Legal and Elections Update

Michael G. Colantuono
Colantuono, Highsmith & Whatley, PC
530.432.7357
mcolantuono@chwlaw.us
Twitter: @MColantuono

Michael Coleman
530.758.3952
coleman@muniwest.com
Twitter: @MuniAlmanac
November 2018 Local Fiscal Measures
Proposed Measures

- School Bond, 107
- County General Tax, 19
- School Parcel Tax, 14
- Special Dist. Parcel Tax, 29
- County Special Tax, 8
- City Special Tax, 26
- City G.O. Bond, 7

© 2018 Michael Coleman

Los Angeles County

CaliforniaCityFinance.com
November 2018 Local Fiscal Measures
Proposed Measures: City, County and Special Districts

2/3 Vote Majority Vote

Sales Tax 58
- Sales 11
- Hotel Tax Special 11
- G.O. Bond 11
- Parcel Tax 41
- Cannabis Tax Special 2

Hotel Tax 31
- Prop Transfer 2
- Utility Transfer 6

Utility Users Tax 5

Cannabis Tax 77
- Utility User
- Hotel Occupancy
- Business License
- Parcel, GO Bond Other

© 2018 Michael Coleman

CaliforniaCityFinance.com
November 2018 Local Fiscal Measures
Results: School Bonds and Parcel Taxes

- 55% Vote Bond: Since 2001 84%
- 2/3 Vote Parcel Tax, Bond: Since 2001 62%
November 2018 Local Fiscal Measures
Results: City, County and Special Districts

- General Tax Majority Vote Measures: Since 2001 73%
- Special Tax 2/3 Voter Measures: Since 2001 48%

Percent Passing:
- 54% (40/74)
- 90% (167/186)
November 2018 Local Fiscal Measures
Results: City, County and Special Districts

- Cannabis Tax: 72 Pass, 5 Fail
- Sales Tax: 52 Pass, 6 Fail
- Parcel Tax 2/3: 22 Pass, 19 Fail
- Hotel Occup Tax: 28 Pass, 3 Fail
- Sales 2/3Tax: 6 Pass, 5 Fail
- G.O.Bond 2/3: 5 Pass, 6 Fail
- Hotel Occup 2/3Tax: 7 Pass, 2 Fail
- BusnLic Tax Other: 7 Pass, 1 Fail
- Prop Transf Tax: 5 Pass, 1 Fail
- Utility Users Tax: 2 Pass, 3 Fail
- Utility Transfer: 1 Pass
- Cannabis 2/3Tax: 2 Pass
Sales Tax Measures – November 2018

General majority vote
Sales Tax Measures – November 2018

Special 2/3 vote
California Local Tax and Bond Measures

Gubernatorial & Presidential Elections

- Pass
- Fail

© 2018 Michael Coleman
Local Tax Measures – Best Practices

✓ Majority-vote general tax
✓ Open, inclusive citizen engagement: budget/financial plans
✓ Compare with your neighbors
✓ Pick one – avoid same-ballot pile-on
✓ High turnout elections (even year November) are best
✓ Get good advice: legal, polling, prep, campaign
California Local Tax and Bond Measures
Even Year November Elections

Sales Taxes
- Special 2/3
- General

Cannabis Taxes
- November 2018: 79

Hotel Taxes
- November 2018: 40

Utility User Taxes
- November 2018: 5
California Local Tax and Bond Measures

**Parcel Taxes and GO Bonds**
- **G.O. Bonds**
- **Parcel Taxes**

**School Bonds**
- 2/3 vote bond
- 55% bond

<table>
<thead>
<tr>
<th>Year</th>
<th>2/3 vote bond</th>
<th>55% bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov '06</td>
<td>$9.0</td>
<td>$7.3</td>
</tr>
<tr>
<td>Nov '08</td>
<td>$1.7</td>
<td>$12.0</td>
</tr>
<tr>
<td>Nov '10</td>
<td>$0.1</td>
<td>$14.0</td>
</tr>
<tr>
<td>Nov '12</td>
<td>$0.6</td>
<td>$15.0</td>
</tr>
<tr>
<td>Nov '14</td>
<td>$11.0</td>
<td>$20.0</td>
</tr>
<tr>
<td>Nov '16</td>
<td>$112.0</td>
<td>$15.0</td>
</tr>
<tr>
<td>Nov '18</td>
<td>$184.0</td>
<td>$25.0</td>
</tr>
</tbody>
</table>

*Billions*
What *South Dakota v Wayfair* Means

<table>
<thead>
<tr>
<th>Uncollected Revenues from Out of State Sales</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Revenue Gains from Expanded State Tax Collection Authority</td>
<td>United States billions 2017</td>
<td>Low scenario</td>
</tr>
<tr>
<td><strong>Business to Consumer (B2C)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internet Retailers</td>
<td>$ 3.2</td>
<td>$ 4.8</td>
</tr>
<tr>
<td>E-marketplace sellers (Ebay, Amazon)</td>
<td>3.9</td>
<td>6.2</td>
</tr>
<tr>
<td>Other remote Retailers (catalog, TV, etc.)</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>(less consumer use tax compliance)</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>B2C total</strong></td>
<td>$ 8.4</td>
<td>$ 12.5</td>
</tr>
<tr>
<td><strong>Business to Business (B2B)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Merchant wholesale E-Commerce</td>
<td>1.0</td>
<td>2.9</td>
</tr>
<tr>
<td>(less business use tax compliance)</td>
<td>(0.9)</td>
<td>(2.0)</td>
</tr>
<tr>
<td><strong>B2B Total</strong></td>
<td>$ 0.1</td>
<td>$ 0.9</td>
</tr>
<tr>
<td><strong>Grand total (B2B+B2C)</strong></td>
<td>$ 8.5</td>
<td>$ 13.4</td>
</tr>
</tbody>
</table>

**California**

$ 1.0 $ 1.7

*Source: US Government Accountability Office November 2017*
What *South Dakota v Wayfair* Means

**Uncollected Revenues from Out of State Sales**

<table>
<thead>
<tr>
<th>Potential Revenue Gains from Expanded State Tax Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>California millions 2017</strong></td>
</tr>
<tr>
<td>State General Fund</td>
</tr>
<tr>
<td>County Realignment</td>
</tr>
<tr>
<td>Proposition 172</td>
</tr>
<tr>
<td>County TDA</td>
</tr>
<tr>
<td>City* Bradley-Burns</td>
</tr>
<tr>
<td>Add-On Local Transaction &amp; Use</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

*to county where situs is unincorporated. Also, some cities share a portion of their 1% with their county.*

Source: US Government Accountability Office November 2017