


Agenda Report Reviewed by:  
City Manager: 

CITY OF SEBASTOPOL  
CITY COUNCIL  
AGENDA ITEM

**Meeting Date:** March 7, 2023  
**To:** Honorable Mayor and City Councilmembers  
**From:** Agenda Review Committee  
**Subject:** Opposition Initiative No. 21-0042A1, the Taxpayer Protection and Government Accountability Act. LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

**Recommendation:** It is recommended that the Council adopt a Resolution opposing Initiative No. 21-0042A1, the Taxpayer Protection and Government Accountability Act.

**Funding:** Currently Budgeted: \_\_\_\_\_ Yes \_\_\_\_\_ No XX N/A  
Net General Fund Cost: None

Account Code/Costs authorized in City Approved Budget (if applicable) AK (verified by Administrative Services Department)

\*See Potential Financial Impact if Measure is Adopted at 2025 Election

**INTRODUCTION:**

This item is to request that the City Council Approve and Adopt the Resolution opposing Initiative No. 21-0042A1, the Taxpayer Protection and Government Accountability Act.

**BACKGROUND**

The League of California Cities (CalCities) monitors policies coming from Sacramento and Washington on behalf of local municipalities. CalCities frequently publishes alerts when policy, legal decisions, or initiatives will positively or negatively impact local government.

On February 1, 2023, California Secretary of State Shirley Weber issued a memo to all county clerks/registrars of voters announcing that proponents of Initiative 21-0042A1, or Initiative 1935 as now numbered by the Secretary of State, had filed the necessary number of valid signatures to make it eligible for the November 5, 2024 General Election ballot. Proponents now have until June 27, 2024 to consider withdrawing the initiative before the Secretary of State officially certifies it for the ballot.

This anti-local control measure will decimate vital local and state services to the benefit of wealthy corporations. The measure is sponsored by the California Business Roundtable (CBRT) — the lobbying arm of the largest and wealthiest corporations in California.

The title and summary will read as follows on the November 2024 ballot:

LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

Cal Cities, along with a broad coalition of local governments, labor, public safety, education, and infrastructure advocates, strongly oppose this initiative.

This measure:

- For new or increased state taxes currently enacted by two-thirds vote of Legislature, also requires statewide election and majority voter approval. New Language states any change in state statute law which results in any taxpayer paying a new or higher tax must be imposed by an act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, and submitted to the electorate and approved by a majority vote, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed.
- Limits voters' ability to pass voter-proposed local special taxes by raising vote requirement to two-thirds. In the November 2022 election, the Council submitted to the voters Measure N which required a majority vote (at least 50% +1) of the votes needed to pass a measure.
  - The measure was approved by a simple majority of "yes" votes.
  - Votes in Favor: 3244 83.41%
  - Votes Opposed: 645 16.59%
  - Total Votes Cast: 3889
- Eliminates voters' ability to advise how to spend revenues from proposed general tax on same ballot as the proposed tax.
- Expands definition of "taxes" to include certain regulatory fees, broadening application of tax approval requirements.
- Requires Legislature or local governing body to set certain other fees.
- Requires summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments
- Results in lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.

**DISCUSSION:**

The League of California Cities, along with a broad coalition of local governments, labor and public safety leaders, infrastructure advocates, and businesses, strongly opposes this initiative.

The Alliance for a Better California, League of California Cities, California State Association of Counties, California Special Districts Association, California Alliance for Jobs, and the Contract Cities Association joined together to announce strong opposition to the deceptive ballot measure sponsored by the California Business Roundtable (CBRT), the lobbying arm of the largest and wealthiest corporations in California.

The coalition of public safety, education, labor, local government, and infrastructure groups are vocalizing their opposition as the California Secretary of State's office announced that the initiative has qualified for the November 2024 ballot.

Local government revenue-raising authority is currently substantially restricted by state statute and constitutional provisions, including the voter approved provisions of Proposition 13 of 1978, Proposition 218 of 1996, and Proposition 26 of 2010. The Taxpayer Protection and Government Accountability Act adds and expands restrictions on voters and local government tax and fee authority.

This is the third attempt by deep-pocketed special interest groups to advance an initiative that undermines the rights of local voters to decide what their communities need and jeopardizes the ability of local governments to deliver essential services," said League of California Cities Executive Director and CEO Carolyn Coleman. "It was a bad idea in 2018, it was a bad idea again in 2022. And it will still be a bad idea in 2024."

If passed, the initiative limits voters' authority, adopts new and stricter rules for raising taxes and fees, and may make it more difficult to hold violators of state and local laws accountable.

Effective date: All new or increased taxes or fees adopted by the Legislature, a city council, or the local voters after Jan. 1, 2022, must comply with the Act's new rules. THIS MEASURE IS RETROACTIVE.

State taxes: All new or increased state taxes will require majority voter approval. For new or increased state taxes currently enacted by two-thirds vote of Legislature, also requires statewide election and majority voter approval. New Language states any change in state statute Law which results in any taxpayer paying a new or higher tax must be imposed by an act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, and submitted to the electorate and approved by a majority vote, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed.

Local taxes:

New requirements for voter approval:

- when an existing tax is applied to a newly annexed territory.
- when an existing tax is applied to a new service or product, for example when a utility user tax is applied to a new service.
- All new or increased taxes adopted after Jan. 1, 2022, must include a sunset date. This would require additional tax measure to extend previously approved taxes. Requires that a tax measure adopted after January 1, 2022 and before the effective date of the initiative that was not adopted in accordance with the measure be readopted in compliance with the measure or will be void twelve months after the effective date of the initiative. If past election patterns and elections in 2022 are an indication, over 200 tax measures approving more than \$2 billion annual revenues to support local public services would not be in compliance and would be subject to reenactment. Most will be taxes without a specific end date and special taxes (including parcel taxes). Because there is no regularly scheduled election within the 12 months following the effective date of the initiative, the measures would each require declaration of emergency and unanimous vote of the governing board to be placed on a special election ballot within a year for approval or the tax will be void after that date.

Fees and charges:

- Requires that charges for access, use and rental of government property be "reasonable".
- Fees and charges for services and permits may not exceed the "actual cost" of providing the product or service for which the fee is charged. "Actual cost" is the "minimum amount necessary." Examples include planning services, excavation and encroachment permits, preparation of candidate statement, and permit parking.
- State and cities have burden of proving by "clear and convincing evidence" that a fee/charge is not a tax, that the amount is reasonable, and that it does not exceed the "actual cost."
- No fee or charge or exaction regulating vehicle miles traveled can be imposed on new development.

Fines and penalties [administrative enforcement of state law and municipal codes]:

May require voter approval of fines and penalties for corporations and property owners that violate state and local laws unless a new, undefined adjudicatory process is used to impose the fines and penalties. Examples include nuisance abatement, organic waste reduction requirements, and failure to maintain a vacant property.

Voters

- Local advisory measures are prohibited. No measure may appear on the ballot asking for approval of a general tax that would express the voters' preference for how the tax revenue should be used.

- Overturns Upland decision so taxes proposed by initiative are subject to the same rules as taxes placed on the ballot by a city council.
- Voters may not amend a city charter to impose, extend, or increase a tax or fee.

Fiscal:

- Puts approximately \$2 billion from fees and charges at risk each year, subject to legal peril.
- Puts approximately \$2 billion of annual tax revenue at risk. Many tax measures approved between 2022-2024 will need to be resubmitted to voters to comply and be reapproved.

Analysis

- Jeopardizes vital local and state services
- This far-reaching measure puts at risk billions of dollars currently dedicated to critical state and local services.
- It could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more.

Undermines voter rights, transparency, and accountability

- This misleading measure changes our Constitution to make it more difficult for local voters to pass measures needed to fund local services and projects.
- It also includes a provision that would retroactively cancel measures that were passed by local voters — effectively undermining the rights of voters to decide for themselves what their communities need.
- It would limit voter input by prohibiting local advisory measures, where voters provide direction to politicians on how they want their local tax dollars spent.

Opens the door for lawsuits, bureaucracy, and red tape that will cost taxpayers and hurt our communities

- The measure would encourage lawsuits, bureaucracy, and red tape that would cost local taxpayers millions — while significantly delaying and stopping investments in vital services.

Gives wealthy corporations a major loophole to avoid paying their fair share — forcing local residents and taxpayers to pay more

- The measure would create new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including local infrastructure and our environment — shifting the burden and making individual taxpayers pay more.

Allows corporations to dodge enforcement when they violate environmental, health, public safety, and other laws

- The deceptive scheme may create new loopholes that make it much more difficult for state and local regulators to issue fines and levies on corporations that violate laws intended to protect our environment, public health and safety, and our neighborhoods.

As stated above, the “Business Roundtable” ballot measure has qualified for the Nov. 2024 ballot. If passed it would invalidate our UUT measure completely, which represents \$700,000/year in tax revenue.

The initiative would force cuts to public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more. It would also reduce funding for critical infrastructure like streets and roads, public transportation, drinking water, new schools, sanitation, and utilities. During a time when our children are still recovering from the impacts of the pandemic, our state is experiencing a deluge of extreme weather disasters, and homeless residents are perishing on our streets, our communities cannot afford for these vital services to be eliminated.

The initiative would steal power away from voters, prohibiting local advisory measures where voters provide direction to politicians on how they want their local tax dollars spent. The measure would make it harder for voters to pass measures needed to fund local services and local infrastructure. It would also retroactively cancel measures already passed by voters, stripping voters of a say in local decisions.

The initiative includes provisions that would retroactively void all state and local taxes or fees adopted after January 1, 2022 if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities. Over a hundred local measures were approved in 2022 that likely do not comply with the provisions of Initiative 21-0042A1. Nearly \$2 billion of annual revenues from these voter approved measures will cease a year after the effective date of the measure, reducing the local public services funded by these measures.

Measure “N” removed our prior UUT “sunset” provision. Without a sunset provision, if the proposed ballot measure passes it would totally invalidate our UUT tax. At this point then we have basically two options: return to the voters and reinstate a sunset provision of some sort or hope the ballot measure fails. As stated above the Proponents now have until June 27, 2024 to consider withdrawing the initiative before the Secretary of State officially certifies it for the ballot.

The loss of \$700,000 plus annually to the City of Sebastopol would be devastating. It is highly recommended that the City Council support opposition of this Ballot Measure. It is also recommended that the Budget Committee, Council and community keep this in mind as the upcoming budget is being prepared in case the Ballot Measure is successful.

It is also recommended that the Council consider additional measures as listed below:

1. Do nothing; however if successful, this would invalidate the City’s UUT; or
2. Consideration of Ballot Measure for the 2024 Municipal Election for the UUT with a determined sunset date with costs for a ballot measure to be averaged around \$15,000; or
3. Consideration of special election in 2025. If successful the Council will be requested to create a Ballot Measure for the UUT with a sunset date after the November 2024 Election. This would require Because there is no regularly scheduled election within the 12 months following the effective date of the initiative, the measures would each require declaration of emergency and unanimous vote of the governing board to be placed on a special election ballot within a year for approval or the tax will be void after that date. As of right now, the cost to create new ballot measure with a sunset date and costs for a special election of this measure succeeds as range from \$30,000 to \$50,000.

#### **CITY COUNCIL AND/OR GENERAL PLAN GOALS:**

Goal 5: Provide Open and Responsive Municipal Government Leadership

5.3.3. Encourage and increase public awareness of City Policies, decisions, programs and all public processes and meetings, by investigating effective methods of communication and obtaining feedback from the community.

Goal 6: Maintain a highly qualified Staff that works to provide services to serve and protect the residents, visitors and business of this community.

Action CHW 5c: Practice an open-door policy in City programs, and actively engage and encourage participation from all individuals regardless of ethnicity, race, religion, class, disability, sexual orientation, and gender.

#### **ENVIRONMENTAL REVIEW**

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

**PUBLIC COMMENT:**

As of the writing of this staff report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this staff report such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the consent calendar.

**PUBLIC NOTICE:**

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

**FISCAL IMPACT:**

Virtually every city, county, and special district must regularly (e.g., annually) adopt increases to fee rates and charges and revise rate schedules to accommodate new users and activities. Most of these would be subject to new standards and limitations under threat of legal challenge. Based on the current volume of fees and charges imposed by local agencies and increases in those fees simply to accommodate inflation, the amount of local government fee and charge revenue placed at risk is about \$2 billion per year including those adopted since January 1, 2022.

Major examples of affected fees and charges are:

1. Certain water, sanitary sewer, wastewater, garbage, electric, gas service fees.
2. Nuisance abatement charges - such as for weed, rubbish and general nuisance abatement to fund
3. community safety, code enforcement, and neighborhood cleanup programs.
4. Emergency response fees - such as in connection with DUI.
5. Advanced Life Support (ALS) transport charges.
6. Business improvement district charges.
7. Fees for processing of land use and development applications such as plan check fees, use permits,
8. design review, environmental assessment, plan amendment, subdivision map changes.
9. Document processing and duplication fees.
10. Facility use charges, parking fees, tolls.
11. Fines, penalties.
12. Fees for parks and recreation services.

The impact just to name a few revenues if Initiative No. 21-0042A1 passes will invalidate the following:

1. Utility User Tax (UUT) \$700,000
2. Building Permits Fee \$200,000
3. Planning Fees \$25,000
4. Fire Service Fee \$30,000
5. Encroachment Permits Fee \$30,000

Total financial impact \$985,000 from fees and charges at risk each year.

In addition to service delays and disruptions due to fee and charge revenues placed at greater legal risk, there would be substantial additional costs for legal defense. The risk to fees and charges will make infrastructure financing more difficult and will deter new residential and commercial development.

**RECOMMENDATION:**

That the City Council Approve and Adopt the Resolution opposing Initiative No. 21-0042A1, the Taxpayer Protection and Government Accountability Act.

**ATTACHMENTS:**

Resolution

Letter  
League Fiscal Analysis  
Ballot Measure

Resolution Number XXXX-2023

A Resolution of the City Council of the City of Sebastopol Opposing Initiative 21-0042A1

**WHEREAS**, an association representing California’s wealthiest corporations and developers is spending millions to push a deceptive proposition aimed for the November 2024 statewide ballot; and

**WHEREAS**, the measure includes undemocratic provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure, and would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

**WHEREAS**, the measure creates new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including local infrastructure and our environment; and

**WHEREAS**, the measure may make it much more difficult for state and local regulators to issue fines and levies on corporations that violate laws intended to protect our environment, public health and safety, and our neighborhoods; and

**WHEREAS**, the measure puts billions of dollars currently dedicated to local services at risk and could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more; and

**THEREFORE, BE IT RESOLVED** that the City of Sebastopol City Council opposes Initiative 21-0042A1;

**BE IT FURTHER RESOLVED**, that the City of Sebastopol City Council will join the No on Initiative 21-0042A1 coalition, a growing coalition of public safety, education, labor, local government, and infrastructure groups throughout the state.

We direct staff to email a copy of this adopted resolution to the League of California Cities at [BallotMeasures@calcities.org](mailto:BallotMeasures@calcities.org).

PASSED AND ADOPTED, by the CITY COUNCIL of THE CITY OF SEBASTOPOL, COUNTY OF SONOMA, of STATE OF CALIFORNIA on this 7<sup>th</sup> day of March 2023.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

**VOTE:**

Ayes:

Noes:

Absent:

Abstain:

APPROVE: Mayor Neysa Hinton

ATTEST: Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: Larry McLaughlin, City Attorney



**City Council**

Mayor Neysa Hinton  
Vice Mayor Diana Rich  
Sandra Maurer  
Jill McLewis  
Stephen Zollman



**Agenda Item Number: 5**

**City Manager**

Larry McLaughlin

[lmclaughlin@Cityofsebastopol.org](mailto:lmclaughlin@Cityofsebastopol.org)

**Assistant City Manager/City Clerk, MMC**

Mary Gourley

[mgourley@Cityofsebastopol.org](mailto:mgourley@Cityofsebastopol.org)

**City of Sebastopol**

March 8, 2023

Bismarck Obando  
Director of Public Affairs, League of California Cities  
1400 K Street, Suite 400  
Sacramento, CA 95814

RE: Letter Opposing Initiative 21-0042A1

On March 7, 2023, the City Council of the City of Sebastopol voted to oppose Initiative 21-0042A1, a deceptive, developer-sponsored proposition aimed for the November 2024 statewide ballot that would significantly jeopardize cities' ability to provide essential services and infrastructure for our residents.

The measure includes undemocratic provisions that would make it more difficult for local voters to pass measures needed to fund local services and projects and would limit voter input by prohibiting local advisory measures where voters can express a preference on how they want their local tax dollars spent.

This measure creates new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including impacts on local infrastructure and our environment.

This measure also may make it much more difficult for state and local regulators to issue fines and levies on corporations that violate laws intended to protect our environment, public health and safety, and our neighborhoods.

Unless defeated, the measure puts billions of dollars currently dedicated to local services at risk, and could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more.

Major examples of affected fees and charges from this initiative are listed below.

1. Certain water, sanitary sewer, wastewater, garbage, electric, gas service fees.
2. Nuisance abatement charges - such as for weed, rubbish and general nuisance abatement to fund
3. community safety, code enforcement, and neighborhood cleanup programs.
4. Emergency response fees - such as in connection with DUI.
5. Advanced Life Support (ALS) transport charges.
6. Business improvement district charges.
7. Fees for processing of land use and development applications such as plan check fees, use permits,
8. design review, environmental assessment, plan amendment, subdivision map changes.
9. Document processing and duplication fees.
10. Facility use charges, parking fees, tolls.
11. Fines, penalties.
12. Fees for parks and recreation services.

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The impact just to name a few revenues if Initiative No. 21-0042A1 passes will invalidate the following:

1. Utility User Tax (UUT) \$700,000
2. Building Permits Fee \$200,000
3. Planning Fees \$25,000
4. Fire Service Fee \$30,000
5. Encroachment Permits Fee \$30,000

Total financial impact \$985,000 from fees and charges at risk each year.

The measure benefits wealthy corporations and real estate developers while decimating our local communities and neighborhoods.

You may list the City of Sebastopol in formal opposition to Initiative #21-0042A1 and include our city as part of the growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state opposed to this deceptive proposition.

For any questions, please contact City Manager Larry McLaughlin at 707 823 1153.

Sincerely,

Neysa Hinton  
Mayor  
City of Sebastopol

**From:** [City\\_managers](#) on behalf of [Carolyn Coleman](#)  
**To:** [City\\_managers@lists.cacities.org](mailto:City_managers@lists.cacities.org)  
**Subject:** [City\_managers] California Business Roundtable Outreach to City Officials - PLEASE REVIEW  
**Date:** Tuesday, February 21, 2023 2:19:48 PM  
**Attachments:** [image001.png](#)  
[Endorsement Request Sent To Council.pdf](#)  
[ATT00001.txt](#)

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February 21, 2023

To: City Managers

From: Carolyn Coleman, Executive Director and CEO, League of California Cities

Re: California Business Roundtable

Great to see everyone at the City Managers Conference in Carlsbad!

As a follow up to my remarks during Conference, I wanted to let you know that the California Business Roundtable has mailed a letter and fact sheet to Mayors and Council Members throughout the state requesting they endorse the Taxpayer Protection and Government Accountability Act (see attachment).

In anticipation of you receiving questions from your elected officials, I want you to know the letter and fact sheet mischaracterize the impacts the measure will have on cities if the voters approve it in November 2024.

Specifically, the measure:

- Does not clear up “confusion” about what a tax is. Rather, it expands what a tax is by converting some fees into taxes.
- Does not preserve the predictability of tax dollars. It actually creates fiscal uncertainty by making the measure retroactive to Jan. 1, 2022.
- Does not preserve local control. It prevents a city from negotiating the rental and sale of its own property.
- Cannot “eliminate hidden taxes” because there is no such thing as a hidden tax.
- Cannot “require truthful descriptions of new tax proposals” because truthful descriptions are already required. A general tax can be used for any governmental purpose, and a special tax must be used for the particular purpose earmarked by the voters.
- Falsely argues that “massive increases in taxes and fees” punish hard-working families, when the measure in fact makes it more difficult for a city to punish municipal code violators and protect residents.

No matter how the California Business Roundtable tries to paint a different picture, let me be clear: this measure is one of the biggest threats to local control that we have ever faced.

Why do we all oppose it?

- This measure calls for stricter rules for raising taxes, fees, assessments, and property-related fees that fund critical local services.
- The measure puts at risk the billions of dollars currently dedicated to funding critical local services by creating new mechanisms to challenge or repeal local revenue-raising measures.
- It could force cuts to public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services that support homeless residents, mental health services, and more.
- The measure reduces funding for critical infrastructure like streets and roads, public transportation, drinking water, new schools, sanitation, and utilities.

Your regional public affairs manager has shared [an Action Alert](#) calling on all cities to adopt a resolution formally opposing this measure. Currently, over 100 cities have passed resolutions. If you have not already adopted one, be sure your city is on record opposing this dangerous ballot measure as soon as possible.

Thank you for all you do and for supporting Cal Cities! As always, please do not hesitate to reach out to me if you have any questions.

Carolyn

**Carolyn M. Coleman**

Executive Director and CEO

League of California Cities

Office: 916.658.8275

Cell: 916.769.5729

[ccoleman@calcities.org](mailto:ccoleman@calcities.org) | [www.calcities.org](http://www.calcities.org)



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# TAXPAYER PROTECTION

## and Government Accountability Act

February 6, 2023

The Honorable Katherine Aleman  
2870 Clark Ave  
Norco, CA 92860-1903

RECEIVED  
CITY OF NORCO

FEB 13 2023

CITY CLERK

Dear Council Member Aleman:

Five years ago, the will of the voters and the decades of tax law they created started unraveling in highly mistaken appellate court responses to the California State Supreme Court’s decision in *California Cannabis Coalition v. City of Upland*. Two Courts of Appeal took this case beyond its holding to create significant loopholes in established tax law and policy relied upon wisely by voters and government for over forty years. Combined with several other court cases, including *CalChamber v. California Air Resources Board*, the courts have created uncertainty and confusion that must be addressed.

In an effort to close these loopholes and restore the tax policy prior to these decisions, we recently qualified the **Taxpayer Protection and Government Accountability Act** initiative for the November 2024 statewide ballot. The Act builds upon decades of popular voter-approved ballot measures, beginning with Prop. 13 in 1978 and further strengthened by Prop. 218 (1996) and Prop. 26 (2010). In the past decade, each of these ballot measures has been significantly weakened by the courts, unraveling the status quo and decades of established tax law for cities, counties, and the entire state.

The Taxpayer Protection and Government Accountability Act has been enthusiastically supported by voters, as evidenced by the more than 1,430,000 signatures we submitted to local county registrars to qualify the Act for the 2024 ballot.

Prop. 218 was settled law—undisputed by cities and counties—and created a clear framework that provided taxpayers certainty on new and higher taxes, while giving local jurisdictions the ability to raise both general and special taxes. In fact, local governments were so comfortable with the framework of Prop. 218, and their ability to raise necessary revenue under its provisions, that the League of Cities defended Prop. 218’s taxpayer protection provisions in an Amicus Curiae brief filed in the *California Cannabis Coalition v. City of Upland* case:

*“The core issue in this case is whether a local tax measure proposed by a citizen of a municipal corporation (or other local government agency) through an initiative is subject to the same constitutional requirements as one proposed by the municipal corporation’s governing body. The trial court held yes, but in an unprecedented*

Ad paid for by Californians for Taxpayer Protection and Government Accountability, sponsored by California homeowners, taxpayers, and businesses

Ad Committee’s Top Funders  
California Business Roundtable  
AMR Holdco  
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*opinion the Court of Appeal held that article XIII C's requirements do not apply to taxes imposed through the initiative process. As a result, the League finds itself ironically aligned in this case with the Howard Jarvis Taxpayers Association, proponents of Propositions 218 and 26, in arguing that a proper interpretation of the Constitution does not countenance different treatment for local tax measures, regardless of their origin, and certainly does not create an exemption for initiatives that swallows all the rules created by Proposition 218." (emphasis added)*

**So, what does the Taxpayer Protection and Government Accountability Act do?** In short, at the local level it restores the key provisions of Prop. 218, requiring special taxes placed on the ballot by citizen initiative to obtain a two-thirds vote of the electorate once again.

In addition, the Act clearly clarifies the existing definition of what is a 'tax,' and requires either voters, or the local governing body, to approve all taxes and exempt charges. Despite the clear intent of the voters when they passed Prop. 13, Prop. 218, and Prop. 26, the courts have, for the last decade, created significant loopholes that directly contradict what voters approved at the ballot box.

Lastly, to preserve local control and predictability of tax dollars, the Act requires local property tax revenue to stay in the county in which it is collected. There have been repeated attempts to direct this revenue to the state for redistribution back to the counties, forcing some counties to lose millions of dollars in local property tax revenue. Thanks to Prop. 13, local property tax revenue is one of the most predictable and stable funding sources for a county. The Taxpayer Protection and Government Accountability Act ensures these dollars—and the certainty they provide—stay within the county in which they were generated.

The Act also applies many of these same provisions at the state level, requiring voters to approve all statewide taxes passed by the Legislature and requiring the Legislature to approve all fees and other charges, as defined by the measure.

Attached please find a fact sheet on the measure, which gives additional information on the key provisions of the Act. Please do not hesitate to reach out if you have any questions regarding the measure or its provisions.

Thank you,

**Robert C. Lapsley**  
President  
California Business Roundtable

**Matthew Hargrove**  
President and CEO  
California Business Properties Association

**Jon Coupal**  
President  
Howard Jarvis Taxpayers Association



**California has the highest tax rates in America.** Massive increases in taxes and fees over the past decade only add to the state's already sky-high cost of living — punishing hard-working families who are now struggling with soaring inflation.

Even still, politicians, bureaucrats and special interests continue to make it harder for Californians to make ends meet. In 2022 alone, they considered nearly \$200 billion in higher taxes and fees.

*It's long past time voters were given the right to vote on all new taxes and protect themselves from special interests who fear losing control and power over the taxes we pay.*

## THE SOLUTION

The **Taxpayer Protection and Government Accountability Act** is a simple measure that gives voters the final say on new and higher taxes and closes court-created loopholes that have made it easier for special interests and politicians to raise taxes.

- ✓ **Gives voters the final say on all new and higher taxes**
  - Requires all new taxes passed by the Legislature to be approved by voters.
  - Restores two-thirds voter approval for all new local special tax increases.
- ✓ **Eliminates all "hidden taxes"**
  - Clearly defines what is a tax or fee — addressing recent court decisions that overturned decades of established taxpayer protections.
  - Prevents unelected boards and commissions from passing hidden taxes or fees without approval from elected officials or voters.
- ✓ **Requires truthful descriptions of new tax proposals**
  - Holds politicians accountable by requiring they clearly identify how revenue will be spent before any tax or fee is enacted and ensures it is not diverted to other purposes.
  - Ensures that the tax rate and length of time a new or higher tax will be in effect is listed on the ballot.

**With families across California struggling and the cost of living continuing to skyrocket, we must act now.**

The Taxpayer Protection and Government Accountability Act will guarantee voters, not politicians, have the final say on whether or not to raise taxes, while maintaining current revenue and spending.

***Join our coalition to protect taxpayers and hold the government accountable!***

Ad paid for by Californians for Taxpayer Protection and Government Accountability, sponsored by California homeowners, taxpayers, and businesses

Ad Committee's Top Funders  
California Business Roundtable

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Funding details at [www.fppc.ca.gov](http://www.fppc.ca.gov)

**Agenda Item Number: 5**

**City Council Meeting Packet of: March 7, 2023**

**Page 15 of 27**

**From:** [Nancy Hall Bennett](#)  
**Subject:** ACTION ALERT: CA Business Roundtable Ballot Measure qualifies for the 2024 Ballot  
**Date:** Wednesday, February 15, 2023 1:00:40 PM  
**Attachments:** [image002.png](#)

**Importance:**

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Members of the North Bay Division:

In 2022, when the initiative below was cleared for circulation for signatures to qualify for the ballot, I asked your city to pass a resolution opposing the measure. Many of you answered that call, with over 100 other cities doing the same. If you did not pass a resolution in 2022 -please consider doing so now.

**ACTION ALERT**

**State Ballot Measure  
Restricting Voters’ Input and Local Taxing Authority**

**\*\*\* CITY RESOLUTIONS NEEDED \*\*\***

**ACTION:**

The anti-local control California Business Roundtable measure has qualified for the November 2024 ballot. Cal Cities requests cities **adopt a city resolution to educate how harmful this measure would be to their community and the people of California.**

Send adopted city resolutions to [BallotMeasures@calcities.org](mailto:BallotMeasures@calcities.org) and [nbennett@calcities.org](mailto:nbennett@calcities.org) as soon as possible. *A sample city resolution, oppose letter, and staff report are attached.*

**BACKGROUND**

On Feb. 1, 2023, the “Taxpayer Protection and Government Accountability Act,” or [AG# 21-0042A1](#), qualified for the November 2024 ballot. This anti-local control measure will decimate vital local and state services to the benefit of wealthy corporations. The measure is sponsored by the California Business Roundtable (CBRT) — the lobbying arm of the largest and wealthiest corporations in California.

Cal Cities, along with a broad coalition of local governments, labor, public safety, education, and infrastructure advocates, strongly oppose this initiative.

*The title and summary will read as follows on the November 2024 ballot:*

**LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS**



**TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.** For new or increased state taxes currently enacted by two-thirds vote of Legislature, also requires statewide election and majority voter approval. Limits voters' ability to pass voter-proposed local special taxes by raising vote requirement to two-thirds. Eliminates voters' ability to advise how to spend revenues from proposed general tax on same ballot as the proposed tax. Expands definition of "taxes" to include certain regulatory fees, broadening application of tax approval requirements. Requires Legislature or local governing body set certain other fees. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: **Lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.** (21-0042A1.)

### **SUMMARY**

If passed, the initiative limits voters' authority, adopts new and stricter rules for raising taxes and fees, and may make it more difficult to hold violators of state and local laws accountable.

### ***Effective date***

- All new or increased taxes or fees adopted by the Legislature, a city council, or the local voters after **Jan. 1, 2022**, must comply with the Act's new rules- yes, the measure is retroactive.

### ***State taxes***

- All new or increased state taxes will require majority voter approval.

### ***Local taxes***

- New requirements for voter approval:
  - when an existing tax is applied to a newly annexed territory.
  - when an existing tax is applied to a new service or product, for example when a utility user tax is applied to a new service.
- All new or increased taxes adopted after Jan. 1, 2022, must include a sunset date.

### ***Fees and charges***

- Requires that charges for access, use and rental of government property be "reasonable".
- Fees and charges for services and permits may not exceed the "actual cost" of providing the product or service for which the fee is charged. "Actual cost" is the "minimum amount necessary." Examples include planning services, excavation and encroachment permits, preparation of candidate statement, and permit parking.

- State and cities have burden of proving by “clear and convincing evidence” that a fee/charge is not a tax, that the amount is reasonable, and that it does not exceed the “actual cost.”
- No fee or charge or exaction regulating vehicle miles traveled can be imposed on new development.

***Fines and penalties [administrative enforcement of state law and municipal codes]***

- May require voter approval of fines and penalties for corporations and property owners that violate state and local laws unless a new, undefined adjudicatory process is used to impose the fines and penalties. Examples include nuisance abatement, organic waste reduction requirements, and failure to maintain a vacant property.

***Voters***

- Local advisory measures are prohibited. No measure may appear on the ballot asking for approval of a general tax that would express the voters' preference for how the tax revenue should be used.
- Overturns *Upland* decision so taxes proposed by initiative are subject to the same rules as taxes placed on the ballot by a city council.
- Voters may not amend a city charter to impose, extend, or increase a tax or fee.

***Fiscal***

- Puts approximately \$2 billion from fees and charges at risk each year, subject to legal peril.
- Puts approximately \$2 billion of annual tax revenue at risk. Many tax measures approved between 2022-2024 will need to be resubmitted to voters to comply and be reapproved.

**TALKING POINTS**

**Jeopardizes vital local and state services**

- This far-reaching measure puts at risk billions of dollars currently dedicated to critical state and local services.
- It could force cuts to fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more.

**Undermines voter rights, transparency, and accountability**

- This misleading measure changes our Constitution to make it more difficult for local voters to pass measures needed to fund local services and projects.

- It also includes a provision that would retroactively cancel measures that were passed by local voters — effectively undermining the rights of voters to decide for themselves what their communities need.
- It would limit voter input by prohibiting local advisory measures, where voters provide direction to politicians on how they want their local tax dollars spent.

**Opens the door for lawsuits, bureaucracy, and red tape that will cost taxpayers and hurt our communities**

- The measure would encourage lawsuits, bureaucracy, and red tape that would cost local taxpayers millions — while significantly delaying and stopping investments in vital services.

**Gives wealthy corporations a major loophole to avoid paying their fair share — forcing local residents and taxpayers to pay more**

- The measure would create new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including local infrastructure and our environment — shifting the burden and making individual taxpayers pay more.

**Allows corporations to dodge enforcement when they violate environmental, health, public safety, and other laws**

- The deceptive scheme may create new loopholes that make it much more difficult for state and local regulators to issue fines and levies on corporations that violate laws intended to protect our environment, public health and safety, and our neighborhoods.

**Nancy Hall Bennett** (Ms./She/Her)  
Public Affairs Manager, North Bay Division  
League of California Cities  
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# Fiscal and Program Effects of Initiative 21-0042A1 on Local Governments

If Initiative 21-0042A1 is placed on the ballot and passed by voters, it will result in:

- Over \$20 billion of local government fee and charge revenues over 10 years placed at heightened **legal peril**. Related public service reductions across virtually every aspect of city, county, special district, and school services especially for drinking water, sewer sanitation, and public health and safety.
- About \$2 billion of revenues each year from fees and charges adopted after January 1, 2021 **subject to legal peril**.<sup>1</sup>
- Over \$2 billion dollars of annual revenues from dozens of tax measures approved by voters between January 1, 2022 and the effective date of the act<sup>2</sup> subject to additional voter approval if not in compliance with the initiative.
- Indeterminable legal and administrative burdens and costs on local government from new and more empowered legal challenges, and bureaucratic cost tracking requirements.
- The delay and deterrence of municipal annexations.
- Substantially higher legal and administrative cost of public infrastructure financing which will delay and deter new residential and commercial development.
- Service and infrastructure declines including in fire and emergency response, law enforcement, public health, drinking water, sewer sanitation, parks, libraries, public schools, affordable housing, homelessness prevention and mental health services.

## 1. Local Government Taxes and Services Threatened

With regard to taxes, Initiative 21-0042A1:

- Prohibits advisory, non-binding measures as to use of tax proceeds on the same ballot.
  - Voters may be less informed and more likely to vote against measures.
- Eliminates the ability of special tax measures proposed by citizen initiative to be enacted by majority voter approval (*Upland*).<sup>3</sup>
  - Because the case law regarding citizen initiative special taxes approved by majority vote (Upland) is so recent, it is unknown how common these sorts of measures might be in the future. This initiative would prohibit such measures after the effective date of the initiative. Any such measures adopted after January 1, 2022 through the effective date of the Act should it pass would be void a year after the effective date of the initiative.
- Requires that tax measures include a specific duration of time that the tax will be imposed. This seems to require that all tax increases or extensions contain a sunset (end date).
  - This would require additional tax measures to extend previously approved taxes.
- A city charter may not be amended to impose, extend, or increase a tax might interfere with the ability of cities that do not already have such authority in their charters to adopt Property Transfer Taxes.
  - There are no more than a few of these every few years, but it is a valuable tax for those that adopt it.

<sup>1</sup> Assumes fee increases since January 1, 2022 would be subject to possible legal challenge if not adopted in compliance with the Initiative.

<sup>2</sup> The effective date of the initiative would be sometime in December 2024, the date the California Secretary of State certifies the election results of the November 5, 2024 election.

<sup>3</sup> Unlike the initiative 17-0050, this initiative **does not** eliminate that ability of cities and counties to adopt general taxes by majority voter approval.

- Requires that a tax measure adopted after January 1, 2022 and before the effective date of the initiative that was not adopted in accordance with the measure be readopted in compliance with the measure or will be void twelve months after the effective date of the initiative.
  - If past election patterns and elections in 2022 are an indication, over 200 tax measures approving more than \$2 billion annual revenues to support local public services would not be in compliance and would be subject to reenactment. Most will be taxes without a specific end date and special taxes (including parcel taxes). Because there is no regularly scheduled election within the 12 months following the effective date of the initiative, the measures would each require declaration of emergency and unanimous vote of the governing board to be placed on a special election ballot within a year for approval or the tax will be void after that date. I would expect most to succeed, but some will not, in particular citizen initiative majority vote special taxes which would have to meet a higher voter approval threshold to continue.
- Requires voter approval to expand an existing tax to new territory (annexations). This would require additional tax measures and would deter annexations and land development in cities.
  - If a tax is "extended" to an annexed area without a vote after January 1, 2022, it will be void 12 months later until brought into compliance. Because there is no regularly scheduled election within the 12 months following the effective date of the initiative, such extensions would each require unanimous vote of the agency board to be placed on a special election ballot or would be void a year later.

**1.a. Number of Measures and Value of Local Taxes at Risk<sup>4</sup>**

Over a hundred local measures were approved in 2022 that likely do not comply with the provisions of Initiative 21-0042A1. Nearly \$2 billion of annual revenues from these voter approved measures will cease a year after the effective date of the measure, reducing the local public services funded by these measures. We can expect a similar volume of measures in 2024 and a similar volume of non-compliance. So the combined total of annual local funding directly affected by Initiative 21-0042A1 due to its retroactivity provision is about \$4 billion.

**Citizen Initiative Special Taxes in 2022.**

Special taxes placed on the ballot by citizen initiative and approved after January 1, 2022 by a majority but less than two-thirds of the voters are out of compliance with Initiative 21-0042A1.

On June 7, 2022, there were three local special tax measures placed on the ballot by citizen initiative. Two failed to get majority voter approval. A one percent transactions and use tax (sales tax) for the John C. Fremont Healthcare District in Mariposa County received 69.6 percent approval, over the two thirds needed for any special tax under California Constitution Article XIII C. So this measure was passed in compliance with Initiative 21-0042A1.

**June 2022 Initiative Special Taxes - majority voter approval**

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Estimated Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>	
John C. Fremont Healthcare District	Mariposa	Measure N Transactions & Use Tax	1 cent	\$ 150,000	hospital	40yrs	69.6%	PASS
County of Kings	Kings	Measure F Transactions & Use Tax	1/2 cent	\$ 11,700,000	fire	none	37.6%	FAIL
Manhattan Beach USD	Los Angeles	Measure A School Parcel Tax	\$1095/yr	\$ 12,000,000	schools	12yrs	31.2%	FAIL

On November 8, 2022, there were 14 local special taxes placed on the ballot by citizen initiative. Seven of these

<sup>4</sup> Source: Compilation and summary of data from County elections offices.

measures failed with less than majority voter approval. The other seven measures received majority, but less than two-thirds, voter approval. These measures passed under current law but are out of compliance with Initiative 21-0042A1. Taken together these seven taxes will provide estimated annual revenues of **from \$900,000 to \$1.4 billion** in support of parks and recreation, zoo, library, affordable housing, transportation, homelessness prevention, and schools in these communities.

**November 2022 Initiative Special Taxes - majority voter approval**

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Estimated Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>	
Crockett Community Services District	Contra Costa	Measure L Parcel Tax	\$50/parcel	\$ 60,000	parks/recre	none	62.8%	PASS
Oakland	Alameda	Measure Y Parcel Tax	\$68/parcel	\$ 12,000,000	zoo	20yrs	62.5%	PASS
County of Mendocino		Measure O Transactions & Use Tax	1/8 cent then 1/4 cent in 2027	\$ 4,000,000	library	none	60.8%	PASS
Los Angeles	Los Angeles	Measure ULA Property Transfer Tax	4% if >\$5m, 5.5% if >\$10m	\$600 m to \$1.1 b	affordable housing	none	57.3%	PASS
County of Sacramento		Measure A Transactions & Use Tax	same 1/2 cent	\$ 212,512,500	transportati	40yrs	55.3%	PASS
San Francisco		Proposition M Business Operations Tax	\$2500-\$5000/ vacant resid unit	\$ 20,000,000	housing	30yrs	54.5%	PASS
Santa Monica	Los Angeles	Measure GS Property Transfer Tax	\$56/\$1000 if >\$8m	\$ 50,000,000	schools, homelessne ss, afford. housing	none	53.3%	PASS
				Total \$900,000 to \$1.4 billion				

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Estimated Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>	
County of Calaveras		Measure A Transactions & Use Tax	1 cent	\$ 5,000,000	fire	none	49.4%	FAIL
South San Francisco (for Schools)	San Mateo	Measure DD School Parcel Tax	\$2.50/sf	\$ 55,900,000	schools	none	47.2%	FAIL
County of Fresno (for CSU)		Measure E Transactions & Use Tax	1/5 ct, 1/40 ct (Reedley)	\$ 36,000,000	Calif State Univ	20yrs	46.9%	FAIL
Santa Cruz	Santa Cruz	Measure N Parcel Tax	\$6k/vacant SFU	xxx	vacant property	xxx	44.2%	FAIL
County of Monterey		Measure Q Parcel Tax	\$49/parcel	\$ 5,500,000	childcare	10yrs	41.1%	FAIL
San Francisco City College	San Francisco	Measure O School Parcel Tax	\$150/sfu	\$ 37,000,000	schools	10yrs	36.7%	FAIL
Morro Bay	San Luis Obispo	Measure B Parcel Tax	\$120+/parcel	\$ 680,000	harbor	none	36.0%	FAIL
Inverness Public Utility District	Marin	Measure O Parcel Tax	\$0.20/sf, \$150/vacant	\$ 276,000	fire	none	27.0%	FAIL

**Non-Specific Tax Durations in 2022**

Voters approved 106 measures in June 2022 (10) and November 2022 (96) that do not provide a specific duration of time that the tax will be imposed (end date). Typically, the ballot titles for these measures state that the tax would be imposed “until ended by voters.” Four of these measures also did not include any estimate of the annual revenues that the tax would generate, another violation of initiative 21-0042A1. Taken together, these approved local measures generate **\$561 million per year** that will expire a year after the effective date of the initiative if Initiative 21-0042A1 passes.

**Measures in 2022 with Non-Specific Durations**

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>
Oakland	Alameda	Measure T Business Tax General	various	\$ 20,900,000		none	71.4% PASS
Culver City	Los Angeles	Measure BL Business Tax General	various	\$ 10,000,000		none	60.5% PASS
El Segundo	Los Angeles	Measure BT Business Tax General	various	\$ 3,000,000		none	51.2% PASS
Pico Rivera	Los Angeles	Measure AB Business Tax General	various	\$ 5,800,000		none	75.5% PASS
Santa Ana	Orange	Measure W Business Tax General	various	neutral		none	64.8% PASS
Tracy	San Joaquin	Measure B Business Tax General	various	\$ 3,200,000		none	72.6% PASS
Burlingame	San Mateo	Measure X Business Tax General	various	\$ 2,500,000		none	75.1% PASS
Los Gatos	Santa Clara	Measure J Business Tax General	various	\$ 1,100,000		none	53.4% PASS
Santa Clara	Santa Clara	Measure H Business Tax General	\$45/employee, \$15/rental unit	\$ 6,000,000		none	59.5% PASS
Brisbane	San Mateo	Measure O Business Tax lodging busn	\$2.50/rm/day	\$ 250,000		none	69.2% PASS
East Palo Alto	San Mateo	Measure L Business Tax resid. rentals	2.5% gross Rcpts	\$ 1,480,000		none	69.9% PASS
County of Santa Cruz Unincorporated		Measure C Busn Tax-disp cups	12.5cents/cup	\$ 700,000		none	68.2% PASS
South Lake Tahoe	El Dorado	Measure G Busn Tax Cannabis	6% retail, manufacturing	\$ 950,000		none	62.9% PASS
McFarland	Kern	Measure O Busn Tax Cannabis	8% of gross receipts retail,	\$ 1,800,000		none	63.5% PASS
Avenal	Kings	Measure C Busn Tax Cannabis	\$25+/s for 15% gr rcpts	\$ 600,000		none	61.8% PASS
Baldwin Park	Los Angeles	Measure CB Busn Tax Cannabis	4% gross Rcpts	\$ 300,000		none	51.3% PASS
Claremont	Los Angeles	Measure CT Busn Tax Cannabis	4%-7% gr rcpts, \$1-	\$ 500,000		none	61.1% PASS
County of Los Angeles Unincorporated		Measure C Busn Tax Cannabis	4% gross receipts retail,	\$ 15,170,000		none	60.1% PASS
Cudahy	Los Angeles	Measure BA Busn Tax Cannabis	15% gross Rcpts	\$ 3,600,000		none	54.0% PASS
El Segundo	Los Angeles	Measure Y Busn Tax Cannabis	10% Gross Rcpt,	\$ 1,500,000		none	72.8% PASS
Hermosa Beach	Los Angeles	Measure T Busn Tax Cannabis	10% Gross Rcpt,	\$ 1,500,000		none	67.6% PASS
Lynwood	Los Angeles	Measure TR Busn Tax Cannabis	5%to 10%	\$ 3,000,000		none	66.4% PASS
Santa Monica	Los Angeles	Measure HM Busn Tax Cannabis	10% gross Rcpts	\$ 5,000,000		none	66.4% PASS
South El Monte	Los Angeles	Measure CM Busn Tax Cannabis	6% special excise tax on	\$ 126,000		none	53.7% PASS
Monterey	Monterey	Measure J Busn Tax Cannabis	6% gross Rcpt	\$ 1,300,000		none	65.2% PASS
Pacific Grove	Monterey	Measure N Busn Tax Cannabis	6% gross Rcpt	\$ 300,000		none	70.8% PASS
Huntington Beach	Orange	Measure O Busn Tax Cannabis	6% retail, 1% other	\$ 600,000		none	54.7% PASS



**Measures in 2022 with Non-Specific Durations**

<u>Agency Name</u>	<u>County</u>		<u>Tax/Fee</u>	<u>Rate</u>	<u>Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>
Laguna Woods	Orange	Measure T	Busn Tax Cannabis	4%-10% of gross receipts	\$ 750,000		none	61.1% PASS
Corona	Riverside	Measure G	Busn Tax Cannabis	9% of gross receipts for	\$ 5,000,000		none	61.6% PASS
Montclair	San Bernardino	Measure R	Busn Tax Cannabis	7% gross Rcpts	\$ 3,500,000		none	70.3% PASS
County of San Diego Unincorporated		Measure A	Busn Tax Cannabis	6% retail, 3% distribution,	\$ 5,600,000		none	57.4% PASS
Encinitas	San Diego	Measure L	Busn Tax Cannabis	4% to 7% of gross receipts	\$ 1,400,000		none	65.1% PASS
Healdsburg	Sonoma	Measure M	Busn Tax Cannabis	8% gross Rcpt	\$ 500,000		none	72.7% PASS
Exeter	Tulare	Measure B	Busn Tax Cannabis	10% retail and other, \$10/sf	?		none	66.5% PASS
Tulare	Tulare	Measure Y	Busn Tax Cannabis	10% retail and other, \$10/sf	?		none	65.2% PASS
Woodland	Yolo	Measure K	Busn Tax Cannabis	10% gross Rcpts	?		none	66.2% PASS
Redlands	San Bernardino	Measure J	Busn Tax Distrib centers	from \$0.047/sf to \$0.105/sf	\$ 530,000		none	53.5% PASS
Arcadia	Los Angeles	Measure SW	Busn Tax Sports Betting	5% gross Rcpts	n/a*		none	63.9% PASS
Albany	Alameda	Measure K	ParcelTax	\$0.074+/sf	\$ 1,950,000	fire/EMS	none	76.0% PASS
Cameron Park Airport District	El Dorado	Measure J	ParcelTax	by \$600 to \$900/parcel	\$ 117,900	airport/streets	none	78.2% PASS
Highlands Village Lighting Benefit Zone	El Dorado	Measure L	ParcelTax	\$140+/parcel	\$ 10,920	streets	none	86.3% PASS
Knolls Property Owners CSD	El Dorado	Measure P	ParcelTax	by \$300+ to \$600+/parcel	\$ 8,400	streets	none	75.5% PASS
Sundance Trail Zone of Benefit	El Dorado	Measure C	ParcelTax	\$600+/yr	\$ 24,000	roads	none	73.2% PASS
South Pasadena	Los Angeles	Measure LL	ParcelTax	xxx	?	library	none	86.2% PASS
River Delta Fire District	Sacramento	Measure H	ParcelTax	\$90/yr	\$ 130,000	fire	none	72.1% PASS
Emeryville	Alameda	Measure O	PropTransfTax	\$15/\$1000 if \$1m-\$2m,	\$ 5,000,000		none	71.6% PASS
San Mateo	San Mateo	Measure CC	PropTransfTax	by 1% to 1.5% if >\$10m	\$ 4,800,000		none	71.8% PASS
Alameda	Alameda	Measure F	TOT	by 4% to 14%	\$ 910,000		none	59.2% PASS
Clovis	Fresno	Measure B	TOT	by 2% to 12%	\$ 500,000		none	69.7% PASS
Kerman	Fresno	Measure G	TOT	10%	\$ 40,000		none	62.3% PASS
Trinidad	Humboldt	Measure P	TOT	by 4% to 12%	\$ 65,000		none	77.6% PASS
Imperial	Imperial	Measure G	TOT	by 4% to 12%	\$ 600,000		none	56.2% PASS
Arcadia	Los Angeles	Measure HT	TOT	by 2% to 12%	\$ 730,000		none	54.1% PASS
Santa Monica	Los Angeles	Measure CS	TOT	by 1%, 3% home shares	\$ 4,100,000		none	73.7% PASS

Notes

?= Ballot measure title did not include an estimate of annual revenues, also not in compliance with Initiative 21-0042A1.

n/a\*= Arcadia Measure SW passed but sports betting remains illegal after the failure of Propositions 26 and 27 on the November statewide ballot.



**Measures in 2022 with Non-Specific Durations**

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>
Anaheim	Orange	Measure J	TOT	online travel companies	\$ 3,000,000	none	59.2% PASS
La Palma	Orange	Measure P	TOT	by 4% to 12%	\$ 200,000	none	71.1% PASS
Colfax	Placer	Measure B	TOT	by 2% to 10%	\$ 29,000	none	73.5% PASS
Rocklin	Placer	Measure F	TOT	by 2% to 10%	\$ 300,000	none	59.8% PASS
Roseville	Placer	Measure C	TOT	by 4% to 10%	\$ 3,000,000	none	73.0% PASS
Big Bear Lake	San Bernardino	Measure P	TOT	by 2% to 10%	\$ 1,300,000	none	54.4% PASS
Grand Terrace	San Bernardino	Measure M	TOT	new 10%	\$ 250,000	none	51.9% PASS
Yucca Valley	San Bernardino	Measure K	TOT	by 5% to 12%	\$ 1,300,000	none	71.9% PASS
Imperial Beach	San Diego	Measure R	TOT	by 4% to 14%	\$ 400,000	none	67.4% PASS
El Paso de Robles	San Luis Obispo	Measure F	TOT	by 1% to 11%	\$ 750,000	none	61.2% PASS
Belmont	San Mateo	Measure K	TOT	by 2% to 14%	\$ 600,000	none	79.3% PASS
Millbrae	San Mateo	Measure N	TOT	by 2% to 14%	\$ 1,500,000	none	75.8% PASS
County of Humboldt Unincorporated		Measure J	TOT	by 2% to 12%	\$ 3,080,000	none	63.3% PASS
County of Placer - North Tahoe TOT Area		Measure A	TOT	by 2% to 10%	\$ 4,000,000	none	90.0% PASS
County of Santa Cruz Unincorporated		Measure B	TOT	by 1% to 12%	\$ 2,300,000	none	69.2% PASS
County of El Dorado - East Slope Tahoe		Measure S	TOT 2/3	by 4% to 14%	\$ 2,500,000	none	81.8% PASS
Chico	Butte	Measure H	TrUT	1 cent	\$ 24,000,000	none	52.4% PASS
Mendota	Fresno	Measure H	TrUT	1.25 cent	\$ 493,498	none	57.2% PASS
Blue Lake	Humboldt	Measure R	TrUT	1 cent	\$ 30,000	none	55.4% PASS
Rio Dell	Humboldt	Measure O	TrUT	3/4cent	\$ 400,000	none	53.3% PASS
County of Kern unincorporated areas		Measure K	TrUT	1 cent	\$ 54,000,000	none	50.8% PASS
McFarland	Kern	Measure M	TrUT	1 cent	\$ 579,662	none	62.2% PASS
Tehachapi	Kern	Measure S	TrUT	1 cent	\$ 4,000,000	none	57.2% PASS
Avenal	Kings	Measure A	TrUT	1 cent	\$ 500,000	none	72.5% PASS
Susanville	Lassen	Measure P	TrUT	1 cent	\$ 1,750,000	none	54.7% PASS
Baldwin Park	Los Angeles	Measure BP	TrUT	3/4 cent	\$ 6,000,000	none	58.1% PASS
Malibu	Los Angeles	Measure MC	TrUT	1/2 cent	\$ 3,000,000	none	52.6% PASS
Monterey Park	Los Angeles	Measure MP	TrUT	3/4 cent	\$ 6,000,000	none	58.5% PASS
Torrance	Los Angeles	Measure SS1	TrUT	1/2 cent	\$ 18,000,000	none	55.0% PASS
Larkspur	Marin	Measure G	TrUT	1/4 cent	\$ 700,000	none	59.4% PASS
Sand City	Monterey	Measure L	TrUT	by 1/2cent to 1.5cents	\$ 1,400,000	none	68.7% PASS
Hemet	Riverside	Measure H	TrUT	same 1 cent	\$ 15,000,000	none	58.0% PASS
Elk Grove	Sacramento	Measure E	TrUT	1 cent	\$ 21,000,000	none	54.1% PASS
Galt	Sacramento	Measure Q	TrUT	1 cent	\$ 3,600,000	none	52.4% PASS
Colton	San Bernardino	Measure S	TrUT	1 cent	\$ 9,500,000	none	66.8% PASS
Ontario	San Bernardino	Measure Q	TrUT	1 cent	\$ 95,000,000	none	53.2% PASS
Solana Beach	San Diego	Measure S	TrUT	1 cent	\$ 3,000,000	none	66.7% PASS
Brisbane	San Mateo	Measure U	TrUT	1/2 cent	\$ 2,000,000	none	63.9% PASS
Goleta	Santa Barbara	Measure B	TrUT	1 cent	\$ 10,600,000	none	64.7% PASS
Solvang	Santa Barbara	Measure U	TrUT	1 cent	\$ 1,600,000	none	63.1% PASS

**Measures in 2022 with Non-Specific Durations**

<u>Agency Name</u>	<u>County</u>	<u>Tax/Fee</u>	<u>Rate</u>	<u>Annual Revenue</u>	<u>Use</u>	<u>Sunset</u>	<u>YES%</u>	
Watsonville	Santa Cruz	Measure R	TrUT	1/2 cent	\$ 5,000,000		none	64.4% PASS
Vallejo	Solano	Measure P	TrUT	7/8 cent	\$ 18,000,000		none	54.7% PASS
Modesto	Stanislaus	Measure H	TrUT	1 cent	\$ 39,000,000		none	62.8% PASS
County of Colusa		Measure A	TrUT 2/3	1/2 cent	\$ 2,400,000	EMS	none	69.4% PASS
Atwater	Merced	Measure B	TrUT 2/3	same 1 cent	\$ 4,000,000	police/fire	none	73.7% PASS
Truckee	Nevada	Measure U	TrUT 2/3	by 1/4 cent to 1/2 cent	\$ 3,000,000	open space / trails	none	76.4% PASS
Palo Alto	Santa Clara	Measure L	Utility Transfer	18% gas	\$ 7,000,000		none	77.7% PASS
Santa Clara	Santa Clara	Measure G	Utility Transfer	5 %	\$ 30,000,000		none	84.2% PASS
Hercules	Contra Costa	Measure N	UUT	8%	\$ 3,600,000		none	69.3% PASS
Carson	Los Angeles	Measure UU	UUT	2% electr, gas	\$ 8,000,000		none	78.4% PASS
Sebastopol	Sonoma	Measure N	UUT	3.75% (same)	\$ 700,000		none	83.5% PASS

**Co-temporal Advisory Measures in 2022**

At the November 2022 election, there was just one local general tax measure that was accompanied by an advisory measure as to the use of funds. The City of Santa Monica’s Measure DT property transfer tax failed with just 34 percent approval as voters instead chose the citizen initiative Measure GS.

There was also just one such tax use advisory measure on the June 2022 election. Susanville’s voters passed Measure P, a 1 percent transactions and use (sales) tax that generates \$1.75 million per year<sup>5</sup> for general city services. The measure was accompanied by advisory Measure Q, accompanied the city’s It asked, “If Measure P passes, should the revenues be used to balance the budget to maintain and enhance existing public safety services (police and fire), and provide funding to support street infrastructure improvements and provide funding to support economic development efforts designed to increase businesses, jobs and visitors to Susanville?” Both measures passed. Under Initiative 21-0042A1, the tax will expire a year after the effective date of the initiative (i.e., in December 2025).

**1.b. Additional Costs and Public Service Effects of the Tax Provisions**

Assuming a similar volume of local measures through 2024 as we saw in 2022, there will be over 200 local measures that will need to be redrafted to comply with the Initiative and placed back on the ballot for the taxes to continue after December 2025. The costs of re-drafting, re-placing and re-voting on these measures, previously legally approved by voters, will be in the tens of millions in total statewide.

**2. “Exempt Charges” (fees and charges that are not taxes) and Services Threatened**

With regard to fees and charges adopted after January 1, 2022, Initiative 21-0042A1:

- Subjects new fees and charges for a product or service to a new "actual and reasonable test."
- Subjects fees and charges for entrance to local government property; and rental and sale of local government property to a new, undefined, “reasonable” test.
- Allows legal challenge to any tax adopted before the effective date of the initiative and after January 1,

<sup>5</sup> The Susanville measure also did not include a specific end date and so is included in the list and totals of those measures.

2022. Such a lawsuit could enjoin (stop) the enactment of the tax pending the outcome of the legal challenge.

- Subjects a challenged fee to new, higher burdens of proof if legally challenged.

## 2.a. Value on New Local Government Fees and Charges at Risk<sup>6</sup>

Virtually every city, county, and special district must regularly (e.g., annually) adopt increases to fee rates and charges and revise rate schedules to accommodate new users and activities. Most of these would be subject to new standards and limitations under threat of legal challenge. Based on the current volume of fees and charges imposed by local agencies and increases in those fees simply to accommodate inflation, the amount of local government fee and charge revenue placed at risk is about **\$2 billion per year including those adopted since January 1, 2022. Of \$2 billion, about \$900 million (45 percent) is for special districts, \$800 million (40 percent) is cities, and \$300 million (15 percent) is counties.**<sup>7</sup>

Major examples of affected fees and charges are:

1. Certain water, sanitary sewer, wastewater, garbage, electric, gas service fees.
2. Nuisance abatement charges - such as for weed, rubbish and general nuisance abatement to fund community safety, code enforcement, and neighborhood cleanup programs.
3. Emergency response fees - such as in connection with DUI.
4. Advanced Life Support (ALS) transport charges.
5. Business improvement district charges.
6. Fees for processing of land use and development applications such as plan check fees, use permits, design review, environmental assessment, plan amendment, subdivision map changes.
7. Document processing and duplication fees.
8. Facility use charges, parking fees, tolls.
9. Fines, penalties.
10. Fees for parks and recreation services.

## 2.b. Additional Costs and Public Service Effects of the Fee/Charge Provisions

In addition to service delays and disruptions due to fee and charge revenues placed at greater legal risk, there would be substantial additional costs for legal defense. The risk to fees and charges will make infrastructure financing more difficult and will deter new residential and commercial development.

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<sup>6</sup> Source: California State Controller Annual Reports of Financial Transactions concerning cities, counties and special districts, summarized with an assumed growth due to fee rate increases (not population) of 2 percent annually.

<sup>7</sup> School fees are also affected but the amount is negligible by comparison.