



It's a taxpayer **TRAP**

# No on Prop. 90 – It's a Taxpayer Trap!

*Deceptive Initiative Disguised as Eminent Domain Reform  
Contains Hidden Provisions that Will Cost Taxpayers Billions*

Taxpayer, homeowner, police and fire, education, business, environmental, local government and community groups are opposing a deceptive initiative on California's November ballot, dubbed the "Taxpayer Trap" initiative. Proponents say this measure is about eminent domain reform. But that's just the bait. The trap is hidden within the fine print of the measure -- far-reaching provisions that will cost taxpayers billions of dollars.

## Here's why leading organizations oppose Proposition 90.

### The Taxpayer Trap would:

- ✗ **Cost all taxpayers billions.** Prop. 90 will require billions of dollars in new payouts any time a law or regulation is passed to protect our neighborhoods, control development, protect air and water quality, restrict undesirable businesses or enact new consumer protection laws. That's because the measure contains a hidden provision that allows virtually anyone to sue claiming a new law or regulation has impacted the value of their property or business – no matter how far-fetched the claim – and taxpayers will be on the hook to pay the bill.
- ✗ **Result in thousands of frivolous lawsuits and more bureaucracy and red tape.** Prop. 90 encourages frivolous lawsuits and new layers of bureaucracy and red tape. Virtually any speculative landowner or business looking for a windfall can file a lawsuit under this measure, claiming even the most minor new law has impacted the value of their property. After a somewhat similar law was recently passed in Oregon (a much smaller state), more than 2,200 claims were filed – seeking over \$5 billion in payments that taxpayers of that state could ultimately have to pay.
- ✗ **Drive up the cost of infrastructure projects like schools, traffic relief and flood control.** Prop. 90 requires new and unreasonable payouts whenever agencies acquire property for public works. These provisions will drive up the cost of infrastructure projects, cause delays, or even halt work on much-needed community projects. Taxpayers pay, or citizens lose out on the congestion relief, road repairs, schools, utility services and other infrastructure projects we need.
- ✗ **Prevent voters and state and local agencies from enacting environmental protections.** Prop. 90s provisions would severely restrict the ability of voters and local and state agencies to enact and enforce basic laws that protect our coastline, preserve open spaces and farmland, protect air and water quality, and protect environmentally sensitive areas. The measure makes pollution a property right, forcing the taxpayers to pay to stop pollution.
- ✗ **Jeopardize funds for police, fire and other critical local services and make it more difficult to enact new consumer protection and even anti-crime laws.** Prop. 90 would dramatically reduce resources available for local police and fire protection, emergency response and other critical local services by forcing local governments to pay billions of dollars to enact measures that protect communities. It will also discourage new consumer protection and criminal laws from being enacted. For example, the initiative could require new taxpayer payouts for laws protecting consumers from identity theft, fraud and other crimes if the offending business makes a claim that such laws "damage" their business – payouts that could make these laws too costly to enact.
- ✗ **Undermine the authority of local communities and local voters.** Prop. 90 will undermine the ability of local communities and even local voters to decide what types of projects get built in their neighborhoods, the businesses that locate in a neighborhood, and how a community decides to grow.

## **Major Provisions of Proposition 90**

### ***The Taxpayer Trap Initiative***

#### ***The Bait:***

- **Prohibits use of eminent domain unless the property acquired is owned and occupied by a governmental agency.** This provision is the bait in the taxpayer trap. Everyone agrees some reform is needed, but Prop. 90 goes beyond reform and would prevent construction of new schools, transit systems, infrastructure and parks.

#### ***The Trap:***

- **Authorizes new lawsuits that will severely and negatively impact state & local governments' ability to enact and enforce environmental, land use, consumer protection and housing laws and regulations.** Prop. 90 authorizes lawsuits for any government action that someone claims will result in economic loss to property – no matter how unreasonable that claim. This “trap” would result in frivolous lawsuits, huge payouts to wealthy landowners and corporations, and increased administrative costs at taxpayers' expense. For example:
  - If voters act to limit the size of a development for environmental concerns to 100 houses, and the developer claims the property could hold 200 houses, this initiative allows the developer to sue to force taxpayers to pay his company the value for the 100 houses he wasn't allowed to build. Taxpayers would be on the hook for the value of the property at the denser level, even though the community could not handle or did not want such a development.
  - If the state enacts a new law restricting certain telemarketing practices, under this initiative, the telemarketers could file a lawsuit to obtain massive taxpayer payouts for the purported impact of these laws on their business.
- **Redefines “just compensation” and greatly increases the cost of all property acquisitions by state and local agencies for needed infrastructure like schools, parks, roads, levees, and other public works.** Prop. 90 changes the current standard which requires compensation at “fair market value”, and requires new levels of inflated payouts based on the value of the property as the government intends to use it. This “trap” would result in windfall payouts to a few property owners – at the expense of common taxpayers – or make infrastructure projects so prohibitively expensive that many will simply not be done.
  - For example, if a county acquires property for an airport, the owner could seek compensation for the value of the property as an airport - even if the owner could not have obtained approval or built an airport on his or her own under the applicable zoning.
- **Imposes new taxpayer costs.** The nonpartisan Legislative Analyst cites “*potentially major future costs*” to deal with regulatory takings provisions and “*potentially major changes in governmental costs to acquire property for public purposes.*”