



## The Taxpayer Protection and Accountability Act and ACA 13 Voting Thresholds Ballot Initiatives

### **Summary**

This staff summary provides an overview of the [Taxpayer Protection and Accountability Act](#) initiatives designed to constrain state and local revenues and [Assembly Constitutional Amendment \(ACA\) 13](#) that increases voter approval thresholds for future ballot measures. Both measures will appear on the November 2024 General Election ballot for consideration. RCRC staff will be taking both measures to the RCRC Board of Directors at the July meeting.

### **Background**

"Taxpayer Protection and Government Accountability Act" (CBRT initiative) will appear on the November 2024 ballot and is sponsored by the California Business Roundtable (CBRT) (i.e., major business interests). This measure is the latest in a long series of initiatives designed to constrain state and local revenues and reverse judicial and legislative decisions favorable to the government (including Prop. 13, Prop. 62, Prop. 218, and Prop. 26). From a high-level perspective, the most significant provisions of the CBRT initiative are likely the new restrictions on state fees and taxes, requiring all new and increased state fees to be approved by the Legislature - and all new and increased state taxes to be approved by vote of the people. These would, over time, have profound impacts on the state budget - and any local programs that rely upon state funding.

The changes are more subtle for local governments, and the practical effect of these changes will depend on how the courts resolve the many ambiguities in the measure. The CBRT measure would define all local government charges as either taxes or "exempt charges" (fees). In other words, anything that does not meet the tight definition of an "exempt charge" is necessarily a "tax." The measure fundamentally alters the rules for increasing fees and taxes. Local taxes would continue to require voter approval, with additional procedural requirements for such elections and a 2/3 vote for all special taxes, including initiatives.

Any tax or exempt charge adopted after January 1, 2022, that does not meet the CBRT initiative's requirements (i.e., many of them) will automatically sunset in late 2025 unless re-enacted in compliance with the initiative. This poses unique difficulties for tax measures that must be re-adopted by the voters within this timeframe since there are no regularly scheduled elections in 2025.

It's important to note the State filed an emergency petition with the California Supreme Court seeking to remove the "Taxpayer Protection and Government Accountability Act"

initiative from the November 2024 Ballot. The Legislature and others argue the CBRT initiative unlawfully revises the state constitution and cripples essential state and local government functions. Oral arguments before the State Supreme Court occurred in May with a decision due by June 27.

ACA 13 (Ward) passed through the Legislature and is headed to the November 2024 ballot. Initially, the measure was intended for the March ballot, but through an agreement with the Administration, the measure was pushed to November to clear the March ballot for Proposition 1 (Mental Health Bond and MHSA Modernization). Assembly Member Chris Ward introduced ACA 13 largely in response to the CBRT initiative.

ACA 13 requires that any constitutional amendment proposed by an initiative that increases a voter approval threshold for future ballot measures must be approved by that same voter approval threshold instead of a simple majority vote. The measure would also preserve the right of cities, counties, and special districts to place advisory questions on the ballot to ask voters their opinions on issues. ACA 13 purports to apply this requirement to any other measures appearing on the November 2024 ballot. It is unclear how this will actually interact with the CBRT measure if both receive a majority vote.

### **Issue**

The CBRT initiative would significantly undermine local control, decimate local government revenues, and limit the State's ability to raise revenues. Limiting the State's ability to raise revenues will likely impact county services that rely on State funding. Locally, the measure would further restrict local government's ability to adopt adequate fees, result in litigation, and overturn previously voter-approved taxes. The ballot initiative requires a simple majority vote of the people to pass, even though the measure would increase voter thresholds for taxes at all levels of government to a 2/3 vote. Some examples of affected fees and charges are emergency response fees, community development fees, document processing and duplication fees, transit fees, tolls, parking fees, facility use charges, garbage disposal tipping fees, and potentially commercial franchise fees.

ACA 13 is a commonsense measure partially in response to the CBRT initiative. ACA 13 would require future ballot measures increasing voter approval requirements to pass by the same margin. If both measures pass, ACA 13 could potentially mitigate the CBRT initiative if it passes with a greater majority.