State Ballot Measure Initiative 21-0042A1: "The Taxpayer Protection and Government Accountability Act"

City of **Santa Rosa**

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City Council
Meeting
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Introduction

League of California Cities (Cal Cities) Advocacy Against Initiative 21-0042A1

- Earlier this year, the League of Cities North Bay Division asked members of Cal Cities to consider passing a formal Council resolution in opposition to a proposed statewide ballot measure, Initiative 21-0042A1, also known as "The Taxpayer Protection and Government Accountability Act."

- The proposed ballot measure would severely impact the City of Santa Rosa's finances and potential to raise future revenue. The measure would also impact citizens' efforts in passing a voter-initiated initiative.

Background

- Cal Cities is strongly opposed to this potential measure. The proponents of the measure are gathering signatures to place this measure on the November 8 2022 ballot.

- So far, only one initiative has qualified for the November ballot, 37 potential initiatives are under circulation and 3 are eligible for the November election. If an initiative qualifies and is eligible, the proponents can pull the measure for consideration by June 30, 2022.

- In 2018, a similar measure to Initiative 21-0042A1 qualified for the general election but was pulled by proponents. Cal Cities was opposed to this measure as well.

Background continued

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Analysis

- The lead proponent of this measure is the California Business Roundtable. This group represents large businesses and corporations.

- Cal Cities procured an analysis of this measure and found if passed by the voters the measure could curtail local governments' finances. If any tax measure passed this year by the voters doesn't meet this new measure's requirements as amended by the State Constitution, the passed measure would need to be readopted or void within 12 months.

- If this is enacted, any special tax measure would need a 2/3 vote by the electorate to raise taxes. This would apply to an initiative placed on the ballot by citizens.

Analysis continued

- The measure would expand the definition of taxes. The measure would also prohibit any fees related to vehicle miles traveled as a condition of a property development.

- Potentially under this measure, fees, charges, assessments, fines and penalties would be considered taxes and thus subject to voter approval. This would include any violations of state or local laws – unless there is an adjudicatory process – but the measure does not define that process.

- The measure would also subject new fees for a product or service to an "actual cost" test and "reasonable" standard.

Analysis continued

- Cal Cities' analysis also conveyed that the measure would require voter approval to expand an existing tax to new territory – future annexations. In Cal Cities' view, this would deter cities from trying to annex new land and harm future development.

- The measure would also prohibit an advisory ballot measure that accompanies a general sales tax measure.

- Legislative Analyst's Office also conducted an analysis. LAO found this measure would lower state and local revenue.

Recommendation

It is recommended by the Communications & Intergovernmental Relations Office that the Council, by resolution, oppose Initiative 21-0042A1, The Taxpayer Protection and Government Accountability Act, a proposed statewide ballot measure.

QUESTIONS?