



This Week in State Tax (TWIST)

October 19, 2026



Multistate: Voters to address several significant tax measures at the polls

Voters in several states will be asked to say “Aye” or “Nay” on a variety of significant state tax proposals when they cast their ballots in November. Generally, the measures are aimed at one of three objectives: (a) increasing the taxes imposed on upper income taxpayers; (b) reducing or limiting local property taxes; or (c) placing constraints on the ability of legislatures and localities to enact future tax increases. The following summarizes the major tax-related ballot proposals.

California: The headline proposal is likely [Proposition 40](#), an initiated measure that would impose a one-time five percent tax on California individual and fiduciary taxpayers with more than \$1 billion in covered assets. Covered assets would include businesses, securities, art, collectibles, and intellectual property, but exclude real estate and qualified pension and retirement accounts. Revenues from the proposal would be exempt from various spending limits. Countering this measure is initiated [Proposition 41](#), which would nullify state taxes enacted after January 1, 2026, that exempt revenues from voter-approved spending limits. It would also require pre-election and recurring audits of programs funded by new special taxes. Also on the ballot is [Proposition 42](#), an initiated measure that would prohibit any new state tax imposed on the ownership of personal property or that applies retroactively based on a taxpayer’s past activities. It would also nullify taxes enacted after January 1, 2026, that conflict with the measure. The California Constitution provides that if two or more conflicting measures are approved at the same election, the one receiving the greatest number of affirmative votes prevails.

Golden State voters will be busy. They will also decide the fate of [Proposition 3](#), which would make permanent a temporary increase in the personal income tax rates applied to households with taxable income of greater than \$250,000 for single taxpayers and \$500,000 for those filing jointly, adjusted annually for inflation. The increased rates were first enacted in 2012 and renewed in 2016, but are currently set to expire in 2031. Finally, [Proposition 43](#) is also before the voters. If adopted, it would require that beginning January 1, 2027, any voter-proposed local special tax must receive a two-thirds majority to be adopted, as opposed to the current 50 percent requirement.

Colorado: [Amendment 87](#) would repeal a current constitutional requirement that individual and corporate income taxes be levied at a flat rate (currently 4.4 percent). It would also establish graduated individual and corporate income tax rates ranging from 3.7 percent to 8.4 percent, with the highest rate applying to taxable income exceeding \$1 million, for tax years beginning on or after January 1, 2027. Additional revenues from the revised tax structure would be exempt from the Colorado’s Taxpayer Bill of Rights (TABOR) amendment and refund process. The amendment would make no other changes to TABOR. As in California, a competing amendment ([Proposition 136](#)) would limit individual and corporate income tax rates to 4.4 percent of taxable income, effective January 1, 2027. A legislative analysis of the amendments indicates that if both measures pass, it may require resolution by the legislature or the courts to determine which amendment controls.

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Florida: Sunshine State voters will be asked to address a significant real property tax measure in November. [Amendment 3](#), sent to the voters by the legislature, would increase the homestead exemption for non-school property taxes to \$150,000 in 2027 and to \$250,000 in 2028 and index it for inflation thereafter. The new homestead exemption level would be available only to full-time residents of Florida as of December 31, 2026. Homeowners who do not initially qualify would be eligible for a lesser exemption and could qualify for the increased exemption after five years of residency. The measure would also reduce the cap on the annual increase for non-homestead residential and commercial property from 10 percent to 5 percent and specify certain allowable uses for property tax revenues of counties and municipalities.

Iowa: Hawkeye State voters will decide whether to [adopt a constitutional proposal](#) that would require the approval of two-thirds of the members of each house of the General Assembly to increase the individual or corporate income tax or any other tax imposed on income or to enact a new tax on income. This restriction would not apply to taxes imposed at the option of local governments.

North Carolina: The legislature has sent two constitutional amendments to the voters for approval. The first, contained in [House Bill 1089](#), would impose a constitutional requirement on the General Assembly to adopt laws limiting the amount by which locally levied property taxes may increase. The second, contained in [Senate Bill 1080](#), would reduce the constitutional maximum individual and corporate income tax rate from 7 percent to 3.5 percent for tax years beginning on or after January 1, 2027. Per statute, the individual tax rate for tax year 2027 is scheduled to decrease to 3.49 percent, with corporation income tax rates set at 2 percent but decreasing to 1 percent in 2028. The current maximum in the state constitution is 7 percent.

Oklahoma: [State Question 847](#), if approved, would reduce the allowable annual increase in the property tax value of homestead and agricultural property from 3 percent to 1.75 percent for 2027 and subsequent tax years. For commercial property, the cap would be reduced from 5 percent to 4 percent, effective for 2027 and onward. The measure would also amend income-based limitations applicable to certain property owners. On October 6, the [Oklahoma Supreme Court](#) struck [State Question 843](#) from the ballot as contravening another provision of the state constitution and thus being unconstitutional. The measure would have phased out the property tax on homestead property, which the court concluded conflicted with a constitutional requirement that real property cannot be assessed at less than 11 percent of fair market value.

Washington: In March 2026, the legislature approved a 9.9 percent tax on taxpayers with Washington taxable income greater than \$1 million, with certain nuances to coordinate with a separate tax on capital gains income. In November, Evergreen State voters will be presented with an [opportunity to repeal the income tax measure](#). In addition, the proposal would adopt a new definition of individual income that would capture any gain or benefit measured in money from an individual's capital, labor, property, or other source and prohibit the imposition of any tax on such income for individuals.

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Wyoming: [Initiative 1](#) proposes to enact a law that would provide a property tax exemption for 50 percent of the value of a person's primary residence, subject to certain qualifications. The exemption would apply beginning in the 2027 tax year. Property taxes in the Equality State are in a state of flux due to questions regarding whether earlier efforts to reduce the growth of property taxes violate the state's "uniform and equal" clause in the state constitution.

For more information on these ballot proposals, please reach out to [Diana Smith](#).

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