

## CITY OF SAN DIEGO

### Proposition E

(This proposition will appear on the ballot in the following form.)

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**PROP E** AMENDS THE SAN DIEGO CITY CHARTER BY ADDING SECTION 76.2 REGARDING GENERAL TAXES. Shall the Charter be amended to require that any increase in an existing general tax or imposition of any new general tax be levied by the Council only if the proposed levy has been approved by a two-thirds vote of the qualified City electors voting on the proposition?

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Full text of this proposition follows the arguments.

### Official Title and Summary Prepared by the City Attorney

#### VOTING FOR GENERAL TAXES

Shall the City Charter be amended to require that any new or increased general tax be approved by a two-thirds vote of the qualified City electors prior to being levied by the Council?

#### CITY ATTORNEY'S IMPARTIAL ANALYSIS

Proposition 218, approved by the voters in 1996, requires that all new local taxes be submitted to the voters before they become effective. Approval by a majority of the City's voters is currently required before the City Council can levy a new general tax, or increase an existing general tax. A general tax is a tax that is utilized for general governmental purposes, unlike a special tax, which is a tax earmarked for a specific purpose. Proposition 218 requires a two-thirds vote to approve a new or increased special tax, such as a school bond measure or a sales tax earmarked for transportation projects.

This Proposition would add section 76.2 to the Charter of the City of San Diego to require a two-thirds vote of the City's voters prior to the Council levying a new general tax or increasing an existing general tax. Some of the types of taxes which would be subject to this requirement if Proposition E is approved include sales taxes, development taxes, payroll taxes, business license taxes and transient occupancy taxes.

Proposition E will take effect if passed by a majority of the City's voters, unless Proposition F, which also appears on this ballot, is passed by a majority of the City's voters. If Proposition F is passed by a majority of the City's voters, Proposition E will not take effect unless passed by two-thirds of the City's voters.

#### CITY MANAGER'S FISCAL ANALYSIS

Proposition E would harm the City's financial flexibility and could cost the taxpayers more money because of increased interest rates. The City could stand to lose millions of dollars in revenue should future "general tax" increases receive majority voter approval but not two-thirds voter approval and City financing costs could increase by millions of dollars if the City's credit rating for financing is downgraded as was the case with the passage of Proposition 218.

## ARGUMENT IN FAVOR OF PROPOSITION E

With the economy in decline, and most San Diego businesses, including the tourism industry suffering, the only thing politicians can think about is raising taxes. More taxes in times of economic distress stifle economic growth, shrink personal income, and cost jobs.

San Diego's taxpayers should be protected from the greed, waste and extravagance of the politicians. The Taxpayer Protection Act does this by requiring that tax increases proposed by local politicians be approved by a two-thirds vote of the people. This gives you the voter, control over the city's taxing power, and takes it away from abuse by the politicians.

Anxious to hide tax increases from the people, local politicians are now imposing hidden taxes, such as those buried in our telephone, electric, water and sewer bills. In October 2001, the City Council increased sewer taxes by an astounding 30%. To pay for their extravagances, the politicians want to also increase taxes on hotel guests and businesses, which will result in higher prices for consumers, lower wages, and less benefits for employees. Even the Mayor recently conceded that "it's inappropriate at this time" to consider raising TOT taxes.

By requiring any tax increase proposal to earn real consensus support before going into effect, the Taxpayer Protection Act will improve San Diego's business climate and stimulate economic growth. San Diego workers will be assured that their after-tax income will not shrink due to local tax increases, unless two-thirds of the voters are convinced of such necessity.

The Taxpayer Protection Act will not end tax increases, but it will require that any tax scheme proposed by the politicians have a high level of support before it is enacted.

Increase the power of the people to control tax abuses by the politicians. Vote YES for the Taxpayer Protection Act.

DOUGLAS F. MANCHESTER  
President  
Taxpayer Protection Assoc., Inc.

RICHARD V. GIBBONS  
President  
Manchester Resorts

C. TERRY BROWN  
President  
Atlas Hotels, Inc.

PETER J. SEPP  
V.P. Communications  
National Taxpayers Union

GROVER NORQUIST  
President  
Americans For Tax Reform

## ARGUMENT AGAINST PROPOSITION E

### VOTE NO on PROP E

The San Diego County Taxpayers Association, San Diego Police Officers Association, San Diego City Firefighters, the San Diego Regional Chamber of Commerce and Mayor Dick Murphy urge a **NO Vote on Prop E**

**The following are four reasons to vote NO on Proposition E.**

- 1. It will cost you, the Taxpayers, money as a result of higher interest rates and damage to the City's credit rating.**
- 2. It could hurt the City in times of emergency.**
- 3. It is not needed. State law already covers this issue.**
- 4. It was put on the ballot through a campaign funded by a hotel developer to protect himself, not you.**

Proposition E will harm the City's credit rating

The City's independent Auditor and Comptroller says this initiative will harm the City's financial flexibility and could cost taxpayers millions of dollars due to higher interest rates.

Proposition E has no exemption for public emergencies

State law requires voter approval of general tax increases by majority (50% plus 1) and makes allowances for special elections in times of emergency. There are no allowances for emergencies in Proposition E.

Proposition E is not needed--Voter approval for all tax increases is already required in State law

The California Constitution already requires voter approval on all local tax increases, including a 2/3 vote for special taxes.

Special Interest Pushing Prop E

Proposition E was funded and placed on the ballot by a San Diego hotel developer who spent more than \$427,000 to promote his agenda at your expense.

**Join the San Diego County Taxpayers Association, San Diego Police Officers Association, San Diego City Firefighters, the San Diego Regional Chamber of Commerce and Mayor Dick Murphy and Vote NO on Prop E.**

BILL FARRAR  
President  
S.D. Police Officers Assn.

RONALD L. SAATHOFF  
President  
S.D. City Firefighters

JESSIE J. KNIGHT  
President & CEO  
SD Chamber of Commerce

DICK MURPHY  
Mayor  
City of San Diego

MARY E. BALL  
President  
San Diego County Taxpayers Association

## PROPOSED CHARTER AMENDMENT

The portions of the charter to be added are underlined  
and the portions to be deleted are printed in ~~strike-out~~ type.

### THE SAN DIEGO TAXPAYERS PROTECTION ACT OF 2000

#### CHARTER AMENDMENT

THE PEOPLE OF THE CITY OF SAN DIEGO DO ORDAIN AS FOLLOWS:

#### SECTION 1. Title

This Charter Amendment shall be known and may be cited as "The San Diego Taxpayers Protection Act of 2000."

#### SECTION 2. Findings and Declarations

The people of the City of San Diego hereby find and declare all of the following:

(a) Current law requires that any proposed special tax must be submitted to the voters and approved by a two-thirds vote for the special tax to be levied.

(b) The taxpayers deserve the same protection for any increase in an existing general tax or any new general tax that might be imposed by the San Diego City Council.

#### SECTION 3. Purpose and Intent

The people of the City of San Diego hereby declare their purpose and intent in enacting the measure is as follows:

(a) To require that any increase in an existing general tax or imposition of a new general tax proposed by the San Diego City Council be approved by a two-thirds vote of the qualified electors of the City.

(b) To provide the taxpayers of San Diego with the same protection that exists for the imposition of any new special tax.

#### SECTION 4.

The Charter of the City of San Diego is amended by adding SECTION 76.2 to read as follows:

#### SECTION 76.2 GENERAL TAXES

Notwithstanding any provision of this Charter to the contrary, any increase in an existing general tax or imposition of any new general tax may be levied by the Council only if the proposed levy has been approved by a two-thirds vote of the qualified electors of the City voting on the proposition. As used in this section, a "general tax" is a tax levied for the general fund to be utilized for general governmental purposes.

#### SECTION 5. Severability

If any provision of this Charter Amendment or the application thereof to any person or circumstances is held invalid or unconstitutional, such invalidity of unconstitutionality shall not affect other provisions or applications of this Charter Amendment which can be given effect without the invalid or unconstitutional provisions or application, and to this end the provisions of this initiative are severable.