

## REPORT TO CITY COUNCIL

**DATE: FEBRUARY 23, 2022**

**TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL**

**FROM: NATHAN HAMBURGER, CITY MANAGER**

**BY: RAMIRO ADEVA, ASSISTANT CITY MANAGER**

**SUBJECT: ADOPT RESOLUTION NO. 22-1997; OPPOSING THE VOTER INITIATIVE 21-0042A1 (TAXPAYER PROTECTION AND GOVERNMENT ACCOUNTABILITY ACT)**

The City Council is being asked to adopt a resolution registering its opposition to a potential forthcoming ballot measure (Initiative 21-0042A1), The Taxpayer Protection and Government Accountability Act, which limits voters' authority, adopts new and stricter rules for raising taxes and fees, and makes it more difficult to hold violators of state and local laws accountable.

As you are aware the City's ability for local control in governance of the City is eroded each year by mandates being handed down from the State. This threat to local government, however, is one created and backed by major corporations.

In 2018, the "Tax Fairness, Transparency and Accountability Act" was being circulated to qualify for the November 2018 ballot. This initiative would have drastically limited local revenue authority. Through the successful work and advocacy of the League of California Cities 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 the Taxpayer Protection and Government Accountability Act and is currently in the process of gathering signatures for the placement of this initiative on the next general election ballot. This measure is far more detrimental to cities than the measure filed in 2018, because it would decimate vital local and state services.

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

Specifically, the measure would do the following:

**Limit 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.

**Restrict 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, 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.

**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.

**Restrict local tax authority to provide local services**

- Requires voter approval to expand existing taxes (e.g.,TOT) to new territory (e.g., annexation) or expanding the base (e.g., new utility service).
- 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.

### **Other changes**

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

According to the California Legislative Analyst's Office (LAO), the proposal would amend the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges. The LAO further states that local governments will generally face greater restrictions to raising revenue. By expanding the definition of taxes and restricting administrative changes to fees, the measure would make it somewhat harder for local governments to raise revenue. Consequently, future local tax and fee revenue could be lower than they would be otherwise. The extent to which revenues would be lower is unknown for local governments, but fees could be more impacted. The actual impact on local government revenue would depend on various factors, including future decisions by the courts, local governing bodies, and voters.

Cal Cities, along with a broad coalition of local governments, labor and public safety leaders, infrastructure advocates, and businesses, strongly oppose this initiative. Cal Cities is requesting local jurisdictions adopt a resolution to demonstrate how harmful this measure would be to local communities and the people of California.

Opposition to Initiative No. 21-004A1 aligns with the Council-approved 2021 Legislative Platform.

### **RECOMMENDATION**

Staff respectfully recommends the City Council adopt Resolution No. 22-1997, opposing the voter Initiative No. 21-004A1 (Taxpayer Protection and Government Accountability Act).

Attachment: Resolution No. 22-1997

**RESOLUTION NO. 22-1997**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
AGOURA HILLS, CALIFORNIA, OPPOSING INITIATIVE 21-  
0042A1 (TAXPAYER PROTECTION AND GOVERNMENT  
ACCOUNTABILITY ACT)**

**WHEREAS**, an association representing California's wealthiest corporations is behind a deceptive proposition aimed for the November 2022 statewide ballot; and

**WHEREAS**, the measure creates new constitutional loopholes that allow corporations to pay far less than their fair share for the impacts they have on our communities, including local infrastructure, our environment, water quality, air quality, and natural resources; and

**WHEREAS**, 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 would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

**WHEREAS**, the measure 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 our neighborhoods; and

**WHEREAS**, the measure puts billions of dollars currently dedicated to state and local services at risk, and could force cuts to public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to support homeless residents, mental health services, and more; and

**WHEREAS**, the measure would also reduce funding for critical infrastructure like streets and roads, public transportation, drinking water, new schools, sanitation, and utilities.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Agoura Hills hereby opposes Initiative 21-0042A1.

**THEREFORE, BE IT FURTHER RESOLVED**, that the City Council of the City of Agoura Hills will join the NO on Initiative 21-0042A1 coalition, a growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state.

Staff is directed to email a copy of this adopted resolution to the League of California Cities at [BallotMeasures@calcities.org](mailto:BallotMeasures@calcities.org).

**PASSED, APPROVED, and ADOPTED** this 23<sup>rd</sup> day of February, 2022, by the following vote, to wit:

AYES:        (  
NOES:        (  
ABSENT:     (  
ABSTAIN:    (  
                  )

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Deborah Klein Lopez, Mayor

ATTEST:

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Kimberly M. Rodrigues, MPPA, MMC  
City Clerk