

Proposed Ballot Measure Increasing Vote Requirement for Local Tax Measures Will NOT be on November Ballot; Local Soda Taxes Prohibited in Legislative Deal

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ATTORNEYS

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Proponents have withdrawn a California initiative measure that could have been devastating for local government in a last-minute deal with the Legislature and Governor. Among other provisions, proposed Initiative 17-0500 would have raised the voting threshold to 2/3 for local governments to pass new taxes or fees, and would have invalidated taxes passed in 2018 unless they met requirements contained in the measure. It also would have broadened the definition of state taxes that require voter approval.

Analysts predicted that proposed Initiative 17-0500, which had qualified for the ballot, could have hit local government finances particularly hard had it passed and that some taxes approved by the voters in 2018 might have been invalidated. The initiative also would have expanded the categories of state taxes that would have required voter approval. The measure was reportedly circulated by the soda industry and business groups as part of a plan to thwart soda and sugary beverage taxes in California. In a deal reached Thursday, according to press reports, the Legislature and Governor quickly passed a bill that prohibits local governments from enacting taxes on beverages and other "groceries" for a period of 12 years and, in exchange, the proponents agreed to withdraw the measure.

The California Secretary of State's website indicates that proposed Initiative 17-0500 was withdrawn as of June 28, 2018. The new bill is **AB 1838**.

For more information about local ballot measures and election law, please contact **Craig Steele**.