



The Taxpayer Protection and Government Accountability Act Initiative No. 21-0042A1

October 21, 2022

Effective date: Any new or increased tax or fee adopted by the Legislature, a city council, or the local voters after **January 1, 2022**, must comply with the Act's new rules.

State taxes

- All new and increases in state taxes will require majority voter approval.
- Prohibits property tax "surcharge" (increase). Prohibits allocation of property tax to the state.

Local taxes

- New requirements for voter approval
 - when applied to territory is annexed.
 - when existing tax is applied to a new service or product, for example utility user tax (UUT) to new service.
- New or increased taxes adopted after January 1, 2022, must include a sunset date.

Fees and charges

- State and cities have burden of proving by "clear and convincing evidence" that a fee/charge is not a tax; that the amount is reasonable; and that it does not exceed "actual cost."
- Elimination of the "specific benefit conferred" or "privilege granted" exception makes it more likely that franchise fees will be considered taxes. The state and cities issue franchises to oil companies, utilities, gas companies, railroads, garbage companies, cable companies, and other corporations.
- Fees and charges for services and permits may not exceed the "actual cost" of providing the product or service for which the fee is charged. "Actual cost" is the "minimum amount necessary." Examples include planning services, excavation and encroachment permits, preparation of candidate statement, and permit parking.
- No fee or charge or exaction regulating vehicle miles traveled can be imposed as a condition of property development or occupancy.

Fines and penalties [administrative enforcement of state law and municipal codes]

- Requires voter approval of fines and penalties for corporations and property owners that violate state and local laws unless a new, undefined adjudicatory process is used to impose the fines and penalties. Examples include nuisance abatement, organic waste reduction requirements, and failure to maintain a vacant property.

Voters

- Local advisory measures are prohibited. No measure may appear on the ballot asking for approval for a general tax that would indicate that the revenue from the general tax will, could, or should be used for a specific purpose.
- Overturns *Upland* decision so taxes proposed by initiative are subject to the same rules as taxes placed on the ballot by a city council.
- Voters may not amend a City Charter to impose, extend, or increase a tax or fee.