



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

9-12

September 20, 1996

To: Board of Directors (Committee on Legislation -Information)
From: General Counsel
Subject: Right to Vote on Taxes Initiative

RECOMMENDATION:

For information only.

EXECUTIVE SUMMARY:

At the September meeting of the Committee on Legislation, members of your Board requested information on the supporters and opponents to the Right to Vote on Taxes Initiative, which will appear as Proposition 218 on the November ballot. Revised Board letter 9-13, dated August 30, 1996 (copy attached), describes the provisions of this initiative and analyzes some potential impacts.

Associations and other groups which have adopted official positions opposing Proposition 218 as of the date of this letter are listed on Schedule 1. An official list of organizations which have endorsed Proposition 218 is not yet available, but supporters include the California State Chamber of Commerce and California Taxpayers Association.

DETAILED REPORT:

At the September meeting of the Committee on Legislation, members of your Board requested information on the supporters and opponents to the Right to Vote on Taxes Initiative, which will appear as Proposition 218 on the November ballot. Revised Board letter 9-13, dated August 30, 1996 (copy attached), describes the provisions of this initiative and analyzes some potential impacts.

Associations and other groups which have adopted official positions opposing Proposition 218 as of the date of this letter are listed on Schedule 1. Updated

information may be obtained from the Web page sponsored by the "No on Prop. 218" campaign group, "Citizens for Voters' Rights," at <http://www.prop218no.org>. An official list of organizations which have endorsed Proposition 218 is not yet available, but supporters include the California State Chamber of Commerce and California Taxpayers Association. We have not yet identified a Web site for the "Yes on 218" campaign.

The Association of California Water Agencies is scheduled to consider whether to adopt a formal position on Proposition 218 at the meeting of its Board of Directors on September 27, 1996.

Schedule 1

The League of Women Voters of California

The California Fire Chiefs Association

The California Police Chiefs Association

The California Library Association

The California Association of Highway Patrolmen

The California Professional Firefighters Association

The Peace Officers Research Association of California

The California Teachers Association

The California Congress of Seniors

The League of California Cities

California Peace Officers Association

California Parks and Recreation Society

California School Employees Association

C.D.F. Firefighters (California Department of Forestry and Fire Protection)

San Bernardino Public Employees Association

California Transit Association

The Greenbelt Alliance

Planning and Conservation League

The Sierra Club

California Council for Environmental and Economic Balance (CCEEB)

August 30, 1996

To: Board of Directors (Committee on Legislation--Information)
From: General Counsel
Subject: Right to Vote on Taxes Initiative

**RECOMMENDATION(S)**

For information only.

EXECUTIVE SUMMARY

The Right to Vote on Taxes Initiative, sponsored by the Howard Jarvis Taxpayers Association, will appear as Proposition 218 on the November ballot. If adopted by the voters in November, this initiative will impose additional procedural burdens on local government agencies which obtain revenues through property-related fees, assessments (including standby charges) and taxes.

The provisions of this initiative with the most direct impact on Metropolitan are its prohibition of new standby charges without extensive additional procedures for this imposition or increase.

DETAILED REPORT

The Right to Vote on Taxes Initiative, sponsored by the Howard Jarvis Taxpayers Association will appear as Proposition 218 on the November ballot. If adopted by the voters in November, this initiative will impose additional burdens on local government agencies in those instances where it is applicable.

Proposition 218 would have the following impacts on procedures for imposition of fees, assessments (including standby charges) and taxes:

- Before adopting any **new fee or fee increase**, the local government agency must provide mailed notice to every property owner. The new fee or fee increase may not be imposed if protested by a majority of property owners. New or increased fees (except for water, sewer or refuse collection) require voter approval.

- **New or Increased Assessments** may be charged only for special benefits received by properties, and may not exceed the cost to provide the improvement or service to the affected property. New procedures include a requirement for mailed notice to each property owner, with a mail-in ballot (weighted according to proportional financial obligation of the affected property) allowing the owner to indicate support for or opposition to the assessment or charge to be included in the notice. If ballots submitted in opposition to the charge exceed ballots submitted in favor, the charge may not be imposed.
- All local general **taxes** (including those levied by charter cities), would require majority voter approval. Existing local general taxes which were imposed after December 31, 1994, must be ratified by the voters within two years.

The provisions of this initiative with the most direct impact on Metropolitan are its prohibition of new standby charges without extensive additional procedures for this imposition or increase.

The Legislative Analyst's estimates of the fiscal impact of the bill include loss of revenues from property-related fees and assessments which do not meet the initiative's restrictions (primarily for parks and recreation, fire protection, lighting, ambulance, business improvement, library and water service) of over \$100 million annually, plus potential loss of more than \$100 million statewide if voters do not approve recently imposed taxes and existing assessments which would require voter ratification. This does not include future revenue impacts from constraints on ability to obtain new and increased fees, assessments and taxes. Local increased costs to hold elections, calculate fees and assessments, notify the public and defend fees and assessments in court could exceed \$10 million initially. Finally, the initiative's requirement that schools, state agencies, cities, counties and other local agencies pay assessments on their properties, which currently are exempted from many assessments, would divert over \$10 million initially from these agencies.

In instances where required, Metropolitan's estimates of the cost of producing and mailing standby charge notices with a ballot enclosure to each property owner in Metropolitan's service area at today's printing and postage prices exceed \$1,275,000. This compares with the \$600,000 cost incurred for standby charge notices in 1993, when postcard notices of increases in standby charges were mailed to property owners within Metropolitan.

Approval of a simple majority (greater than 50%) of the voters voting on this measure will suffice to make the Constitutional changes set forth in the initiative.

The wording of this initiative is very complex. It appears to exempt existing standby charges under certain circumstances. We are in the process of analyzing the applicability of this provision to Metropolitan's existing standby charge.

Our present conclusion is that an exemption for certain existing standby charges is provided in the initiative.