

BALLOT INITIATIVE (June 2026)

Los Angeles County: Half-Cent General Sales Tax (“Essential Services Restoration Act”)

SUMMARY & OVERVIEW:

If passed, this measure would increase the general sales and use tax by 0.5% for five years. The tax increase is estimated to generate \$1 billion annually to backfill cuts in federal and state healthcare funding, support public hospitals and clinics, and preserve county services. The current sales tax is 9.75%; if approved, the rate would rise to 10.25% countywide.

Endorsements:

- Health care organizations (“Restore Healthcare for Angelenos”)
- LA County Supervisors (SD1, SD2, SD3, SD4)

Arguments in Support:

- Significant cuts to federal funding (particularly to Medicaid/Medi-Cal programs) jeopardize access to critical health services and that local funding is needed to keep emergency rooms open and clinics afloat
- Proponents claim a similar sales tax from L.A. County Measure A (passed in 2024) helped stabilize homelessness and housing services, suggesting voter support for targeted sales tax increases
- Supports frame the measure as a safety-net priority given deep disparities in access to care and uninsured population

Opposition:

- Fiscal conservatives and taxpayer advocates
- City of Pasadena
- SD5
- Retail and hospitality organizations

Arguments in Opposition:

- A sales tax hike hits consumers and small businesses disproportionately, especially in areas already experiencing high cost of living and inflation
- Concern that this will drive shoppers and commerce to neighboring counties with lower tax rates, harming retail & hospitality
- Some local governments oppose that the revenue would go into the county general fund rather than be strictly earmarked for healthcare, potentially allowing funds to be spent on other priorities
- Tax fatigue

[Prepared by L.A. Area Chamber of Commerce Policy Staff as of March 4, 2026]

CHAMBER POLICY STAFF RECOMMENDATION:

The Chamber staff recommends an **OPPOSE** position on the ballot initiative. While the need for critical healthcare funds persists, adding to local taxes will only add to the affordability concerns in this region. The tax would disproportionately and negatively impact consumers and local businesses, which compounds the lingering impacts of the 2025-2026 tariffs, themselves a regressive tax regime. **Note:** We canvassed several members of the Chamber in the healthcare space. Some organizations actively support this measure, while others remain neutral in deference to healthcare organizations that stand to receive funds connected with this tax.

Government & Fiscal Affairs Policy Council Position: SUPPORT

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