Economics Nobel Laureates Support letter for Proposition 40, the California billionaire tax – September 19, 2026.

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In November 2026, California will vote on Proposition 40, a 5% one-time tax on the wealth of California's billionaires. The revenue would help cover the massive funding cuts to California's Medicaid enacted by Congress in 2025.

If it passes, Proposition 40 would be the first-ever tax on billionaire wealth enacted anywhere in the world. California is the right place to take this historic step. The explosive growth of the state's billionaires over the past few decades has made it one of the most unequal places in America.

Ten years ago, the wealthiest 0.001% of California residents were worth a combined $700 billion. Today, that same fraction of the population, California's 250 billionaires, are collectively worth $2.3 trillion. Their wealth now amounts to the entire annual income of all California taxpayers — some 20 million of them.

This extreme wealth has translated into extraordinary power, in California just like in the United States more broadly. During the 2000 federal election cycle, billionaires accounted for about 1% of total donations; in 2024 this number had risen to 19%. The Washington Post, the Wall Street Journal, the Los Angeles Times, Instagram, Facebook, TikTok, X are all owned or controlled by prominent billionaires. Sergey Brin alone has already spent more than $100 million to defeat the California billionaire tax.

How did the billionaires get to be so rich? In many cases, they made important contributions, for which they have been amply rewarded. But our failure to tax their returns on capital—a myriad of loopholes they've taken full advantage of—has also allowed their wealth to compound, while ordinary Americans have paid higher rates. Over the 2019-2025 period, the total amount of California income tax paid by billionaires amounted to only 1.6% of their $1.4 trillion wealth gain, much less than what ordinary Californians pay on their paychecks.

Consider now what a targeted intervention like Proposition 40 would do. This tax only partially plays catch-up, but it is a move in the right direction.

First, it would raise a large amount of revenue. A one-time tax of 5% on the wealth of California's 250 billionaires would raise as much revenue as a 5% income tax on *all* Californian taxpayers: about $100 billion. The wealth tax would be modest relative to the gains made by billionaires, yet large enough to offset the federal cuts to Medicaid. Nvidia's CEO Jensen Huang, who would be one of the main taxpayers, put it plainly when he said he would be "perfectly fine" with it.

If approved in November, the tax would apply to billionaires who resided in California as of January 1st of 2026. It is too late for them to try to avoid it by moving to another state. Some affected taxpayers may have tried to leave between the time they learned about the proposed ballot initiative – in late November 2025 – and January 1st of 2026. But the window was so short that it is unlikely any significant number of billionaires successfully cut ties with the Golden state in such a short period of time.

And contrary to the claims of its opponents, taxing billionaires will not doom Silicon Valley, quite the opposite. Since the beginning of 2026, after the wealth tax initiative was announced, California has attracted 80% of all new venture capital funding in America, up from about 50% before 2025. What will allow California to thrive in the future is not letting a handful of billionaires live tax free: it is adequate public spending on health, education, and public infrastructure, key engines of economic growth to which it is only fair to ask the ultra-wealthy to contribute.

Proposition 40 offers the first opportunity for the people to start reining in the power of billionaires. It isn't just critical for Californians. If the state that houses some of the country's most powerful billionaires votes to tax their wealth, it will kickstart a movement to tax ultra-high-net-worth individuals in other states — and eventually at the federal level and in other countries. As Californians head to the polls, their vote may well come to be seen as a turning point in the battle between democracy and oligarchy.