



RESULT OF NOVEMBER GENERAL ELECTION MIXED FOR TAX MEASURES

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Certified election results gathered by the California Debt and Investment Advisory Commission (CDIAC) show that slightly less than half of all local government tax measures were approved by voters in the November 5, 2002 General Election. Voters approved 71 of 148 local tax measures on the ballot (48 percent). Most of these measures were to increase or continue local taxes, but some of the utility users tax measures were to decrease or eliminate taxes. This article provides an overview of these election results. For a complete listing of results on all of the state and local bond and tax measures, please see the forthcoming CDIAC report, *State and Local Bond and Tax Ballot Measures: Results of the November 2002 General Election*.

Reasons for Increased Number of Tax Measures

On June 4, 2001, the California Supreme Court ruled, in *Howard Jarvis Taxpayers Association v. City of La Habra*, that taxes adopted in violation of Proposition 62's voter approval requirements are subject to legal challenge each time the tax is collected. Proposition 62 is a statutory initiative which required majority voter approval of local general taxes and restated the two-thirds voter approval requirement for local special taxes. La Habra had relied on appellate rulings that Proposition 62's voter approval requirements were unconstitutional and put in place a utility users tax without voter approval. However, in 1995, the California Supreme Court found the voter approval

requirements constitutional. The Howard Jarvis Foundation sued the City of La Habra over their utility users tax, demanding that the city cease collecting the tax until it had been approved by a majority of the voters. To remove any legal doubt of the legality of these taxes, local municipalities have put numerous utility users and transient occupancy taxes on the ballot this year.

In addition, due to voter backlash over the apparently high utility users tax rates in various parts of the state, a large number of utility users tax reductions qualified for the November ballot.

Types of Local Tax Measures

Voters in California counties and cities voted on a number of types of taxes. Figure 1 presents the various types of local tax measures, the number and percentage of each that passed and failed, and the total number and percentage of each on the ballot. Included are taxes related to special parcel property, transient occupancy, utility users, sales, property transfer, business license, and parking. The majority of measures on the ballot (48.6 percent) were

special parcel property taxes, which are parcel property taxes for a specific purpose and require two-thirds voter approval. Of the 72 measures on the ballot, 30 (41.7 percent) were passed.

The second largest category of tax measures was transient occupancy taxes (21.6 percent), which are imposed on hotel or motel stays. If the proceeds for these taxes are used for a specific purpose, a two-thirds majority is required for approval, otherwise, these measures are approved by a simple majority vote. Of the 32 measures on the ballot, 20 (62.5 percent) were passed.

The third largest category of tax measures on the November ballot was utility users taxes (18.2 percent), which are levied on the amount utility customers pay for such services as water, telephone, electricity, gas, and cable television. Since these funds go into the county or city General Fund, this tax requires a simple majority voter approval. Of the 27 measures on the ballot, 16 were increases or continuations of the current tax rate

Figure 1
Local Tax Measures
November 5, 2002
General Election
Summary of Results, by Type

Tax Type	Pass		Fail		Total	
	Number	Percent	Number	Percent	Number	Percent
Special Parcel Property	30	41.7 %	42	58.3 %	72	48.6 %
Transient Occupancy	20	62.5	12	37.5	32	21.6
Utility Users	12	44.4	15	55.6	27	18.2
Sales	4	44.4	5	55.6	9	6.1
Property Transfer	2	66.7	1	33.3	3	2.0
Business License	3	100.0	-	-	3	2.0
Parking	-	-	1	100.0	1	0.7
Transient Occupancy/Utility Users	-	-	1	100.0	1	0.7
Total	71	48.0 %	77	52.0 %	148	100.0 %

while 11 were reductions or eliminations of the tax. Eleven increases (68.8 percent) and one reduction (9.1 percent) passed.

Finally, of the remaining 17 measures on the ballot, 16 measures were sales, property transfer, business license, and parking tax measures. Nine of these (56.3 percent) passed. One other measure would have adopted a transient occupancy tax and a utility users tax for the proposed City of Castro Valley. This measure failed, as the community of Castro Valley failed to win cityhood.

Purposes of Local Tax Measures

Figure 2 presents the various purposes of local tax measures, the number and percentage of each that passed and failed, and the total number and percentage of each on the ballot. The

largest category of measures on the ballot by purpose was general government measures (41.9 percent). These require a simple majority to pass and, as a result, 62.9 percent of them were approved. The second largest category was fire protection measures (24.3 percent). These require two-thirds voter approval and, as a result, only 33.3 percent were approved. The next largest category was emergency medical service measures (9.5 percent). Like fire protection measures, these require two-thirds voter approval. Unlike fire protection measures, though, 92.9 percent garnered the necessary two-thirds voter approval. Of the remaining 36 measures, only 19.4 percent were approved by the voters. Purposes identified for these measures included parks and recreation, transportation, K-12 school programs, tourism, public safety, public facilities, mosquito abatement, flood control, water supply/quality, and housing.

**Figure 2
Local Tax Measures
November 5, 2002
General Election
Summary of Results, by Purpose**

Tax Purpose	Pass		Fail		Total	
	Number	Percent	Number	Percent	Number	Percent
General Government	39	62.9 %	23	37.1 %	62	41.9 %
Fire Protection	12	33.3	24	66.7	36	24.3
Emergency Medical Services	13	92.9	1	7.1	14	9.5
Parks and Recreation	1	14.3	6	85.7	7	4.7
Transportation	2	33.3	4	66.7	6	4.1
K-12 School Programs	1	16.7	5	83.3	6	4.1
Tourism	-	-	5	100.0	5	3.4
Public Safety	1	25.0	3	75.0	4	2.7
Public Facilities	1	25.0	3	75.0	4	2.7
Mosquito Abatement	-	-	1	100.0	1	0.7
Flood Control	1	100.0	-	-	1	0.7
Water Supply/Quality	-	-	1	100.0	1	0.7
Housing	-	-	1	100.0	1	0.7
Total	71	48.0 %	77	52.0 %	148	100.0 %

This Offprint was previously published in DEBT LINE, a monthly publication of the California Debt and Investment Advisory Commission (CDIAC). CDIAC was created in 1981 to provide information, education, and technical assistance on public debt and investment to state and local public officials and public finance officers. DEBT LINE serves as a vehicle to reach CDIAC's constituents, providing news and information pertaining to the California municipal finance market. In addition to topical articles, DEBT LINE contains a listing of the proposed and final sales of public debt provided to CDIAC pursuant to Section 8855(g) of the California Government Code. Questions concerning the Commission should be directed to CDIAC at (916) 653-3269 or, by e-mail, at cdiac@treasurer.ca.gov. For a full listing of CDIAC publications, please visit our website at <http://www.treasurer.ca.gov/cdiac>.

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