



Item 8.3: Statewide Initiative 21-0042A1

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Background

2018

- Ballot measure titled, “Tax Fairness, Transparency and Accountability Act” was circulated to qualify for the November 2018 ballot
- Due to immense opposition, the measure’s proponents withdrew the initiative

2023

- Ballot measure titled, “Taxpayer Protection and Government Accountability Act” or Initiative No. 21-0042A1, sponsored primarily by the California Business Roundtable qualified for the November 5, 2024 General Election ballot
- June 27, 2024 deadline to withdraw

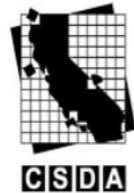
2021

Similar ballot measure was circulated for signature gathering but failed to meet the required amount by deadline.

Initiative Sponsor



Initiative Opposition



**California Special
Districts Association**
Districts Stronger Together



Measure's Major Provisions

Effective Date

- Any new or increased tax or fee adopted by the Legislature, a city council, or the local voters after January 1, 2022.

State & Local Government Taxes

- Amends State Constitution to expand and define all state and local levies, charges, and fees as a tax or exempt charge.
- Increases requirements for voter approval of new or increased state and local taxes.
- New or increased taxes must include sunset date.
- Local advisory measures would be prohibited.
- Requires voter approval to expand existing taxes to new territory or to expand the tax base.

State & Local Government Fees

- Fees and charges may not exceed the “actual cost” of providing the product or service for which the fee is charged.
- Fees and charges paid for the use of local and state government property and the amount paid to purchase or rent government property must be “reasonable”.
- No fee or charge or exaction regulating vehicle miles traveled can be imposed as a condition of property development.
- May require voter approval of fines, penalties, and levies for corporations and property owners that violate state and local laws.

Local Government Impacts

Fees and Taxes

Examples of affected fees and charges:

- Charges and fees such as for code enforcement
 - Commercial franchise fees
 - Emergency response fees
 - Advanced Life Support (ALS) transport charges
 - Document processing and duplication fees
 - Facility use charges, fees for parks and recreation services, classes, or activities.
- Revenue at risk is approximately \$2 billion per year including those adopted since Jan. 1, 2022.
 - Over ten years, \$20 billion of local government fee and charge revenues will be at heightened legal peril.

Local Government Impacts

Fines and Penalties

- The initiative converts administratively imposed fines and penalties into taxes unless a new, undefined, and ambiguous “adjudicatory due process” is followed.
- This provision jeopardizes the City’s current authority to impose fines and penalties for violations of state and local law.

Ongoing Fiscal Impacts

- Limit ability to recover costs
- Reduction in services levels in areas that are currently revenues offset (e.g., gazebo rentals, recreational programming, development permitting and inspections, ambulance transport, etc.)
- Reduction in community services and programs, development services staffing resulting in additional permitting and inspection delays, and a return to contracting out medical transport services
- Reduction in ability to generate lease revenues
- Future tax measures put forward by the City Council would be subject to increased approval thresholds and reduced transparency for voters



Legislative Program

2023-2024 Legislative Platform



Guiding Principles

- Maintaining Local Control
- Promoting Fiscal Responsibility
- Promoting Economic Development
- Supporting Funding Opportunities

Recommended Action:

Approve resolution opposing Initiative 21-0042A1, “Limits Ability of Voters and State and Local Governments to Raise Revenues for Government Services. Initiative Constitutional Amendment.”

