Proposition 40

July 3, 2026
Initiative 25-0024

BALLOT TITLE AND SUMMARY

IMPOSES ONE-TIME TAX ON CERTAIN TAXPAYERS. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Imposes one-time tax of up to 5% on certain taxpayers with covered assets valued over $1 billion; covered assets include businesses, securities, art, collectibles, and intellectual property, but exclude real property and some pensions and retirement accounts.

- Allocates 90% of these tax revenues for health care, 10% for food assistance or education-related programs; prohibits using revenues to replace existing funding for these purposes.

- Exempts such tax revenues from constitutional requirements for school funding, budget reserves, and state spending limit.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Temporary state revenue increase from a new wealth tax on billionaires. These wealth tax revenues probably would add up to tens of billions of dollars spread over several years.

- Possible ongoing decrease of less than $1 billion per year in state income tax revenue collected from billionaires.

SUBJECT TO COURT
ORDERED CHANGES