



DATE: March 22, 2022

CATEGORY: Consent

DEPT.: City Manager's Office

TITLE: **Resolution Opposing the Taxpayer Protection and Government Accountability Act**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View to Oppose the Taxpayer Protection and Government Accountability Act, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

On January 4, 2022, the California Business Roundtable, a nonpartisan organization comprised of senior executive leadership of the major employers throughout the State, which includes banking, oil, utilities, healthcare, real estate, and telecommunications companies, among others, filed the Taxpayer Protection and Government Accountability Act or AG# 21-0042A1 to place this measure on the November ballot. This measure 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.

The League of California Cities (Cal Cities), along with a broad coalition of local governments, labor and public safety leaders, infrastructure advocates, and businesses, strongly opposes this proposed initiative and requests that cities adopt resolutions to demonstrate the harmful impact of this measure.

ANALYSIS

As discussed in the Fiscal Impact section below, the Taxpayer Protection and Government Accountability Act would affect nearly all types of City revenue and have significant consequences for the funding of City services and the City's long-term fiscal health. If passed, the Act 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, which allows a majority of local voters to pass special taxes. Taxes proposed by the Initiative process would be 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 utilities, railroads, 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., User Utility Tax, Use Tax, Transit Occupancy Tax) to new territory (e.g., annexation) or expanding the base (e.g., new utility service).
- City charters may not be amended to include a tax or fee.
- New taxes can be imposed only for a specific time period.
- Taxes adopted after January 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.

FISCAL IMPACT

By expanding the definition of a tax and increasing the vote requirements for approving taxes and fees, the measure makes it more difficult for the City to increase nearly all types of revenues. The extent to which revenues would be lower under the measure would depend on various factors. For example, requirements for legislative approval of all increases in fees, including those currently set administratively, could result in lower fee revenues. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties.

City services also rely heavily on property tax, and other local taxes, including sales taxes, utility taxes, and hotel taxes. The various fees and taxes are used to fund different services, such as Fire and Police, Public Works, and Parks and Recreation. Due to the uncertainty of these factors, staff cannot estimate the amount of reduced revenue to the City, but it could be substantial and, thereby, negatively impact the City's long-term fiscal health and ability to provide services to the community.

ALTERNATIVES

1. Do not support the Resolution Opposing the Taxpayer Protection and Government Accountability Act.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting.

Prepared by:

Christina Gilmore
Assistant to the City Manager

Approved by:

Audrey Seymour Ramberg
Assistant City Manager/
Chief Operating Officer

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Attachment: 1. Resolution in Opposition to the Taxpayer Protection and Government
Accountability Act