

Date of Hearing: April 27, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Mike Gipson, Chair

AB 1768 (Bryan) – As Amended April 21, 2026

Majority vote.

SUBJECT: Transactions and use taxes: Counties of Contra Costa and Los Angeles

SUMMARY: Authorizes the Counties of Los Angeles (LA) and Contra Costa to, subject to voter approval, impose a transactions and use tax (TUT) for general or specific purposes at certain rates that, in combination with other TUTs, would exceed the statutorily established limit. Specifically, **this bill:**

- 1) Authorizes the County of LA to impose a TUT for general or specific purposes to support countywide programs at a rate of no more than 0.5% that would, in combination with all taxes imposed under the TUT Law, exceed the combined rate limit of 2%, if all the following requirements are met:
 - a) The county adopts an ordinance proposing the TUT by any applicable voting approval requirement;
 - b) The ordinance proposing the TUT is submitted to the electorate and is approved by the voters pursuant to Article XIII C of the California Constitution; and,
 - c) The TUT conforms to the TUT Law.
- 2) Repeals this statutory authorization as of December 31, 2031, if an ordinance proposing a TUT has not been approved in the County of LA by that date.
- 3) Authorizes the County of Contra Costa to impose a TUT for general or specific purposes to support countywide programs at a rate of no more than 0.625% that would, in combination with all other taxes imposed under the TUT Law, exceed the combined rate limit of 2%, if all the following requirements are met:
 - a) The county adopts an ordinance proposing the TUT by any applicable voting approval requirement;
 - b) The ordinance proposing the TUT is submitted to the electorate and is approved by the voters pursuant to Article XIII C of the California Constitution; and,
 - c) The TUT conforms to the TUT Law.
- 4) Repeals this statutory authorization as of December 31, 2031, if an ordinance proposing a TUT has not been approved in the County of Contra Costa by that date.

- 5) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique fiscal pressures being experienced by the Counties of LA and Contra Costa in providing essential programs that have been caused, at least in part, by federal funding cuts.

EXISTING LAW:

- 1) Requires that any tax imposed by a local government be deemed either a general tax or a special tax, and that imposition of either tax be subject to certain voter approval thresholds. (California Constitution, Article XIIC, Section 2.)
- 2) Authorizes counties, subject to certain limitations and approval requirements, to levy a TUT for general or specific purposes, in accordance with the TUT Law. (Revenue and Taxation Code (R&TC) Sections 7285 through 7285.5.)
- 3) Limits the combined rate of all taxes that may be imposed in accordance with the TUT Law in a county to 2%. (R&TC Section 7251.1.)

FISCAL EFFECT: Committee staff notes that this bill would not impact the State's General Fund.

COMMENTS:

- 1) Writing in support of this bill, LA County states, in part:

H.R. 1 cuts billions in federal Medicaid funding to California and imposes new eligibility requirements and copays, resulting in reduced care for patients. By some accounts, these H.R. 1 cuts combined with other federal funding reductions and restrictions could result in \$2.4 billion in projected losses for the County over the next three years. These losses would most severely impact the county's health care system.

- 2) Writing in opposition to this bill, a coalition of cities in LA County, taxpayer advocates, and associations of governments, states, in part:

This tax proposal comes less than two years after County voters agreed to Measure A (2024), another 0.5% sales tax increase exempted from the state sales tax cap, but this new proposal for the June ballot is different. Facing few political options, the County Board of Supervisors has approved a general tax with none of the financial safeguards included in Measure A. We believe this is a fatal flaw and we cannot support a \$1 billion blank check to a County facing severe fiscal pressures including declining revenues, record legal payouts, and high debts.

- 3) Committee Staff Comments:

- a) *This bill:* This bill would authorize the Counties of LA and Contra Costa to impose a TUT for general or specific purposes at a rate of no more than 0.5% and 0.625%, respectively. The applicable county would first have to adopt an ordinance proposing the tax and the ordinance would need to be approved by the voters, subject to applicable voter approval requirements. Finally, this bill would repeal these authorizations on

December 31, 2031, if an ordinance proposing the tax has not been approved in the relevant county.

- b) *The TUT Law*: The TUT Law authorizes cities and counties (and special purpose entities) to impose district taxes under specified conditions. Counties may impose a district tax for general or specific purposes at a rate of 0.125%, or multiples thereof, if the required percentage of county voters approves the ordinance imposing the tax. Cities, in turn, may also impose a district tax for general or specific purposes at a rate of 0.125% or multiples thereof, if the required percentage of city voters approves the ordinance imposing the tax.
- c) *Recent authorizations to exceed the statutory rate limit*: In 2023, the Legislature passed AB 1679 (Santiago), Chapter 731, Statutes of 2023, authorizing the County of LA to exceed the statutorily prescribed cap on taxes imposed under the TUT Law. The result of that authorization was Measure A, which increased LA's countywide sales tax to fund homeless prevention housing and services. Measure A took effect on April 1, 2025.
- d) *Double referral*: This bill has been double referred with the Assembly Committee on Local Government.

REGISTERED SUPPORT / OPPOSITION:

Support

Aliados Health
 All Inclusive Community Health Center
 Altamed Health Services
 Arroyo Vista Family Health Center
 California State Council of Service Employees International Union (SEIU California)
 Camino Health Center
 Chinatown Service Center
 Clinica Monseñor Oscar A. Romero
 Community Clinic Association of Los Angeles County (CCALAC)
 Community Health Association of Inland Southern Region
 Comprehensive Community Health Centers
 CPCA Advocates, Subsidiary of the California Primary Care Association
 East LA Community Corporation
 Eisner Health
 El Proyecto Del Barrio, INC.
 Garfield Health Center
 Hill Country Community Clinic
 Innercare
 Los Angeles County
 Los Angeles Lgbt Center
 MCHC Health Centers
 Neighborhood Healthcare
 Northeast Valley Health Corporation
 Open Door Community Health Centers
 Opsam Health
 Planned Parenthood Affiliates of California

Ravenswood Family Health Network
Saban Community Clinic
San Benito Health Foundation
San Fernando Community Health Center
South Central Family Health Center
Truecare
Umma Health
Valley Community Healthcare
Venice Family Clinic
Via Care Community Health Center
Vision Y Compromiso (UNREG)
Westside Family Health Center

Opposition

Apartment Association of Greater Los Angeles
California Business Properties Association
California Rental Housing Association
California Taxpayers Association
City of Arcadia
City of Artesia
City of Calabasas
City of LA Verne
City of Lakewood CA
City of Lancaster
City of Norwalk
City of Pico Rivera
City of Rolling Hills Estates
City of Torrance
Howard Jarvis Taxpayers Association
Independent Cities Association
Las Virgenes-malibu Council of Governments
Long Beach Area Chamber of Commerce
Los Angeles County Division, League of California Cities
South Bay Cities Council of Governments

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