



# Administrative Report

---

H.16., File # 26-0710

Meeting Date: 6/9/2026

---

**To:** MAYOR AND CITY COUNCIL  
**From:** JANE CHUNG, ASSISTANT TO THE CITY MANAGER

## **TITLE**

AUTHORIZE THE MAYOR TO SIGN A LETTER OF OPPOSITION TO THE CALIFORNIA TWO-THIRDS VOTE REQUIREMENT FOR SPECIAL TAXES AND CHARTER CITY REAL ESTATE TRANSFER TAX PROHIBITION INITIATIVE (INITIATIVE 25-0006A1), WHICH, IF APPROVED, WOULD AMEND THE CALIFORNIA CONSTITUTION TO INCREASE THE VOTE REQUIREMENT TO APPROVE LOCAL SPECIAL TAXES AND INVALIDATE ANY PROPERTY RELATED LOCAL SPECIAL TAXES APPROVED BY LESS THAN TWO-THIRDS VOTE

AUTHORIZE THE MAYOR TO SIGN A LETTER OF SUPPORT TO SENATE BILL 922, WHICH, IF APPROVED BY THE STATE, WOULD ALLOW FOR CITIES TO RECOVER STREET MAINTENANCE AND REPAIR COSTS CAUSED BY HEAVY ESSENTIAL PUBLIC SERVICE VEHICLES

## **EXECUTIVE SUMMARY**

Consistent with the Legislative Action Platform, draft position letters are to be presented to the City Council whenever practical. Therefore, staff is providing the draft position letters for Initiative 25-0006A1 and Senate Bill (SB) 922 for City Council consideration.

## **BACKGROUND**

### California Two-Thirds Vote Requirement for Special Taxes and Charter City Real Estate Transfer Tax Prohibition Initiative (Initiative 25-0006A1)

Initiative 25-0006A1, also known as the "Local Taxpayer Protection Act to Save Proposition 13," is a statewide ballot measure eligible for the November 2026 ballot. The measure was submitted by proponents associated with the Howard Jarvis Taxpayers Association, an organization that has historically supported limiting taxation and expanding voter approval requirements for new taxes. Initiative 25-0006A1 proposes amendments to the California Constitution that would change how state and local taxes are defined, approved, and implemented.

Under current law, local governments may adopt general taxes with majority voter approval and special taxes with two-thirds voter approval. Charter cities may also enact certain taxes such as property transfer tax under their local authority. At the state level, tax increases require a two-thirds vote of the Legislature but do not require statewide voter approval. Fees and charges are generally allowed if they reflect the reasonable cost of providing a service and are not considered as taxes under Proposition 26.

Initiative 25-0006A1 would make several significant changes to these rules. It would require two-thirds voter approval for all local special taxes regardless of how they were placed on the ballot, prohibit state and local governments from imposing taxes on ownership, sale, or transfer of real property except for the existing statewide Documentary Transfer Tax (DTT), and expand the definition of "tax" to include certain charges currently treated as fees, such as use fees, regulatory fees, property charges. The measure would also require state tax increases to receive two-thirds approval of both houses of the Legislature and statewide voter approval, restrict the delegation of taxing authority to agencies or special districts, and require all tax measures to specify their duration, rate, and use of revenues. Initiative 25-0006A1 would apply retroactively by invalidating state and local taxes, fees, and charges adopted after January 1, 2022, if they do not meet the measure's requirements.

According to the California Legislative Analyst's Office (LAO), Initiative 25-0006A1 could result in major reductions in local government revenues. The LAO identifies two primary sources of fiscal impact: (1) the invalidation of certain existing local taxes, particularly property transfer tax adopted by charter cities, and (2) the higher voter approval thresholds required for future special taxes. As of January 2025, 26 California charter cities have established their own real property transfer taxes, including Redondo Beach. When a charter city adopts its own transfer tax, the county retains all the revenue from the statewide DTT (\$1.10 cents per \$1,000 of property value or 0.11%) and the charter city receives all revenue generated by its local rate above the statewide DTT rate.

For the City of Redondo Beach, Initiative 25-0006A1 would directly impact the City's Real Property Transfer Tax (RPTT), which was enacted by the City Council in 1967 (Ordinance CC-075). Under Redondo Beach Municipal Code Title 8, Chapter 7 "Real Property Transfer Tax," the City's RPTT is set at \$1.10 per \$500 of property value, or \$2.20 per \$1,000 (0.22%). This tax currently generates approximately \$2-3 million annually in General Fund Revenue. If Initiative 25-0006A1 is approved, the City's RPTT would be invalidated, requiring a reversion to the lower statewide DTT rate. This change would significantly reduce the City's transfer tax revenue and result in a substantial reduction in general fund resources that support a range of municipal services, including public safety, emergency response, infrastructure maintenance, parks and recreation, and general City operations.

The California State Senate Governance and Finance Committee and the Assembly Revenue and Taxation Committee have scheduled a Joint Initiative Hearing on Initiative 25-0006A1 on Wednesday, June 10, 2026.

#### Senate Bill (SB) 922 (Laird)

Local governments commonly recover street maintenance costs caused by heavy public service vehicles through service fees or franchise agreements, ensuring these costs do not fall on the General Fund. SB 922 clarifies that only weight-based charges are prohibited and reaffirms that service-related fees may be used to address roadway impacts from essential public service operations. The City of Redondo Beach receives about \$350,000 annually in vehicle road impact fees from its solid waste hauler, which supports the Citywide Slurry Seal Program and Residential Street Rehabilitation Program. Losing this revenue would hinder progress toward improving the City's Pavement Condition Index (PCI), which is already strained by rising construction costs.

The City Council approved a letter of support for SB 922 on March 17, 2026. As the bill has advanced to the State Assembly Local Government Committee, the City's state legislative lobbyists

request this updated letter to ensure the City's support is communicated.

If the City Council approves the draft position letters for Initiative 25-0006A1 and SB 922, staff will disseminate the letter to locally elected Legislators and upload it to the State's new electronic portal, which automatically distributes letters to offices of the appropriate elected officials and committee(s) of jurisdiction.

**COORDINATION**

The City Manager's Office prepared the draft position letters and the administrative report.

**FISCAL IMPACT**

There is no fiscal impact associated with authorizing the Mayor to sign the position letters and the work required to produce them is funded as part of the FY 2025-26 Budget for the City Manager's Office.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Initiative 25-0006A1 Position Letter
- SB 922 (Laird) Position Letter