CONSENT CALENDAR
April 24, 2018

To: Honorable Mayor and Members of the City Council

From: Councilmembers Wengraf, Hahn and Droste, and Mayor Jesse Arreguin

Subject: Oppose the Tax Fairness, Transparency and Accountability Act of 2018

RECOMMENDATION
Adopt a Resolution opposing the “Tax Fairness, Transparency and Accountability Act of 2018” and send a copy to the League of California Cities. In addition, send a letter of opposition to members of the California Business Roundtable (CRBT) so they realize the negative effect this potential legislation will have on municipalities. This initiative has already surpassed 25% of the required signatures to qualify for the November 2018 ballot. If passed by voters this could have grave consequences for cities throughout California.

FINANCIAL IMPLICATIONS
None

BACKGROUND
The “Tax Fairness, Transparency and Accountability Act of 2018” or (AG# 17-0050 Amdt. #1), is currently under circulation for signatures and proposed for the November ballot. This initiative would drastically limit local revenue authority, while making comparatively minor modifications to state authority. For cities and other local agencies, it applies retroactively and may void any local measure approved by local voters on or after January 1, 2018, but prior to the effective date of this act, that does not comply with the provisions of the act.

This initiative is sponsored by the California Business Roundtable, an organization that claims membership from some of the state’s largest companies including, Wells Fargo, Albertsons, KB Home, Blackstone Group, Chevron, Farmers Insurance, Granite Construction and others.

One of the purposes of the measure is to overturn “loopholes” created by Cannabis Coalition v. City of Upland (concern that voters could enact special taxes via initiative by majority vote); Chamber of Commerce v. Air Resources Board (a recent case lost by the Chamber which alleged that the state Cap and Trade Program was an illegal tax) and Schmeer v. Los Angeles (which held that a locally imposed-grocer retained bag fee was not a tax).
ENVIRONMENTAL SUSTAINABILITY
Protecting the City’s ability to generate tax revenue protects its ability to protect the environment.

CONTACT PERSON
Councilmember Susan Wengraf  Council District 6  510-981-7160

Attachments:
1: List of CRBT members to send the letter of opposition
2. Resolution
3: Draft Letter
CRBT members:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>First Name</th>
<th>Last Name</th>
<th>Contact Title</th>
<th>Billing Address</th>
<th>City</th>
<th>State</th>
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<tbody>
<tr>
<td>Albertsons</td>
<td>Rachel</td>
<td>Zenner</td>
<td>Director State &amp; Local Gov't Affairs</td>
<td>11555 Dublin Canyon Road</td>
<td>Pleasanton</td>
<td>CA</td>
<td>94588</td>
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<tr>
<td>American Beverage</td>
<td>Fredericka</td>
<td>McGee</td>
<td>Vice President, Government Affairs</td>
<td>1275 Pennsylvania Ave., NW, Suite 1100</td>
<td>Washington</td>
<td>DC</td>
<td>20004</td>
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<tr>
<td>Association</td>
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<tr>
<td>Comcast</td>
<td>Regina</td>
<td>Evans</td>
<td>Senior Director Government Affairs</td>
<td>3055 Comcast Circle</td>
<td>Livermore</td>
<td>CA</td>
<td>94551</td>
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<tr>
<td>Dart Container Corp.</td>
<td>Jonathan</td>
<td>Choi</td>
<td>Regional Manager, Western Region</td>
<td>4000 Barranca Parkway, Suite 250</td>
<td>Irvine</td>
<td>CA</td>
<td>92604</td>
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<td>Pfizer</td>
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<td>Kaiser Permanente</td>
<td>Kirk</td>
<td>Kleinschmidt</td>
<td>Director, Gov't Relations</td>
<td>353-A Vintage Park Drive</td>
<td>Foster City</td>
<td>CA</td>
<td>94404</td>
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<tr>
<td>State Farm Insurance</td>
<td>Vince</td>
<td>Wetzel</td>
<td>Gov't Affairs</td>
<td>1201 K Street Suite 920</td>
<td>Sacramento</td>
<td>CA</td>
<td>95814</td>
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<tr>
<td>Union Pacific Railroad</td>
<td>Wesley</td>
<td>Lujan</td>
<td>Vice President</td>
<td>915 L Street, Ste 1180</td>
<td>Sacramento</td>
<td>CA</td>
<td>95814</td>
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<tr>
<td>Wells Fargo</td>
<td>Alfredo</td>
<td>Pedroza</td>
<td>CA Local Gov't Relations</td>
<td>45 Fremont St. 26th Floor</td>
<td>San Francisco</td>
<td>CA</td>
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RESOLUTION NO. ##,###-N.S.

A RESOLUTION OPPOSING THE TAX FAIRNESS, TRANSPARENCY AND ACCOUNTABILITY ACT OF 2018

WHEREAS, California's cities, counties and special districts follow strict guidelines and existing state law regarding the establishment of reasonable fees and the required voter approval of all local taxes; and

WHEREAS, there is a signature-gathering campaign for a state ballot measure currently sponsored by the California Business Roundtable that would severely harm the ability of local governments to continue to provide quality services by imposing onerous roadblocks to raising local revenue to address community needs, services and infrastructure improvements; and

WHEREAS, it is important for local community members, in concert with their duly-elected officials—rather than a special interest group in Sacramento—to determine the services and funding levels appropriate for their own cities; and

WHEREAS, the proposed ballot measure would allow businesses to escape from their existing obligations to pay the full cost of services that they request and receive from local agencies and benefit from; and

WHEREAS, the proposed ballot measure would then shift the burden of these uncovered costs from business interests to local general funds supported by taxpayers, and thereby reduce general funds available to support police, fire, park, planning, and other community services.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City of Berkeley hereby opposes the “Tax Fairness, Transparency and Accountability Act of 2018” sponsored by the California Business Roundtable on the grounds that this measure would harm the ability of local communities to adequately fund services.

BE IT FURTHER RESOLVED that the Berkeley City Council requests that the City Clerk email a copy of this adopted resolution to the League of California Cities at cityletters@cacities.org.
April 24, 2018

RE: Proposed Ballot Measure: Tax Fairness, Transparency and Accountability Act of 2018

Dear XX XXXX:

There is a state ballot measure out on the streets for signature gathering sponsored by the California Business Roundtable that would amend the State Constitution to change the rules on how the state and local governments can impose taxes, fees, and other charges. The ability for a city to raise new revenues is a local control issue and not a decision that should be made by a special interest group in Sacramento.

The proposed state ballot measure would severely hurt the ability of the City of Berkeley to continue to provide quality services by making it virtually impossible to raise revenue to address community needs, services and much needed infrastructure improvements. It will also have a dramatic impact on the business climate in our community.

We were very surprised to see your company being listed as a member of the California Business Roundtable. Maybe you are not fully aware, but what is being proposed will actually hurt the business environment in the communities where you are located.

Berkeley has always tried to be helpful to the business community and provide excellent services that improve the quality of life and foster a good climate for business. As a member of the California Business Roundtable, we would respectfully request that you place a phone call and ask the California Business Roundtable to stop circulating this measure and eliminate the provisions that are harmful to local government and our local communities.

Thank you,

CITY OF BERKELEY Mayor and City Council

Cc: Sam Caygill, League of California Cities, East Bay Division, scaygill@cacities.org