

# TAXPAYER PROTECTION

and Government Accountability Act

## GET THE FACTS

The **Taxpayer Protection and Government Accountability Act** will give voters the right to vote on all future state taxes and holds politicians accountable for new fees and other increased costs paid by working families and all Californians.

The measure increases accountability by requiring politicians to spend new or higher tax revenue on its intended purpose. It will provide much-needed relief to families, farmers, and business owners, helping them to combat the growing cost-of-living crisis facing all Californians.

The Act doesn't cut any current state or local government funding. It simply gives voters the right to vote on all future tax increases and stops working families from paying billions more in "hidden taxes" imposed by unelected bureaucrats.

### The Problem

**There is a cost-of-living crisis in California, and it's only getting worse.** California's high cost of living not only contributes to the state's skyrocketing poverty, rampant homelessness, and rising crime, but it also pushes working families and job-providing businesses out of the state.

**Californians pay the nation's highest state income tax, sales tax and gasoline tax.** According to the Census Bureau, we pay more in combined state and local taxes than any other state in the nation. Taxes are only part of the reason for California's rising cost-of-living crisis. We also pay billions more in hidden "fees" passed through to consumers in the price they pay for products, services, food, fuel, transportation, utilities and housing.

**But special interests keep demanding more from taxpayers and businesses.** State tax revenue has more than doubled from 2011-12 to 2021-22, and politicians are spending every penny they can. Despite a massive state budget surplus of \$46 billion and growing, state legislators and special interests proposed more than \$234 billion in new and higher state taxes in 2021. In 2022, they've already proposed another \$100 billion more. Local governments have stated they will seek tens of billions in higher local taxes in the coming years.

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# Taxpayer Protection & Government Accountability Act

## GIVES VOTERS AN INCREASED VOICE ON ANY NEW AND HIGHER TAXES

**Increases voters' voice on all statewide tax increases.** The Act requires state legislation imposing any new or higher taxes to be approved by a majority of voters in a statewide election.

**Closes tax loophole at the local level.** The Act will reinstate the two-thirds approval requirement for any new or higher “special taxes” proposed by initiative in a local election, while still maintaining the current majority vote requirement for general tax increases. This loophole was created when the California courts undid decades of voter-approved tax law requiring a 2/3 vote for all special taxes.

## DEMANDS ACCOUNTABILITY & TRANSPARENCY

**Eliminates all “hidden taxes.”** The Act reestablishes and clarifies what constitutes a tax or an exempt charge. It restricts the courts from punching new loopholes in Proposition 13 and Proposition 218 by requiring new revenues to be assigned to one of these two categories protected by the transparency and accountability provisions of the TPA. The Act prohibits unelected bureaucrats with no public accountability from imposing “hidden taxes” that could raise billions of dollars in revenue from working families and businesses. Under the measure, any revenue increase must be passed by either the voters or an elected body, making politicians accountable for cost increases on working families and businesses.

**Provides improved transparency on how new and higher taxes and exempt charges will be used.** The Act will require that all charges for products or services must be based on the *actual cost* to the government service of providing that product or service, and that those costs must also be reasonable, preventing politicians from placing additional franchise fees or other “hidden profit” onto private providers who ultimately pass them on to consumers. Simply put, government should not be making a “profit” off of the services it provides the people it serves.

**Holds politicians accountable for truthful description of the new tax proposals.** The Act will require that the Legislature and local governments include a legally enforceable, specific designation on the ballot for the use of proposed special taxes, the tax rate and the period the tax would be in effect (limited or in perpetuity). This provision will put an end to “bait and switch” taxes, where politicians say the new revenue will be used for one purpose, then redirect the funds after voters approve the new or increased tax.

**Prevents politicians and special interests from circumventing the requirements of this measure.** In order to ensure politicians and special interests do not flood the ballot with new and higher tax proposals or impose new or increased charges to before new protections are adopted in November, the Act requires all revenue proposals (taxes and exempt charges) adopted after January 1, 2022 to comply with the Act’s new accountability and transparency requirements.