CA Midterm Election Update

Provided by Platinum Advisors – CSSA Lobbying Firm

Xavier Becerra will be California's next governor, and Democrats rode a national wave to leads in nearly every competitive California race. The billionaire wealth tax (Prop. 40) is headed for defeat, while Prop. 3's permanent tax on high earners passed. Results reflect counts reported late Tuesday and early Wednesday, and many races are still being tallied.

Top takeaways

1. **Becerra wins easily, and continuity is the default.** AP called the race for Xavier Becerra (D) over Steve Hilton (R) right after polls closed. Expect Newsom-era policy to carry over with a more incremental, less ambitious style. He'll be the first Latino elected governor, and Latinos now lead the governor's office, the Assembly (Speaker Rivas) and the Senate (Pro Tem Limón) at the same time.
2. **Democrats likely hold both supermajorities and may grow them.** Democrats led in nearly every battleground legislative race, including against several two-term GOP incumbents.
3. **The wealth tax is losing, but the fight isn't over.** Prop. 40 was failing by double digits after opponents spent $290 million-plus, led by $100 million from Sergey Brin. SEIU-UHW's Dave Regan says he'll go back to the ballot in 2028 unless Becerra and the Legislature deliver a billionaire tax solution.
4. **While voters said no to Prop 40, they still said yes to taxes on high earners and to housing money.** Prop. 3 (permanent high-earner income tax, backed by CTA) passed, as did both housing bonds (Props. 1 and 37). Prop. 1 gives Becerra funding for his 40,000-unit affordable housing pledge. CEQA streamlining (Prop. 45) is trailing.
5. **California Democrats gain real power in Washington.** Democrats retook the House and flipped the Senate. Robert Garcia is on track to chair House Oversight ("Lawyer up"), Maxine Waters is likely to chair Financial Services and wants a $1 trillion housing bill, and Pete Aguilar and Alex Padilla gain sway. Expect oversight aimed at tech, AI companies and Trump-aligned donors.
6. **Becerra's first year is already crowded.** Fair share tax recommendations arrive in March, federal Medicaid changes threaten coverage for more than 2 million

Californians, and he's promised to "go big" on wildfire liability and to set AI guardrails, all against projected deficits. Details are in the last section.

Most consequential races

Ranked by how much each result shapes the 2027 session.

Race	Status	Why it matters
Governor	**Called:** Becerra (D) def. Hilton (R)	Sets the agenda on revenue, Medi-Cal backfill, wildfire liability and AI. Expect continuity with Newsom, delivered more cautiously.
Prop. 40 (billionaire wealth tax)	**Not called:** failing, 44% yes	Biggest money fight of the cycle. Defeat shows business strength, but labor is already threatening a 2028 rerun.
Prop. 3 (permanent high-earner tax)	**Called:** passed	Locks in a major revenue stream for schools. A win for CTA.
Legislative battlegrounds	**Not called:** Democrats leading most	Determines the size of the supermajorities and how many moderate, business-friendly Democrats arrive in January.
Props. 1 and 37 (housing bonds)	**Called:** both passed	$36 billion-plus for low-income housing and middle-class down payment loans. Funds Becerra's housing pledge.
Insurance commissioner	**Too close:** Jane Kim leading	The commissioner sits at the center of the insurance availability crisis and the wildfire liability debate.
Prop. 45 (CEQA streamlining)	**Not called:** trailing, 46% yes	A loss keeps CEQA reform in the Legislature's hands.
LA mayor	**Too close:** Raman overtook Bass	Late ballots are breaking toward Raman. An incumbent loss in the state's largest city would be a big shake-up.

CA House seats	**Mixed:** two flips and one hold called, several still counting	Democratic flips in redrawn seats (Prop. 50 maps) helped deliver the House. Watch CA-04, where Rep. Mike Thompson trails.

Called

These have a declared winner or result per AP or the outlets in the folder.

Race	Winner	Notes
Governor	Xavier Becerra (D)	Beat Steve Hilton (R). First Latino elected governor; first Latino governor since 1875.
Lieutenant governor	Fiona Ma (D)	Beat Gloria Romero (R). Succeeds the termed-out Eleni Kounalakis.
CA-01 (House)	Mike McGuire (D)	**Flip.** Beat Rep. James Gallagher (R-Yuba City) in the rural north.
CA-06 (House)	Richard Pan (D)	**Flip.** Beat Rep. Kevin Kiley (I-Rocklin).
CA-27 (House)	Rep. George Whitesides (D)	Reelected.

Measure	Result	What it does
Prop. 1	**Passed**	$11.25 billion bond for low-income housing
Prop. 2	**Passed** (double digits)	Lets the state save more in the rainy day fund
Prop. 3	**Passed**	Makes the high-earner income tax permanent (CTA-backed)
Prop. 37	**Passed**	$25 billion in bonds for middle-income down payment loans
Prop. 39	**Failed**	Would have required voter ID at the polls
Prop. 44	**Failed** (decisively)	Would have required clinics to spend 90% of budgets on patient care (SEIU-UHW)

Not called, clear trend

No call yet, but the margins point one way. Treat these as likely, not final.

Race or measure	Where it stands	Read
Prop. 40 (one-time 5% tax on wealth over $1B)	44% yes, failing by double digits	Likely fails
Prop. 42 (bans new taxes on personal assets)	55% yes	Likely passes. One of the anti-wealth-tax "poison pill" measures.
Prop. 38 ($8.4B immunology research bond)	56% yes	Likely passes
Prop. 43 (two-thirds vote for citizen-driven local special taxes)	45% yes	Likely fails
Prop. 45 (loosens CEQA review for some housing and transportation projects)	46% yes	Likely fails
Central Valley House seat (Villegas vs. Rep. David Valadao, R-Hanford)	Randy Villegas (D) 65.1%, Valadao 34.9%, about 44% counted as of 10:45 p.m.	Strong early Democratic lead in a critical seat, but early
CA-07 (Rep. Doris Matsui vs. Mai Vang, both D)	Matsui 58.6%, Vang 41.4%, about 37% counted as of 9:28 p.m.	Matsui favored, but early

Too close or too early to call

These could go either way as late ballots come in. In LA, late-counted ballots have been skewing toward Raman.

Race or measure	Where it stands	What to watch

Insurance commissioner	Too close; Jane Kim leading	Who runs the Department of Insurance during the availability crisis and wildfire liability fight
LA mayor	Nithya Raman overtook Mayor Karen Bass early Wednesday	Late ballots trending toward Raman
CA-04 (Rep. Mike Thompson vs. Eric Jones, both D)	Jones slightly ahead late Tuesday	A longtime incumbent at risk to a political newcomer
Prop. 5 (ends the replacement question on recall ballots)	50.3% yes	True toss-up
Prop. 4 (lifts ban on public financing of local campaigns)	48% yes	Trailing, still in range
Prop. 41 (state auditor review of special tax proposals)	48% yes	Trailing, still in range. The second "poison pill" against Prop. 40.
Battleground legislative seats	See next section	Several Dem-on-Dem and D-vs-R contests still uncalled

Legislature

Democrats are likely to keep two-thirds supermajorities in both houses and could add seats. None of the races below has been called; leads are as of late Tuesday night.

Seat	Matchup	Where it stands
Senate (R incumbent)	Sen. Tony Strickland (R) vs. Chris Duncan (D)	Duncan leading
Senate, San Diego (open, Brian Jones's seat)	Mara Elliott (D)	Elliott positioned to flip
Orange County (open)	Chris Kluwe (D), former NFL punter	Kluwe narrowly ahead, tight

Assembly, Sacramento suburbs	Asm. Josh Hoover (R) vs. Amy Slavensky (D)	Slavensky 53%
Assembly, Riverside and Imperial	Asm. Jeff Gonzalez (R) vs. Ida Obeso-Martinez (D)	Obeso-Martinez leading
Assembly	Asm. Leticia Castillo (R) vs. Clarissa Cervantes (D)	Cervantes up about 20 points
Assembly, Palm Springs area	Asm. Greg Wallis (R) vs. Leila Namvar (D)	Namvar leading
Assembly	Asm. Laurie Davies (R) vs. Sergio Farias (D)	Davies narrowly leading
Fresno (open, GOP target)	Brian Pacheco (D) vs. Mike Murphy (R)	Pacheco 63%
Senate (Dem vs. Dem)	Sara Hernandez, backed by Grow California	Hernandez ahead, too close to call
Assembly (Dem vs. Dem)	David Penaloza, backed by Grow California	Penaloza ahead, too close to call

Tech's California Leads PAC backed Davies, Wallis and Strickland, so a few of its picks are in danger even as the group claims a strong cycle overall.

Becerra's in-box

Becerra campaigned on experience, not big promises, so his early moves on these issues will be the first real read on how he governs. All of it plays out against projected deficits.

Issue	What's coming	Becerra's stated position
Fair share tax	State recommendations on a tax on large employers whose workers use public benefits are due in March. Passing one likely needs two-thirds in both houses.	Supports a fee on corporations whose low-paid workers rely on public health care. First big test of his labor ties and his vote-counting.
Health coverage	Federal Medicaid changes are projected to cost more than 2	Pledged to keep people covered and said he wants to

	million Californians their coverage over four years. Lawmakers delayed some Newsom cuts to undocumented health care.	reverse the undocumented coverage cuts (premiums, dental, clinic funding, enrollment freeze).
Wildfire liability	The Legislature rejected Newsom's utility liability plan this summer; utility stocks fell afterward. Former CPUC President Marybel Batjer doubts a quick fix.	"We can't do baby steps." Supports acting right away, but hasn't said who bears the cost: survivors, insurers or ratepayers.
AI regulation	Newsom's expert panel (including ideas like a model "kill switch") will hand him recommendations, and the Legislature will keep pushing its own bills.	Supports "guardrails" and has signaled he'd move faster after OpenAI's Sam Altman said the world should accept some bad things happening.
Wealth tax pressure	Labor says it'll run a new wealth tax in 2028 if Sacramento doesn't deliver a billionaire tax solution.	Hasn't endorsed new taxes on residents.
Housing	Prop. 1 money is now available.	Pledged to speed up 40,000 affordable units. Supports Newsom-era housing streamlining.