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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***.[1]
- 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[2] 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*).[3]
  - 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.

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

[2] 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.

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

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- 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[4]

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 XIIIC. So this measure was passed in compliance with Initiative 21-0042A1.

June 2022 Initiative Special Taxes - majority voter approval

Agency Name	County		Tax/Fee	Rate	Estimated Annual Revenue	Use	Sunset	YES%	
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

[4] 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

Agency Name	County		Tax/Fee	Rate	Estimated Annual Revenue	Use	Sunset	YES%	
Crockett Community Services District	Contra Costa	Measure L	Parcel Tax	$50/parcel	$ 60,000	parks/recr	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				

Agency Name	County		Tax/Fee	Rate	Estimated Annual Revenue	Use	Sunset	YES%	
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

Agency Name	County		Tax/Fee	Rate	Annual Revenue	Use	Sunset	YES%	
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% grossRcpts	$ 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+/sf or 15% gr rcpts	$ 600,000		none	**61.8%**	PASS
Baldwin Park	Los Angeles	Measure CB	Busn Tax Cannabis	4% grossRcpts	$ 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% grossRcpts	$ 3,600,000		none	**54.0%**	PASS
El Segundo	Los Angeles	Measure Y	Busn Tax Cannabis	10% GrossRcpt,	$ 1,500,000		none	**72.8%**	PASS
Hermosa Beach	Los Angeles	Measure T	Busn Tax Cannabis	10% GrossRcpt,	$ 1,500,000		none	**67.6%**	PASS
Lynwood	Los Angeles	Measure TR	Busn Tax Cannabis	5%to10%	$ 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 taxon	$ 126,000		none	**53.7%**	PASS
Monterey	Monterey	Measure J	Busn Tax Cannabis	6% grossRcpt	$ 1,300,000		none	**65.2%**	PASS
Pacific Grove	Monterey	Measure N	Busn Tax Cannabis	6% grossRcpt	$ 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

Agency Name	County		Tax/Fee	Rate	Annual Revenue	Use	Sunset	YES%	
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% grossRcpts	$ 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% grossRcpt	$ 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% grossRcpts	?		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% grossRcpts	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

Agency Name	County		Tax/Fee	Rate	Annual Revenue	Use	Sunset	YES%	
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% to10%	$ 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 SST	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

Agency Name	County		Tax/Fee	Rate	Annual Revenue	Use	Sunset	YES%	
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	UtilityTransfer	18% gas	$ 7,000,000		none	**77.7%**	PASS
Santa Clara	Santa Clara	Measure G	UtilityTransfer	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[5] 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,

[5] 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[6]

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.**[7]

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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[6] 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.

[7] School fees are also affected but the amount is negligible by comparison.