



Staff Report

File #: REPORT 24-0174, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Regular Meeting of April 9, 2024**

**ADOPT A RESOLUTION EXPRESSING CONTINUED OPPOSITION TO TAXPAYER PROTECTION
AND GOVERNMENT ACCOUNTABILITY ACT INITIATIVE NO. 21-0042A1 RESTRICTING
VOTER'S INPUT AND LOCAL TAXING AUTHORITY**
(Deputy City Manager Angela Crespi)

Recommended Action:

Staff recommends City Council adopt by title a Resolution of the City Council of the City of Hermosa Beach, California, expressing continued opposition to the Taxpayer Protection and Government Accountability Act Initiative No. 21-0042A1 (**Attachment 1**).

Executive Summary:

The City of Hermosa Beach regularly expresses its support or opposition regarding legislative matters that would have an impact on the City. As requested by the City Council at its March 26, 2024 meeting, staff presents the following item to consider adoption of a resolution expressing continued opposition to the Taxpayer Protection and Government Accountability Act Initiative No. 21-0042A1. Staff prepared a draft resolution (**Attachment 1**) expressing continued opposition to the initiative.

Background:

In 2018, the "Tax Fairness, Transparency and Accountability Act" (AG# 17-0050 Amdt. #1), was circulated to qualify for the November 2018 ballot. This initiative would have drastically limited local revenue authority. Through the successful work and advocacy of the League of California Cities and its coalition partners, the measure's proponents withdrew the initiative from the ballot in June 2018.

On January 4, 2022, the California Business Roundtable filed the Taxpayer Protection and Government Accountability Act (AG# 21-0042A1) (**Attachment 2**). This measure is far more detrimental to cities than the measure filed in 2018, because it would decimate vital local and state revenue generating methods.

During its December 2021 meeting, the League of California Cities' Board of Directors voted

unanimously to oppose the initiative. Following the Board’s unanimous decision, a coalition of public safety, labor, local government, and infrastructure advocates joined together to fight against this potential measure.

The Attorney General released the Title and Summary on February 3, 2022 (**Attachment 3**). The proponents of the measure needed to submit nearly one million signatures in order to qualify for the November 2022 ballot and the Secretary of State’s recommended date to turn in signatures was April 29, 2022.

At its March 22, 2022 meeting, City Council adopted Resolution No. 22-7308 expressing opposition to the initiative if placed on the November 8, 2022 ballot (**Attachment 4**). Based on Council’s prior expressed opposition to the initiative, Mayor Jackson signed and submitted a letter of opposition to the initiative and submitted the letter to the League of California Cities on April 13, 2023. The letter was received and filed by City Council at its April 25, 2023 meeting.

After failing to secure the require number of signatures to qualify for the November 2022 ballot, the proponents continued to collect the required signatures. On June 27,2024 the California Secretary of State will certify the initiative as qualified for the November 5, 2024, General Election ballot, unless it is withdrawn by the proponent prior to certification pursuant to Elections Code section 9604(b).

At its March 26, 2024 meeting, Councilmember Deto requested, and Mayor Pro Tem Francois and Councilmember Jackson supported, a future agenda item to consider adoption of a resolution expressing continued opposition to the Taxpayer Protection and Government Accountability Act Initiative.

Past Board, Commission, and Council Actions

Meeting Date	Description
March 22, 2022	City Council adopted Resolution No. 22-7308 expressing opposition to the initiative if placed on the November 8, 2022 ballot.
April 25, 2023	City Council received and filed a letter in opposition of the Taxpayer Protection and Government Accountability Act Initiative No. 21-0042A1.
March 26, 2024	Councilmember Deto requested, and Mayor Pro Tem Francois and Councilmember Jackson supported, a future agenda item to consider adoption of a resolution expressing continued opposition to the Taxpayer Protection and Government Accountability Act Initiative.

Analysis:

In 2022, the League of California Cities (“Cal Cities”) requested support from the City of Hermosa Beach and all member cities in expressing opposition to the Taxpayer Protection and Government Accountability Act Initiative No. 21-0042A1. Cal Cities cites that the proposed initiative limits voters' authority, adopts new and stricter rules for raising taxes and fees, and makes it more difficult to raise revenue to cover costs of providing services.

In the State of California, cities use revenues raised from local taxes, fees and charges, and fines to pay for local services, including, but not limited to, police and fire services, street and sidewalk maintenance, and recreation programs.

California State law prescribes the process for instituting new, or increasing existing, taxes and fees. Local governments seeking to institute new, or increase existing taxes and fees are required by law to comply with a clear public process. The proposed initiative would result in several changes that would impose greater restrictions on local governments' ability to raise revenue to cover costs of providing services.

The California Legislative Analyst's Office released a summary of estimate outlining the proposal and fiscal effects on January 19, 2022 (**Attachment 5**). The League of California Cities and municipal financial expert Michael Coleman of CaliforniaCityFinance.com also prepared expert summaries regarding the initiative's impacts (**Attachments 6 and 7**).

The City of Hermosa Beach is currently listed on the League of California Cities coalition of cities and towns opposed to the ballot measure (**Attachment 8**).

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City's General Plan. Relevant Policies are listed below:

Governance Element

Goal 4. A leader and partner in the region.

Policy:

- **4.1 Regional governance.** Play an active role in the South Bay Cities Council of Governments, the Southern California Association of Governments and other regional agencies to protect and promote the interests of the City.

Fiscal Impact:

There is no immediate fiscal impact associated with the recommended action. However, if the Initiative is approved by voters in the November election, it will limit the City's ability to raise revenue in the future to pay for basic City services.

Attachments:

1. Draft Resolution
2. Proposed Initiative File No. 21-0042A1
3. Attorney General of California Title and Summary
4. Resolution No. 22-7308
5. Summary of Estimate by Legislative Analyst and Director of Finance
6. League of California Cities Analysis
7. Fiscal and Program Effects of Initiative 21-0042A1 on Local Governments, CaliforniaCityFinance.com (Michael Coleman)
8. League of California Cities List of Cities and Towns in Opposition
9. Link to March 22, 2022 City Council Staff Report
10. Link to April 25, 2023 City Council Staff Report
11. Link to March 26, 2024 City Council Agenda

Respectfully Submitted by: Angela Crespi, Deputy City Manager

Noted for Fiscal Impact: Viki Copeland, Finance Director

Legal Review: Pat Donegan, City Attorney

Approved: Suja Lowenthal, City Manager