

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

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

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

**SUMMARY:** Allows Los Angeles and Contra Costa Counties to impose a transactions and use tax (TUT) that exceeds the 2% statutory limitation. Specifically, **this bill:**

- 1) Authorizes Los Angeles County to impose a TUT for general or specific purposes to support countywide programs at a rate of no more than .5% that would, in combination with all taxes imposed, exceed the 2% combined rate limit, if all of 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 voting on the ordinance by the applicable voting approval requirement in accordance with the California Constitution.
  - c) The TUT conforms to TUT Law, as specified.
- 2) Specifies that a TUT imposed pursuant to 1), above, shall not be considered for the purposes of the combined rate limitation established by existing law.
- 3) Provides that if, as of December 31, 2031, an ordinance proposing a TUT has not been approved in Los Angeles County as authorized by 1), above, 1) through 3) shall be repealed.
- 4) Authorizes Contra Costa County to impose, by ordinance, a TUT for general or specific purposes to support countywide programs at a rate of no more than .625% that would, in combination with all taxes imposed, exceed the 2% combined rate limit, if all of the following requirements are met:
  - a) The board of supervisors of Contra Costa 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 voting on the ordinance in accordance with the California Constitution.
  - c) The TUT conforms to TUT Law, as specified.
- 5) Specifies that a TUT imposed pursuant to 4), above, shall not be considered for the purposes of the combined rate limit established by existing law.
- 6) Provides that if, as of December 31, 2031, an ordinance proposing a TUT has not been approved in Contra Costa County as authorized by 4), above, 4) through 6) shall be repealed.
- 7) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable because of the unique fiscal pressures being experienced in Contra Costa

and Los Angeles Counties in providing essential programs that have been caused, at least in part, by federal funding cuts.

**FISCAL EFFECT:** None.

**COMMENTS:**

- 1) **Bill Summary and Author’s Statement.** This bill allows Los Angeles and Contra Costa Counties to impose a TUT that exceeds the 2% statutory limitation, as specified. St. John’s Community Health and the California Primary Care Association (CPCA) Advocates are the sponsors of this bill.

According to the Author, “AB 1768 is an urgent response to the harm directed at California communities from the corrupt Trump administration. Federal policies have stripped billions of dollars from the health systems that keep vulnerable Californians alive and healthy. Communities in Los Angeles and Contra Costa are now forced to assume significantly higher-cost and less-effective emergency-room treatment modalities, implement hiring freezes and service reductions, or book deficits that threaten the short-, medium-, and long-term fiscal health of critical care services. In response, these counties have placed measures on their June ballots to address these cuts. This bill gives these two counties state authorization to allow voters to decide. This bill does not raise taxes. AB 1768 simply reinforces local control. Voters can decide whether they want to protect their own health infrastructure against the cuts demanded by the incompetent Trump Administration.”

- 2) **Sales and Use Taxes.** State law imposes the sales tax on every retailer “engaged in business in this state” that sells tangible personal property, and requires them to register with the California Department of Tax and Fee Administration (CDTFA), as well as collect the appropriate tax at purchase and remit the amount to CDFTA. Sales tax applies whenever a retail sale occurs, which is generally any sale other than one for resale in the regular course of business. The current rate is 7.25% as shown in the table below.

| <b>Rate</b>  | <b>Jurisdiction</b>  | <b>Purpose/Authority</b>  |
|--------------|--|---|
| 3.9375%      | State (General Fund)   | State general purposes  |
| 1.0625%      | Local Revenue Fund (2011 Realignment)                        | Local governments to fund local public safety services                            |
| 0.50%        | State (1991 Realignment)                                     | Local governments to fund health and welfare programs                             |
| 0.50%        | State (Proposition 172 - 1993)                               | Local governments to fund public safety services                                  |
| 1.25%        | Local (City/County)<br>1.00% City and County<br>0.25% County | City and county general operations<br>Dedicated to county transportation purposes |
| <b>7.25%</b> | <b>Total Statewide Rate</b>                                  |   |

Unless the purchaser pays the sales tax to the retailer, he or she is liable for the use tax, which the law imposes on any person consuming tangible personal property in the state. The use tax is the same rate as the sales tax, and also like the sales tax, must be remitted on or before the last day of the month following the quarterly period in which the person made the purchase.

- 3) **Transactions and Use Taxes.** The California Constitution states that taxes levied by local governments are either general taxes, subject to majority approval of its voters, or special taxes, subject to 2/3 vote (Article XIII C). Proposition 13 (1978) required a 2/3 vote of each house of the Legislature for state tax increases, and a 2/3 vote for local special taxes. Proposition 62 (1986) prohibited local agencies from imposing general taxes without majority approval of local voters, and a 2/3 vote for special taxes. Proposition 218 (1996) extended those vote thresholds to charter cities, and limited local agencies' powers to levy new assessments, fees, and taxes. Local agencies generally propose to increase taxes by adopting an ordinance or a resolution at a public hearing.

State law allows cities, counties, and specified special districts to increase the sales and use tax applicable in their jurisdiction, also known as district taxes or TUTs. Generally, the combined TUT tax rate imposed within a local jurisdiction cannot exceed 2%. To determine whether a county has reached this rate limitation, all countywide taxes and the highest combined rate imposed by a city within the county are counted towards the county's rate limit. For example, if a county imposes three 0.5% countywide taxes and two cities within the county each impose a 0.5% tax, the combined rate in those two cities would be 2%. In such a circumstance, the two cities could not impose another TUT, and the county could not impose another countywide TUT, absent special authority to exceed the rate limitation.

Prior to 2003, cities lacked the ability to place TUTs before their voters without first obtaining approval by the Legislature to bring an ordinance before the city council, and, if approved at the council level, to the voters. This was remedied by SB 566 (Scott), Chapter 709, Statutes of 2003, which imposed the uniform 2% countywide cap.

AB 464 (Mullin) of 2015 would have increased the maximum combined rate of all TUTs that may be levied by authorized entities within a county from 2% to 3%. This bill was vetoed by Governor Brown stating, "This bill would raise, on a blanket basis, the limit on local transactions and use tax for all counties and cities from two percent to three percent. Although I have approved raising the limit for individual counties, I am reluctant to approve this measure in view of all the taxes being discussed and proposed for the 2016 ballot."

As of April 1, 2026, local agencies impose 486 district taxes for general or special purposes: 408 imposed citywide, 72 imposed countywide, and six imposed in unincorporated county areas. Generally, local agencies impose these taxes throughout the entire area of a single county, the entire unincorporated area within a single county, or a single incorporated city. However, three transportation operators in the Bay Area have regional district taxes:

- a) The Bay Area Rapid Transit (BART) District, which covers Alameda, Contra Costa, and San Francisco counties.

- b) The Peninsula Corridor Joint Powers Board (CalTrain), which covers San Francisco, San Mateo, and Santa Clara counties.
  - c) The Sonoma-Marín Rail Transit District, which includes Sonoma and Marin counties.
- 4) **Los Angeles and Contra Costa County TUTs.** Los Angeles County has 75 TUTs levied within its borders—five countywide taxes (four for transportation purposes and one for special purposes), and 70 city-wide taxes. Currently, two of the five countywide district taxes remain subject to the 2% combined TUT rate limitation, while three, imposed by the Los Angeles County Metro Transportation Authority (LAMT), Los Angeles County Traffic Improvement Plan (LAMA), and Los Angeles County Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax (LAHT) are exempt from the 2% combined TUT rate limitation.

Contra Costa County has 24 TUTs levied within its borders—three countywide taxes (two for transportation purposes and one for general or specific purposes), and 23 city-wide taxes. Currently, two of the three countywide TUTs remain subject to the 2% combined TUT rate limitation, while one, imposed by BART, is exempt. An additional countywide TUT rate of up to .5%, that is not subject to the 2% combined district tax rate limitation is authorized; however, this tax is not yet imposed under that authority.

- 5) **Committee Amendment.** The author has asked the Committee to adopt amendments that add an urgency clause to this bill.
- 6) **Related Legislation.** AB 1919 (Pellerin) specifies that special taxes may be imposed through the initiative process in the Santa Cruz Metropolitan Transit District (SC Metro) and establishes procedures for the placement of a retail TUT ordinance on the ballot for the consideration of SC Metro voters. This bill is currently on the Assembly Floor.

AB 2484 (Alvarez) authorizes the San Diego Metropolitan Transit System (MTS) to impose a TUT that exceeds the 2% statutory limitation, and specifies that the TUT may be imposed by a qualified voter initiative. This bill is currently pending in the Assembly Appropriations Committee.

SB 762 (Arreguín) allows the City of Hercules to impose a TUT of up to 1%, even if it exceeds the 2% cap. This bill is currently pending at the Assembly Desk.

- 7) **Previous Legislation.** AB 618 (Stone) of 2019 would have permitted the Cities of Emeryville (Alameda County) and Scotts Valley (Santa Cruz County) to impose a tax of up to 0.25% that exceeds the 2% cap. AB 618 was vetoed with a message that stated, “The Cities of Emeryville and Scotts Valley have not yet reached the statewide cap of 2 percent, making it unclear why additional tax authority is needed.”

AB 723 (Quirk), Chapter 747, Statutes of 2019, provided that neither the tax imposed by BART nor the tax imposed by the Alameda County Transportation Commission counts against the 2% cap and made a similar change in Santa Cruz County.

SB 1349 (Glazer), Chapter 369, Statutes of 2020, permitted Contra Costa County, and cities within Contra Costa County, additional legal flexibility to impose local TUTs.

AB 2453 (Bennett), Chapter 286, Statutes of 2022, authorized the Ventura County Transportation Commission to impose a TUT of no more than 0.5% that does not count against the cap in Ventura County.

AB 1256 (Wood), Chapter 572, Statutes of 2023, authorized Humboldt County to impose a TUT of up to 1% that exceeds the 2% statutory limitation.

AB 1385 (Garcia), Chapter 578, Statutes of 2023, raised the maximum TUT that RCTC may impose, from 1% to 1.5%.

AB 1679 (Santiago), Chapter 731, Statutes of 2023, authorizes Los Angeles County to impose a TUT of up to .5% that exceeds the 2% statutory limitation, as specified.

SB 335 (Cortese), Chapter 391, Statutes of 2023, allows the Santa Clara County Board of Supervisors to propose a TUT of up to .625% in Santa Clara County that exceeds the 2% cap and shifted the authority to impose a TUT for countywide transportation purposes in Ventura County that exceeds the 2% cap from the Ventura County Transportation Commission to the County.

SB 862 (Laird), Chapter 296, Statutes of 2023, authorized the board of directors of the Santa Cruz Metropolitan Transit District to impose a retail TUT of up to .5% after January 1, 2024, that is excluded from the 2% combined rate limit, if certain conditions are met.

SB 904 (Dodd), Chapter 866, Statutes of 2024, specified that special taxes may be imposed through the initiative process in the Sonoma-Marín Area Rail Transit District, among other provisions.

AB 2431 (Mathis) of 2024 would have authorized a city, county, or city and county to impose a TUT at an unspecified rate that exceeds the 2% statutory limitation if certain conditions are met. This bill died in the Assembly Local Government Committee.

AB 2443 (Carrillo), Chapter 961, Statutes of 2024, authorized the cities of Lancaster, Palmdale, and Victorville to impose a transaction and use tax (TUT) that exceeds the 2% statutory limitation.

AB 3259 (Wilson), Chapter 852, Statutes of 2024, allowed the cities of Campbell and Pinole, the Solano County Board of Supervisors and a city council in Solano County to impose a TUT, by ordinance or voter initiative, of up to 0.5% even if it exceeds the 2% cap. This bill is currently pending on the Senate Floor.

AB 761 (Addis), Chapter 706, Statutes of 2025, made changes to Monterey-Salinas Transit District's authority to impose a TUT.

SB 63 (Wiener), Chapter 740, Statutes of 2025, established the Public Transit Revenue Measure District including Alameda, Contra Costa, Santa Clara, and San Mateo Counties and the City and County of San Francisco, and specified that special taxes may be imposed through the initiative process in that district, among other provisions.

SB 333 (Laird), Chapter 750, Statutes of 2025, allowed the San Luis Obispo Council of Governments to impose a TUT by ordinance of up to 1% even if it exceeds the 2% cap.

SB 512 (Pérez) of 2025, would have specified that voters of a district may impose TUTs for transportation purposes by a citizen's initiative. SB 512 was vetoed by Governor Newsom. In his veto message, the Governor wrote, "This bill reaffirms that jurisdictions may use the initiative process to impose transactions and use taxes for transportation purposes. The courts have consistently and repeatedly affirmed this existing authority; therefore, this bill is unnecessary."

- 8) **Arguments in Support.** According to the sponsors of this bill, and a coalition of supporters, "The cuts imposed by H.R. 1 are projected to slash Los Angeles County's Department of Health budget by \$700 million annually, placing four public hospitals and more than 550 health clinics at serious risk of closure or drastic service reductions. Chronic disease prevention and tracking efforts will be severely curtailed. One in three County residents who rely on Medi-Cal could lose access to essential care, and more than 5,000 dedicated healthcare workers face potential job loss. These impacts will not be limited to uninsured individuals; the strain on emergency rooms, hospitals, community clinics, school-based health centers, and public health infrastructure will affect all Angelenos.

"In response, healthcare clinics, faith leaders, nonprofit organizations, labor unions, elected officials, and thousands of patients and healthcare workers have united behind the Essential Services Restoration Act. This Los Angeles County ballot measure would enact a temporary 0.5 percent general sales tax for five years, generating approximately \$1 billion annually to help offset severe federal funding reductions. The measure includes strict oversight and independent audits to ensure transparency and accountability, and guarantees that every dollar remains in Los Angeles County to protect local services.

"On February 10, 2026, the Los Angeles County Board of Supervisors adopted a spending plan dedicating these funds to restore and protect essential healthcare services, including:

- Up to 45% to the Department of Health Services to fund a limited network of nonprofit providers furnishing no-cost or reduced-cost care to uninsured low-income residents, including outpatient medical, specialty, dental, behavioral health, diagnostics, pharmaceuticals, nutrition, and medical supplies.
- 22% to safeguard the County's public hospital and clinic system.
- 10% to the Department of Public Health to support core public health functions and health equity grants.
- 5% to nonprofit safety-net hospitals meeting specific criteria.
- 5% allocated proportionately to nonprofit health agencies primarily providing family planning and reproductive health services to low-income and underserved communities.
- 4% for school-based health programs, as determined by the governing board of L.A. Care Health Plan.
- 3% to the Department of Public Social Services for Medicaid outreach, enrollment, and work/volunteer programs.
- 2.5% to support Correctional Health Services.

- 2.5% for In-Home Supportive Services (IHSS) for seniors and people with disabilities, prioritizing enhanced wages and benefits for IHSS providers.
- 1% to support core public health services provided by the Pasadena Public Health Department and the Long Beach Department of Health and Human Services, proportionate to their historic spending.

“The official ballot language makes clear that this measure is a direct response to severe federal cuts enacted by the President and Congress and is intended to reduce the loss of essential services, including healthcare for County residents, and to reduce the risk of closing the County’s four public hospitals and numerous clinics.

“At a time when federal actions threaten to dismantle the foundation of our local healthcare infrastructure, Los Angeles County must have the tools necessary to protect its residents. The Essential Services Restoration Act represents a responsible, locally controlled, time-limited solution with robust oversight to ensure funds are used exactly as promised.”

- 9) **Arguments in Opposition.** According to the League of California Cities, Los Angeles Division, “Congress’ passage of H.R. 1 has created a national health care crisis that Los Angeles County cannot solve on its own. The LA County Division and many local cities are open to working with the County and the State to consider options to restore health care funding cut by H.R. 1, but not with a regressive tax that would disproportionately burden those in our communities who are already struggling to keep up with the rising cost of basic necessities like food, gas, utilities, and housing.

“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 our Division cannot support a \$1 billion blank check to a County facing severe fiscal pressures including declining revenues, record legal payouts, and high debts.

“With sales taxes in LA County already as high as 11.25% in some areas and as low as 7.25% in nearby counties, we also fear that prices are reaching a tipping point and are in real danger of pushing businesses and shoppers out of LA County. If Sacramento legislators are serious about prioritizing affordability for Californians, then you should reject this proposal to exempt yet another 0.5% sales tax hike from the 2% sales tax cap.

“We agree that the cuts to health care in H. R. 1 passed by the Congress and signed by President Trump are nothing short of catastrophic. However, the County is proposing a flawed solution that would further raise the cost of everyday goods on County residents without safeguards in place to ensure that the funds go to the cause the Board of Supervisors are championing. Instead of encouraging a patchwork of measures for a few Californians, we urge legislators to find a statewide solution to this crisis.”

- 10) **Double-Referral.** This bill is double-referred to the Revenue and Taxation Committee, where it passed on 5-2 vote on April 27, 2026.

**REGISTERED SUPPORT / OPPOSITION:****Support**

CPCA Advocates [SPONSOR]  
St. John's Community Health [SPONSOR]  
Aliados Health  
All Inclusive Community Health Center  
Altamed Health Services  
Arroyo Vista Family Health Center  
California Community Foundation  
California Federation of Labor Unions, AFL-CIO  
California Professional Firefighters  
Camino Health Center  
Chinatown Service Center  
Clinica Monseñor Oscar A. Romero  
Community Clinic Association of Los Angeles County  
Community Health Association Inland Southern Region  
Comprehensive Community Health Centers  
Contra Costa County  
East LA Community Corporation  
Eisner Health  
El Proyecto del Barrio, Inc.  
Garfield Health Center  
Hill Country Community Clinic  
Innecare  
Los Angeles County  
Los Angeles LGBT Center  
Mendocino Community Health Center  
Neighborhood Healthcare  
Northeast Valley Health Corporation  
Open Door Community Health Center  
Opsam Health  
Planned Parenthood Affiliates of California  
Ravenswood Family Health Network  
Saban Community Clinic  
San Benito Health Foundation  
San Fernando Community Health Center  
Service Employees International Union (SEIU) California  
SEIU, Local 721  
South Central Family Health Center  
TrueCare  
UMMA Health  
Unite Here, Local 11  
Valley Community Healthcare  
Venice Family Clinic  
Via Care Community Health Center  
Visión y Compromiso  
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 Glendale  
City of Lancaster  
City of Lakewood  
City of La Verne  
City of Lomita  
City of Norwalk  
City of Pico Rivera  
City of Rancho Palos Verdes  
City of Rolling Hills Estates  
City of Torrance  
Howard Jarvis Taxpayers Association  
Independent Cities Association  
Las Virgenes-Malibu Council of Governments  
League of California Cities, Los Angeles County Division  
Long Beach Chamber of Commerce  
South Bay Cities Council of Governments

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