SAN DIEGO COUNTY
TAXPAYERS
ASSOCIATION

MEMORANDUM FOR THE RECORD

Subject: General Policy for 2022 Special Taxes and Citizens' Initiatives

Date: 24 January 2022

The San Diego County Taxpayers Association believes that the structural deficits faced by local governments are a root cause of the continuing structural inequity we see in underserved communities. In other words, the growing costs of public employee retirement programs continues the relative underinvestment and inadequacy of public resources available for services in poorer communities and those of color.

As such, the Association will oppose any special tax for a traditionally general fund financed obligation of a local agency unless one of the following conditions is met:

(1.) If the agency, in parallel to proffering the special tax, also places on the same ballot a special and ad valorem tax to finance the expected annual required contribution of public employee retirements at an assumed risk-free rate of return (2%). This demonstrates that local leadership is willing to place before the voters an honest accounting of the true burdens on the general fund. While this is less ideal than active management of the costs of labor, it does permit the taxpayers to decide which items are of higher priority in terms of public financing.

Or

(2.) If the agency, in parallel to proffering the special tax, also begins formal proceedings with the Local Agency Formation Commission (LAFCO) to merge with another local agency to streamline the costs of delivering services while also increasing the number of households paying general obligation taxes.

Or

(3.) If the agency successfully reduces employee salaries and retirement benefits through meet-and-confer processes with public employee bargaining groups on a go-forward basis at the same level of financing and for the same duration needed with the special tax. This demonstrates significant leadership by that agency leadership and significant sacrifice by public servants, and in this event, the Association will remove its opposition to the special tax and analyze it according to its standard review process.

Recognizing that financing initiatives developed by citizens' groups using their California right to initiative cannot achieve any of the three conditions above and may be challenged in providing all the information requested by the Association through its review process, the Association is willing to remove its opposition of that citizens' group and analyze it according to its standard review process with all of the following:

- One of the submission requirements is specific year-over-year performance targets and measures. In lieu of specific year-over-year targets, the Association is willing to accept a sunset clause that would be triggered if certain performance targets and measures are not met.

  And

- In lieu of a governing body's action to adopt SDCTA's Best Practices on Independent Citizens' Oversight, the measure must require such adoption or, if the measure is already drafted and circulating at the time of this policy's publication, the proponents must secure in writing commitments by all incumbents and candidates to adopt our Best Practices.

  And

- In order to satisfy the Association's criterion that the citizens' group considers aggregate tax burden, the group must provide a analysis on the projected cost-of-living impacts of the proposed special tax on a low-income (<80% area median income), moderate-income (80-120% area median income), and middle-class or wealthy (>120% area median income) household and demonstrate it will not be regressive.