for the City's homelessness response and public infrastructure improvement efforts.

The City's real property transfer tax was approved by 53% of voters in March 2020 through Measure E. This tax is calculated at 0.75% of the transferred property value for properties between \$2.3 million and \$5 million; 1% for properties between \$5 million and \$10 million; and 1.5% for properties above \$10 million.⁴ If real property transfer taxes were prohibited, the City would lose approximately \$55 million to \$70 million in annual revenue. Real property transfer tax revenue provides the resources for homelessness prevention, operating emergency interim housing and transitioning people to permanent housing.

The City also imposes a conveyance tax as a fee at the rate of \$3.30 for each \$1,000 of the value of property conveyed (often referred to as the City's Construction and Conveyance Tax, or C&C Tax). If conveyance taxes were prohibited, the City would lose approximately \$43 million to \$60 million in annual revenue. C&C Tax revenue funds the development and infrastructure improvements of recreational facilities, parks, and libraries, fire stations, and service yards.

¹ <https://sanjose.legistar.com/View.ashx?M=F&ID=15555481&GUID=AF1CFA0C-7DD6-47A3-9C20-0FE07B1D80EA>

² <https://oag.ca.gov/system/files/initiatives/pdfs/25-0006A1%20%28%26quot%3BLocal%20Taxpayer%20Protection%20Act%20to%20Save%20Proposition%2013%20%28Version%203%29%26quot%3B%29.pdf>

³ <https://lao.ca.gov/ballot/2025/250365.pdf>

⁴ <https://www.sanjoseca.gov/your-government/departments-offices/housing/resource-library/housing-investment-plans-and-policy/measure-e-real-property-transfer-tax>

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COORDINATION

The Administration coordinated this memorandum with the City Attorney's Office and the City Manager's Budget Office.



Emily Lam
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Administration, Policy and
Intergovernmental Relations

For questions, please contact Han Kang, Deputy Director and Chief Intergovernmental Relations Officer, City Manager's Office of Administration, Policy, and Intergovernmental Relations at han.kang@sanjoseca.gov.