



Staff Report

File #: 22-0233

REQUEST FOR CITY COUNCIL ACTION

DATE: 03/16/2016

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:

Adoption of a Resolution in opposition of a state ballot initiative limiting voters' authority in local tax and fee issues.

EXECUTIVE SUMMARY:

The City Council will consider adopting a Resolution opposing a state ballot measure that creates new constitutional loopholes that allow corporations to pay far less than their fair share for their impacts to communities, including impacts on local infrastructure, the environment, water quality, air quality, and natural resources. The League of California Cities has requested that the City adopt a resolution opposing this initiative.

RECOMMENDED ACTION:

That the City Council adopt the Resolution in opposition of the Taxpayer Protection and Government Accountability Act initiative.

BACKGROUND & HISTORY:

In 2018, the "Tax Fairness, Transparency, and Accountability Act" was circulated to qualify for the November 2018 ballot. This initiative would have limited local revenue authority. Through the successful work and advocacy of the League of California Cities (League) and its coalition, the measure's proponents withdrew the initiative from the ballot in June 2018.

On Jan. 4, 2022, the California Business Roundtable filed what is being called the "Taxpayer Protection and Government Accountability Act". This measure could potentially be more detrimental to cities than the measure filed in 2018 because it would take revenues from local and state services to benefit certain corporations.

The League, along with a broad coalition of local governments, labor and public safety leaders,

infrastructure advocates, and businesses, strongly oppose this initiative and has requested that the City adopt a Resolution in opposition of this legislation.

This legislative matter is covered in the City's adopted 2022 Legislative Platform under 'Oppose expanding State and Federal authority over local jurisdictions.' However, due to the League's request for an adopted resolution in opposition, this item is being presented to the Council for approval.

ANALYSIS:

The Taxpayer Protection and Government Accountability Act limits voters' authority, adopts new and stricter rules for raising taxes and fees, and makes it more challenging to hold violators of state and local laws accountable.

This Measure:

1. Limits voter authority and accountability
 - Limits voter input. Prohibits local voters from providing direction on how local tax dollars should be spent by prohibiting local advisory measures.
 - Invalidates the Upland decision that allows a majority of local voters to pass special taxes. Taxes proposed by the initiative are subject to the same rules as taxes placed on the ballot by a city council. All measures passed between January 2022 and November 2022 would be invalidated unless reenacted within 12 months.
2. Restricts local fee authority to provide local services
 - Impacts franchise fees. Sets new standard for fees and charges paid for the use of local and state government property. The standard may significantly restrict the amount oil companies, utilities, gas companies, railroads, garbage companies, cable companies, and other corporations pay for the use of local public property. Rental and sale of local government property must be "reasonable" which must be proved by "clear and convincing evidence."
 - Except for licensing and other regulatory fees, fees and charges 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." The burden to prove the fee or charge does not exceed "actual cost" is changed to "clear and convincing" evidence.
3. Restrict authority of state and local governments to issue fines and penalties for violations of law
 - Requires voter approval of fines, penalties, and levies 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.
4. Restrict local tax authority to provide local services
 - Requires voter approval to expand existing taxes (e.g., UUT, use tax, TOT) to new territory (e.g., annexation) or expand the base (e.g., new utility service).
 - City charters may not be amended to include a tax or fee.
 - New taxes can be imposed only for a specific time period.

- Taxes adopted after Jan. 1, 2022, that do not comply with the new rules, are void unless reenacted.
- All state taxes require majority voter approval.
- Prohibits any surcharge on property tax rate and allocation of property tax to state.

5. Other changes

- No fee or charge, or exaction regulating vehicle miles traveled can be imposed as a condition of property development or occupancy.

This measure requires voter approval of fines, penalties, and levies for corporations. That could potentially create new loopholes that allow corporations to not pay their fair share for their impacts on communities, including local infrastructure, environment, water quality, air quality, and natural resources.

Furthermore, 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 it would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent.

This measure also makes 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 neighborhoods.

The measure puts funding currently dedicated to state and local services at risk unless defeated. It could impact public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more.

FINANCIAL IMPACT:

No financial impact.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject to CEQA. This action opposes the Taxpayer Protection and Government Accountability Act state ballot measure initiative, and there is no possibility that approval of the report will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: DENZEL MAXWELL, ASSISTANT TO THE CITY MANAGER

REVIEWED BY: ROGER BRADLEY, ASSISTANT CITY MANAGER

Attachments:

1. Exhibit 1: Resolution 2022-019 in opposition of the Taxpayer Protection and Government Accountability Act (AG# 21-0042A1) initiative