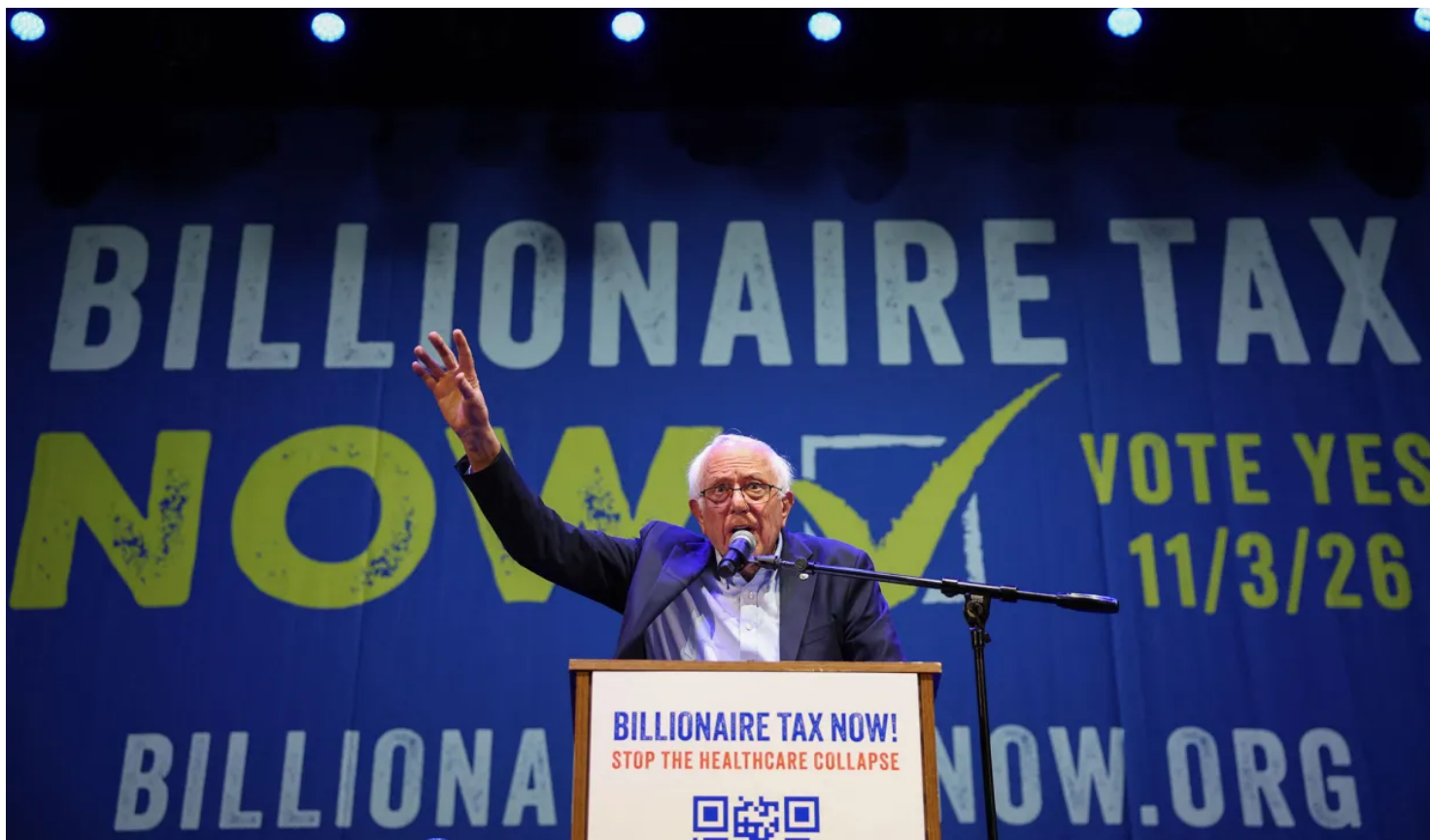


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In California, Organized Labor Might Just Defeat Itself

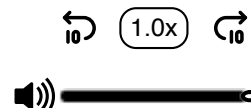


Senator Bernie Sanders (I., Vt.) speaks during the campaign kickoff for the California Billionaire Tax Act in Los Angeles, February 18, 2026. (Patrick T. Fallon/AFP via Getty Images)

By **WILL SWAIM**

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Yet another tax-the-rich initiative is running into reality.

An SEIU-backed measure to tax the global assets of California's roughly 200 billionaires may be the rare progressive tax proposal defeated not by corporate money but by organized labor itself.

That's the assessment on Polymarket, where, as of Wednesday, 64 percent of bettors predict the union-backed initiative won't make it to the November ballot. They're betting that the measure's backers, Service Employees International Union–United Healthcare Workers West (SEIU-UHW), will withdraw their “2026 Billionaire Tax Act” before the June 25 filing deadline.

The assumptions come from a rumored compromise that SEIU-UHW insists won't happen. The union notes it gathered more than 1.5 million signatures to qualify the initiative — far above the roughly 875,000 valid signatures required. It also boasts support from Senator Bernie Sanders and Robert Reich, the former Clinton labor secretary and University of California professor. Supporters say the one-time tax — which they predict will capture about \$110 billion — is necessary to backfill cuts in the rate of growth of federal Medicaid funding.

But SEIU's biggest challenge isn't signature-gathering. It isn't a lack of progressive allies. It isn't even the prospect of an opposition campaign funded by the targets of the wealth tax, California's richest residents.

The biggest threat to the wealth tax is organized labor.

Leading the opposition is Governor Gavin Newsom, who has spent months assembling an unlikely coalition against one of labor's own proposals. His antipathy for wealth taxes (he killed a 2022 legislative attempt by merely signaling his disapproval) is rooted in a longstanding California fiscal problem: The state relies heavily on a relatively small number of affluent taxpayers whose incomes are tied to volatile capital gains. An oft-cited Legislative Analyst's Office report warns the top 1 percent of California's wealthiest residents pay nearly half the state's income tax. Because capital is mobile, those taxpayers won't necessarily wait to see whether the measure passes. The Hoover Institution notes that mere rumors of the impending wealth tax were enough to prompt several billionaires to hit the eject button: director Steven Spielberg (who reportedly established residency in New York City); PayPal co-founder Peter Thiel (Miami); Google co-founders Larry Page (Miami) and Sergey Brin (reportedly Nevada); venture capitalist David Sacks (Austin); and auto-finance billionaire Don Hankey (Las Vegas). And though SEIU included him in its calculation of billionaire wealth in California, Oracle co-founder Larry Ellison left California for Hawaii in 2012.

Cataloging the chaos, researchers at Hoover concluded that, after accounting for taxpayer flight and implementation challenges, the measure would actually leave California \$25 billion poorer.

Newsom saw it all.

“The evidence is in,” he told *Politico* in January. “The impacts are very real — not just substantive economic impacts in terms of the revenue, but start-ups, the indirect impacts of . . . people questioning long-term commitments, medium-term commitments. That’s not what we need right now, at a time of so much uncertainty. Quite the contrary.”

“This will be defeated — there’s no question in my mind,” Newsom told the *New York Times* that same month. “I’ll do what I have to do to protect the state.”

Now, *Politico* reports, Newsom is rallying labor unions representing teachers, police, construction workers, and carpenters, along with such prominent health-care organizations as Planned Parenthood, to join him.

The most striking defection came from the California Teachers Association. For decades, CTA has championed higher taxes on wealthy Californians. Early this month, the union voted to oppose the SEIU wealth-tax initiative, arguing that it would tank the state’s general fund on which public education gets a constitutionally guaranteed 40 percent.

That vote revealed the real conflict. This isn’t primarily a fight over whether billionaires should pay more taxes. It’s a fight about whether the Atlas Shrugging of California’s billionaires will destroy an economy — and a tax system — on which multiple parties depend.

But whatever the merits of those policy arguments, the initiative’s political problem is even more immediate: Powerful unions appear increasingly unwilling to support it.

Insiders say Newsom’s campaign to kill the measure before the June 25 deadline is more carrot than stick. He’s threatening to kick SEIU-UHW President Dave Regan off Good Time Island.

“Dave Regan is seeing very plainly what he’ll be up against if he goes through with this,” a Newsom consultant told *Politico*.

Regan expected — was indeed counting on — opposition from billionaires: The image of wealthy Californians financing attacks on a tax-the-rich initiative would fit neatly into the union’s political messaging.

But that strategy becomes far more difficult when opposition ads include teachers, police officers, construction workers, health-care organizations, and a Democratic governor.


One of SEIU’s few union allies, Unite Here Local 11 leader Kurt Petersen, says bring it on.


“This is the fight we want,” Petersen told *Politico*. “We’re at war. People need to decide which side they’re on.”

Some have already made that decision. San Francisco voters in June rejected that city’s “overpaid CEO tax” despite the support of every local labor union. And pre-campaign polling for the wealth tax is an anemic 52 percent.

Meanwhile, back on Polymarket, 82 percent of bettors predict that if Team Newsom fails — if the wealth tax reaches the November ballot — California voters will reject it.

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