



REPORT TO CITY COUNCIL

Approved by:

Arnoldo Rodriguez

Arnoldo Rodriguez, City Manager

Council Meeting of: February 16, 2022

Agenda Number: B-5

SUBJECT:

State Ballot Measure 21-0042A1, the Taxpayer Protection and Government Accountability Act

RECOMMENDATION:

Adopt the Resolution Establishing the City's Opposition to State Ballot Measure 21-0042A1, Taxpayer Protection and Government Accountability Act

SUMMARY:

Per the League of California Cities (CalCities), The Taxpayer and Government Accountability Act creates harmful barriers for local governments and voters who should have a voice. Essentially the measure would establish new and stricter rules for raising taxes and fees, limit the authority of voters, and weaken the ability of government to hold violators of state and local laws accountable.

In addition to the aforementioned consequences, this measure has the potential to significantly reduce revenue for local governments; thus, impacting essential services such as refuse collection and police. The Resolution before Council would signify the City's position

DISCUSSION:

CalCities monitors policies coming from Sacramento and Washington on behalf of local municipalities. CalCities frequently publishes alerts when policy, legal decisions, or initiatives will greatly impact local government, positively or negatively. Recently, CalCities informed local governments of an initiative that is making headway through the ballot measure process.

In 2018, a ballot measure titled, "Tax Fairness, Transparency and Accountability Act" was circulated to qualify for the November 2018 ballot; however, the measure's proponents withdrew the initiative due to immense pushback from advocacy networks. This new initiative represents a similar, but more detrimental, effort to alter the current process of establishing local taxes and the revenues collected by municipalities to operate essential services.

The Taxpayer and Government Accountability Act, or AG# 21-0042A1, creates several consequences for local governments and local voters including, but not limited to the following:

1. Prohibits local advisory measures – inhibiting the voters’ ability to decide how tax dollars should be spent.
2. 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, railroads, garbage companies, cable companies, and other corporations pay for the use of local public property.
3. Requires voter approval to expand existing taxes (e.g., utility user tax, use tax, hotel tax) to new territory (e.g., annexation) or expanding the base (e.g., new utility service). This would require additional tax measures and may deter annexations and land development in cities.
4. City charters may not be amended to include a tax or fee.
5. New taxes can be imposed only for a specific time period.
6. Taxes adopted after Jan. 1, 2022, that do not comply with the new rules, are void unless reenacted.

The above list is not designed to be exhaustive but rather is a representation of the contents of the measure that may directly impact the City.

FINANCIAL IMPACT:

Staff cannot identify the precise financial impact to the City if this ballot measure were to succeed as the language is still evolving. Additionally, implementation of the language contained in the ballot can be anticipated but not certain until actual enforcement occurs.

However, based on financial evaluations completed by CalCities, it is projected this initiative has the potential to risk \$1.5 billion in tax revenues for all California cities collectively.

It is noted that the City pays \$20,859 per year to be a CalCities member.

CONSISTENCY WITH THE VISION MADERA 2025 PLAN:

Currently staff does not have enough information to determine whether the passage of this ballot measure would impact the Vision Madera 2025 Plan. Staff will provide Council with additional information if the measure shall succeed.

ALTERNATIVES:

Council may choose to not adopt the Resolution opposing the Taxpayer Protection and Government Accountability Act. Conversely, Council may elect to support the ballot measure in question.

Furthermore, Council may table this item and request staff provide additional information before a decision is made.

ATTACHMENTS:

1. Resolution Establishing the City's Opposition to State Ballot Measure 21-0042A1, Taxpayer Protection and Government Accountability Act

Resolution No. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA,
CALIFORNIA, OPPOSING STATE BALLOT MEASURE 21-0042A1, TAXPAYER
PROTECTION AND GOVERNMENT ACCOUNTABILITY ACT**

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, opposes Initiative 21-0042A1.

THEREFORE, BE IT FURTHER RESOLVED, that the City of Madera 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.

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