



January 27, 2026

Hon. Rob Bonta  
Attorney General  
1300 I Street, 17<sup>th</sup> Floor  
Sacramento, California 95814

Attention: Ms. Anabel Renteria  
Initiative Coordinator

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative that would prohibit new taxes on financial assets and other personal property (A.G. File No. 25-0041, Amendment #1).

## BACKGROUND

***Certain Personal Property Is Taxed in California.*** Both the state and local governments tax owners of certain personal property based on the property's value. Personal property is all the things that people own other than real estate. For example, the state taxes owners of cars and trucks. Similarly, local governments tax owners of boats and business equipment.

***Financial Assets Are Not Taxed.*** Many types of personal property are not taxed. One major type of personal property that is not taxed is financial assets like stocks.

## PROPOSAL

***No New Taxes on Financial Assets or Other Personal Property.*** New taxes on the ownership of financial assets or other personal property would not be allowed.

***Limits Retroactive Taxes.*** The measure limits the situations in which a ballot measure or the Legislature can raise a tax retroactively. A retroactive tax is one that applies to things that happened in the past. An example is a tax on money someone earned two years ago.

## FISCAL EFFECT

***Possibility That Tax Revenues Will Be Lower in the Future.*** The measure restricts the options the state and local governments have to raise taxes in the future. This could make it

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somewhat harder for them to raise taxes. This could reduce future tax revenues. When and by how much future revenues would be reduced is unclear.

***Summary of Major Fiscal Effects.*** This measure would have the following major fiscal effects:

- Possibility that tax revenues will be lower in the future.

Sincerely,

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for Gabriel Petek  
Legislative Analyst

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for Joe Stephenshaw  
Director of Finance