

# Editorial: Give California cities, counties more tax leeway

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With Democrats firmly in control in both houses of the Legislature, and Democrat Jerry Brown sitting in the governor's seat, now is an opportune time to reform California's convoluted tax laws.

Senate President Pro Tem Darrell Steinberg of Sacramento says he has no plans to launch a full frontal assault on Proposition 13, the 1978 property tax-slashing measure. Certainly no serious efforts are under way to fiddle with the residential side of Proposition 13.

A split roll that allows commercial property taxes to rise while retaining limits on residential properties has been discussed for years, but it would necessitate a gigantic political war with the state's business community. At a time the economy remains very fragile, that seems foolhardy.

It makes far more sense for the Legislature to target its tax reform efforts toward giving local government greater authority to raise revenue.

Cities, counties and special districts are closer to the people and have the bulk of the responsibility to carry out governmental functions, but they are short on resources and face constraints on their ability to raise revenues. The two-thirds vote rule for special local tax measures is one unnecessary hurdle the Legislature can and should address.

In the November election, less than half – 19 of 43 local

special tax measures – passed. Many of those that failed did so very narrowly.

Alameda County's special transportation measure B1 stands out. It garnered 66.5 percent of the vote, less than 800 votes shy of the two-thirds vote threshold needed for passage. Another transportation measure in Los Angeles County failed after winning 64.7 percent of the vote.

While special taxes require two-thirds approval, state law allows a simple majority vote approval for general tax increases, those tax measures that essentially give local governments a blank check to spend the extra taxes voters approve for any legitimate governmental purpose.

The distinction between general and special taxes grew out of a California Supreme Court decision interpreting Proposition 13. It provided that cities, counties and special districts could impose a "special tax" only after a two-thirds vote of the people. But Proposition 13 drafters neglected to define "special taxes." The state's high court defined a special tax as any that was earmarked for a specific purpose.

Voters reaffirmed the two-thirds vote requirement for special taxes when they approved Proposition 218 in 1996.

It's not right that a minority of voters in Alameda County, Los Angeles or anywhere else in the state can thwart the will of a sizable majority, but it happens every election cycle.

Voters have already reduced the two-thirds vote threshold for school bond measures to 55 percent. Two constitutional amendments have been introduced this legislative session that would reduce the voter thresholds to 55 percent for school parcel tax measures and library taxes. More are expected.

Rather than this piecemeal approach, it would be cleaner and, frankly fairer, if all local tax increases were decided by a simple majority vote.

Such a change requires a constitutional amendment, which means a two-thirds vote in the Legislature, something that Democrats with supermajorities in both houses now have the numbers to achieve. Of course, the final decision would be made by the voters, probably in 2014.

So as they ponder what of real significance they can accomplish with their supermajorities, giving local governments more flexibility to raise their own taxes should be high on Democrats' list.