

# CLIENT NEWS BRIEF

## Power to the People: California Court of Appeal Rules that Voter Tax Initiatives Are Not Subject to Super-Majority Vote

In *City & County of San Francisco v. All Persons Interested in the Matter of Proposition C* (2020) 51 Cal.App.5th 703, California's First District Court of Appeal held that special taxes proposed by voter initiative require only a simple majority vote to pass, notwithstanding the provisions of Proposition 13 and Proposition 218, which would otherwise require a two-thirds approval of the voting electorate.

### Background

In San Francisco's 2018 general election, 61% of voters voted in favor of Proposition C, a voter-initiated measure which proposed a special tax on local businesses to be used to fund homeless services, including housing programs, mental health services, prevention programs, and hygiene programs.

Several business organizations challenged the measure as invalid, pointing to the super-majority requirements of Proposition 13 and Proposition 218, which require a two-thirds vote to approve the imposition of special taxes.

The court affirmed that the super-majority requirements of Propositions 13 and Proposition 218 only apply to "local government," which is defined as "any county, city, and county, including a charter city or county, any special district, or any other local or regional governmental entity."

The court, in reaching its decision, held that the initiative power was a constitutionally protected right which gave citizens the power to adopt a special tax and "[a] defining characteristic of the initiative is the people's power to adopt laws by majority vote."

### Takeaways

A petition for review was filed asking the Supreme Court to hear this matter. On September 9, 2020, the Supreme Court rejected the petition, declining to take up the matter. Thus, the Appellate Court's decision, which clarifies that the super-majority vote thresholds of Proposition 13 and Proposition 218 were intended to limit *governmental* power in the imposition of taxes, and not the people's power, is reliable.

If you have any questions regarding the decision in this case, or regarding public finance matters, local taxes, or voter-approved initiatives or propositions, please contact the authors of this Client News Brief or an attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcast](#), follow us on [Facebook](#), [Twitter](#) and [LinkedIn](#) or download our [mobile app](#).

September 2020  
Number 67



Daniel Maruccia  
Partner and Co-Chair  
Public Finance Practice Group  
Sacramento & San Diego Offices  
[dmaruccia@lozanosmith.com](mailto:dmaruccia@lozanosmith.com)



Shawn Gleizer  
Associate  
Monterey Office  
[sgleizer@lozanosmith.com](mailto:sgleizer@lozanosmith.com)



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