

# LOWERING THE VOTE THRESHOLD FOR LOCAL TAXES

Tax & Fiscal Facts

## AT ISSUE:

Local governments currently need voter approval to increase taxes, but state lawmakers are considering several proposals to make it easier for local government to raise taxes and increase debt. The several proposals would lower the current two-thirds vote requirement for certain types of taxes and bonds so that taxes can be increased with fewer votes.

## WHAT TAXES COULD BE RAISED?

Local sales taxes and per-parcel property taxes are two taxes that could be raised under the seven legislative proposals. Other local taxes also may be increased if the tax is used for a specific government program, such as local schools, hospitals, libraries, fire or police departments.

## POTENTIAL IMPACT OF HIGHER LOCAL TAXES:

- **HURTS WORKING FAMILIES.** Higher local sales taxes would make it more expensive for working families to purchase everyday goods such as clothing, shoes and school supplies. Higher per-parcel property taxes could add several hundred dollars annually to the cost of home ownership or the cost of renting. This would make it harder for families to make ends meet – especially at a time when U.S. household debt has reached record levels.
- **UNDERMINES TAXPAYER PROTECTIONS.** Proposition 13 is an initiative approved by voters in 1978 that allows local government to raise special taxes only if two-thirds of the local voters approve. The purpose of this vote requirement is to ensure that local governments justify a clear and critical need for more taxpayer dollars. The two-thirds vote requirement is the best tool taxpayers have to control local government costs, and provides a check-and-balance approach to government spending. Without it, the people will have less control over how much they can be taxed and how government spends those taxes.
- **EXPANDING TAXING AUTHORITY IS UNNECESSARY.** California is expected to continue its current economic recovery. As the economy improves, local governments will receive additional tax revenue. With more tax money being generated in the years ahead, it is unnecessary to consider expanding taxing authority. Further, the most recent statewide study of local district finances found that special districts had amassed \$19.4 billion in excess funds from special taxes, user charges and other assessments. Lowering the number of votes needed to raise taxes would make it easier for some local governments to collect even more money than may be necessary.



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