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Local Taxes and Fees Initiative Withdrawn

By CSDA ADMIN posted 2 days ago

0 RECOMMEND



The proposed initiative to put major restrictions on local agency revenue increases was withdrawn by the proponents on June 28, the final day to withdraw initiatives from the November ballot.

The “Tax Fairness, Transparency and Accountability Act of 2018” was a broadly written measure that

would have affected all local agencies and their communities. It was largely funded by beverage companies, while CSDA joined a coalition of local government and labor advocates in opposition.

The Legislature held a joint hearing on June 13 to discuss the initiative and CSDA provided remarks at the public comment portion of the hearing to oppose the initiative. On June 25, AB 1838 was amended as a vehicle for a compromise to the pending ballot initiative. In a deal to get the initiative's proponent, the California Business Roundtable, to withdraw their initiative, the Legislature passed and Governor Jerry Brown signed AB 1838 on June 28. The compromise measure prohibits the imposition of taxes or fees on non-alcoholic carbonated beverages through the year 2030.

Governor Brown expressed in a signing statement that the initiative would have been "far reaching" and parts of it would have been an "abomination."

While CSDA took no formal position on AB 1838, the Association stood strongly in opposition to the "Tax Fairness, Transparency, and Accountability Act of 2018" and supported the withdrawal of the devastating initiative from the ballot. Had the initiative been placed on the November ballot and approved by voters, it would have severely restricted the ability to raise local and state taxes and fees. Specifically, the initiative would have:

- Increased the vote threshold for a local board to place a tax proposal on the ballot for voter consideration
- Prohibited any tax to be placed on the ballot unless it either specifically identified by binding and enforceable limitation how it could be spent, with any change requiring re-approval by the electorate, among other requirements.
- Amended Proposition 218 to require the impossible standard of predicting actual costs years into the future. Additionally, it created a new, additional requirement that all fees must be "reasonable", but provided no definition as to what reasonable means.
- Changed the agency's burden of proof from "preponderance of evidence" to "clear and convincing evidence" to prove compliance with the new fee requirements
- Precluded the annexation of new territory or consolidation of local agencies, unless the newly annexed or consolidated territory approved all existing taxes and fees of the annexing or consolidating agency by a two-thirds vote.
- Amended the State Constitution in a manner that conflicted with itself. At question was whether the severe new restrictions on local fees apply to property related fees and assessments within Article XIID of the State Constitution, as established by Proposition 218. Due to poor drafting, one part of the initiative included Article XIID charges as what the initiative calls "exempt charges". The initiative subjected all exempt charges to the severe new restrictions outlined above.

In the context of the rest of the initiative, it appeared that the inclusion of Article XIID charges within the definition of exempt charges was a drafting error at best. However, only years of litigation at taxpayer expense would have ultimately resolved this conflicting language had the measure remained

on the November ballot and received approval by a majority of voters.

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33 views

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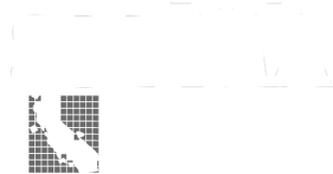


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