

Impacts on California Local Governments

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Ad Paid for by Protecting Local Democracy and Vital Services, a Committee Opposed to Initiative 1935

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Background

- Proponent: California Business Roundtable (CBRT)
 - Comprised of major corporations including developers, oil, insurance, pharmaceutical companies and more.
- Eligible for November 2024 statewide ballot.





Overview of Measure

- Significantly threatens local control.
 - Jeopardizes state and local government funding by billions annually.
 - Upends local government tax and fee authority.
 - Opens the door to countless lawsuits against cities.



Fiscal Impact: Cal Cities Analysis

- Over \$20 billion of local government revenues over 10 years at risk.
- \$2 billion each year from fees and charges adopted after January 1, 2022, at risk.
- Hundreds of millions of dollars of annual revenues from tax and bond measures approved by voters after January 1, 2022, cancelled.





Threatens Local Control

- Taxes and fees adopted after January 1, 2022, that do not comply with the new rules are void.
- More difficult for voters to approve funding for local services.
- All future taxes must contain a sunset
 - Measures passed after January 1, 2022 without sunset will be repealed.
 - General tax measures will also require the phrase "for general government use" on the ballot.
- City charters may not be amended to include a tax or fee.



Threatens Local Control

- Fee increases need to be approved by two-thirds of local legislative body.
- Fees and charges may not exceed the "actual cost" of providing service.
 - "Actual cost" defined as the "minimum amount necessary"
- Fees and charges for corporations to use or lease government property can no longer be market-based.
- Prohibits vehicle miles traveled fees on new developments.



Threatens Local Control, cont.

 Rate schedule revisions and regular adjustments to city fees and charges subject to higher passage thresholds and potential voter approval.

Examples of Impacted Fees and Charges

- Property development application processing fees
- Plan review
- Gas and electricity service charges
- Parks and Recreation classes and lessons
- Child care services.
- Jail booking fees
- Copies of police reports
- Emergency services fee
- Building permit fees
- Sales tax audits
- Abatement of weeds on private property

- Conducting inspections of rental housing
- Fire inspections
- Fines and penalties for administrative Code enforcement
- Charges for specific health care services
- Lease of city museum to non-profit organization
- Use of Council Chambers by private groups
- Use/lease of city-owned convention center
- Use/lease of city-owned park or other recreation area
- Charges imposed as a condition of property development

Also Upends State Tax & Fee Authority

- All state taxes require majority voter approval.
- Requires two-thirds legislative approval of certain state fees.
- Changes legal standards for proving a state charge is a fee and not a tax.





Groups Opposed to Measure

- League of California Cities
- Alliance for a Better California
- California Alliance for Jobs
- Rebuild SoCal Partnership
- California State Association of Counties

- California Special Districts Association
- California Contract Cities Association
- And 250+ individual cities, counties, and districts















Other Things to Know

- Legal challenge recently filed by Governor and Legislature.
- ACA 13 also on November 2024 ballot.
 - If passed by more votes, would require higher threshold for passage of this measure (two-thirds vote)

POLITICO PRO

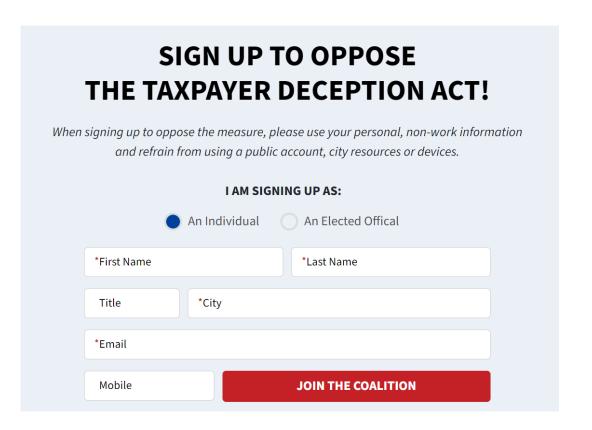
Newsom and Legislature ask California Supreme Court to nix tax-limiting ballot initiative

BY JEREMY B. WHITE | 09/26/2023 06:05 PM EDT



Get Involved

- Pass resolution in opposition.
- Educate constituents about measure.
 - Advocate on personal, private time, not government time.
- Urge other city officials and local organizations to join coalition.
- Contact your League of California Cities Regional Manager.







Discussion & Questions

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