



Date: August 15, 2023
To: Honorable Mayor and City Council
From: Councilmember Roberto Uranga, Chair, Intergovernmental Affairs Committee
Subject: **Oppose the Taxpayer Protection and Government Accountability Act**

The Intergovernmental Affairs Committee, at its meeting held Tuesday, August 1, 2023, considered communications relative to the above subject.

It is the recommendation of the Intergovernmental Affairs Committee to the City Council to approve an Oppose position to the Taxpayer Protection and Government Accountability Act.

Respectfully submitted,

Intergovernmental Affairs Committee

Councilmember Roberto Uranga, Chair

Prepared by:
Alyssa Campos

Attachment(s)

Date: August 15, 2023

To: Mayor and Members of the City Council

From: Councilmember Roberto Uranga, Chair, Intergovernmental Affairs Committee

Subject: **Recommendation to Oppose the Taxpayer Protection and Government Accountability Act**

Recommendation

Respectfully request City Council to approve an Oppose position to the Taxpayer Protection and Government Accountability Act, as recommended by the Intergovernmental Affairs Committee.

Discussion

On August 1, 2023, the Intergovernmental Affairs Committee received a presentation on the [Taxpayer Protection and Government Accountability Act](#) and moved to recommend an Oppose position to City Council for consideration. This measure is an initiative constitutional amendment sponsored by the California Business Roundtable on the November 2024 ballot, which would limit the ability of voters and state and local governments to raise revenues for government services. It would have significant impacts on the City's ability to raise fees and taxes and could put the City at risk of heightened litigation.

If enacted, any new or increased tax or fee adopted by the Legislature, City, or local voters after January 1, 2022, must comply with the measure's rules. The proposal would impact taxes and fees in the following ways:

- The proposal would invalidate the *Upland* court decision that allows a majority of local voters to pass special taxes, and instead specifies that taxes proposed by initiative are subject to the same rules as taxes placed on the ballot by a city council.
- The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as fees and other charges, which could increase the revenue proposals subject to the higher state and local vote requirements for taxes.
- The measure requires state and local tax measures to identify the type and amount (or rate) of the tax and the duration of the tax. General tax measures must state that the revenue can be used for general purposes. It expressly prohibits local advisory measures which allow local voters to express a preference for how local general tax dollars should be spent.

- Except for licensing and other regulatory fees, if the Legislature or a local governing body wished to impose a new fee or make changes to an existing fee, the measure generally would require that the charge be both reasonable and reflect the actual costs to the state or local government of providing the service.
- The measure also specifies that actual cost should not exceed “the minimum amount necessary.” While in many cases existing fees already reflect the government’s actual costs, some fees would have to more closely approximate the payer’s actual costs in order to remain fees, and jurisdictions would have to provide clear and convincing evidence that the fee meets this threshold, if challenged.

The measure would have significant negative impacts on the City’s operations and core service delivery. We would likely see public service reductions across virtually every aspect of city services. By expanding the definition of taxes and restricting administrative changes to fees, the measure would make it harder for local governments to raise revenue. Consequently, future local tax and fee revenue could be lower than they would be otherwise. Local government fee and charges revenues could be at heightened legal peril and could open the City to additional litigation.

As mentioned above, the ballot measure is sponsored by the California Business Roundtable and has support from the Commercial Real Estate Development Association, and the Howard Jarvis Taxpayers Association. A growing coalition of local governments have joined in opposition to the measure, including the League of California Cities, labor and public safety leaders, infrastructure advocates, and businesses.

Based on the significant fiscal and legal implications of this proposal, the Intergovernmental Affairs Committee moved to recommend an Oppose position to City Council for consideration. This recommendation aligns with the direction in the City’s Legislative Agenda to oppose policies that would reduce City revenues, autonomy and flexibility in dealing with the financing of public services, and the City’s ability to impose or collect appropriate fees.

Respectfully submitted,

Intergovernmental Affairs Committee



Councilmember Roberto Uranga, Chair