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March 7, 2013

Date:

Bill Number: SCA 11 Reform of the Local Special

Taxes Vote Threshold

Bill Author: Hancock



DEPARTMENT INFORMATION

Contact: Jennie Gerard, District 2, 510-238-7023
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RECOMMENDED POSITION: SUPPORT

SUMMARY OF THE BILL

In 1978, Proposition 13 imposed a 2/3 vote threshold for the imposition of local special taxes by cities, counties and local districts. In 2000, Proposition 39 lowered the vote threshold to 55% for certain local school bond acts.

The process imposed by Prop. 13 provides the people with a means of keeping their cities, counties and local districts accountable in deciding whether to raise revenue through special taxes. Special taxes cannot be raised without the consent of taxpayers.

However, the burdensome vote threshold imposed by Prop. 13 makes it difficult for localities to raise the revenue necessary to provide essential services for their citizens. These services can range from most school bonds, transportation projects, or public safety agencies. Since 2001, only half of special tax proposals subject to the 2/3 rule have been approved by the voters.

Since Prop 39 carved out an exception to Prop. 13, school bonds that are subject to a 55% vote threshold have been the most successful (80% success rate since 2001). They are even more successful than those subject to a mere majority vote (67%).

WHAT THIS AMENDMENT WOULD DO

SCA 11 would lower the vote threshold for increasing most special taxes from 2/3 to 55%. By doing so, it would align the general requirement with that of school bonds under Proposition 39.

It would lower the burden on cities, counties, and special districts to increase revenue for needed local services provided to Californians. It would apply to nearly all services, from schools, to transportation, to public safety agencies.

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SCA 11 would not mandate any increase on special taxes. Cities, counties, and special districts would still have to place proposals on the ballot, and local voters would still have to approve them. The existing exceptions to the 2/3 rule (for instance, sales taxes on real property sales) under Prop. 13 would remain in place.

The only change SCA 11 makes in existing law is to lower the vote threshold so that 55% of local voters can choose to increase revenue for their city, county or special district.

POSTIVE FACTORS FOR THE CITY OF OAKLAND

SCA 11 would make passage of special taxes easier for Oakland residents.

NEGATIVE FACTORS FOR THE CITY OF OAKLAND

None

SUPPORT

- Californians for Adequate School Housing
- East Bay Municipal Utility District
- Oakland Zoo

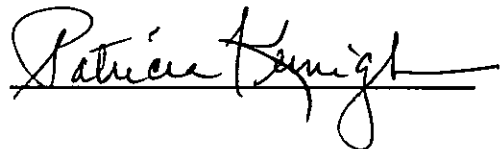
OPPOSITION

None received

PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:

- Critical (top priority for City lobbyist, city position required ASAP)**
- Very Important (priority for City lobbyist, city position necessary)**
- Somewhat Important (City position desirable if time and resources are available)**
- Minimal or** **None (do not review with City Council, position not required)**

Respectfully Submitted,
Council President Kernighan



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Introduced by Senator Hancock

January 25, 2013

Senate Constitutional Amendment No. 11—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 4 of Article XIII A thereof, and by amending Section 2 of Article XIII C thereof, and by amending Section 3 of Article XIII D thereof, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCA 11, as introduced, Hancock. Local government: special taxes: voter approval.

The California Constitution conditions the imposition of a special tax by a local government upon the approval of $\frac{2}{3}$ of the voters of the local government voting on that tax, and prohibits a local government from imposing an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property.

This measure would instead condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition. The measure would also make conforming and technical, nonsubstantive changes.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring,* That the
2 Legislature of the State of California at its 2013-14 Regular Session
3 commencing on the third day of December 2012, two-thirds of the
4 membership of each house concurring, hereby proposes to the
5 people of the State of California, that the Constitution of the State
6 be amended as follows:

1 First—That Section 4 of Article XIII A thereof is amended to
2 read:

3 ~~Section 4. Cities, Counties and special districts, by a two-thirds~~
4 ~~vote of the qualified electors of such district, A city, county, or~~
5 ~~special district, upon the approval of 55 percent of its voters voting~~
6 ~~on the proposition, may impose a special taxes on such tax within~~
7 ~~that city, county, or special district, except ad valorem taxes on~~
8 ~~real property or a transaction transactions tax or sales tax on the~~
9 ~~sale of real property within such City, County that city, county, or~~
10 ~~special district.~~

11 Second—That Section 2 of Article XIII E thereof is amended
12 to read:

13 ~~SEC. 2. Local Government Tax Limitation.—Notwithstanding~~
14 ~~any other provision of this Constitution:~~

15 (a) ~~All taxes Any tax~~ imposed by any local government shall be
16 ~~deemed to be either general taxes or special taxes. Special purpose~~
17 ~~districts or agencies, including school districts, shall have no power~~
18 ~~to levy general taxes: is either a general tax or a special tax. A~~
19 ~~special district or agency, including a school district, has no~~
20 ~~authority to levy a general tax.~~

21 (b) ~~No A~~ local government ~~may shall not~~ impose, extend, or
22 increase any general tax unless and until that tax is submitted to
23 the electorate and approved by a majority vote. A general tax shall
24 ~~is not be~~ deemed to have been increased if it is imposed at a rate
25 not higher than the maximum rate so approved. The election
26 required by this subdivision shall be consolidated with a regularly
27 scheduled general election for members of the governing body of
28 the local government, except in cases of emergency declared by
29 a unanimous vote of the governing body.

30 (c) Any general tax imposed, extended, or increased, without
31 voter approval, by any local government on or after January 1,
32 1995, and prior to the effective date of this article, shall ~~November~~
33 ~~6, 1996, may~~ continue to be imposed only if ~~that general tax is~~
34 approved by a majority vote of the voters voting in an election on
35 the issue of the imposition, which election shall be held within
36 two years of the effective date of this article ~~no later than~~
37 ~~November 6, 1998,~~ and in compliance with subdivision (b).

38 (d) ~~No A~~ local government ~~may shall not~~ impose, extend, or
39 increase any special tax unless and until that tax is submitted to
40 the electorate and approved by a two-thirds vote ~~55 percent of the~~

1 *voters voting on the proposition.* A special tax shall not be deemed
2 to have been increased if it is imposed at a rate not higher than the
3 maximum rate so approved.

4 Third—That Section 3 of Article XIII D thereof is amended to
5 read:

6 SEC. 3. ~~Property—Taxes,—Assessments,—Fees—and—Charges~~
7 ~~Limited:—(a) No~~ *An agency shall not assess a tax, assessment,*
8 *fee, or charge shall be assessed by any agency upon any parcel of*
9 *property or upon any person as an incident of property ownership*
10 *except:*

11 (1) The ad valorem property tax imposed pursuant to Article
12 XIII and Article XIII A.

13 (2) Any special tax receiving ~~a two-thirds vote~~ *the approval of*
14 *55 percent of the voters voting on the proposition* pursuant to
15 Section 4 of Article XIII A.

16 (3) Assessments as provided by this article.

17 (4) Fees or charges for ~~property-related~~ *property-related* services
18 as provided by this article.

19 (b) For purposes of this article, fees for the provision of electrical
20 or gas service ~~shall are~~ *not be deemed* charges or fees imposed as
21 an incident of property ownership.

OFFICE OF THE CITY CLERK
OAKLAND

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Approved as to Form and Legality

DRAFT

City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

Introduced by Council President Patricia Kernighan

Resolution In Support Of SCA 11 (Hancock) "Reform of the Local Special Taxes Vote Threshold" Which Would Lower the Vote Threshold for Increasing Most Special Taxes from 2/3s to 55%.

WHEREAS, the California Constitution conditions the imposition of a special tax by a local government upon the approval of 2/3s of the voters voting on that tax; and

WHEREAS, the California Constitution prohibits a local government from imposing an ad valorem tax on real property or a transactions tax or sales tax on the sale of real property; and

WHEREAS, the City of Oakland wishes to reduce the threshold for increasing most special taxes in order to make it easier for voters to choose to impose a special tax; and

WHEREAS, Senate Constitutional Amendment 11 (Hancock) would place before the California electorate a proposition that would instead condition the imposition, extension, or increase of a special tax by a local government upon the approval of 55% of the voters voting on the proposition; now therefore be it

RESOLVED that the Oakland City Council supports Senate Constitution Amendment 11 and encourages the California Legislature to place the amendment before the electorate; and be it

FURTHER RESOLVED: That the City Council hereby directs the City Administrator and the City's legislative lobbyist to advocate for the above position in the California State Legislature.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2013

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, GIBSON McELHANEY, GALLO, KALB, KAPLAN, REID,
SCHAFF, and PRESIDENT KERNIGHAN

NOES-

ABSENT-

ABSTENTION-

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk
of the Council of the City of
Oakland, California