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LEAGUE OF
**CALIFORNIA
CITIES**

Strengthening California Cities
through Advocacy and Education

Cal Cities Update: Taxpayer Deception Act Ballot Measure Impacts on Local Governments

Presentation to El Segundo City Council

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

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Cal Cities Background

- Since 1898, Cal Cities has fought to protect and enhance local control.
- Cal Cities harnesses the voice and collective power of its member cities, representing thousands of city officials and the millions of California residents they serve.
- Our mission is to expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

CBRT “Taxpayer Protection Act” Ballot Measure – Background

- **Proponent:** California Business Roundtable (CBRT)
 - Comprised of major corporations including developers, oil, insurance, pharmaceutical companies and more.
- Eligible for **November 2024 statewide ballot.**
- Cal Cities and the coalition to oppose this measure have reframed it as the Taxpayer Deception Act



STOP THE TAXPAYER DECEPTION ACT
PROTECT LOCAL SERVICES

Overview of Taxpayer Deception Measure

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

Threatens Local Control

- Taxes and fees adopted after January 1, 2022, that do not comply with the new rules are void.
 - Including El Segundo's Measure BT approved by voters in 2022
- Increases vote threshold for voters to approve funding for local services to 2/3rds.
- Very specific requirements for future taxes:
 - Must contain a sunset.
 - General tax measures will also require the phrase “*for general government use*” and advisory questions no longer allowed.
- City charters may not be amended to include a tax or

Threatens Local Control

- All 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 in the measure as the “minimum amount necessary”
- Fees and charges for corporations to use or lease government property can no longer be market-based.

Threatens Local Control

- 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
- Childcare 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

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.



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



What can cities, community groups and individuals do? GET ENGAGED TODAY!

- Pass a resolution in opposition
- Submit a letter in opposition
- Join the growing list of elected officials in opposition
- Educate constituents about measure
 - Advocate on personal, private, non-government time
- Learn more or join the coalition at www.StopTaxpayerDeceptionAct.com



STOP THE TAXPAYER DECEPTION ACT
PROTECT LOCAL SERVICES

THANK YOU

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Use this QR Code to visit
StopTaxpayerDeceptionAct.com



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