

City of Murrieta + Taxpayer Protection Act (Agenda Item 19)

Ben Granholm [REDACTED]

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📎 4 attachments (322 KB)

4.8.24 - TPA Fact Sheet .pdf; 4.8.24 - TPA Impact On Taxes Cheat Sheet.pdf; 4.8.24 - TPA Truth vs Lies Fact Sheet .pdf; TPA Sample Resolution Language.pdf;

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Good morning, Mayor Stone and Councilmembers:

My name is Ben Granholm, I am reaching out on behalf of the Taxpayer Protection and Government Accountability Act (TPA), a statewide initiative on the November 2024 ballot.

We are writing today to urge the City of Murrieta to reject Agenda Item 19 on the June 18 Council Agenda and instead adopt a resolution in support of the TPA.

TPA empowers voters with the right to vote on all new and higher taxes, increases accountability and transparency among local jurisdictions and residents, and ensures that local property tax revenues remain in the County in which they are collected.

Despite a deceptive Title and Summary from the Attorney General, the elements of the measure are widely supported by voters – polling at more than 60% support.

We have amassed a broad coalition of more than 165 state and local organizations and over 1,400 partners, including small businesses, social justice leaders, housing advocates, elected officials, and taxpayers.

Californians pay among the highest taxes and fees in the nation. Jobs and families are fleeing the state for opportunity elsewhere. Californians are demanding a greater voice and more accountability on how politicians raise and spend our tax dollars.

Attached is a few items of background to help inform your decision:

- General Fact Sheet
- Impact on Taxes Cheat Sheet
- Truth vs. Lies

We truly appreciate your time and consideration. Should you have any questions, please do not hesitate to contact me.

Thank you,

Ben Granholm
Senior Account Executive
Swing Strategies

[REDACTED]
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[REDACTED]

California has the highest tax rates in America. Massive increases in taxes and fees over the past decade only add to the state's already sky-high cost of living — punishing hard-working families who are now struggling with soaring inflation.

Even still, politicians, bureaucrats and special interests continue to make it harder for Californians to make ends meet. In 2022 alone, they considered nearly \$200 billion in higher taxes and fees.

It's long past time voters were given the right to vote on all new taxes and protect themselves from special interests who fear losing control and power over the taxes we pay.

THE SOLUTION

The **Taxpayer Protection and Government Accountability Act** is a simple measure that gives voters the final say on new and higher taxes and closes court-created loopholes that have made it easier for special interests and politicians to raise taxes.

- ✓ **Gives voters the final say on all new and higher taxes**
 - Requires all new taxes passed by the Legislature to be approved by voters.
 - Restores two-thirds voter approval for all new local special tax increases.
- ✓ **Eliminates all "hidden taxes"**
 - Clearly defines what is a tax or fee — addressing recent court decisions that overturned decades of established taxpayer protections.
 - Prevents unelected boards and commissions from passing hidden taxes or fees without approval from elected officials or voters.
- ✓ **Requires truthful descriptions of new tax proposals**
 - Holds politicians accountable by requiring they clearly identify how revenue will be spent before any tax or fee is enacted and ensures it is not diverted to other purposes.
 - Ensures that the tax rate and length of time a new or higher tax will be in effect is listed on the ballot.

With families across California struggling and the cost of living continuing to skyrocket, we must act now.

The Taxpayer Protection and Government Accountability Act will guarantee voters, not politicians, have the final say on whether or not to raise taxes, while maintaining current revenue and spending.

Join our coalition to protect taxpayers and hold the government accountable!

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TAXPAYER PROTECTION

and Government Accountability Act

How the Taxpayer Protection and Government Accountability Act (TPA) Impacts Approval of State and Local Taxes, Fees, and Bonds

	Current Law	Approval Threshold Required Under TPA	Accountability and Transparency Changes Under TPA
City or County General Tax Increase <i>*General Tax revenues can be used for any legitimate government purpose</i>	2/3 vote of elected body to place before voters; and Majority vote approval by voters	No Change	Increases transparency by requiring disclosure of purpose of tax, and rate and period of the tax on the ballot
City or County, Special District, School or Community College District Special Tax Increase <i>*Special Tax revenues are restricted and can only be used for certain purposes</i>	Majority vote of elected body to place before voters; and 2/3 vote approval by voters	No Change	Increases transparency by requiring disclosure of purpose of tax, and rate and period of the tax on the ballot
Citizens' Initiative Local General Tax Increase	Majority vote approval by voters	No Change	Requires disclosure of purpose of tax, and rate and period of the tax on the ballot
Citizens' Initiative Local Special Tax Increase <i>*TPA closes the Upland loophole and restores Prop. 218 voter-approved threshold of 2/3</i>	Majority vote approval by voters	2/3 vote approval by voters	Requires disclosure of purpose of tax, and rate and period of the tax on the ballot
Local Tax to Finance Infrastructure Bonds	2/3 vote approval by voters	No Change	No Change
Local Tax to Finance School Facilities Bond	2/3 vote of elected body 55 percent approval from voters	No Change	No Change
Local Fee Increase <i>*Under TPA, fees are redefined as an "exempt charge." All government charges are considered a tax unless explicitly exempted from that classification. Examples of exempt charges include reasonable costs for providing services, reasonable regulatory costs, or fines and penalties</i>	Can be approved administratively by unelected staff without a vote from elected officials	Majority vote of the local elected body	To increase accountability, TPA requires a new local fee or increased charge to be approved by the elected body instead of allowing unelected officials to raise them unilaterally

	Current Law	Approval Threshold Required Under TPA	Accountability and Transparency Changes Under TPA
State Fee Increase	Can be approved administratively by unelected staff without a vote from elected officials	Majority vote by the State Legislature	To increase accountability, TPA requires a new state fee or increased charge to be approved by the State Legislature instead of allowing unelected officials to raise them unilaterally.
State Tax Increase	2/3 vote by the State Legislature	2/3 Vote by the State Legislature; and Majority vote approval by statewide voters	No Change
State General Obligation Bond <i>*A bond issued by the state that is repaid by the state General Fund</i>	2/3 vote by the State Legislature Majority vote approval by statewide voters	No Change	No Change
Managed Care Organization (MCO) State Tax <i>*MCO Taxes are explicitly exempt from the measure</i>	2/3 vote by the State Legislature	No Change	No Change
Income-Based Utility Tax <i>*TPA excludes private utility rates, including rates approved by the PUC, however, an income-based tax is a new type of charge that we cannot determine yet if it will be affected by TPA</i>	State Legislature can authorize the Public Utilities Commission (PUC) to impose other charges on energy consumers, such as an income-based utility tax	The effects of the TPA on an income-based utility tax are impossible to determine at this time	The effects of the TPA on an income-based utility tax are impossible to determine at this time
Local Vehicle Miles Traveled (VMT) Tax <i>* TPA removes the ability of local government to impose a VMT as a condition of local development. Instead, any VMT would be treated as a tax under TPA and subject to the requirements placed on general or special taxes to implement</i>	Approved by a local agency if imposed as a condition of property development	Majority or 2/3 vote of elected body (depending on whether it's a General or Special Tax) to place before voters; and Majority vote or 2/3 approval by voters (depending on whether it's a General or Special Tax)	Requires disclosure of purpose of tax, and rate and period of the tax on the ballot
State VMT Tax	Approved by a state agency without a vote of the Legislature if it is not a "tax" under existing law	2/3 Vote by the State Legislature; and Approval by a majority of state voters	No Change

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TRUTH VS LIES:

Dispelling the League of California Cities Misleading Claims about the Taxpayer Protection and Government Accountability Act (TPA)

THE LEAGUE SAID:	THE TRUTH:
<p>“This misleading measure changes our constitution to make it more difficult for local voters to pass measures needed to fund local services and local infrastructure.”</p>	<p>What TPA Says: (c) No local law, whether proposed by the governing body or by an elector, may impose any special tax unless and until the tax is submitted to the electorate and approved by a two-thirds vote.</p> <p>What it Means: <i>The League is attacking the same two-thirds voter approval requirement for <u>elector/citizen initiative special local taxes</u> they recently supported.</i></p> <p>From 1996 to 2018, all special local taxes required a two-thirds majority of voters to pass. TPA restores this requirement for <u>elector/citizen</u> initiative tax measures (<i>not taxes proposed by the City Council</i>) after the controversial California Cannabis Coalition v. City of Upland court decision.</p> <p><i>The League of Cities had so few concerns over this provision’s impact on local revenue that it even <u>defended the two-thirds voter approval requirement in a court filing, writing:</u></i></p> <p><i>“As a result, the League finds itself ironically aligned in this case with the Howard Jarvis Taxpayers Association, proponents of Propositions 218 and 26, in arguing that a proper interpretation of the Constitution does not countenance different treatment for local tax measures, regardless of their origin, and certainly does not create an exemption for initiatives that swallows all the rules created by Proposition 218.”</i></p> <p>Yet, now the League is falsely claiming that TPA restoring the two-thirds majority for <u>citizen initiative</u> special taxes will hurt local services and infrastructure.</p>

THE LEAGUE SAID:

“This far-reaching measure puts at risk billions of dollars currently dedicated to critical state and local services. It would also reduce funding for critical infrastructure like streets and roads, public transportation, drinking water, new schools, sanitation, utilities and more.”

THE TRUTH:

What TPA Says:

(f) **Any tax or exempt charge adopted after January 1, 2022**, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void **12 months after the effective date of this act unless the tax or exempt charge is reenacted** in compliance with the requirements of this section.

What it Means:

The Taxpayer Protection Act (TPA) does not reduce current spending levels or revenue collection for critical local services.

All existing taxes and fees enacted before 2022 will remain in effect.

There are 22 measures that passed after January 1, 2022 and failed to meet TPA’s transparency or vote threshold requirements and will have one year to be re-approved by voters. Otherwise, they will then be nullified and rolled back — allowing voters to preserve them if they believe they are critical for their community.

“The [Taxpayer Protection Act] would significantly restrict the ability of cities to raise taxes.”

What TPA Says:

(c) No local law, whether proposed by the governing body or **by an elector**, may impose any special tax unless and until the tax is submitted to the electorate and approved by a two-thirds vote.

What it Means:

The Taxpayer Protection Act (TPA) does **not** change the threshold for tax measures put on the ballot by the City Council — **therefore preserving cities’ ability to pass tax measures.**

TPA **does restore the long-standing two-thirds majority voter approval requirement for special taxes proposed by elector/citizen initiative** — tax measures that a city has no control over and have no impact on a city’s ability to raise taxes. This requirement has been in the constitution for approving local bonds backed by property taxes since 1879 and for all other special taxes since the passage of Prop 13 in 1978.

THE LEAGUE SAID:

THE TRUTH:

“The [Taxpayer Protection Act] would significantly restrict the ability of cities to raise fees.”

What TPA Says:

(j)(1) A **reasonable charge** for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which **does not exceed the actual costs** to the local government of providing the service or product to the payor.

What it Means:

The Taxpayer Protection Act stops cities from using fees as “hidden taxes” by charging taxpayers far more than **the reasonable and actual cost** of providing a service. Local governments **who are not using fees to generate additional unrestricted revenue** should not be concerned. TPA prohibits local governments from adding unreasonable hidden expenses to the **reasonable, actual cost of providing a product or service** for the purpose of raising additional revenue for unrestricted spending.

“The initiative would steal power away from voters, prohibiting local advisory measures where voters provide direction to politicians on how they want their local tax dollars spent.”

What TPA Says:

(d)(3) If the proposed tax is a **general tax, the phrase “for general government use” shall be required**, and no advisory measure may appear on the same ballot that would indicate that the revenue from the general tax will, could or should be used for a specific purpose.

What it Means:

The Taxpayer Protection Act puts an end to the deceptive practice of asking voters to weigh in on non-binding advisory votes paired with new tax increases — which they often ignore.

Instead, TPA ensures that new tax revenue approved by voters can only be legally spent where the voters were told it would be spent. Under TPA, local governments can’t mislead voters by implying they will spend the money on important issues and then divert the tax revenue to other uses after the fact. However, **local governments are still able to propose-general purpose tax increases at a simple majority vote threshold, but they must be clearly disclosed on the ballot as general use** when presented to voters.

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TPA Sample Resolution Language

WHEREAS, California has the highest income, state sales, and gasoline taxes in the country and inflation and global uncertainty are threatening to drive costs even higher; and

WHEREAS, increases in taxes and fees are only fueling the state's already sky-high cost of living — punishing hard-working families who are now struggling to put food on their table or gas in their cars; and

WHEREAS, already in 2024, politicians, bureaucrats, and special interests have proposed nearly \$200 billion in higher state taxes, continuing to make it harder for Californians to make ends meet; and

WHEREAS, because Californians can't afford to pay any more in higher taxes, it's time voters were given the right to vote on all new taxes and protect themselves from an even higher cost of living; and

WHEREAS, the Taxpayer Protection and Government Accountability Act is a simple measure qualified for the November 2024 statewide ballot that gives voters the right to vote on new and higher taxes and ensures that tax dollars are spent on the intended use; and

WHEREAS, the measure maintains current revenue and spending and does not affect tax measures in effect prior to January 1, 2022; and

WHEREAS, the measure closes loopholes by clearly defining what is a tax or fee to address recent court decisions that overturned decades of established taxpayer protections and restore the will of the voters; and

WHEREAS, the measure restores the will of the voters when they passed Prop. 13 in 1978, Prop 218 in 1996, and Prop 26 in 2010 by reinstating two-thirds voter approval for all new local special tax increases; and

WHEREAS, the measure gives voters the final decision on all new and higher taxes by requiring all new taxes passed by the Legislature to be approved by voters and prevents bureaucrats from imposing new or higher fees without majority approval from elected officials; and

WHEREAS, the measure provides critical accountability protections for Californians by requiring all new local taxes to designate a use, rate, and duration to be listed on the ballot and by restricting fees for government services to their reasonable and actual costs; and

TPA Sample Resolution Language

WHEREAS, the urgency to help families across California who are struggling to make ends meet under a skyrocketing cost of living means we must act now.

THEREFORE BE IT RESOLVED THAT **ENTITY** supports the Taxpayer Protection and Government Accountability Act, Initiative 21-0042A1 — a proposed statewide ballot measure that gives hard-working Californians the right to vote on whether or not to raise taxes while maintaining current revenue and spending.