



Igor Tregub, Councilmember District 4

CONSENT CALENDAR

July 14, 2026

To: Honorable Mayor and Members of the City Council  
From: Councilmember Igor Tregub (Author)  
Subject: Adopt a Position of Opposition to ACA 22, the California Two-Thirds Vote Requirement for Special Taxes.

RECOMMENDATION

Adopt a position in opposition to Assembly Constitutional Amendment (ACA) 22, which would restrict how local governments may adopt certain taxes and distribute copies of a letter of opposition to Governor Gavin Newsom, Senator Jesse Arreguín, Assemblymember Buffy Wicks, and applicable Senate and Assembly Committees.

BACKGROUND

Currently, the California Constitution conditions the imposition of a special tax by a local government upon the approval of 2/3 of the voters of the local government voting on that tax and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property.

The "Upland loophole" is a legal loophole in California created by the 2017 California Supreme Court decision in California Cannabis Coalition v. City of Upland. It allows local tax increases placed on the ballot via citizen-led initiatives to pass with a simple majority (50% + 1) instead of the two-thirds (66.7%) supermajority normally required for special taxes.<sup>1</sup>

Initiative 25-0006A1, titled the "Local Taxpayer Protection Act to Save Proposition 13," was submitted and received the signatures necessary to qualify for placement on the

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<sup>1</sup> <https://calmatters.org/commentary/2025/10/local-tax-measures-return-ballot/>

November 2026 statewide ballot. The measure would have amended the California Constitution to significantly restrict local government authority to adopt and maintain certain local taxes. Specifically, the initiative would require all local special taxes to receive two-thirds voter approval; prohibit local governments from imposing most taxes related to real property, including property transfer taxes; and invalidate existing taxes that do not comply with the initiative's proposed constitutional requirements.

If that measure remained on the ballot and was approved by the voters, it would have had significant fiscal consequences for local governments throughout California. Fiscal analyses prepared by local government organizations estimated annual statewide revenue losses of approximately \$2 billion to \$3 billion beginning two years after enactment. Cal Cities was on record opposing this harmful measure. The Legislative Analyst's Office similarly projects annual local government revenue reductions of up to \$2 billion, largely due to the invalidation of locally adopted property transfer taxes and parcel taxes that were approved under existing constitutional and statutory requirements.<sup>2</sup>

A compromise struck in late June 2026, just before the deadline to finalize state ballot measures, included removing the Initiative 25-0006A1 from the ballot and replacing it with ACA 22, a measure that now asks California voters to close the Upland loophole. Additionally, the compromise required the legislature to also pull ACA 13 from the ballot, a poison pill measure passed by the legislature in 2024 that, if passed by voters, would have required any measure seeking a higher vote threshold, to also pass by that higher vote threshold. The agreement does not include changes to local real property transfer taxes.

If placed on the November 2026 ballot and is approved by voters, ACA 22 would, beginning January 1, 2027, prohibit a local government, including the electorate of a local government exercising the initiative power, from imposing, extending, or increasing any special tax, except as provided, unless and until that tax is submitted to the electorate and approved by a 2/3 vote. The measure would prohibit a local government, including the electorate of a local government exercising the initiative power, from imposing ad valorem taxes on real property, except as provided pursuant to specified constitutional provisions. This bill contains other related provisions and other existing laws.<sup>3</sup>

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<sup>2</sup> <https://oag.ca.gov/system/files/initiatives/pdfs/fiscal-impact-estimate-report%2825-0006A1%29.pdf>

<sup>3</sup> [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202520260ACA22](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202520260ACA22)

At a time when local governments continue to face increasing costs associated with public safety, homelessness response, infrastructure maintenance, affordable housing production, and climate resilience, ACA 22, while responsive to an agreement with the proponent of Initiative 25-0006A1 and therefore not as detrimental, would still significantly constrain local fiscal flexibility. Revenue losses would be difficult to absorb without reducing services or delaying investments that residents rely upon. The City of Berkeley is concerned that the initiative would prevent new revenue from being created and create substantial uncertainty regarding long-term municipal budgeting and service delivery.

### CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley is likely to be detrimentally impacted by the provisions of ACA-22 if approved by the voters. Berkeley voters have historically exercised their local authority to approve revenue measures that fund essential municipal services and community priorities. These efforts would be frustrated by certain provisions of this measure if enacted.

Adoption of this measure will cause long-term financial planning disruptions and reduce the City's ability to deliver basic services and respond to evolving community needs. For reasons similar to opposing Initiative 25-0006A1<sup>4</sup>, the City of Berkeley should oppose ACA 22 and support preserving local authority to maintain voter-approved revenue sources that fund essential public services and community priorities.

The measure could also reduce flexibility for future electorates by substantially increasing the threshold required to place tax modifications before voters. Requiring signatures from two-thirds of the electorate, rather than 50%, would place a considerable burden on residents and may unnecessarily constrain the exercise of local direct democracy.

### FINANCIAL IMPLICATIONS

Minimal staff time is associated with outreach to recipients regarding the City's position on ACA 22.

If enacted, ACA 22 could have substantial long-term fiscal implications for the City of Berkeley by reducing or eliminating locally approved revenue sources that support municipal operations and capital investments. The precise fiscal impact would depend

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<sup>4</sup> An item to oppose this initiative was submitted to the Berkeley City Council Agenda and Rules Committee prior to the initiative's removal from the ballot.

on implementation, legal interpretation, and the extent to which existing local revenue measures are affected.

### ENVIRONMENTAL SUSTAINABILITY

The City of Berkeley relies on locally controlled revenues to support environmental sustainability initiatives, climate action programs, infrastructure maintenance, urban forestry, parks, and resilience investments. Preserving local fiscal authority helps ensure that the City can continue implementing environmental programs and infrastructure improvements necessary to advance community sustainability goals and respond to climate-related challenges.

### CONTACT PERSON

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### ATTACHMENTS

1. Proposed Language for Letter of Opposition



Berkeley City Council  
2180 Milvia Street, 5<sup>th</sup> Floor  
Berkeley, CA 94704

July 14, 2026

**RE: Notice of OPPOSITION to ACA 22**

Dear Governor Newsom, Senator Jesse Arreguín, and Assemblymember Buffy Wicks,

The City of Berkeley respectfully **opposes** ACA 22. The City of Berkeley is grateful to the State legislature for negotiating a substantively less harmful to the cities measure compared to Initiative 25-0006A1. However, we urge the Legislature to recognize the significant threat the newly proposed measure poses to city fiscal stability, local voter-approved revenues, and the essential services Californians rely on daily.

Requiring all local special taxes to receive two-thirds voter approval would place a significant burden on local government and electorate. While the fiscal consequences for the cities might not be as severe as from that of Initiative 25-0006A1 millions of dollars in local government revenues could be lost, if two-thirds voter approval is instituted across California.

The City of Berkeley would be directly affected by ACA 22 because it would invalidate or severely restrict voter-approved revenue measures that fund essential municipal services and community priorities. The City of Berkeley is deeply concerned that the measure would disrupt long-term planning for public services and capital investments, hire employees, and maintain infrastructure.

As a result, Berkeley could lose tens of millions of dollars annually in locally approved revenues beginning in Fiscal Year 2028, including funding for homelessness services, public safety, infrastructure, and other community priorities. Such a significant loss would undermine local voter decisions, disrupt long-term financial planning, and reduce the City's ability to respond to evolving community needs.

At a time when cities are facing rising costs, increasing service demands, infrastructure needs, housing and homelessness challenges, and public safety obligations, the provisions on ACA 22 would significantly restrict local fiscal flexibility.

This measure would undermine the electorate's freedom to shape local tax policy by making it substantially more difficult for voters to amend or repeal existing taxes. By increasing the signature requirement from 50% to two thirds of the electorate, it places an undue burden on residents seeking to exercise their right to direct democracy.

For these reasons, City of Berkeley strongly opposes ACA 22. We urge that any legislative or executive discussion related to this measure, or local revenue authority include meaningful engagement with cities before any proposal moves forward that could permanently alter local fiscal authority or threaten the services Californians depend on.

Sincerely,

City of Berkeley Council