

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: SCOTT ALONSO, INTERGOVERNMENTAL RELATIONS &
LEGISLATIVE AFFAIRS OFFICER, COMMUNICATIONS &
INTERGOVERNMENTAL RELATIONS
SUBJECT: OPPOSITION TO INITIATIVE 21-0042A1

AGENDA ACTION: RESOLUTION

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.

EXECUTIVE SUMMARY

A statewide initiative entitled "Taxpayer Protection and Government Accountability Act" has been proposed for placement on the ballot for the November, 2022 election. The proposed measure would limit the ability of the state and of local governments to impose taxes, fees and other charges and would restrict voter input on how local tax dollars can be spent. If passed, the measure would make it harder to maintain or raise needed revenues and could result in significantly reduced resources for City needs. The League of California Cities (Cal Cities) opposes the measure and is encouraging its members of Cal Cities to oppose the measure as well. City staff concur with the Cal Cities recommendation.

BACKGROUND

In 2018, the "Tax Fairness, Transparency and Accountability Act" or (AG# 17-0050 Amdt. #1), was being circulated to qualify for the November 2018 ballot. This initiative would have drastically limited local revenue authority. The measure was eventually withdrawn from the ballot. Cal Cities advocated against this initiative along with a coalition of other cities and stakeholders.

On Jan. 4, 2022, the California Business Roundtable filed a new proposed initiative, entitled "The Taxpayer Protection and Government Accountability Act" or AG# 21-0042A1. Cal Cities notes this measure is far more detrimental to cities than the measure filed in 2018, because it has the potential to adversely impact vital local services.

Of particular concern for cities, key elements of the new proposed initiative include:

- Expands the definition of “taxes,” so as to expand voter-approval requirements to additional governmental fees and charges.
- Limitations on voter input. The initiative would prohibit local advisory measures through which voters provide direction on how local general tax dollars should be spent.
- Increases the threshold for passage of voter-initiated special taxes. Currently, special taxes placed on the ballot by voter initiative require a simple majority to pass. This initiative would instead require 2/3 voter approval for passage of such voter-initiated measures.
- Requires that all new tax measures (including extensions of existing taxes) include a specific sunset date.
- Requires voter approval of any expansion of existing taxes to new territory (annexations) or to new payers.
- Tax and bond measures adopted after January 1, 2022, that do not comply with the new rules are void after a period of twelve months, unless reenacted in compliance with the procedures set forth in the initiative.
- Significantly limits franchise fees and charges paid for the use of local government property (including energy, garbage, cable and telecommunication companies, and others).
- Restricts authority of state and local governments to impose fines and penalties for violations of law, requiring voter approval unless undefined adjudicatory process is used to impose the fines and penalties.
- Imposes new requirements and significant limitations on state and local fees and charges.

As of March 10, 2022, sixty-six cities have passed resolutions opposing Initiative 21-0042A1, including one city in Sonoma County, Sebastopol.

PRIOR CITY COUNCIL REVIEW

Not applicable.

ANALYSIS

The California Business Roundtable is a consortium representing large corporations and businesses. The consortium also has financially contributed to the statewide campaign account advocating for passage of this initiative.

Cal Cities conducted analysis regarding the potential impacts to local governments if this measure were to be enacted by the voters in November 2022. Cal Cities concluded that the initiative could significantly curtail the ability of local governments to collect or levy fees, taxes or fines. Cal Cities argues the measure would benefit large corporations by way of tax loopholes and restrict a city's ability to properly enforce local laws. Under this proposed initiative, any tax measure, including those placed on the ballot by voter initiative would now need to be approved by a two-thirds vote of the electorate.

The Legislative Analyst's Office (LAO) also conducted an analysis of the initiative and found if passed by the voters the initiative would lower local revenue. LAO also underscores that the initiative would expand the definition of taxes, thus leading to a city having a more difficult time to raise revenue and making it more challenging to raise revenue by voter initiative. Further, as the LAO notes, any local tax approved between January 1, 2022 and the effective date of this measure would be vacated unless the local ballot measure fulfilled the requirements of this statewide measure.

FISCAL IMPACT

The proposed statewide ballot measure as drafted would have an adverse impact on the City's finances and ability to raise revenue through a ballot measure. Further, the measure would prevent the ability of special tax measures proposed by citizen initiative to be enacted by majority voter approval.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Cal Cities Opposition Fact Sheet
- Attachment 2 – Cal Cities Fiscal Analysis
- Attachment 3 – Cal Cities Legal Analysis
- Attachment 4 – LAO Fiscal Analysis
- Attachment 5 – Attorney General Title and Summary of Initiative
- Attachment 6 – Text of Proposed Ballot Initiative 21-0042A1
- Resolution – Opposition to Proposed Ballot Initiative 21-0042A1

CONTACT

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