

THE SACRAMENTO BEE

Local tax limit is a soda industry play that goes too far

BY THE SACRAMENTO BEE EDITORIAL BOARD

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If you get asked to sign a petition for a ballot initiative to limit local taxes in California, you might just want to walk away.

This radical measure would require a two-thirds supermajority for any new tax, tax increase or tax extension, making it much more difficult for cities and counties to control their own financial destinies.

It gets worse for local governments. If [the proposed constitutional amendment](#) qualifies for the November ballot and if statewide voters approve it, it would be retroactive to Jan. 1, 2018. So any local tax measure approved by voters this year by a majority vote would be wiped out unless and until it is passed again by a two-thirds majority.

That could severely complicate the city of Sacramento's plan to renew the existing Measure U half-cent sales tax that is essential to keeping cops on the street – as well as the campaign for [economic equity after the killing of Stephon Clark by police](#).

City officials are working on a possible sales tax hike on the November ballot to help pay for more investment in poor neighborhoods, and they're [trying to craft it in a way to require only a simple majority to pass](#).

At the very least, there will be a November vote on Measure U, which would otherwise expire next March 31. The proposed city budget released Monday shows just how important it is, as [detailed by The Sacramento Bee's Ryan Lillis](#). It generates more than \$47 million a year and pays for 420 employees, including 195 positions in the police department and another 90 in the fire department. If it isn't re-upped, City Hall doesn't really have a back-up plan; the loss of \$47 million is almost as much as its entire reserve fund.

Measure U passed with 64 percent of the vote in 2012. Now, under state law, taxes for a general purpose need only 50 percent plus one to pass, while taxes for a specific purpose, including parcel taxes, require a two-thirds majority.

This initiative is largely a soda industry play to stop any more local taxes on their products.

The beverage industry successfully fought soda taxes, but in 2014 [Berkeley became the first city in the nation](#) to pass a local tax on sugary drinks. Oakland and San Francisco followed in 2016. They were all taxes for general purposes that only needed a simple majority to pass.

In Berkeley, 76 percent of voters backed the soda tax; it passed with 61 percent in Oakland and 62 percent in San Francisco – which means they would have failed under the proposed two-thirds requirement.

As [The Sacramento Bee's Alexei Koseff reports](#), beverage companies and other business groups are prepared to spend tens of millions to get this initiative on the ballot and get it passed. Proponents, who have until June 28 to collect the 585,407 valid signatures necessary to qualify, say local governments' "appetite" for new taxes is increasing the cost of living for Californians.

On the other side, the [League of California Cities and labor unions have formed a coalition](#) to fight the measure. Next month, the California Association of Counties is also likely to go on record against it. Opponents say the measure threatens to gut basic services, including public safety.

With the Proposition 13 limits on property taxes and Proposition 218 requirements, there are already plenty of restrictions on local taxes. And voters and taxpayers always have the final say on any tax hikes.

Californians should consider that before signing a petition for this extreme initiative.