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RECEIVED
September 23, 2013
COMMISSION ON STATE MANDATES

September 23, 2013

Heather Halsey, Executive Director
Commission on State Mandates
980 9th Street, Suite 300
Sacramento, CA 95814

Re: ***Claimants' Response to Request for Additional Information 10-TC-12 and 12-TC-01***

Dear Ms. Halsey:

Joint Claimants South Feather Water & Power Agency, Paradise Irrigation District, Biggs-West Gridley Water District and Richvale Irrigation District respectfully respond to the Commission's request for additional information as follows:

1. *"Does each of the remaining three Districts (Paradise, Richvale [sic[1]] and South Feather) receive proceeds of taxes, as defined in article XIII B, section 8?"*

South Feather and Paradise receive property tax revenue, as described in Section 1.a., below. Thus, even under the restrictive reasoning outlined in the Commission's request, South Feather and Paradise receive "proceeds of taxes" and are eligible for reimbursement.

Richvale and Biggs[2] do not receive property tax revenue; however, as described in Section 1.b., below, both districts would be required to expend the "proceeds of taxes"

[1] Given the discussion preceding the Commission's questions, Claimants assume the Commission seeks the responses of South Feather, Paradise, and Biggs-West Gridley. Regardless, all four Claimants provide a response.

[2] As described in the Declaration of Eugene Massa, Jr. filed herewith, Biggs mistakenly claimed approximately $64,000 in property tax revenue in earlier declarations. Biggs mistook assessments – which were historically assessed on an ad valorem basis – as property tax revenue.

to implement the mandates if their customers refused under Proposition 218 to authorize revenue to fund the mandates.

Section 1.c. discusses the Commission's obligation to consider the subvention requirement of article XIII B, section 6, in light of subsequent voter expression, including Proposition 218 that places restrictions on fees and assessments analogous to the property tax and spending limitations of Propositions 13 and 4. The original purpose of the subvention requirement was to protect tax-funded agencies that, in light of Propositions 13 and 4, were ill equipped to fund and implement state mandates. Agencies subject to Proposition 218, including all Claimants, are now equally ill equipped to implement mandates through increased assessments or property related fees that are dependent on the outcome of an election.

a. South Feather and Paradise Receive Ad Valorem Property Taxes Limited by Proposition 13 and are Subject to the Appropriation Limit of Article XIII B

Attached as Exhibit A to the Declaration of Steven Wong and Exhibit 1 to the Declaration of Kevin Phillips are invoices from Butte County to South Feather and Paradise, respectively, setting forth the property taxes received and distributed to each district by the County for the last three fiscal years. South Feather has received a share of ad valorem taxes totaling $513,770.34 in FY 2010; $509,266.42 in FY 2011; and $488,953.67 in FY 2012.[3] Paradise received a share of ad valorem taxes totaling $253,203.10 for FY 2012-13; $238,288.13 for FY 2011-12; and $243,631.68 for FY 2010-11[4]

Pursuant to Government Code section 7900 et seq. South Feather and Paradise are in the process of establishing their appropriation limits for their current fiscal years.[5] South Feather and Paradise will provide copies of their respective resolutions to the Commission and interested parties after allowing for the requisite public review period and after approval by each Board of Directors.[6]

[3] Wong Decl. ¶ 3

[4] Phillips Decl. ¶ 3

[5] Wong Decl. ¶ 4; Phillips Decl. ¶ 4

[6] See Gov. Code § 7910.

b. Richvale and Biggs Are Authorized to Collect, But Do Not Receive Ad Valorem Property Taxes. However, like other Enterprise Districts Subject to Proposition 218, They Would be Required to Expend the Proceeds of Taxes to Implement State Mandates Unless Such Costs Were Successfully Passed Onto Customers Pursuant to Proposition 218

The Commission's request for additional information truncates the definition of "proceeds of taxes" in a manner inconsistent with article XIII B. "Proceeds of taxes" includes, but is not restricted to:

> …all tax revenues and the proceeds to an entity of government, from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service, and (2) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6, and, with respect to the state, proceeds of taxes shall exclude such subventions.[7]

Proceeds of taxes include not only tax revenues, but also revenues exceeding the costs to fund the services provided by the agency. This clarification is significant to local agencies like Richvale and Biggs that receive no tax revenue, but are nonetheless subject to state mandates that cannot feasibly be funded and implemented without voter approval under Proposition 218. Given Proposition 218's restrictions on increasing revenues through fees and assessments, the imposition of state mandates will, of necessity, have to fall on the proceeds of taxes or the subject agency will simply be in violation of the mandate. If the costs of the mandate are not approved by the voters/customers under Proposition 218, then those agencies will have no choice but to fund it with charges and fees to generate revenues above those needed to fund its costs, which by definition would be expending proceeds of taxes.

The Commission has implicitly acknowledged this fact in past decisions recognizing that Proposition 218 divests local agencies of authority to pass the costs of mandates onto customers. The Commission correctly observes that "it is possible that the local agency's voters or property owners may never adopt the proposed fee or assessment, but the local agency would still be required to comply with the state

[7] Cal. Const., Art. XIII B, § 8, subd. (c), underlining added

mandate."[8] Faced with such a situation, the local agency will have no choice but to comply with the mandate by using existing revenue sources. Proposition 218, however, limits local government's ability to raise and spend fees and assessments on new mandates not previously approved by customers prior to Proposition 218. Fees may not "exceed the funds required to provide the property related service" and "shall not be used for any purpose other than that which the fee or charge was imposed."[9] Similarly, "No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."[10]

These principles apply to all enterprise districts which, in compliance with Proposition 218, may only collect revenue that does not exceed the sum collected from special per parcel benefits (in the case of assessments) and the cost of providing the service (in the case of fees). Facing those restrictions, those entities, under the Commission's analysis, are now to be faced with new state mandates and attendant cost, but with no voter approved revenue sufficient to cover those costs. Claimants Richvale and Biggs are examples of this very real problem. Prior to the Water Conservation Act, in accordance with Proposition 218, Richvale's and Biggs' customers approved and established each district's revenue, consisting in both cases of a combination of (1) assessments/standby charges reflecting per parcel proportional special benefits and (2) property related fees equal to the cost of providing service (in this case water), **and nothing more**. Richvale and Biggs achieved the revenue/spending balance required by article XIII B and Proposition 218 whereby their assessments did not exceed each parcel's special benefit and their fees did not exceed the cost of providing their service (lest they be reclassified as "proceeds of taxes"). This balance, however, was upset when the state enacted the Water Conservation Act and later Regulations mandating new programs and higher levels of service. Because revenues to offset the cost of these new mandates have not been fully authorized by Biggs' and Richvale's[11] customers under Proposition 218 (and may never be), Richvale and Biggs are forced to either divert

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[8] Statement of Decision, *Discharge of Stormwater Runoff – Order No. R9-2007-001*, 07-TC-09, p. 106

[9] Cal. Const., Art. XIII D, § 6, subd. (b)(1)-(2)

[10] *Id*. § 4, subd. (a)

[11] As described in the Declaration of Sean Earley, filed herewith, Richvale's customers voted to increase its standby rate under Proposition 218 to a level that partially funds the mandates. If the test claim is successful, Richvale will account for the offset and seek reimbursement for the unfunded portion. Biggs' customers have not funded any portion of the mandates.

existing revenue sources from their authorized purposes or cannibalize inadequate reserves, to the extent they can, to pay the costs of the conservation mandates. This constitutes the expenditure of the "proceeds of taxes" unless and until Richvale's and Biggs' landowners vote for new assessments reapportioning special benefits in light of the mandates and/or, if not protested by landowners, authorize new fees and charges reflecting the increased cost of service in light of the mandates.

In sum, regardless of Proposition 218's effect on the Constitutional subvention requirement discussed hereafter, enterprise entities like Richvale and Biggs are required to expend the "proceeds of taxes" to implement state mandates, including those at issue in this claim.

c. Propositions 13 and 4 Must be Read in Conjunction with Later Constitutional Enactments Designed to Place Analogous Limitations on Assessments and Fees to Restrict Local Agencies' Ability to Increase and Spend Revenue

Proposition 13 "imposes a limit on the power of state and local governments to adopt and levy taxes." [12] Proposition 4 "impose[s] a complementary limit on the rate of growth in governmental spending."[13] The two Propositions work in tandem "to protect residents from excessive taxation and government spending."[14] Article XIII B, section 6 – part of Proposition 4 – was included to provide a subvention of funds precluding "a shift of financial responsibility for carrying out governmental functions from the state to local agencies which had had their taxing powers restricted by the enactment of article XIII A in the preceding year and were ill equipped to take responsibility for any new programs."[15]

It is within this context that the Supreme Court in 1991 decided *County of Fresno v. State* (1991) 53 Cal.3d 482, concluding that Government Code section 17556(d)[16] was

[12] *County of San Diego v. Commission on State Mandates* (2003) 15 Cal.4th 68, 80

[13] *San Francisco Taxpayers Assn. v. Board of Supervisors* (1992) 2 Cal.4th 571, 574

[14] *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 61

[15] *Ibid.*

[16] Providing an exception to the subvention requirement when:

> The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay [*continued on next page*]

facially constitutional. Obviously, the case predated Propositions 218, discussed below. Additionally, the "sole issue" for consideration was the facial constitutionality of section 17556(d).[17] Indeed, the Supreme Court refused to consider the "as applied" constitutionality argument proffered by the County.[18] Given these realities, the Commission should not and cannot justify using *County of Fresno* as dispositive or otherwise authoritative for issues that were not before the Supreme Court. One such issue is the Commission's remarkable contention that some enterprise local agencies are ineligible for reimbursement, except to the extent the entities "receive proceeds of taxes, as defined in article XIII B, section 6."[19] The Commission misstates the issue; it is not whether Claimants receive the proceeds of taxes, but whether the Claimants possess the power to tax, which power was limited by Proposition 13. That power, as now restricted, is common to all four Claimants. Additionally, all Claimants, including Richvale, Biggs and other enterprise districts, are constrained by Propositions 13 and 4[20] and later Constitutional enactments designed to further constrain their ability to generate and spend revenue from any source: taxes, assessments, or fees. The subvention requirement of article XIII, section 6, must be construed in light of these additional Constitutional limitations enacted years after *County of Fresno*.

Proposition 218, adopted in 1996, was designed to close a "loophole in the law" unforeseen at the time of Proposition 13 that allowed entities to "raise taxes without voter

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> [*continued*] for the mandated program or increased level of service. This subdivision applies regardless of whether the authority to levy charges, fees, or assessments was enacted or adopted prior to or after the date on which the statute or executive order was enacted or issued.

[17] *Id*. at p. 489; see also p. 486 ("We granted review to decide a single issue, i.e., whether section 17556(d) is facially constitutional under article XIII B, section 6.")

[18] *Id*. at p. 488-489 (refusing to consider as applied challenge that "the Commission on State Mandates refuses to hear mandates on the merits once it finds that the authority to charge fees is given by the Legislature. This position is taken whether or not the fees can actually or legally be charged to recover the entire costs of the program.")

[19] Commission Request for Additional Information, August 22, 2013, p. 6. It appears this argument was first proffered by the Commission in *California Public Records Act*, 02-TC-10 and 02-TC-51 (see, e.g., Final Staff Analysis, Request for Reconsideration of Statement of Decision and Parameters and Guidelines Adopted April 19, 2013).

[20] The applicability of Propositions 13 and 4 on Claimants was discussed in Claimants' rebuttal lodged with the Commission on August 7, 2013

approval by calling taxes 'assessments' and 'fees.'"[21] Proposition 218 "gives taxpayers the right to vote on taxes [meaning assessments and property related fees and charges] and stops politicians' end-runs around Proposition 13."[22] Proposition 218 limits assessments and property related fees and charges in a manner similar to how Propositions 13 and 4 limited ad valorem taxes and spending the proceeds of taxes.

To establish or increase fees and assessments, for example, Proposition 218 requires local governments to obtain voter/customer approval following the procedures set forth in sections 4 (assessments) or 6 (property related fees and charges) of article XIII D of the Constitution. These procedures are analogous to Proposition 13's tax limitations, including a maximum 1% ad valorem tax on real property and requiring a 2/3 vote to impose special taxes.[23] According to the Supreme Court, Proposition 218 "buttresses Proposition 13's limitations on ad valorem property taxes and special taxes by placing analogous restrictions on assessments, fees, and charges."[24]

Similarly, analogous to the appropriation limit of Proposition 4, Proposition 218 confines the expenditure of assessment or fee proceeds to the specific purpose for which the money was raised. For example, property related fees under Proposition 218 must be spent in a manner that translates into tangible service to the affected property owner:

> …a fee or charge shall not be expended, imposed, or increased by any agency unless it meets all of the following requirements:
>
> **(1)** Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
>
> **(2)** Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

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[21] Declaration of Dustin C. Cooper accompanying Claimants' Supplemental Response, Exh. E, p. 76 [California Ballot Pamphlet, General Election, November 5, 1996]

[22] *Id.* at p. 77

[23] Cal. Const., Art. XIII A, §§ 1, subd. (a); 4

[24] *Green v. Marin County Flood Control and Water Conservation Dist*. (2010) 49 Cal.4th 277, 284, citing *Howard Jarvis Taxpayers Assn. v. City of Riverside* (1999) 73 Cal.App.4th 679, 681-682

> **(3)** The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
>
> **(4)** No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.
>
> **(5)** No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners…. [25]

Thus, as the voters intended, Proposition 218's restrictions on property related fees and assessments mimic the tax and spend restrictions imposed on ad valorem taxes by Propositions 13 and 4.

In enacting Proposition 4's subvention requirement, the voters intended to "preclude the state from shifting financial responsibilities for carrying out governmental functions to local agencies, which are 'ill equipped' to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose."[26] The voters sought to avoid subjecting local agencies to the costs of state mandates that could not feasibly be funded in light of Constitutional restrictions. While certain enterprise agencies, like Richvale and Biggs, may not receive property tax revenue, they are nonetheless "ill equipped" to fund and implement state mandates in light of Proposition 218. As the Commission observed in 07-TC-09:

> Under Proposition 218, the local agency has no authority to impose the fee without the consent of the voters or property owners.
>
> Additionally, it is possible that the local agency's voters or property owners may never adopt the proposed fee or assessment, but the local

[25] Cal. Const., Art. XIII D, §§ 6, subd. (b); 4, subd. (a)

[26] *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81

> agency would still be required to comply with the state mandate. Denying reimbursement under these circumstances would violate the purpose of article XIII B, section 6, which is to "preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are 'ill equipped' to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose."[27]

Regardless of whether local agencies receive property tax revenue, the Commission's rationale rings true for all local agencies, including Claimants, subject to Proposition 218's limitations. Claimants are recipients of state mandates – requiring extensive, costly water conservation measures – intended to further the state's policy demanding more efficient use of an essential public resource. To only permit reimbursement for entities that receive property tax revenue (thereby excluding the majority of enterprise entities) would subject many local agencies to the ills sought to be avoided by article XIII B, section 6: imposition of state mandates that agencies cannot feasibly fund and implement in light of Constitutional limitations.

County of Fresno expressed the state of the law as it existed in 1991 when enterprise agencies were largely able to pass the costs of state impositions onto customers in the form of higher fees and/or assessments. Phrased differently, at the time of *County of Fresno*, enterprise entities were fully "equipped" to fund and implement state mandates by passing costs onto customers. Proposition 218, however, closed that "loophole". Enterprise agencies now stand on equal footing with agencies wholly funded through property taxes in that both are now "ill equipped" to assume increased financial responsibility for carrying out governmental functions in light of Constitutional limitations. To argue that subvention is only required to fund mandates because taxes are restricted, but that no subvention is required to fund state mandates when fee and assessment changes are similarly restricted, is a distinction without difference and makes a mockery of the policy established under article XIII B.

"It is well settled that 'constitutional … enactments must receive a liberal, practical common-sense construction which will meet changed conditions and the

[27] Statement of Decision, *Discharge of Stormwater Runoff – Order No. R9-2007-001, 07-*TC-09, p. 106

growing needs of the people.'"[28] "While '[a] constitutional amendment should be construed in accordance with the natural and ordinary meaning of its words[,] the literal language of enactments may be disregarded to avoid absurd results and to fulfill the apparent intent of the framers.'"[29] The subvention requirement of article XIII B, section 6, must be interpreted consistent with these standards and in light of further voter propositions to limit local agency revenues and spending.[30] These further expressions of voter intent include Propositions 218, 1A, and 26.[31]

To ignore these later expressions of voter intent would invite absurd results. For example, under the Commission's reasoning, similarly situated agencies (e.g. irrigation districts) subject to the same state mandate and equally ill equipped to fund and implement state impositions would be classified in two separate camps: (1) those that are eligible for reimbursement because they receive property tax revenue (even nominal amounts); or (2) those ineligible for reimbursement because they do not receive property tax revenue. No one can credibly claim, in light of Proposition 218, that local agencies in the second category are more equipped to fund and implement state mandates than agencies in the first category that the Commission's staff would consider eligible for reimbursement.

Agencies subject to Proposition 218 and agencies subject to Propositions 13 and 4 should be entitled to reimbursement for state mandates because such agencies are equally hampered in funding and implementing new programs and higher levels of service. The conclusion is consistent with the spirit of the subvention requirement as refined by later

[28] *Department of Finance v. Commission on State Mandates* (2003) 30 Cal.4th 727, 751, citing *Amador Valley Joint Union High School Dist. v. State Board of Equalization* (1978) 22 Cal.3d 208, 245

[29] *Id*. citing *City of Sacramento* (1990) 50 Cal.3d 51, 73

[30] Had Proposition 218 been enacted contemporaneously with or prior to Proposition 4, there would be no doubt that the subvention requirement extends to protect enterprise entities from state impositions. Because Proposition 218 was adopted by the voters after Proposition 4 does not ipso facto render enterprise entities ineligible for state reimbursement.

[31] Proposition 1A "Ensures local property tax and sales tax revenues remain with local government…." (Cooper Decl. Exh. F, p. 3). Paradise and South Feather is now receiving reimbursement for property tax revenue borrowed by the State. Proposition 26 was designed to close a "loophole to impose Hidden Taxes on many products and services by calling them 'fees' instead of taxes." (*Id*., Exh. G, p. 60).

voter expression. Enterprise districts are now faced with the predicament of having to comply with state mandates, yet lacking authority to pass the costs of mandates onto customers without successfully navigating Proposition 218, which is not guaranteed. Voters originally resolved this predicament by requiring the state to provide a subvention of funds for state mandates that encroach upon tax proceeds; that requirement, which should receive a liberal and flexible construction to accommodate changed circumstances, must now be considered in light of subsequent voter expression placing analogous restrictions on the proceeds of assessments and proceeds of property related fees.

Concluding on this point, even the Legislature recognized the predicament imposed on special districts by this legislation. It differentiated based on the size of the agency in applying the mandates. Agricultural water suppliers are defined to include agencies that provide water to 10,000 or more irrigated acres.[32] However, only agricultural water suppliers that provide water to 25,000 or more irrigated acres are required to self-fund and implement the mandates, while agricultural water suppliers that provide water to less than 25,000 irrigated acres are exempt "unless sufficient funding has specifically been provided to the water supplier for these purposes."[33] Urban retail water suppliers are defined as agencies that directly provide potable municipal water "to more than 3,000 end users or that supplies more than 3,000 acre-feet of potable water annually at retail for municipal purposes."[34] Small water suppliers are excluded from both the urban and agricultural mandates and medium sized agricultural districts are excluded unless "sufficient funding" is provided. While it is commendable that the Legislature recognized the high burden its new programs were imposing on local government, the Constitution mandates consideration of factors other than size in granting relief from state mandates.

Claimants respectfully request that the Commission staff reconsider its position that prospective claimants must have property tax revenue in order to be eligible for reimbursement.

2. *"Were the Districts' revenues accurately reported to the Controller in accordance with law, and if so, why are the revenues in question not subject to the appropriations limit, as indicated in Table 1 of the Annual Report?"*

[32] Water Code § 10608.12, subd. (a)

[33] *Id.* § 10853

[34] *Id.* § 10608.12, subd. (p)

The Commission relies on the Controller's Special Districts Annual Report for a proposition the Controller itself is unwilling to embrace; namely, the Commission claims that the Annual Report definitively sets forth agencies subject to the appropriations limit. It does not and was never intended to. Claimants are informed and believe that staff at the Controller's office has spoken to the Commission staff and advised against relying on the Annual Report for this purpose. Instead, as a temporary solution, the Controller's office has amended its 2012/2013 claiming instructions to include the following:

> Special districts, subject to tax and spend limitations pursuant to the provisions of Articles XIII A and B of the California Constitution, are eligible to file a claim for reimbursement. To establish proof of eligibility and to minimize payment delays, SCO requests that special district claimants submit a supporting document that affirms the special district received an annual allocation of property tax revenue from the county pursuant to Article XIII A of the California Constitution. This may include a Board of Directors resolution establishing the appropriation limit for the fiscal year being claimed, in compliance with Article XIII B of the California Constitution.[35]

Attached as Exhibit A to the Wong Declaration and Exhibit 1 to the Phillips Declaration are copies of invoices from Butte County to South Feather and Paradise showing receipt of property tax revenue. This constitutes "proof of eligibility" satisfactory to the Controller. Additionally, as noted above, South Feather and Paradise intend to draft resolutions setting forth each district's respective appropriations limit, providing for a public review period, and then placing the resolution before the districts' Boards of Directors for adoption. South Feather and Paradise will provide copies of the resolutions once accepted in accordance with applicable law.

As for Biggs, Richvale, and the broader issue concerning whether enterprise agencies are eligible for reimbursement, the Commission should not, as discussed above, determine eligibility based on whether or not such entities receive property tax revenue and are subject to the appropriations limit. Rather, the Commission should inquire if the claimant is subject to the limitations on raising taxes or revenues set forth in Propositions 13 and 4, **or** 218, thereby making that claimant ill equipped to fund and implement the

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[35] See http://www.sco.ca.gov/13870 and claiming instructions for Program Numbers 197, 298, 314, 187, 163, and 334. For convenience, the claiming instructions of Program Number 197, *Health Benefits for Survivors of Peace Officers and Firefighters*, is attached as Exhibit B to the Declaration of Dustin C. Cooper, filed herewith.

mandate. It is undisputed that all Claimants in this proceeding are subject to those limitations, most recently Proposition 218.

Very truly yours,

MINASIAN, MEITH, SOARES, SEXTON & COOPER, LLP

By: _____
DUSTIN C. COOPER

DCC:aw

Declaration of Dustin C. Cooper

In Support of Claimants' Response to Request for Additional Information

10-TC-12 and 12-TC-01

I, Dustin C. Cooper, declare as follows:

1. I make this declaration of my personal knowledge, except for matters set forth herein on information and belief, and as to those matters I believe them to be true, and if called upon to testify, I could and would competently testify to the matters set forth herein under oath.

2. I am a partner in the law firm of Minasian, Meith, Soares, Sexton & Cooper LLP, counsel for Claimants Richvale Irrigation District, Biggs-West Gridley Water District, Paradise Irrigation District and South Feather Water & Power Agency.

3. Attached as Exhibits A through G are true and correct copies of the following documents:

    a. Exhibit A – General Ledger Transaction Analysis for Paradise Irrigation District and South Feather Water & Power Agency received from Vida Musley of the Butte County Auditor-Controller's office send by email on September 9, 2013;

    b. Exhibit B – Office of the State Controller, State Mandated Costs Claiming Instructions No. 2012-41, Health Benefits for Survivors of Peace Officers and Firefighters, Local Agencies, Revised July 1, 2013;

    c. Exhibit C – California Voters Pamphlet, Primary Election, June 6, 1978 [containing Proposition 13];

    d. Exhibit D – California Ballot Pamphlet, Special Statewide Election, November 6, 1979 [containing Proposition 4];

    e. Exhibit E – California Ballot Pamphlet, General Election, November 5, 1996 [containing Proposition 218];

    f. Exhibit F – Official Voter Information Guide, California General Election, November 2, 2004 [containing Proposition 1A]; and

    g. Exhibit G – Official Voter Information Guide, California General Election, November 2, 2010 [containing Proposition 26].

4. In preparing Claimants' reply to the Commission's request for additional information, I had numerous telephone conversations and email correspondence with staff at the California State Controller's Office. Based on such discussions, I am informed and believe and on that basis declare that Controller staff advised Commission staff not to rely on its Annual Special Districts Report in determining whether local agencies receive

property tax revenue. Further, the Controller's office directed me to its recent revisions to claiming instructions for approved claims, an example of which is attached as Exhibit B.

5. In preparing Claimants' reply to the Commission's request for additional information, I had numerous telephone conversations and email correspondence with staff at the Butte County Auditor-Controller's office. Staff provided me with copies of its ledgers showing Butte County's disbursement of property tax revenue to South Feather Water & Power Agency and Paradise Irrigation District.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this the 20th day of September, 2013, at Oroville, California.

Dustin C. Cooper, Legal Counsel
Claimants

EXHIBIT A

GENERAL LEDGER TRANSACTION ANALYSIS FOR PARADISE IRRIGATION DISTRICT AND SOUTH FEATHER WATER & POWER AGENCY

SELECTION CRITERIA: account.acct in ('1015655','1015656')AND transact.yr='13'
ACCOUNTING PERIOD: 3/14

FUND - 1001 - TRUST FUND CONTROL F 1001

ACCOUNT	DATE	T/C	REFERENCE	VENDOR/PAYER	DEBIT	CREDIT	DESCRIPTION
1015655	PARADISE IRRIGATION DIST						
1 /13	07/01/12	24	INTEREST		114.62		J-71 INT APPOR EOQ 06-12
1 /13	07/01/12	24	INTEREST		.00		J-71 INT APPOR EOQ 06-12
1 /13	07/01/12	19	CLOSE YR		24,449.47		TRANSFER 13TH PERIOD BAL
2 /13	08/01/12	19	WR080112			23,858.54	PAID WARRANTS OF 08/01/12
2 /13	08/09/12	19	WR080912			590.93	PAID WARRANTS OF 8/9/12
2 /13	08/10/12	19	TX11-10		1.26		TX11-N INT Q4 END J71
4 /13	10/01/12	24	INTEREST		21.60		J-445 INT APPOR EOQ 09/12
4 /13	10/01/12	24	INTEREST		.00		J-445 INT APPOR EOQ 09/12
4 /13	10/05/12	19	TX19-5		145.13		TX19-Y PU JULY-SEPT
4 /13	10/05/12	19	TX19-5		1.91		TX19-Y PU JULY-SEPT
4 /13	10/05/12	19	TX22-5		10,943.07		TX22-U CU JULY-SEPT
4 /13	10/05/12	19	TX22-5		675.62		TX22-U CU JULY-SEPT
4 /13	10/19/12	19	WR101912			11,881.61	PAID WARRANTS OF 10/19/12
4 /13	10/31/12	19	TX24-23		13.83		TX24-N INT Q1 END J445
5 /13	11/26/12	19	TX27-26		290.91		TX27-M LMIHF RESIDUAL
5 /13	11/30/12	19	TX32-30		575.13		TX32-H H.O. 1ST 15%
6 /13	12/05/12	19	WR120512			290.91	PAID WARRANTS OF 12/05/12
6 /13	12/07/12	19	TX33-7		47.69		TX33-Y PU OCT-NOV
6 /13	12/07/12	19	TX33-7		4.15		TX33-Y PU OCT-NOV
6 /13	12/07/12	19	TX33-7		8.47		TX33-Y PU OCT-NOV
6 /13	12/07/12	19	TX35-7		363.33		TX35-U CU OCT-NOV
6 /13	12/20/12	19	WR122012			1,034.20	PAID WARRANTS OF 12/20/12
6 /13	12/21/12	19	CS APPMT		119,298.03		TX47-S CS 7/1-12/17/12
6 /13	12/21/12	19	CS APPMT		84,955.16		TX47-S CS 7/1-12/17/12
6 /13	12/21/12	19	CS APPMT		6,203.15		TX47-S CS 7/1-12/17/12
6 /13	12/21/12	19	CS APPMT		95.10		TX47-S CS 7/1-12/17/12
6 /13	12/21/12	19	CS APPMT		16,878.84		TX47-S CS 7/1-12/17/12
6 /13	12/21/12	19	CS APPMT		3,601.60		TX47-S CS 7/1-12/17/12
6 /13	12/26/12	19	TX36-21			4,842.00	TX36-S RDA TI 1ST 50%
6 /13	12/26/12	19	TX37-21		968.50		TX37-S RDA PSTHRU 1ST 50%
6 /13	12/26/12	19	TX38-21			3,362.75	TX38-S PT ADMIN FEE
6 /13	12/27/12	19	TX43-21			8.85	TX43S 50% ASMT FEE
6 /13	12/31/12	19	TX55-31		1,341.96		TX55-H HO 1ST 35%
6 /13	12/31/12	19	TX54-31			817.90	TX54-S CORR TX38S ADM FEE
7 /13	01/01/13	24	INTEREST		9.51		J-1024 INT APPR EOQ 12-12
7 /13	01/01/13	24	INTEREST		.00		J-1024 INT APPR EOQ 12-12
7 /13	01/08/13	19	WR010813			223,786.78	PAID WARRANTS OF 01/08/13
7 /13	01/31/13	19	TX71-31		4.56		TX71-N INT Q2 J1024
8 /13	02/08/13	19	SUPAPPMT		7.90		TX73-C SUP JUL-JAN
8 /13	02/08/13	19	SUPAPPMT		446.89		TX73-C SUP JUL-JAN
8 /13	02/08/13	19	SUPAPPMT		3.96		TX73-C SUP JUL-JAN
8 /13	02/08/13	19	PU APPMT		66.46		TX74-Y PU DEC-JAN
8 /13	02/08/13	19	PU APPMT		4.32		TX74-Y PU DEC-JAN
8 /13	02/08/13	19	PU APPMT		3.63		TX74-Y PU DEC-JAN
9 /13	03/06/13	19	WR030613			1,071.29	PAID WARRANTS OF 03/06/13
10/13	04/01/13	24	INTEREST		37.79		J1453 3QTR INT DIST
10/13	04/12/13	19	TX87-12		21.48		TX87-U CU DEC-MAR
10/13	04/12/13	19	TX87-12		26.53		TX87-U CU DEC-MAR
10/13	04/12/13	19	TX90-12		121.93		TX90C SUPP FEB-MAR 2013
10/13	04/12/13	19	TX90-12			49.01	TX90C SUPP FEB-MAR 2013
10/13	04/12/13	19	TX90-12		5.79		TX90C SUPP FEB-MAR 2013

BUTTE COUNTY
GENERAL LEDGER TRANSACTION ANALYSIS

SELECTION CRITERIA: account.acct in ('1015655','1015656')AND transact.yr='13'
ACCOUNTING PERIOD: 3/14

FUND - 1001 - TRUST FUND CONTROL F 1001

ACCOUNT	DATE	T/C	REFERENCE	VENDOR/PAYER	DEBIT	CREDIT	DESCRIPTION
1015655	PARADISE IRRIGATION DIST (cont'd)						
10/13	04/12/13	19	TX88Y-12		31.82		TX88Y PR UNS FEB-MAR
10/13	04/12/13	19	TX88Y-12		2.72		TX88Y PR UNS FEB-MAR
10/13	04/12/13	19	TX88Y-12		2.21		TX88Y PR UNS FEB-MAR
10/13	04/19/13	19	TX102-19		1.32		TX102-N INT Q3 END J1453
10/13	04/19/13	19	TX93-19			2,544.85	TX93-S FINAL ADMIN FEE
10/13	04/19/13	19	TX95-19			4,842.00	TX95-S CS RDA TI 2ND 50%
10/13	04/19/13	19	TX96-19		968.50		TX96-S RDA PSTHRU 2ND 50%
10/13	04/19/13	19	TX99-19			8.85	TX99-S 50% ASSMT FEE
10/13	04/19/13	19	TX101-19		90,366.87		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		64,318.79		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		5,909.19		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		95.10		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		15,494.08		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		4,893.26		TX101-S CS 12-18 TO 4-17
10/13	04/30/13	19	WR043013			163.47	04/30/13 DATE PAID
10/13	04/30/13	19	TX108-30		1,341.96		TX108-H HO 2ND 35%
11/13	05/08/13	19	WR050813			174,689.20	05/08/13 DATE PAID
11/13	05/31/13	19	TX121-31		575.13		TX121 HO 2ND 15%
12/13	06/12/13	19	TX128-12		53.42		TX128-Y PU APR-MAY
12/13	06/12/13	19	TX128-12		.67		TX128-Y PU APR-MAY
12/13	06/12/13	19	TX128-12		7.19		TX128-Y PU APR-MAY
12/13	06/12/13	19	TX125-12		54.24		TX125-U CU APR-MAY
12/13	06/12/13	19	TX127-12		420.85		TX127-C SUPP APR-MAY
12/13	06/12/13	19	TX127-12			4.53	TX127-C SUPP APR-MAY
12/13	06/12/13	19	TX127-12		.46		TX127-C SUPP APR-MAY
12/13	06/17/13	19	TX134-17		20,508.00		TX134 PROP 1A REPAYMENT
12/13	06/17/13	19	TX134-17		1,363.00		TX134 PROP 1A REPAYMENT
13/13	06/30/13	19	TX148-30		4,723.58		TX148-S CS FINAL TEETER
13/13	06/30/13	19	TX148-30		3,584.26		TX148-S CS FINAL TEETER
13/13	06/30/13	19	TX148-30		3,476.88		TX148-S CS FINAL TEETER
13/13	06/30/13	19	TX150-30		73.79		TX150C SUPP TEETER BUYOUT
13/13	06/30/13	19	TX147-30			107.88	TX147-C SUP JUNE
13/13	06/30/13	19	TX150-30		51.91		TX150C SUPP TEETER BUYOUT
13/13	06/30/13	19	TX147-30		109.56		TX147-C SUP JUNE
13/13	06/30/13	19	TX147-30			14.78	TX147-C SUP JUNE
13/13	06/30/13	19	TX141-30		23.76		TX141-Y PU JUNE
13/13	06/30/13	19	TX141-30		.06		TX141-Y PU JUNE
13/13	06/30/13	19	TX145-30		4,037.03		TX145-S CS 4/18 TO 7/8/13
13/13	06/30/13	19	TX145-30		3,395.17		TX145-S CS 4/18 TO 7/8/13
13/13	06/30/13	19	TX145-30		494.98		TX145-S CS 4/18 TO 7/8/13
13/13	06/30/13	19	TX143-30		4.55		TX143-U CU JUNE
TOTAL	PARADISE IRRIGATION DIST				498,143.59	453,970.33	
TOTAL	TRUST FUND CONTROL F 1001				498,143.59	453,970.33	
TOTAL REPORT					498,143.59	453,970.33	

BUTTE COUNTY
GENERAL LEDGER TRANSACTION ANALYSIS

SELECTION CRITERIA: account.acct='1015650'AND transact.yr='13'
ACCOUNTING PERIOD: 3/14

FUND - 1001 - TRUST FUND CONTROL F 1001

ACCOUNT	DATE	T/C	REFERENCE	VENDOR/PAYER	DEBIT	CREDIT	DESCRIPTION
1015650	SOUTH FEATHER W&P						
1	/13 07/01/12	24	INTEREST		105.53		J-71 INT APPOR EOQ 06-12
1	/13 07/01/12	19	CLOSE YR		23,491.40		TRANSFER 13TH PERIOD BAL
1	/13 07/01/12	19	NEW YEAR		2,776.10		BEGINNING BALANCE
1	/13 07/16/12	19	TX9-16		1,175.87		TX9-M RESIDUAL REVN DIST
1	/13 07/25/12	19	TX.1-25		1,175.87		TX1-M RESIDUAL REV DIST
1	/13 07/25/12	19	TX5-25			1,175.87	TX5-M RVRS TX1
2	/13 08/01/12	19	WR080112			25,113.83	PAID WARRANTS OF 08/01/12
2	/13 08/10/12	19	TX11-10		2.72		TX11-N INT Q4 END J71
2	/13 08/10/12	19	WR081012			1,153.67	PAID WARRANTS OF 8/10/12
2	/13 08/23/12	19	WR082312			1,175.87	PAID WARRANTS OF 08/23/12
4	/13 10/01/12	24	INTEREST		24.55		J-445 INT APPOR EOQ 09/12
4	/13 10/05/12	19	TX19-5		313.04		TX19-Y PU JULY-SEPT
4	/13 10/05/12	19	TX19-5		4.12		TX19-Y PU JULY-SEPT
4	/13 10/05/12	19	TX22-5		23,169.23		TX22-U CU JULY-SEPT
4	/13 10/22/12	19	WR102212			23,594.64	PAID WARRANTS OF 10/22/12
4	/13 10/31/12	19	TX24-23		29.29		TX24-N INT Q1 END J445
5	/13 11/30/12	19	TX30-30		199.22		TX30-T TIMBER YIELD
5	/13 11/30/12	19	TX32-30		1,217.69		TX32-H H.O. 1ST 15%
6	/13 12/07/12	19	TX33-7		102.86		TX33-Y PU OCT-NOV
6	/13 12/07/12	19	TX33-7		8.96		TX33-Y PU OCT-NOV
6	/13 12/07/12	19	TX33-7		.46		TX33-Y PU OCT-NOV
6	/13 12/07/12	19	TX35-7		769.26		TX35-U CU OCT-NOV
6	/13 12/21/12	19	CS APPMT		252,583.95		TX47-S CS 7/1-12/17/12
6	/13 12/21/12	19	CS APPMT		10,833.37		TX47-S CS 7/1-12/17/12
6	/13 12/21/12	19	CS APPMT		205.90		TX47-S CS 7/1-12/17/12
6	/13 12/21/12	19	CS APPMT		1,141.59		TX47-S CS 7/1-12/17/12
6	/13 12/21/12	19	WR122112			2,352.29	PAID WARRANTS OF 12/21/12
6	/13 12/26/12	19	TX36-21			20,394.50	TX36-S RDA TI 1ST 50%
6	/13 12/26/12	19	TX37-21		1,554.50		TX37-S RDA PSTHRU 1ST 50%
6	/13 12/26/12	19	TX38-21			6,774.99	TX38-S PT ADMIN FEE
6	/13 12/27/12	19	TX43-21			2.55	TX43S 50% ASMT FEE
6	/13 12/31/12	19	TX55-31		2,841.27		TX55-H HO 1ST 35%
6	/13 12/31/12	19	TX54-31			1,641.00	TX54-S CORR TX38S ADM FEE
7	/13 01/01/13	24	INTEREST		12.04		J-1024 INT APPR EOQ 12-12
7	/13 01/09/13	19	WR010913			239,147.27	PAID WARRANTS OF 01/09/13
7	/13 01/11/13	19	TX56-11		19,621.76		TX56-M OROVILLE RESD REV
7	/13 01/24/13	19	TX64-25			19,621.76	TX64-M RVRS TX56-M
7	/13 01/31/13	19	TX71-31		9.66		TX71-N INT Q2 J1024
8	/13 02/08/13	19	SUPAPPMT		16.78		TX73-C SUP JUL-JAN
8	/13 02/08/13	19	SUPAPPMT		12.30		TX73-C SUP JUL-JAN
8	/13 02/08/13	19	PU APPMT		143.35		TX74-Y PU DEC-JAN
8	/13 02/08/13	19	PU APPMT		9.32		TX74-Y PU DEC-JAN
8	/13 02/08/13	19	PU APPMT		.12		TX74-Y PU DEC-JAN
9	/13 03/06/13	19	WR030613			1,403.84	PAID WARRANTS OF 03/06/13
10	/13 04/01/13	24	INTEREST		53.13		J1453 3QTR INT DIST
10	/13 04/12/13	19	TX87-12		45.48		TX87-U CU DEC-MAR
10	/13 04/12/13	19	TX90-12		258.51		TX90C SUPP FEB-MAR 2013
10	/13 04/12/13	19	TX90-12			19.77	TX90C SUPP FEB-MAR 2013
10	/13 04/12/13	19	TX88Y-12		68.64		TX88Y PR UNS FEB-MAR
10	/13 04/12/13	19	TX88Y-12		5.87		TX88Y PR UNS FEB-MAR
10	/13 04/19/13	19	TX102-19		2.82		TX102-N INT Q3 END J1453

SELECTION CRITERIA: account.acct='1015650'AND transact.yr='13'
ACCOUNTING PERIOD: 3/14

FUND - 1001 - TRUST FUND CONTROL F 1001

ACCOUNT	DATE	T/C	REFERENCE	VENDOR/PAYER	DEBIT	CREDIT	DESCRIPTION
1015650	SOUTH FEATHER W&P			(cont'd)			
10/13	04/19/13	19	TX93-19			5,133.98	TX93-S FINAL ADMIN FEE
10/13	04/19/13	19	TX95-19			20,394.50	TX95-S CS RDA TI 2ND 50%
10/13	04/19/13	19	TX96-19		1,554.50		TX96-S RDA PSTHRU 2ND 50%
10/13	04/19/13	19	TX99-19			2.55	TX99-S 50% ASSMT FEE
10/13	04/19/13	19	TX101-19		191,329.40		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		10,319.99		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		205.90		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	TX101-19		1,407.00		TX101-S CS 12-18 TO 4-17
10/13	04/19/13	19	WR041913			358.73	04/19/13 DATE PAID
10/13	04/30/13	19	TX108-30		2,841.27		TX108-H HO 2ND 35%
11/13	05/09/13	19	WR050913			179,341.71	05/09/13 DATE PAID
11/13	05/30/13	19	TX117-30		448.55		TX117 OROVILLE RESID REV
11/13	05/31/13	19	TX121-31		1,217.69		TX121 HO 2ND 15%
11/13	05/31/13	19	TX123-31		55.84		TX123 TIMBR YIELD THR MAY
12/13	06/11/13	19	WR061113			448.55	06/11/13 DATE PAID
12/13	06/12/13	19	TX128-12		115.22		TX128-Y PU APR-MAY
12/13	06/12/13	19	TX128-12		1.45		TX128-Y PU APR-MAY
12/13	06/12/13	19	TX125-12		114.85		TX125-U CU APR-MAY
12/13	06/12/13	19	TX127-12		895.97		TX127-C SUPP APR-MAY
12/13	06/12/13	19	TX127-12		20.18		TX127-C SUPP APR-MAY
12/13	06/17/13	19	TX132-14		558.09		TX132-M ORO DDR RESIDUAL
12/13	06/17/13	19	TX134-17		42,851.00		TX134 PROP 1A REPAYMENT
12/13	06/17/13	19	TX134-17		2,849.00		TX134 PROP 1A REPAYMENT
13/13	06/27/13	19	WR062713			5,262.47	06/27/13 DATE PAID
13/13	06/30/13	19	TX141-30		51.25		TX141-Y PU JUNE
13/13	06/30/13	19	TX148-30		10,001.00		TX148-S CS FINAL TEETER
13/13	06/30/13	19	TX148-30		867.14		TX148-S CS FINAL TEETER
13/13	06/30/13	19	TX150-30		157.96		TX150C SUPP TEETER BUYOUT
13/13	06/30/13	19	TX150-30		5.11		TX150C SUPP TEETER BUYOUT
13/13	06/30/13	19	TX147-30		231.46		TX147-C SUP JUNE
13/13	06/30/13	19	TX147-30			13.50	TX147-C SUP JUNE
13/13	06/30/13	19	TX141-30		.13		TX141-Y PU JUNE
13/13	06/30/13	19	TX141-30		.79		TX141-Y PU JUNE
13/13	06/30/13	19	TX145-30		8,547.41		TX145-S CS 4/18 TO 7/8/13
13/13	06/30/13	19	TX145-30		93.27		TX145-S CS 4/18 TO 7/8/13
13/13	06/30/13	19	TX143-30		9.63		TX143-U CU JUNE
TOTAL	SOUTH FEATHER W&P				620,737.58	554,527.84	
TOTAL	TRUST FUND CONTROL F 1001				620,737.58	554,527.84	
TOTAL REPORT					620,737.58	554,527.84	

EXHIBIT B

OFFICE OF THE STATE CONTROLLER, STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2012-41, HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS, LOCAL AGENCIES, REVISED JULY 1, 2013

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2012-41

HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS

LOCAL AGENCIES

REVISED JULY 1, 2013

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Health Benefits for Survivors of Peace Officers and Firefighters program. The amended Parameters and Guidelines (P's & G's) are included as an integral part of the claiming instructions.

On October 26, 2000, the Commission on State Mandates (CSM) adopted a Statement of Decision finding that the test claim legislation imposes a reimbursable state-mandated program on local agencies within the meaning of article XIII B, section 6 of the California Constitution and GC section 17514.

On January 29, 2010, the CSM approved the amendments to the P's & G's to update the "boilerplate language" clarifying source documentation requirements and record retention language as requested by the SCO.

Exception

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Eligible Claimants

Any city, county, or specified special district (see below), as defined in GC section 17518, that incurs increased costs as a result of this mandate is eligible to claim for reimbursement.

Special districts, subject to tax and spend limitations pursuant to the provisions of Articles XIII A and B of the California Constitution, are eligible to file a claim for reimbursement. To establish proof of eligibility and to minimize payment delays, SCO requests that special district claimants submit a supporting document that affirms the special district received an annual allocation of property tax revenue from the county pursuant to Article XIII A of the California Constitution. This may include a Board of Directors Resolution establishing the appropriation limit for the fiscal year being claimed, in compliance with Article XIII B of the California Constitution.

Reimbursement Claim Deadline

Claims for the **2012-13** fiscal year may be filed by **February 18, 2014**, without a late penalty. **Claims filed more than one year after the filing date will not be accepted.**

Penalty

- **Initial Claims**

  When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

  When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; $10,000 maximum penalty, pursuant to GC section 17568.

Minimum Claim Cost

GC Section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**$1,000**), provided that a county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds **$1,000**, even if the individual direct service district's or special district's claim does not each exceed **$1,000**. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a direct service district or special district provides a written notice of its intent to file a separate claim to the county and to the SCO, at least 180 days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the SCO to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Record Retention

All documentation to support actual costs claimed must be retained for a period of three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Claim Submission

Submit a signed original Form FAM-27 and one copy with required documents. **Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO's website: **www.sco.ca.gov/ard_mancost.html.**

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

If you have any questions, you may e-mail **LRSDAR@sco.ca.gov** or call the Local Reimbursements Section at (916) 324-5729.

Adopted: 3/29/01
Amended: 1/29/10

Amendment to Parameters and Guidelines

Labor Code Section 4856, Government Code Section 21635

Statutes 1996, Chapter 1120
Statutes 1997, Chapter 193

Health Benefits for Survivors of Peace Officers and Firefighters
05-PGA-32 (97-TC-25)

This amendment is effective beginning with claims filed for the
July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY AND SOURCE OF THE MANDATE

Statutes 1996, chapter 1120 enacted Labor Code section 4856, which requires local agencies to provide lifelong health benefits to the survivors of peace officers and firefighters who die in the line of duty. Statutes 1997, chapter 193 further amended Labor Code section 4856 by applying this benefit retroactively. Additionally, chapter 1120 amended Government Code section 21635, by deleting language exempting local agencies from collective bargaining under the Meyers-Milias-Brown Act with their employees for survivor health benefits.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

II. ELIGIBLE CLAIMANTS

1. Providing Survivor Health Benefits (Labor Code Section 4856)

   Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 that employ peace officers and firefighters, and school districts, as defined in Government Code section 17519, that employ peace officers are eligible claimants.

2. Collective Bargaining (Government Code Section 21635)

   Counties, cities, a city and county and special districts, as defined in Government Code section 17518 are eligible claimants.

III. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Section 17557 of the Government Code, prior to its amendment by Statutes 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on June 9, 1998.

Statutes 1996, chapter 1120, an urgency statute, became effective September 30, 1996. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *after* September 30, 1996. And it allows collective bargaining for the continued health benefits coverage of a surviving spouse. Therefore, costs incurred for Statutes 1996, chapter 1120, are eligible for reimbursement on or after July 1, 1997.

Statutes 1997, chapter 193, became effective on January 1, 1998. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *before* September 30, 1996. Therefore, cost incurred for Statutes 1997, chapter 193, are eligible for reimbursement on or after January 1, 1998.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

If total costs for a given year do not exceed $200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, all direct and indirect costs of labor, materials, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

Component A. Providing Survivor Health Benefits (Labor Code Section 4856)

1. Developing or updating internal policies, procedures and manuals as necessary to provide health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856 (one-time activity).

2. Upon the death of a peace officer or firefighter killed in the line of duty, the ongoing costs of maintaining files, manually or electronically, related to providing health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856, is reimbursable.

3. Dependent Notification

   a. Upon the death of a peace officer or firefighter killed in the line of duty, providing a one-time notification to the surviving spouse that the local government employer must continue providing health benefits to the deceased employee's spouse and minor dependents under the same terms and conditions provided before death, or prior to the accident or injury that caused death. If there is no surviving spouse, then providing a one-time notification to the minor dependents, or guardian, that the local government employer must continue providing health benefits until the minor dependents reach the age of 21 years.

   b. Providing a one-time notice to the minor dependents of peace officers or firefighters killed in the line of duty, when they are no longer eligible for continued health benefits under the surviving spouse's coverage. Or, if there is no surviving spouse, when the minor dependents reach the age of 21 years.

   c. Upon remarriage of the surviving spouse, providing a one-time notice to the surviving spouse that the new spouse or stepchildren cannot be added as family members under the continued health benefits coverage of the surviving spouse.

4. Upon the death of a peace officer or firefighter killed in the line of duty, communicating with the insurance plan provider for the purpose of notifying the insurance plan provider of the peace officer's or firefighter's death, and coordinating with the insurance plan provider to ensure that the deceased peace officer's or firefighter's surviving spouse and eligible dependents will continue receiving health benefits under the same terms and conditions as provided before death, or prior to the accident or injury that caused death.

5. Upon the death of a peace officer or firefighter killed in the line of duty, the amount of the insurance premiums paid to HMOs, or the contributions to self-insured pools, for the continued health benefits coverage to the deceased peace officer's or firefighter's surviving spouse, as required under Labor Code section 4856, is reimbursable. Eligible minor dependents are provided health benefits under the surviving spouse's coverage. If there is no surviving spouse, eligible dependents are provided health benefits until the age of 21 years. A surviving spouse's new spouse

or stepchildren are ineligible for continued health benefits under the surviving spouse's coverage.

Component B. Collective Bargaining for the Continued Health Benefits Coverage of a Surviving Spouse (Government Code Section 21635)

1. Developing or updating internal policies, procedures and manuals as necessary to collectively bargain with local employee representatives (one-time activity).
2. Maintaining files manually or electronically related to collective bargaining.
3. The cost of up to five employer representatives and the cost of up to five employee representatives will be reimbursed for the following activities if a representative of a recognized employee organization requests that the local governmental employer meet and confer in good faith.
   a. Reviewing the recognized employee organization's initial contract proposal.
   b. Developing and presenting the local government employer's response to the recognized employee organization's initial contract proposal.
   c. Participating in negotiating planning sessions in preparation of pending negotiations with the recognized employee organization's representatives.
   d. Negotiating with the recognized employee organization's representatives.
   e. Holding public hearings, pursuant to Government Code 3505.1, so that the governing board can approve the memorandum of understanding.
   f. Reproducing and distributing to employer representatives (supervisory, management, and confidential) that portion of the final contract agreement. Reproducing and distributing copies of the final contract to collective bargaining unit members are not reimbursable.

V. CLAIM PREPARATION AND SUBMISSION

Claims for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV of this document.

SUPPORTING DOCUMENTATION

Claimed costs shall be supported by the following cost element information:

A. Direct Costs

Direct Costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.

Claimed costs shall be supported by the following cost element information:

1. Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity, the productive hourly rate, and related employee benefits.

Reimbursement includes compensation paid for salaries, wages, and employee benefits. Employee benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and workers' compensation insurance. Employee benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

3. Contract Services

Contracted services for participation of employer representatives in contract negotiations and negotiation planning sessions will be reimbursed. Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Submit contract consultant and attorney invoices with the claim.

4. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points and travel costs.

5. Training

The cost of training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.

B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Cities, Counties, and Special Districts

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of direct labor,

excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

School Districts

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

3. Community colleges have the option of using (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21 "Cost Principles of Educational Institutions", (2) the rate calculated on State Controller's Form FAM-29C, or (3) a 7% indirect cost rate.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter[1] is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds and other state funds shall be identified and deducted from this claim.

VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the State contained herein.

IX. PARAMETERS AND GUIDELINES AMENDMENTS

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

[1] This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICER AND FIREFIGHTERS CLAIM FOR PAYMENT	For State Controller Use Only (19) Program Number 00197 (20) Date Filed (21) LRS Input	PROGRAM 197

			Reimbursement Claim Data	
(01) Claimant Identification Number				
(02) Claimant Name			(22) FORM 1, (03)	
County of Location			(23) FORM 1, (04) A. 1.(f)	
Street Address or P.O. Box		Suite	(24) FORM 1, (04) B. 1.(f)	
City	State	Zip Code	(25) FORM 1, (04) B. 2.(f)	
		Type of Claim	(26) FORM 1, (04) B. 3.(f)	
	(03)	(09) Reimbursement ☐	(27) FORM 1, (04) B. 4.(f)	
	(04)	(10) Combined ☐	(28) FORM 1, (04) B. 5.(f)	
	(05)	(11) Amended ☐	(29) FORM 1, (06)	
Fiscal Year of Cost	(06)	(12)	(30) FORM 1, (07)	
Total Claimed Amount	(07)	(13)	(31) FORM 1, (09)	
Less: **10% Late Penalty** (refer to attached Instructions)		(14)	(32) FORM 1, (10)	
Less: **Prior Claim Payment Received**		(15)	(33)	
Net Claimed Amount		(16)	(34)	
Due from State	(08)	(17)	(35)	
Due to State		(18)	(36)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 Government Code.

I further certify that there was no application other than from the claimant, nor any grants or payments received for reimbursement of costs claimed herein and claimed costs are for a new program or increased level of services of an existing program. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

Date Signed _____

Telephone Number _____

E-Mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim

Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer

Telephone Number _____

E-mail Address _____

PROGRAM 197	HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS CLAIM FOR PAYMENT INSTRUCTIONS	FORM FAM-27

(01) Enter the claimant identification number assigned by the State Controller's Office.

(02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.

(03) to (08) Leave blank.

(09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.

(10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.

(11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.

(12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate Form FAM-27 for each fiscal year.

(13) Enter the amount of the reimbursement claim as shown on Form 1 line (11). The total claimed amount must exceed $1,000; minimum claim must be $1,001.

(14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows::

- Late Initial Claims: Form FAM-27 line (13) multiplied by 10%, without limitation; or
- Late Annual Reimbursement Claims: Form FAM-27, line (13) multiplied by 10%, late penalty not to exceed $10,000.

(15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.

(16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).

(17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.

(18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.

(19) to (21) Leave blank.

(22) to (36) Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (04) A. 1. (f), means the information is located on Form 1, line (04) A. 1., column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the process**.

(37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number, and email address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.)**

(38) Enter the name, telephone number, and e-mail address of the agency contact person for the claim. If the claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL FORM FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

PROGRAM 197	HEALTH BENEFITS FOR SURVIVIORS OF PEACE OFFICERS AND FIREFIGHTERS CLAIM SUMMARY	FORM 1

(01) Claimant	(02) Fiscal Year 20___ / 20___
(03) Number of peace officers and firefighters who died in the line of duty during the fiscal year	

Direct Costs		Object Accounts					
(04) Reimbursable Activities		(a) Salaries	(b) Benefits	(c) Materials and Supplies	(d) Contract Services	(e) Travel and Training	(f) Total
A.	**One-Time Activity**						
1.	Develop Policies and Procedures						
B.	**Ongoing Activities**						
1.	File Maintenance						
2.	Dependent Notification						
3.	Insurance Notification						
4.	Continued Coverage						
5.	Contract Negotiations						
(05)	Total Direct Costs						

Indirect Costs		
(06) Indirect Cost Rate	[From ICRP or 10%]	%
(07) Total Indirect Costs	[Refer to Claim Summary Instructions]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

Cost Reduction		
(09) Less: Offsetting Revenues		
(10) Less: Other Reimbursements		
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]	

PROGRAM 197	HEALTH BENEFITS FOR SURVIVIORS OF PEACE OFFICERS AND FIREFIGHTERS CLAIM SUMMARY INSTRUCTIONS	FORM 1

(01) Enter the name of the claimant.

(02) Enter the fiscal year of costs.

(03) Enter the number of peace officers and firefighters who died in the line of duty during the fiscal year.

(04) For each reimbursable activity, enter the totals from Form 2, line (05), columns (d) through (h), to Form 1, block (04), columns (a) through (e), in the appropriate row. Total each row.

(05) Total columns (a) through (f).

(06) Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits, without preparing an Indirect Cost Rate Proposal (ICRP). If an indirect cost rate of greater than 10% is used, include the ICRP with the claim.

(07) Local agencies have the option of using the flat rate of 10% of direct labor costs or using a department's ICRP in accordance with the Office of Management and Budget OMB Circular A-87 (Title 2 CFR Part 225). If the flat rate is used for indirect costs, multiply Total Salaries, line (05)(a), by 10%. If an ICRP is submitted, multiply applicable costs used in the distribution base for the computation of the indirect cost rate by the Indirect Cost Rate, line (06). If more than one department is reporting costs, each must have its own ICRP for the program.

(08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).

(09) If applicable, enter any revenue received by the claimant for this mandate from any state or federal source.

(10) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.

(11) From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Revenues, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to Form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM 197	HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS ACTIVITY COST DETAIL	FORM 2

(01) Claimant

(02) Fiscal Year 20___ / 20___

(03) Reimbursable Activities: Check only one box per form to identify the activity being claimed.

A. One-Time Activity

☐ 1. Develop Policies and Procedures

B. Ongoing Activities

☐ 1. File Maintenance

☐ 2. Dependent Notification

☐ 3. Insurance Notification

☐ 4. Continued Coverage

☐ 5. Contract Negotiations

(04) Description of Expenses

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	**Object Accounts** (d) Salaries	(e) Benefits	(f) Materials and Supplies	(g) Contract Services	(h) Travel and Training
(05) Total ☐ Subtotal ☐ Page: ____of____							

PROGRAM 197	HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2

(01) Enter the name of the claimant.

(02) Enter the fiscal year for which costs were incurred.

(03) Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable activity.

(04) The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub Object Accounts	Columns								Submit supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost=Hourly Rate x Hours Worked or Total Contract Cost		Copy of Contract and Invoices
Travel and Training	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Total Travel = Rate x Days or Miles	
	Employee Name and Title Name of Class		Dates Attended					Registration Fee	

(05) Total line (04), columns (d) through (h) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (05), columns (d) through (h) to Form 1, block (04), columns (a) through (e) in the appropriate row.

EXHIBIT C

CALIFORNIA VOTERS PAMPHLET, PRIMARY ELECTION, JUNE 6, 1978 [CONTAINING PROPOSITION 13]

CALIFORNIA VOTERS PAMPHLET

PRIMARY ELECTION

JUNE 6, 1978

compiled by MARCH FONG EU
SECRETARY OF STATE

Analyses by WILLIAM G. HAMM
LEGISLATIVE ANALYST

AVISO:

Una traducción al español de este folleto del votante puede obtenerse si completa y nos envía la tarjeta con porte pagado que encontrará entre las páginas 56 y 57. Escriba su nombre y dirección en la tarjeta en LETRA DE MOLDE y regrésela antes del 26 de mayo de 1978.

NOTICE:

A Spanish translation of this ballot pamphlet may be obtained by completing and returning the postage-paid card which you will find between pages 56 and 57. Please PRINT your name and mailing address on the card and return it no later than May 26, 1978.

Secretary of State

SACRAMENTO 95814

Estimados Californianos:

Esta es la versión en Inglés del folleto del votante de California para la Elección Primaria de junio de 1978. Contiene el título de la balota, un corto resumen, el análisis del Analista Legislativo, los razonamientos a favor y en contra y las refutaciones, y el texto completo de cada proposición; y también contiene el voto legislativo vertido a favor y en contra de toda medida propuesta por la Legislatura.

Si desea recibir un folleto del votante en Español, simplemente complete y envíe la tarjeta adjunta entre las páginas 56 y 57. No se necesitan estampillas.

Lea cuidadosamente cada una de las medidas y la información respecto a las mismas contenidas en este folleto. Las proposiciones legislativas y las iniciativas patrocinadas por ciudadanos están diseñadas específicamente para darle a Ud., el votante, la oportunidad de influir las leyes que nos gobiernan a todos.

Aproveche esta oportunidad y vote el 6 de junio de 1978.

SECRETARIA DEL ESTADO

Secretary of State

SACRAMENTO 95814

Dear Californians:

This is the English version of the California ballot pamphlet for the June, 1978, Primary Election. It contains the ballot title, short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition; also it contains the legislative vote cast for and against any measure proposed by the Legislature.

If you wish to receive a Spanish language ballot pamphlet simply fill out and mail the card enclosed between pages 56 and 57. No postage is needed.

Read carefully each of the measures and the information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and vote on June 6, 1978.

SECRETARY OF STATE

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QUESTIONS AND ANSWERS ABOUT VOTING

Q—Who can answer questions about voter registration, voting, or elections?
A—Each county in California has a county clerk or a registrar of voters who can answer questions concerning registration, voting, or elections. The telephone number of the clerk or registrar is listed in the white pages of your telephone directory under the listings for county offices.

Q—Who can vote?
A—You can vote at the Primary Election on June 6, 1978, only if you have registered to vote by May 8, 1978.

Q—Who can register to vote?
A—You can register to vote if you:
* are at least 18 years of age on election day,
* are a citizen of the United States,
* are a resident of California, and
* are not imprisoned or on parole for the conviction of a felony.

Q—How can I register to vote?
A—You can register to vote at the office of the clerk or registrar in the county where you live, and at various other publicized locations throughout the state. You can register in person, or fill out a registration-by-mail form and drop it in your nearest mail box. Registration-by-mail forms may be obtained by writing your clerk or registrar. However, you *must* register by May 8, 1978, in order to vote in the Primary Election held June 6, 1978.
When you register, you must provide:
* your name,
* your present address,
* your occupation,
* your date of birth, and
* where you were born.

Q—Do I have to belong to one of the four "qualified" political parties in order to register to vote? (The "qualified" political parties in California are American Independent Party, Democratic Party, Peace and Freedom Party, and Republican Party.)
A—No, unless you want to. If you do not want to, or if you are not sure, you can check the "decline to state" space on the form, or you may write in the name of any other party that you want to register with in the space labeled "other."

Q—If I don't indicate my political party when I register, can I still vote in every election?
A—Yes. The only thing you cannot vote on is which candidate will be a political party's choice in a Primary Election.
For example: Only people who register as Republicans can vote in the Primary Election to select Republican Party candidates for the November General Election. Primary Elections are held in June of even-numbered years. You *can* still vote on all the nonpartisan offices and whatever ballot measures appear on the ballot.

Q—If I have picked a party, can I change it later?
A—Yes, but you must register again.

Q—Can I still vote in the June Primary Election if I am registered but I move between May 9 and election day?
A—Yes, but you must vote at the polling place where you would vote if you had not moved, or by "absentee ballot."

Q—If I have been convicted of a crime, can I register to vote?
A—Yes, unless you are imprisoned or on parole for conviction of a felony.

Q—What information will I get before the election?
A—You should get this "California Voters Pamphlet" and a mailing containing a sample ballot and related material.
This Voters Pamphlet gives you information on all statewide measures to be voted on. The sample ballot gives you information on the candidates you will vote for and any local measures.

Q—Where do I go to vote?
A—Your polling place address is printed in the material you receive with your sample ballot.

Q—If I don't know what to do when I get to my polling place, is there someone there to help me?
A—Yes, the workers at the polling place will help you. If they cannot help you, call your clerk or registrar.

Q—When do I vote?
A—The Primary Election will be Tuesday, June 6, 1978. Your polling place is open from 7 a.m. to 8 p.m. that day.

Q—What do I do if my polling place is not open?
A—Call your clerk or registrar.

Q—Can I take my sample ballot into the voting booth even if I've written on it?
A—Yes.

Q—What do I do if I cannot work the voting machine?
A—Ask the polling place workers, and they will help you.

Q—Can a worker at the polling place ask me to take any test?
A—No.

Q—Can I take time off from my job to vote on election day?
A—Yes, you may take time off if you do not have enough time outside of working hours to vote. You may take off enough working time which, when added to the voting time available outside of working hours, will enable you to vote. The time must be at the beginning or end of your regular work shift and may not be more than two hours without loss of pay. You must tell your employer at least two working days before the election if you need time off.

Q—Can I vote if I know I will be away from home on election day?
A—Yes. You can vote early by:
* going to the office of your clerk or registrar and voting there; or
* mailing in the application form for an absentee ballot sent with your sample ballot.

Q—What can I do if I do not have an application form?
A—You can send a letter or postcard asking for an absentee ballot. This letter or postcard should be sent to your clerk or registrar. The request for an absentee ballot must be *received* by the clerk or registrar by May 30, 1978.

Q—What do I say when I ask for an absentee ballot?
A—You must write:
* that you need to vote early;
* your address when you registered to vote;
* the address where you want the ballot mailed;
* your signature, and also print your name underneath.

Q—When do I mail my absentee ballot back to the clerk or registrar?
A—You can mail your absentee ballot back as soon as you want. You must be sure your absentee ballot gets to the clerk or registrar's office from where it was sent by 8 p.m. on election day, June 6, 1978. You may also leave the absentee ballot with any polling place worker before the polls close in the county where you are registered.

IF YOU HAVE OTHER QUESTIONS ON VOTING, CALL YOUR COUNTY CLERK OR REGISTRAR OF VOTERS.

1 State School Building Aid Bond Law of 1978

Official Title and Summary Prepared by the Attorney General

FOR THE STATE SCHOOL BUILDING AID BOND LAW OF 1978. This act provides for a bond issue of three hundred fifty million dollars ($350,000,000) to provide capital outlay for construction or improvement of public schools.	
AGAINST THE STATE SCHOOL BUILDING AID BOND LAW OF 1978. This act provides for a bond issue of three hundred fifty million dollars ($350,000,000) to provide capital outlay for construction or improvement of public schools.	

FINAL VOTE CAST BY LEGISLATURE ON AB 72 (PROPOSITION 1)

Assembly—Ayes, 74 Noes, 0

Senate—Ayes, 28 Noes, 4

Analysis by Legislative Analyst

Background:

School districts acquire new buildings because (a) enrollments increase or shift, (b) existing facilities do not meet the needs of the students, or (c) buildings would not be safe in the event of earthquakes. To obtain building funds, a school district may:

1. Sell local school bonds.

A school district can sell general obligation bonds up to a legal bonding limit if approved by a two-thirds vote at a district election. The district pays off the bonds by levying special taxes over a 5–30 year period. In the event that a district has sold local bonds up to its legal limit and still needs facilities, it may borrow funds from the state under the State School Building Aid Program. Under this program, the state sells bonds and then lends the funds to school districts for building construction. To obtain a state loan, a district must also receive approval by a two-thirds vote at a district election. It is estimated that funds for the state loan program will be gone by July 1, 1978.

2. Negotiate a lease-purchase loan agreement with a nonprofit corporation established by the district.

In this case, a nonprofit corporation established by the district sells special revenue bonds to raise funds. The corporation constructs and leases buildings to the district for a period up to 30 years. At the end of the lease, ownership of the building is transferred to the district. This agreement requires approval by a majority vote, rather than a two-thirds vote.

This approach is more expensive than the first alternative because revenue bonds usually carry a higher interest rate than local school general obligation bonds or state loans.

A third source of financing—the State School Building Lease-Purchase Act—has never been funded. This program was enacted in 1976 to allow a school district the option of negotiating a lease-purchase loan agreement with the state instead of with a nonprofit corporation. In this case, the state constructs the building and leases it to the district for a period up to 30 years. At the end of the lease, ownership of the building is transferred to the district. This agreement would require approval by a majority vote at a distr election. Interest rates would be approximately the same as the rates on state loans.

The essential differences between these sources of local building funds are:

1. Usually districts prefer state loans or local bonds rather than lease-purchase agreements with a private corporation because state loans and local bonds usually carry a lower interest rate. In addition, the state loan may be partially forgiven after 30 years if certain conditions are met. However, both state loans and local bonds require approval by two-thirds vote, rather than a majority vote, at a district election.

2. If the State School Building Lease-Purchase Act of 1976 were funded, it would probably be the preferred approach for obtaining school construction funds. This is because the program would carry a lower interest rate than local bonds. In addition, this program would only require approval by a majority vote at a district election. However, unlike the State School Building Aid Program, the lease-purchase arrangement requires full repayment over the lease period without any possible forgiveness.

Proposal:

This proposition would authorize the state to sell up to $350 million in state general obligation bonds, with the proceeds to be available as follows: (1) up to $100 million to replenish the regular State School Building Aid Program, and (2) the remainder ($250 million or more) to finance the State School Building Lease-Purchase Act of 1976. These funds would be distributed by the state to local school districts according to uniform cost standards and maximum square-footage allowances.

Fiscal Effect:

State costs over 20 years would include (1) interest charges of approximately $175 million on the $350 million in state bonds, and (2) administrative expenses of approximately $1 million. These costs would be totally recovered from the districts. In fact, the state would collect more funds than are necessary to pay the interest on state borrowing and cover the administrative costs of the program because the state usually pays off its bonds in 20 years, whereas districts would repay the state over a period of up to 30 years. This additional income to the state could amount to a maximum of $43 million.

If this proposal is approved by the voters and districts choose the lease-purchase method of financing, this proposition could reduce local interest costs for those districts that are not eligible to borrow from the state under the State School Building Aid Program. This is because interest rates would probably be lower under the lease-purchase program than under alternative funding mechanisms.

Text of Proposed Law

This law proposed by Assembly Bill 72 (Statutes of 1977, Chapter 340) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law repeals an existing Chapter of the Education Code and adds a new Chapter thereto; therefore, the provisions proposed to be repealed are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type*.

PROPOSED LAW

SECTION 1. Chapter 21 (commencing with Section 17600) of Part 10 of the Education Code is repealed.

~~CHAPTER 21. STATE SCHOOL BUILDING LEASE/PURCHASE BOND LAW OF 1976~~

~~17600. This act may be cited as the State School Building Lease/Purchase Bond Law of 1976.~~

~~17601. The State General Obligation Bond Law (Chapter 1 (commencing with Section 16720) of Part 2 of Division 1 of Title 2 of the Government Code) is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.~~

~~17602. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:~~

~~(a) "Committee" means the State School Building Finance Committee created by Section 15901.~~

~~(b) "Board" means the State Allocation Board.~~

~~(c) "Fund" means the State School Building Lease/Purchase Fund.~~

~~17603. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Lease/Purchase Law of 1976, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Lease/Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of two hundred million dollars ($200,000,000) in the manner provided herein, but not in excess thereof.~~

~~17604. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.~~

~~There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.~~

~~On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.~~

~~17605. All money deposited in the fund under Section 17736 of this code and pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 1 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 17604. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.~~

~~17606. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, such an amount as will equal the following:~~

~~(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.~~

~~(b) Such sum as is necessary to carry out the provisions of Section 17607, which sum is appropriated without regard to fiscal years.~~

~~17607. For the purposes of carrying out the provisions of this chapter the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.~~

~~17608. Upon request of the board, supported by a statement of the apportionments made and to be made under Sections 17700 to 17766, inclusive, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. Fifty million dollars ($50,000,000) shall be available for apportionment on July 1, 1976, and seven million dollars ($7,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of two hundred million dollars ($200,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.~~

~~17609. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for~~

Continued on page 60

1 State School Building Aid Bond Law of 1978

Argument in Favor of Proposition 1

Proposition 1 deserves your "yes" vote. It will assist school districts to finance needed facilities. The proposition will make available approximately $250 million to fund the State School Building Lease Purchase Law of 1976 to assist school districts to modernize or replace dilapidated facilities more than 30 years old. Additionally, up to $100 million will continue the long existing loan program which makes funds available to poorer districts which require additional facilities because of enrollment growth.

There are many unique elements to the Lease Purchase Law of 1976 which this proposition will finance.

First, there will be no cost to the State. No State tax dollars are involved. The law guarantees 100 percent repayment for the facilities constructed.

Second, the program will reduce substantially the cost of school construction. School districts will enter lease purchase agreements with the State rather than with local nonprofit corporations. The savings to local districts lie in the State's guarantee of State bonds as opposed to the district's guarantee of local bonds. A recent school district bond issue of $35 million could have saved that district $10 million had this proposal been available because of the lower State interest rate.

Third, districts are encouraged under this program to rehabilitate existing facilities rather than replace them. Districts are also encouraged to design a portion of their facilities as relocatable structures to be moved within the district as the school population demands. The law also encourages school districts to seek other than conventional, nonreplenishable energy sources for heating, cooling and lighting.

Before entering a lease purchase agreement with the State, the district must obtain a simple majority vote from its electorate. This is currently the vote requirement for local nonprofit corporations. The law insures that facilities constructed or rehabilitated will be economical and efficient by requiring that all proposed projects not exceed cost standards and square footage allowances developed by the State Allocation Board. These limitations are not included in the current lease purchase law. This proposal guarantees minimum costs.

The second portion of the bond act, $100 million for continuance of the State School Building Aid Law of 1952, is needed to assist districts experiencing enrollment growth. These funds will permit districts to construct facilities for both the regular instructional program and for handicapped children. Participating school districts will repay the State loans according to a long existing repayment schedule that considers their ability to repay.

Proposition 1 deserves your favorable vote. It will: (1) use the State's credit to reduce the local district's cost of modernizing and rehabilitating dilapidated school buildings at no cost to the State, (2) continue all existing safeguards regarding vote requirements, and State approval of local projects, and (3) assist school districts which continue to experience enrollment growth, construct needed facilities.

WILSON RILES
California State Superintendent of Public Instruction

THOMAS C. PATON
President, California Blue Shield

LEROY F. GREENE
Member of the Assembly, 6th District
Chairman, Assembly Education Committee

Rebuttal to Argument in Favor of Proposition 1

There are only three points that need to be made in response to the arguments of the proponents:

1. If the State's own figures show a dramatic reduction in school enrollments in California, new buildings are unnecessary.

2. Even if it is necessary to purchase new property and buildings, why is there no provision to sell off the old buildings and property?

3. Contrary to the proponents' arguments, STATE AND TAX DOLLARS ARE INVOLVED. These are general obligation bonds that, by law, are 100% backed by the faith and credit of the taxpayers of California. Any statement to the contrary is absolutely false. Every nickel of that $350 million (plus interest!) must be paid back by you, the taxpayer, through higher local taxes. And if localities default, your State tax dollars are pledged to make up the difference. So, either way, you are going to have to pay back every single penny of your share of $350 million!

VOTE NO TO HIGHER AND HIGHER TAXES. VOTE NO ON PROPOSITION 1.

H. L. "BILL" RICHARDSON
State Senator, 25th District

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 1

There are only three things that we need to remember about Proposition 1.

1. This is the identical bond issue that you overwhelmingly defeated in the last Primary Election, except that it asks you to go $350 million in debt instead of just $250 million in debt.
2. Proposition 1 is 100% financed by you, the taxpayer.
3. School enrollments are DOWN, so why do we need more buildings?

And that's the name of that tune!

H. L. "BILL" RICHARDSON
State Senator, 25th District

Rebuttal to Argument Against Proposition 1

The opponents say, "you overwhelmingly defeated" this measure in the last primary election. It lost by 2.7% of the vote cast.

The opponents say Proposition 1 is 100% financed by you, the taxpayer. PROPOSITION 1 IS FINANCED SOLELY BY TAXPAYERS OF THE INDIVIDUAL SCHOOL DISTRICTS WHICH VOTE TO OBLIGATE THEMSELVES FOR NEEDED FACILITIES. If voters in a school district vote to borrow money and pay it back, they and only they finance the lease purchase agreement. You, the general state taxpayer, are not investing one penny. YOU ARE SIMPLY ALLOWING DISTRICTS TO VOTE TO BORROW AND PAY BACK WHAT THEY BORROW PLUS INTEREST AT NO COST TO THE REST OF US AND AT LOWEST COST TO THEM.

We still have growth districts and this is the least expensive money that can be made available to those taxpayers who vote to borrow and build. WHY SHOULD WE FORCE LOCAL TAXPAYERS TO BORROW MORE EXPENSIVELY? This proposal makes it possible to restore or replace such buildings at the least cost following a local district vote to do so.

Without passage of this proposal, local districts will still have to vote to build and pay for needed facilities. With passage of this proposal, local districts will still have to vote to build and pay for needed facilities, but AT A MUCH LOWER COST TO THE LOCAL TAXPAYER.

WILSON RILES
California State Superintendent of Public Instruction

THOMAS C. PATON
President, California Blue Shield

LEROY F. GREENE
Member of the Assembly, 6th District
Chairman, Assembly Education Committee

Apply for Your Absentee Ballot Early

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2 Clean Water and Water Conservation Bond Law of 1978

Official Title and Summary Prepared by the Attorney General

FOR THE CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978.

This act provides for a bond issue of three hundred seventy-five million dollars ($375,000,000) to provide funds for water pollution control and water conservation.

AGAINST THE CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978.

This act provides for a bond issue of three hundred seventy-five million dollars ($375,000,000) to provide funds for water pollution control and water conservation.

FINAL VOTE CAST BY LEGISLATURE ON AB 399 (PROPOSITION 2)

Assembly—Ayes, 72 Noes, 0

Senate—Ayes, 39 Noes, 0

Analysis by Legislative Analyst

Background:

The Clean Water Bond Laws of 1970 and 1974 each authorized the state to issue $250 million in general obligation bonds. These bonds provided money for:

1. State grants to local agencies to pay for at least 12½ percent of the total cost of sewage treatment facilities which are eligible for a federal grant under the Federal Water Pollution Control Act.
2. State planning and research efforts related to water quality or grants to local agencies for planning and research.
3. State loans to local agencies for water pollution control or water reclamation facilities.

The state has entered into agreements with local agencies which have committed nearly all of the funds available under the 1970 and 1974 Bond Laws. Under these agreements, the state generally pays 12½ percent of the eligible project cost and the local agency provides a matching 12½ percent. The federal government pays the remaining 75 percent.

Proposal:

This act, the Clean Water and Water Conservation Bond Law of 1978, would authorize the sale of $375 million in state general obligation bonds for the same purposes as described above. In addition the funds could be used for state grants to local agencies for projects ineligible for federal grants if the projects are for the purpose of preventing water pollution, or for conserving or reclaiming water. For example, bon funds could be used to help finance projects that prevent irrigation run-off water from polluting streams and rivers, and projects to install water saving devices in household plumbing. Up to $50 million of the $375 million could be used for this purpose.

Fiscal Effect:

The sale of $375 million in bonds, as authorized by this act, would obligate the state to repay the principal plus interest on the bonds. Bonds issued under the Clean Water Bond Laws of 1970 and 1974 mature over 20-year periods. Assuming similar maturities for the bonds authorized by this act and assuming a bond net interest rate averaging 5 percent, the total interest cost to the state would be about $197 million. Under these circumstances, the total cost to the state for principal ($375 million) plus interest ($197 million) would be $572 million over the life of the bonds.

This law proposed by Assembly Bill 399 (Statutes of 1977, Chapter 1160) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not expressly amend any existing law; therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 12.5 (commencing with Section 13955) is added to Division 7 of the Water Code, to read:

CHAPTER 12.5. CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978

13955. This chapter shall be known and may be cited as the Clean Water and Water Conservation Bond Law of 1978.

13956. The Legislature hereby finds and declares that clean water, which fosters the health of the people, the beauty of their environment, the expansion of industry and agriculture, the enhancement of fish and wildlife, the improvement of recreational facilities and the provision of pure drinking water at a reasonable cost, is an essential public need. However, because the State of California is subject to great fluctuations in precipitation which have created semiarid and arid conditions in many parts of the state, and because the state has historically experienced a dry year on the average once every fourth year and has occasionally experienced such dry years consecutively resulting in conditions of drought, it is of paramount importance that the limited water resources of the state be preserved and protected from pollution and degradation in order to ensure continued economic, community, and social growth. Although the State of California is endowed with abundant lakes and ponds, streams and rivers, and hundreds of miles of shoreline, as well as large quantities of underground water, these vast water resources are threatened by pollution, which, if not checked, will impede the state's economic, community and social growth. The chief cause of pollution is the discharge of inadequately treated waste into the waters of the state. Many public agencies have not met the demands for adequate waste treatment or the control of water pollution because of inadequate financial resources and other responsibilities. Increasing population accompanied by accelerating urbanization, growing demands for water of high quality, rising costs of construction and technological changes mean that unless the state acts now the needs may soar beyond the means available for public finance. Meeting these needs is a proper purpose of the federal, state and local governments. Local agencies, by reason of their closeness to the problem, should continue to have primary responsibility for construction, operation and maintenance of the facilities necessary to cleanse our waters. Since water pollution knows no political boundaries and since the cost of eliminating the existing backlog of needed facilities and of providing additional facilities for future needs will be beyond the ability of local agencies to pay, the state, to meet its responsibility to protect and promote the health, safety and welfare of the inhabitants of the state, should assist in the financing. The federal government is contributing to the cost of control of water pollution, and just provision should be made to cooperate with the United States of America.

13956.5. The Legislature further finds and declares that the people of the state have a primary interest in the development and implementation of programs, devices, and systems to conserve water so as to make more efficient use of existing water supplies and to reclaim wastewater in order to supplement present surface and underground water supplies. Utilization of reclaimed water and water which has otherwise been conserved will economically benefit the people of the state, will augment the existing water supplies of many local communities, and will assist in meeting future water requirements of the state. It is therefore further intended by the Legislature that the state undertake all appropriate steps to encourage and develop water conservation and reclamation so that such water may be made available to help meet the growing water requirements of the state.

13957. It is the intent of this chapter to provide necessary funds to insure the full participation by the state under the provisions of Title II of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto, and to provide funds for state participation in the financing of projects, for the control of water pollution, or for the development of water conservation and wastewater reclamation, which are ineligible for federal assistance under Title II of the Federal Water Pollution Control Act and acts amendatory thereof or supplementary thereto.

13958. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter except that, notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of the bonds shall not exceed 50 years from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.

13959. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the Clean Water and Water Conservation Finance Committee created by Section 13960.

(b) "Board" means the State Water Resources Control Board.

(c) "Fund" means the State Clean Water and Water Conservation Fund.

(d) "Municipality" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto and shall also include the state or any agency, department, or political subdivision thereof.

(e) "Treatment works" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto, and shall also include such additional devices and systems as are necessary and proper to control water pollution, reclaim wastewater, or reduce use of and otherwise conserve water.

(f) "Construction" means any one or more of the following: preliminary planning to determine the feasibility of treatment works, engineering, architectural, legal, fiscal, or economic investigations or studies, surveys, designs, plans, working drawings, specifications, procedures, or other necessary actions, erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works, or the inspection or supervision of any of the foregoing items.

(g) "Eligible project" means a project for the construction of treatment works which is all of the following:

(1) Eligible for federal assistance, whether or not federal funds are then available therefor;

(2) Necessary to prevent water pollution;

(3) Certified by the board as entitled to priority over other treatment works, and which complies with applicable water quality standards, policies and plans.

(h) "Eligible state assisted project" means a project for the construction of treatment works which is all of the following:

(1) Ineligible for federal assistance.

(2) Necessary to prevent water pollution or feasible and cost effective for conservation or reclamation of water.

(3) Certified by the board as entitled to priority over other treatment works and which complies with applicable water quality and other applicable federal or state standards, policies, and plans.

(i) "Federal assistance" means funds available to a municipality either directly or through allocation by the state, from the federal government as grants for construction of treatment works, pursuant to Title II of the Federal Water Pollution Control Act, and acts amendatory thereof or supplementary thereto.

13959.5. There is in the State Treasury the State Clean Water and Water Conservation Fund, which fund is hereby created.

13960. The Clean Water and Water Conservation Finance Committee is hereby created. The committee shall consist of the Governor or his designated representative, the State Controller, the State Treasurer, the Director of Finance, and the chairman of the board. The executive officer of the board shall serve as a member of the committee in the absence of the chairman. Said committee shall be the "committee" as that term is used in the State General Obligation Bond Law.

13961. The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of three hundred seventy-five million dollars ($375,000,000), in the manner provided in this chapter. Such debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in Section 13962.

13962. (a) The moneys in the fund shall be used for the purposes set forth in this section.

(b) The board is authorized to enter into contracts with municipalities having authority to construct, operate and maintain treatment works, for grants to such municipalities to aid in the construction of eligible projects.

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2 Clean Water and Water Conservation Bond Law of 1978

Argument in Favor of Proposition 2

A Yes vote on Proposition 2 is vitally needed in order to maintain and improve water quality and to help assure an adequate supply of clean water for Californians.

A Yes vote on Proposition 2 will ease the tax burden on local taxpayers by significantly reducing the amount of property tax revenues needed to meet clean water laws.

If, on the other hand, the measure does not pass, the entire non-federal cost of water treatment facilities must be borne by local governments, thus putting additional pressure on property taxpayers.

Proposition 2 will provide funds to construct necessary wastewater facilities and will also provide financial assistance for water recycling and water conservation projects.

For these, as well as the following additional reasons, we believe the State should continue, through the passage of Proposition 2, to assist local governments in constructing facilities necessary to preserve and protect California's water resources:

* Additional facilities are needed to protect our environment and to provide for our recreational, agricultural, industrial, commercial and municipal water needs.
* As the recent drought demonstrated, California's water resources must be fully utilized. Cost-effective water recycling and conservation projects will receive high priority in our State water program through the passage of Proposition 2.
* Costly delay in the construction of water treatment facilities will be prevented through the passage of Proposition 2. Delay would have a harmful effect on the quality of life, a possible loss of federal funds, and the resulting lost of construction jobs.
* Available state funds for critical water treatment projects are nearly exhausted. Passage of Proposition 2 is needed to continue such assistance. If Proposition 2 fails to pass, local governments will face a minimum direct cost of $1.15 billion. Passage of Proposition 2 will eliminate at least half of this burden.

In order to meet clean water standards established under State and federal laws, California has underway accelerated programs to minimize pollution and to conserve and enhance our water resources. These programs must be continued.

That is why the State Assembly and the State Senate, Democrats and Republicans, voted unanimously to place Proposition 2 on the ballot for your approval.

That is why we urge you to vote YES on Proposition 2.

LEO T. McCARTHY
Member of the Assembly, 18th District
Speaker of the Assembly

HOUSTON FLOURNOY
Dean, Center for Public Affairs,
University of Southern California
Former State Controller

JOHN E. BRYSON
Chairman, State Water Resources Control Board

Rebuttal to Argument in Favor of Proposition 2

VOTE NO ON PROPOSITION 2. DON'T BE SWAYED BY BLATANTLY FALSE CLAIMS OF LOWER PROPERTY TAXES, FISCAL ACCOUNTABILITY AND BETTER SEWERS.

Those in favor of Proposition 2 argue that the entire burden of non-federal costs in sewer construction will be borne by property taxes if Proposition 2 isn't passed. This is based on the incorrect assumption that property taxes pay for new sewers. Federal sewer funds may no longer be matched by local property taxes. **THE DEFEAT OF PROPOSITION 2 WILL NOT INCREASE PROPERTY TAXES.**

Proposition 2 proponents promise protection of the economic and environmental health of the state, and cost effective water conservation programs. There is not enough money to finish the sewer construction which will be initiated under this bond. **DON'T BE FOOLED—PROPOSITION 2 IS NO PANACEA.**

WE TAXPAYERS HAVE GOOD REASON TO BE WARY OF THIS "BLANK CHECK" REQUEST FOR "CLEAN WATER" FUNDS. The City of San Francisco has already approved $300 million in sewer bonds. San Francisco is paying only 12½% of its sewer costs under the federal/state/local funding formula. This means that San Francisco sewers will cost $2.4 billion, nearly $900 million more than the last official estimate. **WHY DON'T THEY TELL US HOW MUCH WE HAVE TO SPEND IN THE FIRST PLACE? UNLESS YOU THE VOTER DEMAND FISCAL ACCOUNTABILITY, SEWER COSTS WILL RISE AND THE STATE WILL AGAIN BE ASKING FOR MORE MONEY. UNTIL YOU'RE SATISFIED CURRENT SEWER PROGRAMS AREN'T ANOTHER BOONDOGGLE, VOTE NO ON PROPOSITION 2.**

GEORGE DUESDIEKER
Treasurer, Committee for Sewer Alternatives

LARRY ERICKSON
Chair, Committee for Sewer Alternatives

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Argument Against Proposition 2

VOTE NO ON PROPOSITION 2. The passage of this measure is not in the best interests of pollution control, clean drinking water, or the people of the communities it is supposed to help. San Francisco stands to get the lion's share of this $375,000,000 state bond. We have seen the inadequate job San Francisco has done in planning its new sewers. San Francisco city officials have ignored cost considerations and alternative technological developments in their rush to spend your tax dollars on sewers. The people of California should not contribute to the program of San Francisco, or any other community, until more thoughtful, comprehensive plans for sewer improvements are presented. SAN FRANCISCO SEWER IMPROVEMENTS WILL COST *$1.5 BILLION* AND IT WILL BE AMONG THE LARGEST RECIPIENTS OF FUNDS FROM THIS BOND.

SAN FRANCISCO CANNOT POINT TO ANY RECENT MAJOR PUBLIC WORKS PROJECT WHICH HAS BEEN COMPLETED WITHIN ITS BUDGET, ON TIME, OR COMPETENTLY MANAGED. BART—Bay Area Rapid Transit—was not only subject to interminable delays in construction and bureaucratic ineptitude, Alameda, Contra Costa, and San Francisco residents have paid an extra ½¢ sales tax for this transit folly since the early 1960's. San Francisco Airport "improvement" is another horror story of fiscal mismanagement with no improved service. The Field Act—earthquake proofing of San Francisco's public chools—is a history of cost over-runs, and abysmal management, not to mention a disservice to school children. PROPOSITION 2 PROMISES ONLY TO BRING MORE OF THE SAME WASTE OF YOUR TAX MONEY AND MISMANAGEMENT.

THE "HURRY UP, GET IT DONE, AND FORGET EFFICIENCY, MONEY, AND PEOPLE" ATTITUDE, PLAGUES DOZENS OF PUBLIC WORK PROJECTS THROUGHOUT THE STATE. The callous, continuous, and wanton disregard of local residents, California taxpayers, and environmental quality as typified by San Francisco's sewer program must stop.

Better planning and use of improved technology can save your tax dollars and provide better service. Water pollution should end as soon as possible, but not at the expense of hastily thoughtout local plans, which will burden communities with inefficient sewer systems for the next 50 to 100 years. DON'T SQUANDER YOUR MONEY UNTIL MORE WELL THOUGHTOUT, COMPREHENSIVE, POSITIVE PLANS FOR SEWER IMPROVEMENTS ARE DEVELOPED.

The taxpayers of California have been forced to consider sewer improvements in a piecemeal fashion. This is the THIRD time in recent years you are asked to approve HUNDREDS OF MILLIONS for "clean water." Passage of this bond will bring the total approved by the voters in recent elections to $875 million for sewer improvements. THESE REQUESTS FOR ASTRONOMICALLY PRICED, ILL-CONCEIVED AND INEFFICIENT SEWERS MAY WELL BECOME AN ANNUAL EVENT—UNLESS THE VOTERS DEMAND ACCOUNTABILITY, LOWER COSTS, AND BETTER RESULTS. VOTE NO ON PROPOSITION 2.

GEORGE DUESDIEKER
Treasurer, Committee for Sewer Alternatives

LARRY ERICKSON
Chair, Committee for Sewer Alternatives

Rebuttal to Argument Against Proposition 2

Passage of Proposition 2 will benefit all Californians by restoring and preserving our water resources and by helping to ensure an adequate supply of clean water.

For opponents to argue that San Francisco is the major beneficiary of Proposition 2 is to totally ignore the serious water pollution and water supply problems of other major counties such as Alameda, Contra Costa, Los Angeles, Orange and San Diego. All of these, and in fact every major county, must construct new water treatment facilities and will therefore benefit directly from the passage of Proposition 2.

A YES vote on Proposition 2 will help to provide financial assistance for the local governments which would otherwise be required to fund their entire 25 percent share of required construction costs from local property taxes. (The federal government will provide 75 percent of the cost of the mandated construction.)

Local governments throughout the state will face serious funding problems unless Proposition 2 passes and the state continues to help pay for the construction of federally mandated wastewater treatment facilities.

Since 1970 California has been working toward ending the state's serious water pollution problems. Comprehensive, long range planning, including public input and full evaluation of alternatives, has proven to be a cost effective way of solving our pollution problems.

The passage of Proposition 2 will guarantee the funds necessary to help meet California's clean water needs. Please vote YES on Proposition 2.

LEO T. McCARTHY
Member of the Assembly, 18th District
Speaker of the Assembly

HOUSTON FLOURNOY
Dean, Center for Public Affairs,
University of Southern California
Former State Controller

JOHN E. BRYSON
Chairman, State Water Resources Control Board

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3 Taxation Exemption—Alternative Energy Systems

Official Title and Summary Prepared by the Attorney General

TAXATION EXEMPTION—ALTERNATIVE ENERGY SYSTEMS—LEGISLATIVE CONSTITUTIO AMENDMENT. Adds section 38 to article XIII of Constitution to provide that Legislature may exempt from tax all or any part of property used as alternative energy system which is not based on fossil fuels or nuclear fuels. Fina impact: Revenue loss to local governments during exemption period; could result in increase in local governi revenues thereafter. Minor local administrative costs.

FINAL VOTE CAST BY LEGISLATURE ON SCA 15 (PROPOSITION 3)

Assembly—Ayes, 78 Noes, 0

Senate—Ayes, 30 Noes, 2

Analysis by Legislative Analyst

Background:

All property is subject to local property taxes unless there is a specific exemption in, or enacted by the Legislature pursuant to, the Constitution.

Proposal:

This proposition would allow the Legislature to exempt from property taxation all or part of an alternative energy system *provided* that the system is not based on fossil fuels (oil, natural gas, coal) or nuclear fuels. Examples of such alternative energy systems are solar panels used to heat water and windmills used to generate electricity.

Fiscal Effect:

If this proposal is approved by the voters, legislation adopted in 1977 (Chapter 103, Statutes of 1977) will provide a property tax exemption for solar energy systems during the five-year period ending June 30, 1984. This property tax exemption would apply to any solar equipment which is attached to a residential or nonresidential building or swimming pool as part c solar energy system. Any equipment installed as a res of this proposition would be exempt during t specified five-year period. At the end of this period would become taxable and could result in an increa in local government revenues.

Any equipment which qualifies for this exempti but which would have been installed without tl proposal would also be tax exempt during this peric This would result in a revenue loss to loc governments. At the end of the period, the equipme would become taxable and this revenue loss would sto The state would not reimburse local governments fc revenue losses or the minor local administrative cos associated with this exemption.

There may be additional significant losses of propert tax revenues in the future if the Legislature exercise the authority to exempt other types of alternativ energy systems. Again, the amount of these losse cannot be determined at this time.

Study the Issues Carefully

This amendment proposed by Senate Constitutional Amendment No. 15 (Statutes of 1977, Resolution Chapter 29) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 38. In addition to such exemptions as are now provided in this Constitution, the Legislature may exempt from taxation all or any portion of property used as an alternative energy system which is not based on fossil fuels or nuclear fuels.

Vote on Election Day

3 Taxation Exemption—Alternative Energy Systems

Argument in Favor of Proposition 3

The threat of an energy shortage is one of the most crucial issues we face. To reduce our dependency on expensive foreign sources of oil and gas, we must do all we can—not only to develop our conventional energy supplies—but to encourage conservation and use of alternative sources such as solar.

Proposition 3 will encourage energy conservation vital to us all by providing a tax incentive to homeowners and businessmen to install solar systems. Its passage will help generate many new jobs and reduce the threat of future power brownouts.

Your approval of Proposition 3 will put into law a measure already passed by the Legislature to exempt solar energy installations from property taxes for a period of five years.

Proposition 3 will also authorize the Legislature to extend the tax exemption to wind or geothermal energy systems for hot water and heating buildings.

Because the initial cost of alternate energy equipment is so much higher than equipment utilizing conventional fuels, the property tax exemption provided by Proposition 3 is needed to make the investment attractive to the average homeowner and businessman.

Everyone benefits by the expanded use of solar energy and those who pay to have equipment installed should *not* be penalized by added property taxes!

Vote YES on Proposition 3 for a brighter energy future for California.

ALFRED E. ALQUIST
State Senator, 11th District
Chairman, Senate Committee on Public Utilities, Transit and Energy

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

ALAN D. PASTERNAK
Member, California Energy Commission

Rebuttal to Argument in Favor of Proposition 3

Let's set the record straight.

Everybody is in favor of solar energy, conservation and Mom's apple pie. Unfortunately, that isn't what Proposition 3 is all about.

Proposition 3 is about Tax Loopholes. And like most tax loopholes, a few will benefit at the expense of the rest of us. Let me briefly explain:

Windmills, experimental solar collectors and other "alternative energy systems" are far too expensive for the average person to afford. For this reason, only the very wealthy can afford to rip out their oil and gas heaters and install new experimental equipment.

All Proposition 3 does is create a special tax loophole for these modern day Don Quixotes. And of course, you and I have to make up for the lost revenue in higher property taxes.

As a matter of fact Proposition 3 specifically excludes giving a property tax exemption to people who must continue to heat their homes with "old-fashioned" gas, oil and electric heaters.

So, unless you're one of the selected few who can afford to build a windmill in your front yard, Proposition 3 will probably increase your taxes.

It's just that simple, folks, and that's why Proposition 3 deserves your NO vote.

H. L. "BILL" RICHARDSON
State Senator, 25th District

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Argument Against Proposition 3

How would you like to help the guy down the street pay for his newly heated swimming pool?

You'd like that? Good! Proposition 3 is for you.

That's right, folks. Thanks to Proposition 3 you will soon have the rare opportunity to do something for rich people. You will be allowed to pay higher property taxes in order to allow these "needy" rich people to buy tax-free solar-powered swimming pool heaters. Isn't that wonderful?

Oh, but that's not all. Here are a few more questions and answers that the proponents of this measure might not have mentioned:

Question: Could Proposition 3 lower property taxes paid by the owner of a solar-powered air conditioner in a 40-room mansion in Beverly Hills?
Answer: Yes.
Question: Does Proposition 3 allow the same property tax cut for the owner of a two-bedroom home in Anaheim, Fresno, or Eureka who must use oil, gas or electricity to heat his or her home?
Answer: No.
Question: Does Proposition 3 provide a tax loophole for the rich?
Answer: Yes.
Question: Does Proposition 3 provide the same tax loophole for the poor and middle-income families?
Answer: Not unless they can afford the same things as the rich.
Question: Who must pay higher property taxes to make up for the revenue lost through the tax loophole?
Answer: Anyone who cannot afford to convert to solar energy to heat his home.
Question: Does that mean you?
Answer: I don't know, does it? If so, you should vote NO on Proposition 3.

H. L. "BILL" RICHARDSON
State Senator, 25th District

Rebuttal to Argument Against Proposition 3

The frivolous and misleading opposition arguments would be amusing if the issue of energy conservation were not so important to our economy and national security—and your pocketbook.

Take the claim that property owners who don't install solar "must pay higher property taxes to make up for the revenue lost . . .". The Legislative Analyst says the limited five-year exemption could EXPAND the tax revenue base over the long run by encouraging the widespread installation of solar systems. This would tend to LOWER tax rates for ALL property owners, including those who don't install solar devices.

In addition, it is cheaper for a homeowner to buy the gas and electricity his neighbor saves at the current price than for his utility to buy additional and increasingly costly fuels from foreign countries. Therefore, when ANYONE installs a solar energy system, EVERYONE benefits by the resultant energy savings.

A tax incentive is the traditional American way to encourage citizens to make investments that promote the general welfare.

Tax loophole for the rich? Nonsense! Proposition 3 will help make solar heating and cooling feasible for the AVERAGE homeowner and businessman who couldn't afford the initial investment in solar equipment.

A family in "a 40-room mansion" doesn't have to worry about skyrocketing gas and electric bills. But the rest of us do.

Along with the solar income tax credit already enacted, the limited five-year property tax exemption provided in Proposition 3 will make solar energy a practical investment for the average Californian.

ALFRED E. ALQUIST
State Senator, 11th District
Chairman, Senate Committee on Public Utilities, Transit and Energy

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

ALAN D. PASTERNAK
Member, State Energy Commission

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4 City Charters—Boards of Education

Official Title and Summary Prepared by the Attorney General

CITY CHARTERS—BOARDS OF EDUCATION—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Requires that any amendment to a city charter which would change the manner, time, or terms of appointment or election of the governing board of a school or community college district or change charter provisions relating to the qualifications, compensation, removal or number of such members must be submitted for approval by a majority of all the qualified electors of the school or community college district voting on the question, including persons residing in such district but outside city boundaries. Requires submission of such amendments as separate questions. Financial impact: Minor increases in local election costs could result where voters live outside city's boundary.

FINAL VOTE CAST BY LEGISLATURE ON SCA 26 (PROPOSITION 4)

Assembly—Ayes, 76 Noes, 0

Senate—Ayes, 35 Noes, 0

Analysis by Legislative Analyst

Background:

The State Constitution allows a city operating under a charter form of government to set forth in its charter the conditions of membership for its city board of education. Specifically, the charter may provide for:

1. The manner and times of electing or appointing members,
2. The qualifications that members must meet and how much they shall be paid,
3. The number of members and the terms of office,
4. Removing members from office.

At present, the city boards of education of some chartered cities govern school districts which include areas outside the city limits. Persons living in such school districts but outside city limits are not permitted to vote on city charter amendments which would change the provisions listed above.

Proposal:

This constitutional amendment would require that all voters living in the school district governed by the city board of education be permitted to vote on proposed city charter amendments regarding the provisions listed above.

Fiscal Effect:

This measure could result in additional local election costs where voters living in a school district governe by a city board of education live outside the city's boundary. The amount would depend upon the number of such voters affected but would probably be minor.

Polls are open from 7 A.M. to 8 P.M.

This amendment proposed by Senate Constitutional Amendment No. 26 (Statutes of 1977, Resolution Chapter 47) expressly amends an existing section of the Constitution; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IX

SEC. 16. *(a)* It shall be competent, in all charters framed under the authority given by Section 5 of Article XI, to provide, in addition to those provisions allowable by this Constitution, and by the laws of the state for the manner in which, the times at which, and the terms for which the members of boards of education shall be elected or appointed, for their qualifications, compensation and removal, and for the number which shall constitute any one of such boards.

(b) Notwithstanding Section 3 of Article XI, when the boundaries of a school district or community college district extend beyond the limits of a city whose charter provides for any or all of the foregoing with respect to the members of its board of education, no charter amendment effecting a change in the manner in which, the times at which, or the terms for which the members of the board of education shall be elected or appointed, for their qualifications, compensation, or removal, or for the number which shall constitute such board, shall be adopted unless it is submitted to and approved by a majority of all the qualified electors of the school district or community college district voting on the question. Any such amendment, and any portion of a proposed charter or a revised charter which would establish or change any of the foregoing provisions respecting a board of education, shall be submitted to the electors of the school district or community college district as one or more separate questions. The failure of any such separate question to be approved shall have the result of continuing in effect the applicable existing law with respect to that board of education.

4 City Charters—Boards of Education

Argument in Favor of Proposition 4

Your YES vote on Proposition 4 will correct an inequitable situation whereby many persons are denied the right to vote on ballot measures affecting a school district in which they live.

Under longstanding state constitutional provisions, a charter city is permitted to include in its charter provisions for the appointment, election, removal, etc. of a local board of education. However, the school districts of some charter cities now have grown so that they have boundaries which are larger than the cities which created them. Because the Constitution allows only residents of a charter city to vote on amendments to its charter, persons who live within the school district but outside the city itself find themselves unable to vote on a charter amendment which vitally affects the school district.

Your approval of Proposition 4 will close this loophole which disenfranchises voters in a number of school districts.

For example, the Los Angeles school district covers 710 square miles, but the City of Los Angeles accounts for less than 500 of those square miles. There are approximately 150,000 registered voters who live within the Los Angeles school district but in areas that are outside of the City of Los Angeles. These voters cannot vote on school district charter amendments even though they are directly affected by the outcome of the voting.

It is unfair that a school district voter be deprived of the right to vote on a charter amendment which affects his own schools. Proposition 4 will correct that. No one would argue that it would be fair for only some of a city's voters to vote on a city ballot measure. It is just as unfair to allow only some of a school district's voters to vote on a measure affecting school districts.

You can bring fairness to the way we run our schools by voting YES on Proposition 4.

BILL GREENE
State Senator, 29th District

ZEV YAROSLAVSKY
Member, Los Angeles City Council

Rebuttal to Argument in Favor of Proposition 4

Amending our State Constitution to permit non-city residents to vote on city charters is wrong.

The State Constitution does not require any amendment to provide for non-city residents to vote on school issues. Our State Constitution already provides for this.

Many school districts are spread over several cities and unincorporated areas of several counties. As a matter of fact, one district covers portions of Santa Clara and Santa Cruz counties plus the whole or part of (7) cities. All of the residents of this district vote on all school trustee and school tax elections.

This issue covers a local problem. The problem is in the Los Angeles City Charter, not the State Constitution. The Los Angeles City Councilmen and the State Senator who wrote the Argument in support of this Constitutional Amendment would best serve their constituency by supporting home rule and seeking amendments to the Los Angeles City Charter and any other city charter that permits the city to control a school district that is not completely within their city boundaries.

For the Los Angeles City government to exercise control over educational facilities and operations outside their geographic jurisdiction is not only morally wrong, but it is most probably legally wrong. Do not become a part of this by permitting it through a Constitutional Amendment.

VOTE "NO" on Proposition 4.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

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Argument Against Proposition 4

The Legislature's own Counsel's Digest, written specifically for this Constitutional Amendment states, "The Constitution currently authorizes city charters to provide for . . . persons residing outside the boundaries of a city are not entitled to vote on amendments to the charter of such city." What is wrong with this? Do you believe that people who are non-residents of your city should be able to vote on your city charter?

This Constitutional Amendment would permit non-city residents to vote on a city charter. This is wrong. It establishes a precedent whereby non-residents of a city, county, or even a state could vote on city or county charter or even the constitution of a state in which they do not reside.

The real problem is that cities or counties are permitted to control sub-ordinate jurisdictions that are not wholly within their geographic boundaries.

If the Legislature feels that a Constitutional Amendment is necessary, it should introduce a Constitutional Amendment which prohibits such practices.

Voting NO on this Constitutional Amendment is in the local taxpayers' best interests.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

Rebuttal to Argument Against Proposition 4

Thanks to a quirk in the state constitution, some citizens are denied the right to vote on matters directly affecting them. Proposition 4 will correct this inequity.

Some school districts cover an area larger than the city by whose charter the district is governed. Residents of such school districts vote for members of their school board, but are prohibited from voting on city charter changes affecting their school district. A "YES" vote on Proposition 4 will change this.

For example, the Los Angeles Unified School District is governed by Los Angeles' City Charter. Yet, the district includes communities such as San Fernando, Carson and Huntington Park which are outside Los Angeles. Proposition 4 will allow residents of such communities to vote on charter changes just affecting the school district.

Opponents of Proposition 4 suggest limiting school districts to city boundaries. Such a plan could cost taxpayers millions of dollars, since it would reverse the steps districts have taken to economize through consolidation.

Opponents say Proposition 4 allows non-residents to vote on city matters that are none of their business. Not so. Proposition 4 allows residents of school districts, heretofore disenfranchised from the electoral process, to vote *only* on matters which *are* their business: Matters affecting their children's schools.

Vote "YES" on Proposition 4.

BILL GREENE
State Senator, 29th District

ZEV YAROSLAVSKY
Member, Los Angeles City Council

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5 Administrative Agencies

Official Title and Summary Prepared by the Attorney General

ADMINISTRATIVE AGENCIES—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds section 3.5 to article III of Constitution to preclude administrative agency, even if created by Constitution or initiative, from (1) declaring a statute unconstitutional or (2) declaring a statute to be unenforceable or refusing to enforce a statute, because of unconstitutionality or because federal law or regulations prohibit enforcement, unless appellate court has made such determination. Financial impact: Increases or decreases in government costs or revenue during period before constitutionality or enforceability is determined by appellate court.

FINAL VOTE CAST BY LEGISLATURE ON SCA 25 (PROPOSITION 5)

Assembly—Ayes, 73 Noes, 0

Senate—Ayes, 29 Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution does not say whether an administrative agency can declare a state law unconstitutional and thus unenforceable.

Unlike most state administrative agencies, the Public Utilities Commission *is created in* the State Constitution. California's Supreme Court has held that the Commission can determine the constitutionality of state laws which affect its (the Commission's) authority, although any such determination would be subject to court review.

In another action, a Court of Appeal held that any state administrative agency *not created in* the Constitution may not determine that a state law is unconstitutional.

Proposal:

This constitutional amendment would forbid any state administrative agency, whether created in the Constitution or not, to (1) declare a state law unconstitutional or (2) refuse to enforce a state law on the basis that it is unconstitutional or that it is prohibited by federal law unless such a determination has already been made by an appellate court.

Fiscal Effect:

When questions arise about the constitutionality or enforceability of a state statute, an administrative agency can sometimes make a decision on the matter more quickly than the courts. However, decisions of administrative agencies are always subject to review by the courts, and thus may be changed. Even if an administrative agency declares a state law to be unconstitutional or unenforceable, the courts may issue an order requiring the law to be followed until a *final* decision is made.

By eliminating the authority of administrative agencies to make an *initial* ruling on state statutes, this measure could result in a state or local fiscal impact during the period before the matter is acted on by the courts. This measure could either increase or decrease government costs or revenue.

This amendment proposed by Senate Constitutional Amendment No. 25 (Statutes of 1977, Resolution Chapter 48) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE III

SEC. 3.5. An administrative agency, including an administrative agency created by the Constitution or an initiative statute, has no power:

(a) To declare a statute unenforceable, or refuse to enforce a statute, on the basis of it being unconstitutional unless an appellate court has made a determination that such statute is unconstitutional;

(b) To declare a statute unconstitutional;

(c) To declare a statute unenforceable, or to refuse to enforce a statute on the basis that federal law or federal regulations prohibit the enforcement of such statute unless an appellate court has made a determination that the enforcement of such statute is prohibited by federal law or federal regulations.

Vote On Election Day

5 Administrative Agencies

Argument in Favor of Proposition 5

Enactment of this constitutional amendment would prohibit State agencies, including any agency created by the Constitution or by initiative, from refusing to carry out its statutory duties because its members consider the statute to be unconstitutional or in conflict with federal law.

Every statute is enacted only after a long and exhaustive process, involving as many as four open legislative committee hearings, where members of the public can express their views. If the agencies question the constitutionality of a measure, they can present testimony at the public hearings during legislative consideration. Committee action is followed by full consideration by both houses of the Legislature.

Before the Governor signs or vetoes a bill, he receives analyses from the agencies which will be called upon to implement its provisions. If the Legislature has passed the bill over the objections of the agency, the Governor is not likely to ignore valid apprehensions of his departments, as he is the Chief Executive of the State and is responsible for most of its administrative functions.

Once the law has been enacted, however, it does not make sense for an administrative agency to refuse to carry out its legal responsibilities because the agency's members have decided the law is invalid. Yet, administrative agencies are so doing with increasing frequency. These agencies are all part of the Executive Branch of government, charged with the duty of enforcing the law.

The Courts, however, constitute the proper forum for determination of the validity of State statutes. There is no justification for forcing private parties to go to Court in order to require agencies of government to perform the duties they have sworn to perform.

Proposition 5 would prohibit the State agency from refusing to act under such circumstances, unless an appellate court has ruled the statute is invalid.

We urge you to support this Proposition 5 in order to insure that appointed officials do not refuse to carry out their duties by usurping the authority of the Legislature and the Courts. Your passage of Proposition 5 will help preserve the concept of the separation of powers so wisely adopted by our founding fathers.

JOHN W. HOLMDAHL
State Senator, 8th District

JOSEPH B. MONTOYA
Member of the Assembly, 60th District

VERNON L. STURGEON
Commissioner, California Public Utilities Commission

Rebuttal to Argument in Favor of Proposition 5

The proponents ask your vote for this measure to insure that appointed officials do not refuse to carry out their duties by overriding the authority of the Legislature and the Courts. *This is a completely misleading statement.*

We agree that such officials must uphold the law. There are existing legal procedures to assure their compliance.

By contrast, Proposition 5 deals with *conflicts* between an agency's duty under a state statute, and a different duty under the Constitution or a federal law or regulation. These conflicts may arise from circumstances which were unknown or non-existent at the time a particular statute was enacted. Declaring a state statute invalid under these circumstances does *not* override the authority of the Legislature or the Courts. The California Supreme Court stated that *only* by recognizing the invalidity of the statute can an administrative agency comply with its duty to determine and follow the law. A vote against Proposition 5 will simply maintain this long-standing ability for certain administrative agencies.

The argument for Proposition 5 attempts to create a sense of urgency by stating that administrative agencies are not enforcing statutes "with increasing frequency," yet no numbers are mentioned. In fact, this situation arises *extremely infrequently* due to an agency's respect for the Legislature and Court system. Any increase in these legal conflicts is due to underlying increases in state and federal lawmaking activity. Please vote to continue the ability for an administrative agency to deal with these conflicts. Vote no on Proposition 5.

ROBERT BATINOVICH
President, California Public Utilities Commission

PHILLIP E. BLECHER
Executive Director, California Public Utilities Commission

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Argument Against Proposition 5

VOTE AGAINST ADMINISTRATIVE DISHONESTY! VOTE AGAINST EXPENSIVE ADMINISTRATIVE WASTE! VOTE NO ON 5.

Proposition 5 asks you to consider the desirability of amending the state constitution to require an administrative agency to wait until an appellate court has determined that a particular statute is unconstitutional or unenforceable before it can question the legality of that statute. But how is an administrative agency supposed to adhere to and uphold the constitution in the weeks or months which precede a court's action on a statute which may be unconstitutional or unenforceable? Should the agency be forced to ignore the conflicting laws? I think the answer is *NO.* The California Supreme Court, which considered this precise question in 1976 (*Southern Pacific Transportation Company* v. *Public Utilities Commission*), agreed with this position.

The Court's majority opinion in *Southern Pacific* gave the following example: Suppose that the United States Supreme Court decided that an important civil rights statute of one state was unconstitutional, but did not extend its decision to identical statutes in other states. If a state administrative board must interpret one of these "suspect" statutes, what should it do? The California Supreme Court's opinion states that *only by recognizing the invalidity of the statute can the board comply with its duty to determine and follow the law.* Passage of this measure will prevent the course of administrative action found acceptable by the Court. Moreover, Proposition 5 may unfairly burden the ability of an average citizen to get relief from a state administrative agency in proceedings where the legality of a statute is involved by requiring him to bear the time and expense of appealing to a court for a determination of the statute's validity.

Apart from the undesirable legal problems imposed by Proposition 5, it also carries a potentially high price tag. Consider the following:

Generally, a federal law or regulation will prevail over a state statute or regulation directly concerning the same matter, thereby making the state action unenforceable. Under present law, our state administrative agencies can act promptly to avoid conflicts between state and federal actions. However Proposition 5 will force an administrative agency to enforce a state statute, *even though such statute appears to conflict with a federal law or regulation,* until an appellate court has ruled on the statute's enforceability.

This provision could seriously hamper state agencies which share regulation over matters with the federal government and its agencies. The California Public Utilities Commission, for instance, has federal agency counterparts in its regulation of energy (Department of Energy), transportation (Interstate Commerce Commission), and communications (Federal Communications Commission). In instances of federal action which conflicts with a state statute, the Commission may have to continue consuming time and money of utilities, their customers, and the general tax-paying public by enforcing an invalid state statute until an appellate court decides to examine the statute. The proponents of this measure have not pointed to benefits which would offset its potential for tremendous administrative waste. I therefore urge your "NO" on Proposition 5.

ROBERT BATINOVICH
President, California Public Utilities Commission

PHILLIP E. BLECHER
Executive Director, California Public Utilities Commission

Rebuttal to Argument Against Proposition 5

If major decisions were to be made by one person, laws could be enacted quickly and efficiently. However, such a system would provide the private citizen no voice in his government and probably no court in which to appeal injustices. The people of this State and Nation long ago chose instead the democratic system. Proposition 5 is but one small way of protecting democracy and preventing its erosion in the name of efficiency.

The opponents say that a vote against this proposition is a "vote against administrative dishonesty." This clever slogan comes from—of all places—an administrative agency. Is it really more honest for an agency to ignore the lengthy process that produced a statute and to proceed as if it were never enacted?

The opposition cites a case by the California Supreme Court concerning "suspect" statutes. However, the United States Supreme Court has consistently held that "State statutes, like federal ones, are entitled to the presumption of constitutionality until their invalidity is *judicially* declared."

Under Proposition 5, the agencies themselves may challenge "suspect" statutes in the courts. Then, private citizens will save time and expense otherwise imposed on them to compel State agencies to perform their duties. Such agencies will no longer usurp the constitutional powers of the courts.

Your vote for Proposition 5 will return responsibility for making major decisions to the properly constituted authorities. No longer will bureaucratic officials, however well-intentioned, be able to make decisions properly reserved to the Courts and your elected representatives.

JOHN W. HOLMDAHL
State Senator, 8th District

JOSEPH B. MONTOYA
Member of the Assembly, 60th District

VERNON L. STURGEON
Commissioner, California Public Utilities Commission

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6 Sheriffs

Official Title and Summary Prepared by the Attorney General

SHERIFFS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, article XI, sections 1 (b) and 4 (c), to require Legislature and county charters to provide for elected county sheriffs. Financial impact: No direct state or local fiscal effect.

FINAL VOTE CAST BY LEGISLATURE ON SCA 20 (PROPOSITION 6)

Assembly—Ayes, 54 Noes, 22

Senate—Ayes, 28 Noes, 1

Analysis by Legislative Analyst

Background:

Each county, except a county which has adopted a charter for its own government, is required by state law, but not by the Constitution, to have an elected county sheriff.

A chartered county is not required to have a county sheriff, and, if it does, the county sheriff may be elected or appointed, as provided in the county charter.

At present all counties have elected sheriffs.

Proposal:

This constitutional amendment would *require* the Legislature to provide for elected county sheriffs in nonchartered counties and would require each county charter to provide for an elected county sheriff.

Fiscal Effect:

This measure has no direct state or local fiscal effect.

Study the Issues Carefully

These amendments proposed by Senate Constitutional Amendment No. 20 (Statutes of 1977, Resolution Chapter 70) expressly amends existing sections of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLE XI

First—That subdivision (b) of Section 1 of Article XI is amended to read:

(b) The Legislature shall provide for county powers, *an elected county sheriff,* and an elected governing body in each county. Except as provided in subdivision (b) of Section 4 of this article, each governing body shall prescribe by ordinance the compensation of its members, but the ordinance prescribing such compensation shall be subject to referendum. The Legislature or the governing body may provide for other officers whose compensation shall be prescribed by the governing body. The governing body shall provide for the number, compensation, tenure, and appointment of employees.

Second—That subdivision (c) of Section 4 of Article XI is amended to read:

(c) ~~Other~~ *An elected sheriff, other* officers, their election or appointment, compensation, terms and removal.

Polls are open from 7 A.M. to 8 P.M.

6 Sheriffs

Argument in Favor of Proposition 6

THE PASSAGE OF THIS CONSTITUTIONAL AMENDMENT WILL ASSURE ALL OF THE PEOPLE IN EACH OF FIFTY-EIGHT COUNTIES OF THIS STATE THAT THEIR CHIEF LAW ENFORCEMENT OFFICER AT COUNTY LEVEL, THE SHERIFF, WILL CONTINUE TO BE DIRECTLY ANSWERABLE TO THEM THROUGH THE ELECTIVE PROCESS.

DURING THE ONE HUNDRED AND TWENTY-EIGHT YEARS THAT HAVE TRANSPIRED SINCE CALIFORNIA BECAME A STATE, THE SHERIFFS HAVE DISTINGUISHED THEMSELVES BY PROVIDING EXCELLENT LAW ENFORCEMENT SERVICES TO THE PUBLIC THEY SERVE. THIS EVOLVEMENT OF EXCELLENCE HAS NOT COME ABOUT BY MERE HAPPENSTANCE. DURING THE ENTIRE HISTORY OF THE STATE, THERE HAS NEVER BEEN ANYTHING BUT ELECTED SHERIFFS DIRECTLY RESPONSIBLE TO THE PEOPLE. THIS ADHERENCE TO THE MOST BASIC OF DEMOCRATIC PRINCIPLES HAS DONE MUCH TO ENHANCE CONTINUED PROFESSIONAL SERVICE AND CONDUCT IN THE OFFICE OF SHERIFF.

THE SHERIFFS OF THIS STATE HAVE BROAD POWERS AND RESPONSIBILITIES ENUMERATED IN VIRTUALLY ALL OF THE CODES OF THE STATE OF CALIFORNIA. INDEED, ONE OF THE MOST AWESOME OF THESE RESPONSIBILITIES IS A MANDATE TO TAKE APPROPRIATE ACTION WHEN THERE IS A BREAK-DOWN OF LAW ENFORCEMENT AT THE LOCAL LEVEL, IN A MUNICIPALITY. IN ORDER TO EFFECTIVELY CARRY OUT THE MYRIAD OF DUTIES AND RESPONSIBILITIES IMPOSED ON THEM, AND MOST CERTAINLY IN THE CASE CITED, THE SHERIFFS REQUIRE A DEGREE OF INDEPENDENCE FREE FROM UNDUE POLITICAL INFLUENCE. THIS HAS BEEN THE CASE FOR ONE HUNDRED AND TWENTY-EIGHT YEARS AND HAS BEEN ACCOMPLISHED BY MAKING THE SHERIFF DIRECTLY ACCOUNTABLE TO THE PEOPLE. FAVORABLE CONSIDERATION OF THIS CONSTITUTIONAL AMENDMENT WILL INSURE A CONTINUATION OF THIS MOST DESIRABLE RELATIONSHIP WHICH HAS WORKED SO WELL, FOR SO LONG.

ROBERT PRESLEY
State Senator, 34th District
Chairman, Senate Committee on Transportation

WILLIAM A. CRAVEN
Member of the Assembly, 76th District
Chairman, Assembly Committee on Local Government

Rebuttal to Argument in Favor of Proposition 6

The proponents of Proposition 6 would take from you the choice of how you select your county sheriff.

The proponents base their agrument on the assumption that only elected sheriffs have the independence necessary to perform the duties of the office of sheriff. This is debatable. The ability to withstand political pressures, whether they come from within a county administration or from special interests in the community at large, lies in the individual officeholder, not in the manner of selection.

Elected office is no more a guarantee of personal honesty and integrity than is appointed office. In fact, many of our highest ranking law enforcement officials (for example, police chiefs) are now appointed in the interest of securing greater expertise and increased professionalism.

Should not the primary consideration simply be: How can a community best insure excellence in law enforcement? If so, why not continue to leave this choice in the hands of local voters, as we have done since California first became a state? Who is better equipped to determine the most appropriate method of selecting public officials than the very people they serve?

But proponents of Proposition 6 want to make this decision for you. They want to take from you a most basic right—how you select your county sheriff. Vote "NO" if you want to retain local control.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

HOWARD BERMAN
Member of the Assembly, 43rd District
Majority Leader, State Assembly

BILL McVITTIE
Member of the Assembly, 65th District
Chairman, Assembly Sub-Committee on Constitutional Amendments

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Argument Against Proposition 6

This proposed amendment to our constitution represents but one more example of the state attempting to intrude on the rights of local government and is, indeed, a violation of the basic concept of home-rule.

Throughout our state history, charter counties have had the *option* of electing or appointing certain local officials, *including sheriffs.* Until 1970, this choice was specifically provided for in the constitution. That year, the voters approved a constitutional amendment deleting all reference to election or appointment of county officers, with the exception of an elected governing body. The intent of this change was to provide local governing bodies with a greater degree of autonomy and flexibility in order to better meet local needs. Proposition 6 would take away this prerogative of the counties to experiment with new methods of more efficiently controlling the governmental process.

Statements by proponents that Proposition 6 would restore the office of sheriff to the constitution are therefore misleading. If this amendment is approved by the voters, only *elected* sheriffs will be permitted anywhere in California (whatever the wishes of the people in any given county), and charter counties would lose the self-determination that *each* now has to decide for *itself* the most appropriate manner in which to select the county sheriff.

Although all charter counties presently have elected sheriffs, persuasive arguments can be made that the appointment process often involves a greater degree of competition and assures a greater chance of securing excellence in law enforcement. For this reason, most city police chiefs are already appointed, generally after undergoing a thorough screening process. Therefore, in the interest of efficiency and better government, it is vital that this alternative be preserved.

In short, if Proposition 6 passes, counties will lose their present right to amend their charters to provide for appointed sheriffs. Proposition 6 should be rejected so that counties can retain the authority to exercise this option as they see fit. Don't vote for the further erosion of local control.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

HOWARD BERMAN
Member of the Assembly, 43rd District
Majority Leader, State Assembly

BILL McVITTIE
Member of the Assembly, 65th District
Chairman, Assembly Sub-Committee on Constitutional Amendments

Rebuttal to Argument Against Proposition 6

THE ARGUMENTS OFFERED BY OPPONENTS TO PROPOSITION 6 ARE MISLEADING AND DO NOT SQUARE WITH FACT OR HISTORY.

—*IT IS A FACT* THAT IN THE 128-YEAR HISTORY OF THIS STATE THERE HAS NEVER BEEN ANYTHING BUT ELECTED SHERIFFS.

—*IT IS A FACT* THAT IN 47 OF THE 58 COUNTIES IN THIS STATE THE PEOPLE ARE ALREADY GUARANTEED THAT THEY WILL HAVE AN ELECTED SHERIFF.

—*IT IS A FACT* THAT WHENEVER THE SUBJECT OF ELECTED VERSUS APPOINTED SHERIFFS IN CHARTERED COUNTIES HAS ARISEN, THE PEOPLE HAVE ALWAYS REJECTED THE NOTION THAT SHERIFFS SHOULD BE APPOINTED.

—*IT IS A FACT* THAT THE VERY BEST ARGUMENT IN SUPPORT OF AN ELECTED SHERIFF MAY BE THAT POLICE CHIEFS ARE TYPICALLY APPOINTED AND SERVE SOLELY AT THE PLEASURE OF THE APPOINTING AUTHORITY. IT IS, THEREFORE, IMPORTANT THAT THE SHERIFF, IN HIS ROLE AS CHIEF LAW ENFORCEMENT OFFICER, BE FREE OF POLITICAL INFLUENCE WHICH MAY WELL CAUSE A BREAKDOWN OF A MUNICIPAL POLICE DEPARTMENT. THE ONLY WAY TO ASSURE THAT THE SHERIFF WILL CARRY OUT HIS MANDATED RESPONSIBILITIES IN A FAIR, IMPARTIAL MANNER, FREE FROM UNDUE POLITICAL INFLUENCE, IS TO PROVIDE THAT HE BE ELECTED AND DIRECTLY RESPONSIBLE TO THE PEOPLE.

—*IT IS A FACT* THAT THE PASSAGE OF PROPOSITION 6 WILL ASSURE ALL OF THE PEOPLE IN CALIFORNIA THAT THEY WILL CONTINUE TO HAVE AS THEIR COUNTY'S CHIEF LAW ENFORCEMENT OFFICER A SHERIFF FREE FROM EXTERIOR POLITICAL INFLUENCE, ACTING IN THE BEST INTERESTS OF ALL THE PEOPLE.

ROBERT PRESLEY
State Senator, 34th District
Chairman, Senate Committee on Transportation

WILLIAM A. CRAVEN
Member of the Assembly, 76th District
Chairman, Assembly Committee on Local Government

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7 Local Agencies—Insurance Pooling Arrangements

Official Title and Summary Prepared by the Attorney General

LOCAL AGENCIES—INSURANCE POOLING ARRANGEMENTS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends section 6 of article XVI of Constitution to permit cities, counties, townships and other political corporations and subdivisions of State, to join with other such agencies in providing for payment of workers' compensation, unemployment compensation, tort liability or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by Legislature. Financial impact: None on state; effect on local governments unpredictable.

FINAL VOTE CAST BY LEGISLATURE ON SCA 16 (PROPOSITION 7)

Assembly—Ayes, 73 Noes, 0

Senate—Ayes, 27 Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution forbids the Legislature from authorizing a gift of public funds.

The Legislature has passed laws which authorize local public agencies to establish insurance pools to protect themselves against claims. For example, two or more counties could agree to share the payment of any valid claim made against one of them.

A question has arisen whether a county that contributes to the payment of a claim against another county is, in effect, making a gift of public funds. If the payment is a gift of public funds, it would be unconstitutional.

Proposal:

This constitutional amendment specifically permits two or more local governmental bodies, such as cities and counties, to join together in insurance pools to provide for payment of the following four types of claims:

1. Worker's compensation (payments for injuries or disabilities sustained by employees in the course of their work).
2. Unemployment compensation (payments to workers who through no fault of their own are unemployed).
3. Tort liability losses (such as vehicle accidents attributed to poor highway design, or private losses resulting from failures of public dams or bridges).
4. Public liability losses (claims, other than those already specified, which are made against the local governmental entity).

Fiscal Effect:

This proposal would have no fiscal effect on the state. Because it neither requires local governments to change their present insurance arrangements nor specifies how an insurance pool must be made up or operated, it would not, by itself, have any fiscal effect on local governments either. The proposal would make clear that local governments could enter pools. Whether a pooling arrangement would decrease or increase local governmental costs would depend on the manner in which it was established and administered, and the extent of risk exposure and claims activity experienced by its members.

This amendment proposed by Senate Constitutional Amendment No. 16 (Statutes of 1977, Resolution Chapter 77) expressly amends an existing section of the Constitution; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XVI

SEC. 6. The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other stockholders in such corporation; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the state from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of State money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the taxes accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the taxes accruing to such political subdivision before any other obligation of such political subdivision is met from such taxes.

7 Local Agencies—Insurance Pooling Arrangements

Argument in Favor of Proposition 7

Proposition 7 will save money for local government and reduce property tax by expressly authorizing local governments to obtain insurance or to self-insure on a cooperative basis.

Insurance costs for cities, counties, and school districts have gone up dramatically over the past few years. This, in turn, has contributed to higher taxes. Keeping down the cost of insurance by allowing joint purchase or self-insurance will save money and keep taxes down.

This amendment was introduced at the request of the City of Los Angeles, the County of Los Angeles and the County Supervisors Association. A 1976 law attempted to solve this problem. Unfortunately, most counties and cities have been unable to implement this plan because of constitutional questions raised by local county counsel. Proposition 7 will answer those questions, clear up the legal ambiguities and allow local governments to join together in saving insurance premium dollars.

The authority under this amendment will extend to the many categories of insurance purchased by prudent local joint governing bodies—worker's compensation, automobile insurance, tort liability, and other kinds of insurance. Local governments will then be able to obtain the best protection at the most economical rates. Before my election to the Senate, I was in the construction business and this is the type of cost-savings approach commonly utilized in private industry.

Proposition 7 passed the Senate and the Assembly unanimously, 27–0 in the Senate, 73–0 in the Assembly. There is no known opposition to the measure.

A "yes" vote on Proposition 7 will allow local government to save money by obtaining insurance at the lowest possible cost. The money saved will be yours.

ALAN ROBBINS
State Senator, 20th District

Rebuttal to Argument in Favor of Proposition 7

After reading the proponent's ballot argument our original argument against this measure is still valid. Insurance pooling either by private contract or "self-insuring" *will not save money!* Until inflation is brought under control at *all* levels of state and local government, method suggested, cutting expenditures, insurance costs will continue to rise.

Insurance pooling is no panacea for skyrocketing insurance rates. A not identified "1976 law attempted to settle this problem . . ." says the proponent. Is it not simpler to make changes in the existing law than to imbed this unnecessary provision into Section 6, Article XVI of the California Constitution? Why not review constitutional questions raised by county counsels and possibly seek a solution by statutory enactment. If the present law's ambiguities are still too great a hurdle, why invest them with the aura of constitutionality by placing them in the Constitution.

Seeking solutions to insurance problems by constitutional amendment is not the answer.

VOTE "NO" on Proposition 7.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

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Argument Against Proposition 7

Insurance pooling as outlined in this Constitutional Amendment that adds a new paragraph to Section 6 Article XVI looks great on paper. But a closer look at the liabilities involved which are workmen's compensation, tort liability, public liability and unemployment compensation should cause the voter to pause and take a second look.

For instance. Use the assumption that five counties entered into a public liability and/or tort (damages) insurance pool. Suppose that during the life of the policy, one county made a costly settlement in the millions while the other four counties paid only nominal amounts for public liability and damages. When the insurance pool policy expired, the insurance carrier would automatically do one of two things, or both. The insurance rate would drastically increase or the upfront deductible figure would zoom dramatically, or both actions could occur.

Therefore the taxpayers in four counties would be underwriting the losses incurred by the fifth county and thus paying for losses that they were not responsible for in the first place. This pooling arrangement would tax four counties disproportionately to offset the loss of a single county. If this joint insurance pool were a "self-insured" device, the costs would be the same.

Let every county assume its own risks and consequent liabilities. We urge a "NO" vote on Proposition 7.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

Rebuttal to Argument Against Proposition 7

The experience of local governments already engaged in insurance pooling, as permitted by 1976 law under certain joint powers agreements, has been a substantial savings in tax dollars.

A self-insured pool operates as any private insurance company; only those cities or counties incurring excess liability have premiums adversely affected by that liability. The parties to the agreement can stipulate the amount of the deductible to be paid by each city and can state that no city is liable for the debts and obligations of other cities

Parties to an insurance pool purchasing insurance from a private company can stipulate that increased costs to the pool because of one party's liability shall be borne by that one party. Insurance pooling will make local governments more aware that they are dealing with their own dollars and thus more likely to improve and maintain safety measures to reduce costs.

Proposition 7 does not mandate insurance pooling by local governments; it gives local governments that *option.* The purpose of any insurance is to share risk so that one party does not bear an enormous and perhaps unbearable liability. Insurance pooling is the most economical way to spread the risk because it reduces administrative cost and eliminates unnecessary fees and charges. In the case of self-insurance, the premiums earn interest for local government and for the pool.

Through insurance pooling, local governments can reduce the high cost of insurance. Proposition 7 *clearly* provides local government with a tool to save money. Tax dollars are too scarce to waste and this authority is needed.

ALAN ROBBINS
State Senator, 20th District

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8 Owner Occupied Dwellings—Tax Rate

Official Title and Summary Prepared by the Attorney General

OWNER OCCUPIED DWELLINGS—TAX RATE—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Constitution, article XIII, section 9.5, to give Legislature power to provide for taxation of owner occupied dwellings, as defined by Legislature, or any fraction of value thereof, at rate lower than that levied on other property. Tax rate levied on other property cannot be increased as result of lowering tax rate levied on owner occupied dwellings. Financial impact: Depends on legislative action. Could result in reduction in local revenues.

FINAL VOTE CAST BY LEGISLATURE ON SCA 6 (PROPOSITION 8)

Assembly—Ayes, 54 Noes, 15

Senate—Ayes, 27 Noes, 12

Analysis by Legislative Analyst

Background:

The Constitution generally requires all property, including homes, apartments, commercial and industrial buildings, to be assessed for tax purposes at the same percentage of market value.

Generally, all property in the same taxing area is taxed at the same rate.

Proposal:

This proposition would give the Legislature the authority to allow local governments to tax owner-occupied dwellings at lower property tax rates than the rates that apply to all other types of property. The proposition does not say how much lower these tax rates on owner-occupied dwellings could be. However, the proposition prohibits an increase in the tax rates on other property as a result of lowering the tax rates on owner-occupied dwellings.

Fiscal Effect:

This proposition only authorizes the Legislature to act. It does not require it to do so. Consequently, the proposition, by itself, would have no direct fiscal effect on either state or local government.

If this proposition is approved by the voters and the Legislature acts to permit lower tax rates on owner-occupied dwellings, the net effect on local revenues would be either no change, or a reduction. A reduction would probably occur if there were a big difference between the tax rates on owner-occupied dwellings and the tax rates on all other property.

Study the Issues Carefully

This amendment proposed by Senate Constitutional Amendment No. 6 (Statutes of 1977, Resolution Chapter 85) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings.

Apply for Your Absentee Ballot Early

8 Owner Occupied Dwellings—Tax Rate

Argument in Favor of Proposition 8

Your vote for Proposition 8 will make possible honest and lasting homeowner property tax relief.

Our State Constitution now requires all property to be taxed at the same rate. In recent years, home assessments have increased much faster than other property assessments. This has caused you as a homeowner to pay more of the property tax burden.

Proposition 8 ends this injustice by providing "for the taxation of owner-occupied dwellings . . . at a rate lower than that levied on other property." Moreover, this change in the Constitution will not result in an increase in business or agricultural property taxes.

Your yes vote will:

_____ Allow the property tax rate on your home to go down as the assessment on your home goes up;

_____ Permit removal of burdensome welfare and other costs from your property tax bill;

_____ Prohibit a shift of the tax burden to business.

Your vote for Proposition 8 will make possible responsible and lasting property tax relief.

VOTE YES ON PROPOSITION 8.

EDMUND G. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District

Rebuttal to Argument in Favor of Proposition 8

So the Governor is going to give us "honest and lasting" property tax relief.

Well friends, if you believe that, we've got some swampland in Florida that you might be interested in buying.

The simple fact of the matter is that Proposition 8 does not lower the property taxes of a single renter or homeowner in the entire State of California. And if it weren't true, we couldn't say it.

Of course, the Governor can say anything he pleases. Take that line about removing "burdensome welfare and other costs from your property tax bill," for example. The plain truth is that Proposition 8 does not say a single solitary thing about welfare costs. And if you want to see for yourself, just turn back a page and read the text of the Proposition for yourself.

Frankly, Proposition 8 is nothing more than a last ditch effort by the Governor and the Legislature to keep the people of this State from passing the Jarvis-Gann Initiative (Proposition 13).

We've sat in the Legislature these past two years and heard enough of this gobbledegook. We're voting NO on Proposition 8.

WE URGE YOU TO DO THE SAME.

H. L. "BILL" RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

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Argument Against Proposition 8

How do you spell relief?

PROPOSITION 8 spells it M-O-R-E T-A-X-E-S.

How a person could call this law "tax relief" and keep a straight face is beyond me.

It says it's going to lower the tax Rate on some property without raising the tax Rate on other property.

So what? It doesn't say a darn thing about ASSESSMENTS!

What difference does it make if they LOWER your tax rate, if they RAISE your assessment? You still pay higher property taxes!

The only difference is that some people's taxes will go up faster than other people's taxes. Of course, by the time your next property tax bill arrives, the November elections will be over. (How convenient!)

Folks, the supporters of Proposition 8 can explain this thing until they're blue in the face, but it doesn't change the facts. Proposition 8 only confuses the issue. We want LOWER taxes, not merely a different way to RAISE our taxes.

Of course, there are certain groups of taxpayers who will be particularly hard hit by this legislative con game. The worse burden will fall upon renters who pay property taxes indirectly through their monthly rent payments. Since rental property taxes will go up, rents will skyrocket.

If this is tax relief, I don't think we can afford it!

VOTE NO ON PROPOSITION 8.

H. L. "BILL" RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

Rebuttal to Argument Against Proposition 8

Here they go again! Every time honest tax relief is put on the ballot, opponents scream "tax increase."

The truth is homeowners and renters won't be hurt by this Proposition. Business won't be hurt, and Agriculture won't be hurt.

BUT MORE IMPORTANT, HOMEOWNERS WILL GET THE PROPERTY TAX RELIEF THEY NEED!

The opponents' argument to this Proposition is just false.

Proposition 8 does do something about assessments, by allowing for the first time, homeowner property tax rates to go *down* whenever assessments go up.

Furthermore, the opponents fail to point out that under Proposition 8, reductions in home taxes *cannot* cause increased taxes on rentals, businesses and agriculture.

Tax relief is really spelled P-R-O-P-O-S-I-T-I-O-N 8.

VOTE YES ON PROPOSITION 8.

EDMUND G. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District

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9 Interest Rate—Judgments

Official Title and Summary Prepared by the Attorney General

INTEREST RATE—JUDGMENTS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, article XV, section 1, to provide that Legislature shall set interest rate on state court judgments at not more than 10% per annum. Rate may be variable and based upon rates charged by federal agencies or economic indicators, or both. In absence of such rate setting by Legislature, judgment rate shall be 7% per annum. Financial impact: Depends on legislative action. Interest costs and revenues on judgments would increase if Legislature raised rate.

FINAL VOTE CAST BY LEGISLATURE ON SCA 18 (PROPOSITION 9)

Assembly—Ayes, 55	Senate—Ayes, 29
Noes, 16	Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution now provides that the annual interest rate on any monetary judgment imposed by a court shall be 7 percent. A judgment is an obligation to pay.

Proposal:

This constitutional amendment would allow the Legislature to establish the interest rate on court judgments at not exceeding 10 percent per year. This rate could be variable and could be based on interest rates charged by federal agencies or on economic indicators, or both.

If this amendment is approved by the voters but the Legislature does not act to change the interest rate on court judgments, the rate will remain at 7 percent per year.

Fiscal Effect:

The fiscal effect of this amendment on state and local government would depend upon action by the Legislature. The interest on judgments would be increased if legislation was enacted raising the rate. Because the state and local governments both pay and receive interest on judgments, an increase in the interest rate would affect both their revenues and their costs.

Study the Issues Carefully

This amendment proposed by Senate Constitutional Amendment No. 18 (Statutes of 1977, Resolution Chapter 86) expressly amends an existing section of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XV

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand ~~or judgment rendered in any court of the State~~, shall be 7 per cent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest not exceeding 10 per cent per annum.

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than 10 per cent per annum upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forebearance of any money, goods or things in action.

The rate of interest upon a judgment rendered in any court of this state shall be set by the Legislature at not more than 10 percent per annum. Such rate may be variable and based upon interest rates charged by federal agencies or economic indicators, or both.

In the absence of the setting of such rate by the Legislature, the rate of interest on any judgment rendered in any court of the state shall be 7 percent per annum.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

9 Interest Rate—Judgments

Argument in Favor of Proposition 9

This proposition would make the interest rate on judgments rendered in California courts more flexible and fair.

The California Constitution currently provides for an interest rate of seven percent (7%) on judgments awarded by the courts of this state. This interest rate is not to be confused with the interest rates charged on purchases of homes or goods, or on loans of money. It is the constitutionally fixed rate of interest on the amount owing from persons or businesses, such as insurance companies, when a court of law has determined that money should be paid to another.

In times when the money market is high, as we have experienced during the past few years, the seven percent rate is too low. A judgment debtor can withhold payment, through appeals and other legal maneuvers, and earn 9 or 10 percent interest on the withheld money, thereby profitting by two or three percent before finally being forced to pay the amount owed. Similarly, in times when the money market is low, a judgment debtor, who in good faith and for sound reasons temporarily withholds payment, is unfairly punished by having to pay seven percent interest when the rates at that time are actually lower than seven percent.

Proposition 9 resolves this dilemma by permitting the Legislature to set the interest rate on judgments in line with current economic conditions and with reference to reliable economic indicators.

Also, under this proposition, the interest rate on judgments will never be permitted to exceed ten percent, and should the Legislature fail to set a rate for judgments, it will remain at seven percent. Proposition 9 thus creates needed flexibility in the administration of justice, and will provide fairer treatment for all those who use our court system.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

KENNETH L. MADDY
Member of the Assembly, 30th District
Chairman, Assembly Committee on Criminal Justice

FRANK C. DAMRELL, JR.
Chairman, State Consumer Advisory Council

No rebuttal to argument in favor of Proposition 9 was submitted

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Argument Against Proposition 9

Voters in California should recall that an effort to institute higher interest rates has been proposed, *and rejected,* at least five times since 1970.

In 1934 the California Constitution was changed giving Californians greater protection against usury. The same tight economy that prompted these safeguards then exists today. These safeguards are for your protection and shouldn't be removed. A "yes" vote on this proposition would require the Legislature to set an interest rate up to 10% per annum. Californians voted in 1974 to build a dam against the flood of high interest rates. What is so wrong with a 7% interest rate? We have existed up to now without raising the rate.

The same conditions which caused these safeguards against a rampart market exist today: the economy is placing heavy burdens on borrowers and heavy interest rates are being disguised as charges. If the Legislature is given the power to raise the interest rates above the present 7% in judgments in courts you can bet that in future elections the proposal will be before you to raise the rate somewhere else.

California has voted against relaxing usury laws many times before. The voters should again reject this weakening of the usury laws and demand stronger laws against usury. Vote No on Proposition 9.

JOHN J. MILLER
Member of the Assembly, 13th District
Chairman, Assembly Committee on Judiciary

Rebuttal to Argument Against Proposition 9

The argument against Proposition 9 is an obvious attempt to mislead the voters of California. First of all, this measure has *NEVER* been placed before California voters, and any inference to the contrary is absolutely false.

In addition, Proposition 9 does *not* increase interest rates as we know them in our everyday lives. This measure has *nothing whatever* to do with interest charged on loans, or for the purchase of homes, automobiles, appliances or other goods.

Proposition 9 simply gives needed flexibility to adjust interest rates on *legal judgments.* For example, suppose you are injured in an accident caused by another driver. To recover expenses for medical treatments, lost wages, and car repairs, you proceed to bring a successful lawsuit. Under existing law, the other driver's insurance company will pay you only 7% interest on the judgment for any period of time it goes unpaid. The insurance company, however, profits by earning 9% or 10% in today's money market *on your money* until it is finally paid to you. This isn't fair.

Therefore, for reasons of fairness, the interest rate on judgments should be adjusted periodically as economic conditions change, so that wealthy interests cannot "play games" with your money. Your vote for Proposition 9 will guarantee that fairness.

This measure received overwhelming bipartisan support in the State Legislature. Indeed, the vote in the State Senate was unanimous. Don't be confused by the emotional and erroneous statements found in the opposition argument. Vote "yes" on Proposition 9.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

KENNETH L. MADDY
Member of the Assembly, 30th District
Chairman, Assembly Committee on Criminal Justice

FRANK C. DAMRELL, JR.
Chairman, State Consumer Advisory Council

10 Taxation—Rehabilitated Property

Official Title and Summary Prepared by the Attorney General

TAXATION—REHABILITATED PROPERTY—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Constitution, article XIII, section 44, to give Legislature power to exempt from taxation all or portion of full value of a qualified rehabilitated residential dwelling, as defined by Legislature, for five fiscal years following rehabilitation of such dwelling. Exemption shall be amount equal to full value of such rehabilitation up to maximum amount specified by Legislature, and shall be applied only to that portion of full value attributable to such rehabilitation which exceeds full value of dwelling before rehabilitation. Financial impact: Would cause minor increase in state costs. Net effect of exemption on local revenues cannot be predicted.

FINAL VOTE CAST BY LEGISLATURE ON SCA 29 (PROPOSITION 10)

Assembly—Ayes, 70 Noes, 2

Senate—Ayes, 27 Noes, 0

Analysis by Legislative Analyst

Background:

There is no provision in the California Constitution that allows the Legislature to exempt from local property taxation the increased value of a residential dwelling that results from rehabilitation.

Proposal:

This proposal would authorize the Legislature to exempt from property taxes all or a portion of the *increase* in value resulting directly from the rehabilitation of certain residential dwellings. The exemption would be for the five fiscal years following rehabilitation. The Legislature would be permitted to define which rehabilitated residential dwellings would be eligible for this exemption and to establish a maximum dollar limit on the exemption.

Fiscal Effect:

By itself, this proposal would not have any fiscal effect because it only authorizes the Legislature to enact an exemption. However, legislation has been enacted (Chapter 1183, Statutes of 1977) granting an exemption of up to $15,000 of full market value ($3,750 of assessed value) for five years, and this legislation will become operative if this amendment is approved by the voters. Dwellings eligible for the exemption under Chapter 1183 are defined as any residential structure of one or more dwelling units which is in an area designated by a governmental agency as a target area for: (1) federal community development block grants, (2) local neighborhood improvement programs, (3) state neighborhood preservation programs, or (4) historic preservation programs. Rehabilitation is defined in Chapter 1183 as repairs or improvements which will make such dwellings decent, safe and sanitary and which are necessary in order for such dwellings to meet state and local building and housing standards.

Given enactment of Chapter 1183, this proposal would cause a minor increase in state costs because the state would have to reimburse local governments fc the administrative costs associated with administering the tax exemption program. The legislation provides that the state will *not* reimburse local governments for revenue losses, if any, resulting from the exemption.

The rehabilitation value added as a result of this proposition, if any, would be tax exempt for five years. At the end of five years it would become taxable and would increase local government revenues.

Any value added as a result of rehabilitation which qualifies for this exemption but which would have taken place without this proposal would also be tax exempt for five years. This would result in a tax loss to local governments. At the end of the five years this value would become taxable and this tax loss would stop.

How much rehabilitation would occur with or without this proposal is unknown and, therefore, the net effect of the exemption on local revenues cannot be predicted.

This amendment proposed by Senate Constitutional Amendment No. 29 (Statutes of 1977, Resolution Chapter 99) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 44. The Legislature may exempt from taxation all or a portion of the full value of a qualified rehabilitated residential dwelling, as defined by the Legislature, for the five fiscal years following the rehabilitation of such dwelling. Such exemption shall be an amount equal to the full value of such rehabilitation up to the maximum amount specified by the Legislature, and shall be applied only to that portion of the full value attributable to such rehabilitation which exceeds the full value of the dwelling before rehabilitation.

Apply for Your Absentee Ballot Early

10 Taxation—Rehabilitated Property

Argument in Favor of Proposition 10

Have you decided not to repair or renovate your home or apartment because you fear the result will be a tax increase?

People are often discouraged from improving or renovating their property because of the fear that the assessor will increase the taxes on their homes. That fear is one of the main reasons that people are reluctant to make needed repairs or improvements. The result of the present tax system is that residences are not properly maintained and neighborhoods decline. We don't believe that people ought to be penalized for fixing up their homes.

Your "yes" vote on Proposition 10 will prevent automatic increases in property taxes due to basic repairs and renovations made to homes and apartments in neighborhoods designated by local government. Major areas have already been designated under existing housing rehabilitation programs.

In 1977, the Legislature passed implementing legislation which provides for the tax exemption. Your vote will make the exemption a reality.

Proposition 10 will allow the Legislature to change the present property tax system for rehabilitated properties and will hopefully remove one barrier to decent housing that homeowners now face. Proposition 10 will also apply to apartments so that it will be easier for landlords to repair their properties and so that renters will be able to live in better housing.

The new taxing method authorized by Proposition 10 will work like this:

If your local government designates your neighborhood as a neighborhood rehabilitation area, you will be able to get this exemption. In these neighborhoods, the owner of the building will not be taxed for the value of basic improvements for five years. This means that up to $15,000 of the value of the property will not be taxed for five years. For a $40,000 house, improvements valued at $10,000 would result in property tax savings over five years of approximately $1,400.

There is a growing housing crisis in this state and we need to save every piece of housing stock we have. We must encourage as much upkeep and repair of existing residences as possible. This will not happen unless property owners can be reassured that they will not be penalized through higher taxes for money they spend fixing up their homes.

Your "yes" vote on Proposition 10 will help take this burden from property owners and will encourage the revitalization of our neighborhoods.

MILTON MARKS
Member of the Senate, 5th District

PAT RUSSELL
Councilwoman, City of Los Angeles

JOHN F. HENNING
Executive Secretary/Treasurer, California Labor Federation AFL-CIO

Rebuttal to Argument in Favor of Proposition 10

The proponents of this measure say, "If your local government designates your neighborhood as a neighborhood rehabilitation area, you will be able to get this exemption."

This means that the exemption will *only* be available where *government* has made a decision. The decision to improve, repair or refurbish should not have to depend on what some bureaucrat decides needs to be done.

Individual citizens should be deciding when to repair or refurbish. The decision to do so will be encouraged if overall taxes are reduced. This reduction will come about if we adopt Proposition 13 on this ballot so that property taxes will not exceed 1% of the fair market value of real property.

WILLIAM E. DANNEMEYER
Member of the Assembly, 69th District

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Argument Against Proposition 10

Every American. with any kind of a conscience, irrespective of status, wants a decent home for all of our people. The real question is, will this proposed exemption from tax for the value of an improvement, for not more than $15,000, for five years, help achieve this objective? I don't think so, for the reason that this proposal is attacking a symptom, not the basic cause of the failure of many Californians to improve their residences.

The cost factors which enter into determining the price of housing are: land, materials, labor, government regulations, taxes and credit. All of these factors have increased in the course of the past 30 years.

California residents pay the third highest amount for *State* and *Local* taxes per capita ($964) in the nation. We rank #4 in *Local* property taxes per capita among the States of the Union ($415). In 1952, the State collected $4.36 in State taxes for each $100 of personal income. In 1978, this figure is proposed to almost double, to $8.52 for each $100 of personal income.

The point is this. Tax increases and government regulations continue to eat away at more and more of what we earn. For all levels of government, local, county, state and federal, government taxes about 45% of all that we earn. This level of taxation is slowly but surely strangulating our economic system and deterring people from risking new ventures.

The answer is not to adopt a band aid approach for what appears to be a good objective, but to reduce all taxes at the local level. This would be achieved through Proposition 13, also on the primary ballot. A 1% limitation on local property taxes will have the beneficial effect of permitting all people, young and old alike, to continue to own their own homes. The way things are going now, local property taxes are driving people out of their residences after working all their lives to pay for them. The tax structure should serve as an inducement for families to own their own homes, not be driven out of them.

If we set up a special exemption for refurbishing a home, we will need more bureaucrats to administer the new program and monitor it.

The growth of government employees in the past twenty-six years is staggering. In 1950, there were 5.7 million of these bureaucrats. Ten years later, there were 7.9 million. In 1970, there were 11.35 million, and in 1975, 13.03 million. For every four workers in the private sector, there is one public employee working for federal, state or local government.

We don't need an exemption from too high property taxes to induce people to fix up their homes. What we do need is a reduction in real property taxes in general. This will permit the taxpayer to decide where he wants to spend his money, rather than permit that decision to be made by government for him.

WILLIAM E. DANNEMEYER
Member of the Assembly, 69th District

Rebuttal to Argument Against Proposition 10

A tax exemption for the rehabilitation of homes and apartments will be needed whether or not any of the other ballot propositions pass. Consider Proposition 10 on its own merits. Don't be misled by the argument against Proposition 10.

The uncertainty is too great. Proposition 10 will provide tax relief for people who want to improve their homes, apartments and neighborhoods.

Our objective is a simple one—the property tax system should not penalize those people who wish to fix up their homes. Passage of Proposition 10 will encourage people to repair and rehabilitate their homes and apartments. It will help homeowners and renters.

This measure was placed on the ballot by the Legislature and was supported by Democrats and Republicans. It passed both houses of the Legislature by overwhelming votes because it will reduce taxes. It was supported by business, labor and neighborhood improvement organizations.

Don't take chances—California needs the kind of property tax relief which will help stem the tide of decay in our residential neighborhoods.

We urge you to vote "yes" on Proposition 10.

MILTON MARKS
State Senator, 5th District

PAT RUSSELL
Councilwoman, City of Los Angeles

JOHN F. HENNING
Executive Secretary/Treasurer, California Labor Federation AFL-CIO

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11 Taxation—County Owned Real Property

Official Title and Summary Prepared by the Attorney General

TAXATION—COUNTY OWNED REAL PROPERTY—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds subdivision (h) to article XIII, section 11, to provide that if land or improvements owned by and located within an existing county become incorporated into a new county formed after January 1, 1978, such land or improvements shall be exempt from taxation by the new county or any taxing agency or revenue district therein. Financial impact: None on state or local government.

FINAL VOTE CAST BY LEGISLATURE ON SCA 37 (PROPOSITION 11)

Assembly—Ayes, 75 Noes, 0

Senate—Ayes, 36 Noes, 0

Analysis by Legislative Analyst

Background:

The Constitution generally provides that property owned by a governmental unit is not subject to property taxes, except that real property (for example, land and buildings) owned by a local government may be taxed by another local government if:

1. The property is located outside the boundaries of the local government that owns it, and
2. The property was taxable at the time it was acquired by the local government that owns it, or
3. The property was constructed by the local government that owns it to replace property which was taxable.

One example of this type of property is the land on which the San Francisco International Airport is located. This land is owned by the City and County of San Francisco but is located in San Mateo County and is subject to taxation by San Mateo County.

Proposal:

This proposition would prohibit a new county formed after January 1, 1978, from taxing property within its boundaries if that property is owned by the county of which the new county was once a part. It would also prohibit any jurisdiction within the new county, (for example, a city or school district) from taxing this type of property.

Fiscal Effect:

Adoption of this proposal would have no fiscal effect on state or local government. County owned propert which is now tax exempt in an existing county would continue to be tax exempt in a new county. If this proposal is not approved by the voters, the amount of property subject to local taxation could increase whenever a new county is formed. This would occur because, under the Constitution, the new county could tax the "old" county's property within its borders if such property were taxable when acquired by that county.

This amendment proposed by Senate Constitutional Amendment No. 37 (Statutes of 1977, Resolution Chapter 110) expressly amends an existing section of the Constitution by adding a subdivision thereto; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII, SECTION 11

(h) Lands or improvements owned by a county and which are located in another county which was formed after January 1, 1978, and which would otherwise be taxable under subdivision (a) or (b) shall not be taxed by the county in which such lands or improvements are located, or by any other taxing agency or revenue district therein, if such lands or improvements were located in the county by which they are owned and which, while owned by such county, became located in another county due to the formation of such county after January 1, 1978.

Apply for Your Absentee Ballot Early

11 Taxation—County Owned Real Property

Argument in Favor of Proposition 11

Proposition 11 resolves the problem created by the 1974 new county formation law regarding the tax free status of public property owned by an existing county but soon to be located in a newly formed county.

Under existing law, property owned by a county located within its own boundaries is not subject to property taxes. Property owned by a county outside its own boundaries is subject to property taxes. The existing law was not intended to apply to the creation of new counties. It was intended to prevent one county from reducing the tax base of another county owning large amounts of tax free land in another county.

The intent of this amendment is to allow existing counties to maintain the tax free status on properties which they continue to own but are located in a newly formed county.

This measure was approved by a bi-partisan 36–0 vote in the State Senate and a 75–0 vote in the State Assembly.

We urge an "aye" vote on Proposition 11.

DAVID A. ROBERTI
State Senator, 23rd District

JAMES A. HAYES
Los Angeles County Supervisor, District 4

ARTHUR EDMONDS
Past President, County Supervisors Association
Yolo County Supervisor

Rebuttal to Argument in Favor of Proposition 11

When one county owns facilities in another county, they should be taxed. To exempt these facilities from taxes, for any reason, would be a grave injustice to the taxpayers of the county in which these facilities are located.

These facilities could be jails, airports, or any other type of real estate. They require many local services, including roads and sewage, to support them. If they do not pay their share (taxes) to help provide for these services, the local taxpayers must pay the entire cost. This is wrong.

This Constitutional Amendment asks you, the voter, to approve a constitutional tax exemption for some mythical county to be formed at some unknown future date. We ask you why?

It can only be assumed that this amendment, if passed, may provide the legal basis to challenge the existing constitutional provisions which require that:

"Property owned by a county outside its own boundaries is subject to property taxes."

This is the way it should be, and it should not be changed.

We urge you to VOTE NO on Proposition 11.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

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Argument Against Proposition 11

The Legislature's own Counsel's Digest, written specifically for this Constitutional Amendment, states that our Constitution currently provides that ". . . land and improvements owned by a local government that are outside its boundaries are taxable if they were taxable when acquired by the local government." What's wrong with that? This is the way it should be. This protects the local property taxpayers.

If passed, this Constitutional Amendment would be a dark day for the local taxpayer. It would allow another county to come into your county to buy up land, apartments, shopping centers, business office buildings and any other real estate. As soon as they bought that real estate, it would be removed from the tax rolls and the local taxpayers would pick up the tab to absorb the tax loss.

An example of this is the Hetch-Hetchy water project in Tuolumne County and its aqueduct which stretches across several other counties to the San Francisco Bay Area. Another example involves the Santa Clara County School District's recent purchase of a large parcel of land and buildings in Santa Cruz County. These are only two instances. There are many more. Instead of introducing Constitutional Amendments that exploit taxpayers, the Legislature should introduce a Constitutional Amendment which prohibits any government agency from owning any type of property outside the boundaries of their own jurisdiction.

Voting NO on this amendment is in the local taxpayers' best interest.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
Founder, Voters Including Concerned Taxpayers Offering Real Savings (VICTORS)

Rebuttal to Argument Against Proposition 11

The argument against Proposition 11 is based on a complete misunderstanding of both the purpose and content of the constitutional amendment. In fact, the purpose of Proposition 11 is to protect the local taxpayers of a county from being taxed for county-owned properties located in a new county formed out of the original county.

Proposition 11 would not allow any county to come into another and buy up property which would then be exempted from taxes. Properties owned by a county outside its own boundaries would remain taxable under the law. The only change made by the constitutional amendment would be to allow an existing county to retain properties which are located in a new county formed from the existing county and to maintain the tax free status on such properties. If this amendment does not pass, the newly formed county may tax the original county on existing properties now located in the new county and the expense will be borne by taxpayers of the existing county.

Voting YES on this amendment is in the best financial interest of local taxpayers.

DAVID A. ROBERTI
State Senator, 23rd District

JAMES A. HAYES
Los Angeles County Supervisor, District 4

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12 Constitutional Officers, Legislators and Judges Compensation

Official Title and Summary Prepared by the Attorney General

CONSTITUTIONAL OFFICERS, LEGISLATORS AND JUDGES COMPENSATION—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Repeals sections of Constitution, articles IV, V and VI relating to payment of compensation, travel and living expenses and retirement benefits for constitutional officers, legislators and judges. Adds article XXII providing for seven member commission which by resolution subject to legislative ratification by majority of each house, biennially sets salary, retirement, insurance and other benefits for above officials. Limits commission's authority to provide health care benefits or insurance. Restricts said officials' use of state automobiles to official business. Prohibits reduction of existing and additional future retirement rights and benefits once granted. Financial impact: Minor increase in state costs to support commission and staff. Otherwise, impact on state costs unpredictable.

FINAL VOTE CAST BY LEGISLATURE ON SCA 45 (PROPOSITION 12)

Assembly—Ayes, 71 Noes, 1

Senate—Ayes, 27 Noes, 2

Analysis by Legislative Analyst

Background:

The Constitution requires the Legislature to set its own pay, travel allowances, daily living allowances and retirement benefits. However, legislative salaries cannot be increased by more than five percent for each year.

The Constitution requires the Legislature to set the pay and retirement benefits for judges.

Finally, the Constitution requires the Legislature to set the pay for the following elected officials:

Governor
Lieutenant Governor
Attorney General
Controller
Superintendent of Public Instruction
Treasurer
Secretary of State

The pay of these seven officials may not be changed during their four-year term of office.

Proposal:

This proposition would repeal the Legislature's constitutional duty to set pay and benefits for these officials, and would establish the California Elected Officials Compensation Commission. The commission would be required to set the pay and benefits of legislators and other elected officials identified above as well as members of the State Board of Equalization.

The commission would consist of seven members. The Governor would appoint three members from among the current or former presidents or chairmen of the (1) Fair Political Practices Commission, (2) Commission on California State Government Organization and Economy, and (3) State Personnel Board. These three members would elect, by majority vote, two more members from statewide, nonprofit, nonpartisan organizations. One of these two members would have to be from an organization dedicated to educating the electorate or improving government. The other would have to be from an organization that is concerned with efficiency in the collection and expenditure of public funds.

Of the remaining two members, one would be appointed by the Governor and the other would be appointed by the Judicial Council, but the person appointed by the Judicial Council could not be a past or present member of the judiciary.

The proposal contains several specific restrictions on the commission's actions:

1. None of the elected officers covered by this measure (that is, legislators, state officials, and judges shall be provided an automobile except as authorized by the commission and then only for use on official business.

2. None of these elected officers would be eligible for health care insurance benefits more liberal than those available to the majority of state civil service employees. However, a superior or municipal court judge could elect to receive the benefits provided to county employees in his court area instead of the benefits provided by the state.

3. The commission could not reduce retirement rights or benefits that elected officials had already earned for prior service.

4. Pay and benefits determinations made by the commission would be contained in a resolution adopted by a majority of the members. The resolution, however, would not have the force of law.

5. To become effective, the resolution would have to be approved by the Legislature.

6. All commission meetings would be open to the public.

Once the Legislature approved the resolution or adjourned without approving it, the commission would automatically terminate, and a new commission would be appointed in the next odd-numbered year and the cycle would begin again.

Fiscal Effect:

This proposition would affect state costs in two ways. First, a minor increase in state spending would be necessary to support the operations of the commission. Those commissioners who do not receive a salary from the state would be paid at the same rate as members of the Fair Political Practices Commission (presently $100 per day) for each day spent on official business for the commission. They could not be paid, however, for more than 45 days. In addition, minor state costs would be incurred for travel expenses for the seven commissioners.

There also would be minor state costs incurred for providing staff assistance to the commission from the State Personnel Board and the Public Employees' Retirement System.

Second, state costs could be increased or decreased, depending on whether the commission resolution resulted in pay and benefits being set higher or lower than they would have been set by the Legislature under the present method. There is no way of knowing how the commission's resolutions and the Legislature's actions would compare with the results of the present system, and therefore the net fiscal impact of this resolution cannot be predicted.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 45 (Statutes of 1978, Resolution Chapter 2) expressly repeals and adds existing sections of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLES IV, V, VI, and XXII

First—That Section 4 of Article IV is repealed.

~~SEC. 4. Compensation of members of the Legislature, and reimbursement for travel and living expenses in connection with their official duties, shall be prescribed by statute passed by rollcall vote entered in the journal, two-thirds of the membership of each house concurring. Commencing with 1967, in any statute enacted making an adjustment of the annual compensation of a member of the Legislature the adjustment may not exceed an amount equal to 5 percent for each calendar year following the operative date of the last adjustment, of the salary in effect when the statute is enacted. Any adjustment in the compensation may not apply until the commencement of the regular session commencing after the next general election following enactment of the statute.~~

~~The Legislature may not provide retirement benefits based on any portion of a monthly salary in excess of 500 dollars paid to any member of the Legislature unless the member receives the greater amount while serving as a member in the Legislature. The Legislature may, prior to their retirement, limit the retirement benefits payable to members of the Legislature who serve during or after the term commencing in 1967.~~

~~When computing the retirement allowance of a member who serves in the Legislature during the term commencing in 1967 or later, allowance may be made for increases in cost of living if so provided by statute, but only with respect to increases in the cost of living occurring after retirement of the member, except that the Legislature may provide that no member shall be deprived of a cost of living adjustment based on a monthly salary of 500 dollars which has accrued prior to the commencement of the 1967 Regular Session of the Legislature.~~

Second—That Section 12 of Article V is repealed.

~~SEC. 12. Compensation of the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Superintendent of Public Instruction, and Treasurer shall be prescribed by statute but may not be increased or decreased during a term.~~

Third—That Section 19 of Article VI is repealed.

~~SEC. 19. The Legislature shall prescribe compensation for judges of courts of record.~~

~~A judge of a court of record may not receive the salary for the judicial office held by the judge while any cause before the judge remains pending and undetermined for 90 days after it has been submitted for decision.~~

Fourth—That Section 20 of Article VI is repealed.

~~SEC. 20. The Legislature shall provide for retirement, with reasonable allowance, of judges of courts of record for age or disability.~~

Sixth—That Article XXII is added to read:

ARTICLE XXII

CALIFORNIA ELECTED OFFICIALS COMPENSATION COMMISSION

SECTION 1. The California Elected Officials Compensation Commission consists of seven members appointed as provided in this article to establish the compensation and benefits of California elected officials.

SEC. 2. The membership of the commission shall be as follows:

(a) Three members, appointed by the Governor with one member of the Fair Political Practices Commission who is the current or former chairman of that commission, one member of the Commission on California State Government Organization and Economy who is the current or former chairman of that commission, and one member of the State Personnel Board who is the current or former president of that board;

(b) Two members, selected by a majority of the Governor's appointees under subdivision (a), with one from a statewide, nonprofit, nonpartisan organization which is dedicated to the education of the electorate or the improvement of government, and the other from a statewide, nonprofit, nonpartisan organization of California taxpayers concerned with the efficiency in the collection and expenditure of public funds; and

(c) Two public members who shall not be representatives of the categories set forth in this section, with one such member appointed by the Governor and the other by the Judicial Council. Such Judicial Council appointee shall not be a present or past member of the judiciary.

The appointing powers, in selecting the members of the full commission, shall strive to provide a balanced representation of the general population of the state in regard to such factors as age, sex, ethnicity, and income. Any appointee to the commission shall be a person whose salary or other emoluments are not affected by any decisions of the commission.

The Governor shall make the appointments to the commission under subdivisions (a) and (c) on the second Monday after January 1 of each odd-numbered year.

The chairman of the commission shall be selected by the members of the commission.

The members of the commission to be appointed pursuant to subdivision (b) and the Judicial Council pursuant to subdivision (c) shall be appointed within 30 days of the date upon which appointments to the commission are made under subdivisions (a) and (c) by the Governor. The appointing powers shall appoint members to fill vacancies, except vacancies which occur upon the expiration of the term of office of the commissioners, within 30 days of the occurrence of the vacancy. In the event that one or more of the governmental agencies from which the Governor is required to select a commission member is no longer in existence at the time appointments are required, the Governor shall select an appointee from among the former chairmen of such agencies or an appointee from among the chairmen or former chairmen of successor agencies, or if none exists, similar agencies.

In the event the Governor fails to make the appointments within the prescribed time, the current chairman of the agencies or successor agencies, or, if none exists, similar agencies specified in subdivision (a) shall meet within 30 days from the expiration of the time for appointment by the Governor and shall appoint the members of the commission according to the requirements placed upon the Governor by the provisions of this subdivision.

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12 Constitutional Officers, Legislators and Judges Compensation

Argument in Favor of Proposition 12

Your YES vote on Proposition 12 means:

- **YOU FAVOR TAKING AWAY THE LEGISLATURE'S POWER TO SET ITS OWN SALARIES, AND THOSE OF ALL OTHER STATE ELECTED OFFICIALS.**
- **YOU SUPPORT CREATION OF AN INDEPENDENT COMMISSION TO DETERMINE SALARIES AND BENEFITS FOR STATE LEGISLATORS, OTHER STATE ELECTED OFFICIALS AND JUDGES.**
- **YOU WANT TO SEE SUCH PAY AND BENEFIT DECISIONS MADE UNDER PUBLIC SCRUTINY WITH CITIZEN PARTICIPATION AT OPEN HEARINGS.**
- **YOU INSIST THAT THE PROCESS BE FREE OF POLITICAL INFLUENCE.**

These changes in the way California sets salaries and benefits for its elected officials and judges will become part of the California Constitution by your YES vote on Proposition 12.

The outcry that goes up each time legislators vote themselves a pay increase clearly demonstrates the public's strong dislike for the current system.

Proposition 12 will, by your YES vote, create a California Elected Officials Compensation Commission.

It will be an independent, seven-member body whose sole duty during its existence will be to determine salaries and benefits for state elected officials and judges.

The commission will be disbanded automatically every two years and a new one chosen. Dissolving the commission biennially will guarantee its impartiality.

The commission will have seven members. The governor will appoint four, three of whom must be:

- **The current or former chairman of the Fair Political Practices Commission.**
- **The current or former chairman of the Commission on California State Government Organization and Economy (The Little Hoover Commission).**
- **The current or former chairman of the State Personnel Board.**

Two members selected by those three commissioners will be:

- **One from a statewide nonprofit, nonpartisan organization dedicated to the education of the voters or government improvement.**
- **One from a statewide, nonprofit organization of California taxpayers concerned with efficiency in the collection and expenditure of public funds.**

Two public members, not from any of the previous categories, chosen as follows:

- **One appointed by the governor.**
- **One appointed by the Judicial Council of California. Such an appointee may not be a present or former judge.**

The legislature will not be represented on the commission. Its only involvement in the compensation process will be a requirement that it ratify the commission's recommendations. Failure by the legislature to approve these recommendations means that they will not go into effect. The legislature will not be able to change the commission's figures.

Your YES vote will take the determination of state elected officials' salaries and fringe benefits out of the political arena and place it in the hands of an independent public commission where it belongs.

A YES VOTE FOR PROPOSITION 12 IS A VOTE FOR GOOD GOVERNMENT.

OLIVER A. THOMAS
President, California Taxpayers' Association

GARY SIRBU
State Chairman, California Common Cause

Rebuttal to Argument in Favor of Proposition 12

I agree with the proponents of Proposition 12 that the public outcry that occurs when legislators vote themselves a pay increase demonstrates the public's strong dislike for the present system of setting elected officials' salaries and benefits. However, the alternative proposed in Proposition 12, while appearing to set up an alternative system, in fact, only embellishes the existing one.

The proponents' statement that a vote for Proposition 12 means you favor taking away the legislators' power to set their own salaries and those of all other state elected officials is misleading. The fact is, under Proposition 12, the Legislature still has the authority to ultimately decide its own salaries by rejecting any commission proposal it deems inadequate.

Proposition 12 should be opposed because it does not go far enough. The citizens commission established in Proposition 12 should be genuinely independent and its decisions should not be subject to legislative approval.

For these reasons I urge a "no" vote on Proposition 12.

NEWTON R. RUSSELL
State Senator, 21st District

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Arguments Against Proposition 12

I urge a no vote on Proposition 12.

The public outcry which occurs whenever the California Legislature increases its own salary is evidence that the people of this State are deeply offended that the members of the Legislature can raise their own salaries. After all, no one else is afforded this privilege.

The citizens commission which Proposition 12 creates, while an improvement over the present system, does not go far enough. Proposition 12 still gives the members of the Legislature the opportunity to set their own salaries—by accepting only the salary and benefit recommendations of the commission which they feel are sufficient—and rejecting any proposal which they feel is not adequate.

If we are going to have a citizens commission which operates independently of, and at arm's length with, the public officials whose compensation it is considering, then it should be created so that its decisions about salaries and benefits are final—and not subject to legislative approval or disapproval.

Because it does not remove from the Legislature the authority to set its own salary and give that authority to a genuinely independent citizens commission, I urge a no vote on Proposition 12.

NEWTON R. RUSSELL
State Senator, 21st District

Proposition 12 should be rejected because, under the present system, the legislature has the sole responsibility for its salaries and those of other elected state officials.

When the voters revised the State Constitution in 1966, putting the legislature on a full time basis, they expected the legislature would be responsible for its own compensation.

The voters never intended that responsibility to be handed over to a nonelective group who could not be held accountable to the voters at election time.

Proposition 12 will dilute that responsibility.

The only way the people of California can retain their present control over the salaries of their legislators is by voting NO on Proposition 12.

Your NO vote on Proposition 12 will tell the legislators they and no one else will be held accountable for the size of their salaries. A NO vote will maintain the present system.

HENRY J. MELLO
Member of the Assembly, 28th District

Rebuttal to Arguments Against Proposition 12

Contrary to claims in the opposing arguments, this commission will substitute accountability and impartiality for politics in determining elected state officials' compensation.

Creation of this commission will place salary and benefit determination for elected officials under a bright public spotlight. That's accountability.

The commissioners will give an objective evaluation since they will be unaffected by the conclusions they reach. That's impartiality.

Most important, the final accounting will be in the voters' hands since responsibility for enacting the commission's recommendations into law rests with the politicans, who must answer to the voters for their actions.

Your YES vote on Proposition 12 will provide the machinery to equitably deal with a political sore spot that is troubling the public.

OLIVER A. THOMAS
President, California Taxpayers' Association

GARY SIRBU
State Chairman, California Common Cause

13 Tax Limitation—Initiative Constitutional Amendment

Official Title and Summary Prepared by the Attorney General

TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975–76 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires ⅔ vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by ⅔ vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately $7 billion in 1978–79 fiscal year), reduction in annual state costs (approximately $600 million in 1978–79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds.

Analysis by Legislative Analyst

Background:

The following are some basic facts about California property taxes.

1. Under existing law cities, counties, schools and special districts are permitted to levy local property taxes. During the 1977–78 fiscal year these governments will collect about $10.3 billion in property taxes.

2. The state will give $1.2 billion to local governments to replace the property taxes that cannot be collected because a portion of a business's inventory and a homeowner's property value is exempt from taxation.

3. Total local property tax revenues (tax collections plus state tax relief payments), therefore, will be about $11.5 billion during 1977–78.

4. The share of total income that comes from property tax revenues is higher for some types of local governments than it is for others.

a. Cities receive about 27 percent of their income from property tax revenues,
b. Counties receive about 40 percent from property tax revenues,
c. Schools receive about 47 percent from property tax revenues, and
d. In many special districts the property tax is the only significant source of revenue. For example, fire districts receive about 90 percent of their income from property tax revenues.

5. In addition to property tax revenues, many local governments impose other taxes and receive federal and state funds to pay for the services they provide. However, some of these revenues can only be used for certain purposes such as transportation, education, health or welfare. Therefore such revenues are not available to replace property taxes, except to the extent they eliminate the need to use property tax revenues for such purposes.

6. The total local property tax roll consists of county assessments on real property (land and buildings) and personal property (inventories) and state assessments on public utilities and railroads. Total assessments are updated periodically to reflect changes in value due to inflation, new construction, and a greater volume of personal property.

7. Total local property tax revenues are equivalent to 2.7 percent of the full cash value of all taxable property in California.

Proposal:

This initiative would: (1) place a limit on the amount of property taxes that could be collected by local governments, (2) restrict the growth in the assessed value of property subject to taxation, (3) require a two-thirds vote of the Legislature to increase state tax revenues, and (4) authorize local governments to impose certain nonproperty taxes if two-thirds of the voters give their approval in a local election.

In several instances the exact meaning of language used in this measure is not clear. Where this occurs we have based our analysis on an opinion of the Legislative Counsel regarding the probable court interpretation of such language.

The following is a summary of the main provisions of this initiative:

1. *Property tax limit.* Beginning with the 1978–79 fiscal year, this measure would limit the amount of property taxes that could be collected from an owner of county assessed *real* property to 1 percent of the property's full cash value. This measure does not mention county assessed personal property (such as business inventories), or state assessed property (such as public utilities), but the Legislative Counsel advises us that the 1 percent limit would apply to *all* types of taxable property.

This measure does not permit local voters to raise the

1 percent limit; that would require a new constitutional amendment. The limit could be exceeded only to repay bonded debt approved by the voters *before* July 1, 1978. The limit could not be exceeded to repay bonded debt approved by the voters on or *after* July 1, 1978.

Property taxes to repay existing bonded debt correspond to about ¼ of 1 percent of the full cash value of taxable property in California.

The limit on property taxes plus the restrictions on assessed values noted below, would substantially reduce local property tax revenues.

2. *Distribution of remaining property tax revenues.* The reduced property tax revenues which could be raised under the 1 percent limit would be collected by the counties and then distributed "according to law to the districts within the counties".

At present there is no state law which would provide for the distribution of these revenues. Therefore we are unable to determine how the substantial reductions in property tax revenues would be distributed among cities, counties, schools and special districts.

Also, this measure refers only to the distribution of property tax revenues to "districts within the counties". It does not say whether cities and counties (which technically are not "districts") could share in these revenues. However, the Legislative Counsel advises us that unless the ballot arguments by the proponents of this measure, which are included in this pamphlet, make it clear that counties and cities are *not* to receive property taxes, they could continue to receive some portion of these revenues.

3. *Restrictions on the growth in assessed values.* Initially this measure would roll back the current assessed values of real property to the values shown on the 1975–76 assessment roll. However county assessors could adjust the values shown on the 1975–76 assessment roll if these values were lower than the estimated market value as of March 1, 1975. The adjusted values could then be increased by no more than 2 percent per year as long as the same taxpayer continued to own the property. For property which is sold or newly constructed after March 1, 1975, the assessed value would be set at the appraised (or market) value at the time of sale or construction. As a result, two identical properties with the same market value could have different assessed values for tax purposes if one of them has been sold since March 1, 1975.

4. *Increases in state taxes.* Currently state taxes can be increased by a majority vote of both houses of the Legislature and approval by the Governor (that is, if the Governor signs the measure increasing taxes). This initiative would require a two-thirds vote by the Legislature to increase state taxes and would prohibit the Legislature from enacting any new taxes based on the value or sale of real property.

5. *Alternative local taxes.* This measure would authorize cities, counties, special districts and school districts to impose unspecified "special" taxes only if they receive approval by two-thirds of the voters. Such taxes could not be based on the value or sale of real property.

The Legislative Counsel advises us that provisions in the existing Constitution would prohibit general law cities, counties, school districts and special districts from imposing new "special taxes" without specific approval by the Legislature. Such restrictions limit the

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Text of Proposed Law

This initiative measure proposes to add a new Article XIII A to the Constitution; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII A

ARTICLE XIII A

Section 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2. (a) The full cash value means the County Assessors valuation of real property as shown on the 1975–76 tax bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occured after the 1975 assessment. All real property not already assessed up to the 1975–76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3. From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4. Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5. This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6. If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.

13 Tax Limitation—Initiative Constitutional Amendment

Arguments in Favor of Proposition 13

Limits property tax to 1% of market value, requires two-thirds vote of both houses of the legislature to raise any other taxes, limits yearly market value tax raises to 2% per year, and requires all other tax raises to be approved by the people. Why then the amendment? President Carter said "our tax system is a National disgrace".

Our audit figures show loss to local governments at about $5 billion, not $7 billion as claimed by the state finance director.

Assembly leader Paul Priolo said "it's a tough amendment but the state can live with it. It means public officials will have to go to work".

Noted UCLA tax expert Dr. Neil Jacoby writes "This unjust process must be brought to an end". "A 1% limit would still leave property tax revenue *far above* the level required to pay for property-related governmental services, street lighting maintenance, sewers, trash collection and *POLICE* AND *FIRE PROTECTION".*

According to the State Controller's office, state agencies will still collect more than 33 thousand million tax dollars every year after this amendment passes.We think this is more than enough. *The people will save 7 thousand million dollars every year* for themselves.

This amendment will make rent reductions *probable.* Otherwise *rent raises are certain as property taxes go up.* It will help farmers and keep business in California. It will make home and building improvements possible *and create thousands of new jobs.*

The amendment DOES NOT reduce property tax exemptions for senior citizens. DOES NOT remove tax exemptions for churches or charities. DOES NOT prohibit the use of property tax money for schools.

To make California taxes FAIR, EQUAL and WITHIN THE ABILITY OF THE TAXPAYERS TO PAY, vote YES on Proposition 13.

HOWARD JARVIS
Chairman, United Organizations of Taxpayers

PAUL GANN
President, Peoples Advocate

The Legislature will not act to reduce your property taxes. As a Senator and Legislator for 11 years, I, like you, have been totally frustrated with the Legislature's failure to enact a meaningful property tax relief and reform bill.

What Ronald Reagan describes as the "spenders coalition" of spendthrift politicians and powerful special interests are spending millions to defeat Proposition 13.

Your Yes vote will NOT require a reduction of vital services like police or fire, nor any tax increase. Your Yes vote will require a tough Governor take the lead in cutting wasteful, unnecessary government spending 10 to 15%.

More than 15% of all governmental spending is wasted! Wasted on huge pensions for politicians which sometimes approach $80,000 per year! Wasted on limousines for elected officials or taxpayer paid junkets. Now we have the opportunity to trade waste for property tax relief!

If we want to permanently cut property taxes about 67%, we must do it ourselves. Join Democratic Senator Robert "Bob" Wilson and me, a Republican Senator, in voting Yes o Proposition 13.

JOHN V. BRIGGS
State Senator, 35th District

Rebuttal to Arguments in Favor of Proposition 13

PROPOSITION 13:

GIVES nearly two-thirds of the tax relief to BUSINESS, INDUSTRIAL property owners and apartment house LANDLORDS;

TRANSFERS your LOCAL CONTROL over neighborhood and community program funding to state and federal government bureaucracies;

PROVIDES absolutely NO TAX RELIEF for RENTERS;

REDUCES drastically police patrol services and fire protection while INCREASING home insurance COSTS by 50% to 300%;

REQUIRES new taxes to preserve CRITICAL SERVICES. Doubling the sales tax, substantially increasing the income tax or increasing the bank and corporation tax by 500% are the potential alternatives;

SLASHES current local funding for PARKS, BEACHES, MUSEUMS, LIBRARIES and PARAMEDIC PROGRAMS;

PENALIZES our school CHILDREN by CUTTING operating school budgets by nearly $4 billion, further lowering the quality of education;

PLACES a disproportionate and unfair tax burden on anyone purchasing a home after July 1, 1978;

INCREASES your state and federal INCOME TAXES and HANDS the IRS nearly $2 BILLION of your tax dollars.

Check the FACTS. Talk to your local officials; talk to your schools and talk to your business and labor organizations and demand to know what cutbacks in essential services would occur if Proposition 13 passes.

JOIN the LEAGUE OF WOMEN VOTERS
CALIFORNIA TAXPAYERS ASSOCIATION
LOS ANGELES CHAMBER OF COMMERCE
LEAGUE OF CITIES
COUNTY SUPERVISORS ASSOCIATION
CALIFORNIA RETAILERS ASSOCIATION

and countless others who are opposed to this IRRESPONSIBLE MEASURE which CUTS $7 BILLION from critical services.

VOTE NO ON 13!

HOUSTON I. FLOURNOY
Dean, Center for Public Affairs,
University of Southern California
Former State Controller

TOM BRADLEY
Mayor, City of Los Angeles

GARY SIRBU
State Chairman, California Common Cause

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Argument Against Proposition 13

Proposition 13 invites economic and governmental chaos in California. It will drastically cut police and fire protection and bankrupt schools unless massive new tax burdens are imposed on California taxpayers. It will take decision-making away from the local level and weaken home rule.

Proposition 13 is a vague, poorly drafted and incomplete proposal which will seriously damage the economic stability of state and local governments. Shocking increases in state and local taxes are virtually inevitable. Many homeowners who expect to benefit will actually suffer a net tax increase.

Homeowners will be in for several unpleasant economic surprises if Proposition 13 is adopted. They will be paying higher federal income taxes, yet at the same time the community they live in will lose its rightful share of federal revenue sharing funds. Homeowners living in identical side-by-side houses will pay vastly different property tax bills.

Millions of renters will be doubly jeopardized. Renters have no guarantee that their landlord's property tax savings will be voluntarily passed through to them. But they can be certain they will be forced to pay the new or additional taxes necessary to keep our local governments out of bankruptcy.

Passage of Proposition 13 will slash $7 billion from school and local government budgets—an amount nearly equal to one-half of the General Fund budget for the entire State of California. This crippling blow simply cannot be absorbed. For example, it would require a doubling of your present income tax, or the sales tax to simply replace the lost revenues.

Homeowners and renters are most in need of property tax relief. But Proposition 13 gives two-thirds of the property tax decrease to commercial and industrial property owners.

Proposition 13 will seriously cripple local government services, including police and fire protection. Proposition 13 will force default on many redevelopment and revenue bond issues and prohibit future general obligation bond issues to pay for needed schools, hospitals, and water facilities. Business will not locate or expand in California if the local services necessary for economic development and new jobs are slashed.

This irresponsible initiative is not a solution. Proposition 13 goes too far. It is an invitation to poor community services, less local control and inequitable taxation for all Californians.

Vote "no" on Proposition 13.

HOUSTON I. FLOURNOY
Dean, Center for Public Affairs,
University of Southern California
Former State Controller

TOM BRADLEY
Mayor, City of Los Angeles

GARY SIRBU
State Chairman, California Common Cause

Rebuttal to Argument Against Proposition 13

We who own homes, farms, property or rent must not let the political horror stories scare us. We must vote proposition 13 into law June 6, 1978. We must not let the spendthrift politicians continue to tax us into poverty. *Proposition 13 will NOT cut fire protection, police protection, sewers, streets, and lighting or garbage collection. All property related services. It will cut spending about 15%.*

Proposition 13 will NOT give business a NEW WINDFALL. It does NOT change the tax ratio between residences and business property in effect for 75 years. It will stop business from leaving California and bring new companies to California, creating thousands of new jobs. Proposition 13 will *NOT* prohibit the use of property taxes to finance schools.

Proposition 13 will make property taxes FAIR, EQUAL and within the *ABILITY to pay for all Californians.*

Proposition 13 will make lower rents certain. It will reduce the monthly impound tax payments on home mortgages.

As expected, the opposition to proposition 13 is signed by 2 persons long on the taxpayers payroll and one person from a tax free foundation. *Proposition 13 makes sense for California. Means thousands of extra dollars for you and your family each and every year. Restores government of, for and by the people.*

Also for 13: Assemblymen Robert Cline (R), Wm. Dannemeyer (R), Mike Antonovich (R) and Senator Bob Wilson (D).

VOTE YES ON PROPOSITION 13, YOUR LAST CHANCE FOR PERMANENT TAX RELIEF.

HOWARD JARVIS
Chairman, United Organizations of Taxpayers

PAUL GANN
President, Peoples Advocate

JOHN V. BRIGGS
State Senator, 35th District

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ANALYSIS OF PROPOSITION 13—

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ability of these local governments, even with local voter approval, to replace property tax losses resulting from the adoption of this initiative.

Fiscal Effect:

This measure would have the following direct impact on the state and local governments:

1. Local governments would lose about $7 billion in property tax revenues during the 1978–79 fiscal year. This is because the measure would reduce local property tax revenues (estimated at $12.4 billion under current law) by 57 percent, statewide. Some counties would lose more, and others would lose less.

2. The ability of local governments to sell general obligation bonds in the future would be severely restricted. These bonds are used to finance the construction of new schools, local government buildings, and a variety of other facilities such as parks and sewage treatment plants.

3. The reduction in local property taxes would reduce state costs for property tax relief payments by about $600 million in 1978–79.

The full fiscal impact of this initiative would depend on whether or not the $7 billion in local property tax revenue losses were replaced. Replacement revenues could come from two sources:

1. The initiative permits local governments to raise additional revenues by levying other unspecified taxes. Under existing law, most local governments would have to receive specific approval from the Legislature before levying new taxes. If the initiative is approved, new taxes would also have to be approved by two-thirds of the local voters. Thus the initiative would restrict the ability of local governments to impose new taxes in order to replace the property tax revenue losses.

2. Although there is nothing in the initiative or in current law that would require the state to replace any part of the property tax revenue losses, the state could agree to do so.

If these property tax revenue losses *were substantially replaced,* local governments could maintain the existing level of government services and employment. Part of these revenue losses could be covered *temporarily* by using the state surplus. Additional revenues to pay for these services would have to come from higher state or local taxes such as those imposed on personal income, sales and corporations. Depending upon which tax sources were used to replace local property tax losses, there could be a shift in who initially bears the tax burden. This is because most sales and personal income taxes are paid by nonbusiness taxpayers, whereas about 65 percent of property taxes are initially paid by business firms.

If the $7 billion in local property tax revenue losses *were not substantially replaced,* there would be major reductions in services now provided by local governments and in local government employment. We cannot predict which particular local services (such as schools, law enforcement, fire protection, health and welfare) would be affected because we do not know how the remaining property tax revenues would be distributed. Because state law requires local governments to pay for certain local programs at specified levels (for example, unemployment compensation benefits and most local welfare costs), the cuts could not be made in these areas without further action by the Legislature.

The 2 percent limit on assessment increases would not allow property tax revenues to rise as rapidly as prices are expected to increase. This limit would tend to require additional cutbacks in local government services and employment in future years unless additional replacement revenues were available. By requiring that property be reassessed when sold, this initiative would, over time, cause homeowners to pay an increasing proportion of local property taxes because homes are sold more often than other types of property such as commercial and industrial.

If the state surplus is used to cover part of local revenue losses in 1978–79, it would not be available to maintain the level of government services in subsequent years.

In the long run, a major *net* reduction in property tax revenues and local spending could have significant economic effects on the level of personal income and employment in California. Such changes, in turn, eventually would produce unknown additional state and local fiscal effects.

TEXT OF PROPOSITION 1— *Continued from page 9*

~~sale at the coupon rate or rates specified in the bid, such computation to be made on a 360/day year basis.~~

~~17610. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.~~

~~17611. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 19305 to pay principal and interest on bonds.~~

~~17612. With respect to the proceeds of bonds authorized by this chapter, all the provisions of Sections 17700 to 17766, inclusive, shall apply.~~

~~17613. Out of the first money realized from the sale of bonds under this act, there shall be repaid any moneys advanced or loaned to the State School Building Lease/Purchase Fund under any act of the Legislature, together with interest provided for in that act.~~

SEC. 2. Chapter 21 (commencing with Section 17600) is added to Part 10 of the Education Code, to read:

CHAPTER 21. STATE SCHOOL BUILDING AID BOND LAW OF 1978

17600. This act may be cited as the State School Building Aid Bond Law of 1978.

17601. The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this

chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.

17602. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 15909.

(b) "Board" means the State Allocation Board.

(c) "Fund" means either the State School Building Aid Fund or the State School Building Lease-Purchase Fund as specified by the board for the purposes of Section 17614 and as otherwise determined by law.

17603. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Aid Law of 1952 and the State School Building Lease-Purchase Law of 1976, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Aid Fund or the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of three hundred fifty million dollars ($350,000,000) in the manner provided herein, but not in excess thereof.

17604. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

17605. All money deposited in the fund (1) as annual repayments pursuant to Section 16080, or (2) as lease payments pursuant to Section 17726, or (3) pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 17604. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.

17606. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 17607, which sum is appropriated without regard to fiscal years.

17607. For the purposes of carrying out the provisions of this chapter the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

17608. Upon request of the board, supported by a statement of the apportionments made and to be made pursuant to Sections 16000 to 16201, inclusive, and Chapter 22 (commencing with Section 17700) of Part 10 of Division 1 of Title 1, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. A sufficient number of bonds authorized under this chapter shall be issued and sold so that seventy-five million dollars ($75,000,000) shall be available for apportionment on July 1, 1978, and ten million dollars ($10,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of three hundred fifty million dollars ($350,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

17609. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, such computation to be made on a 360-day year basis.

17610. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

17611. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 17604 to pay principal and interest on bonds.

17612. With respect to the proceeds of bonds authorized by this chapter, all the applicable provisions of Sections 16000 to 16207, inclusive, and Sections 17700 to 17749, inclusive, shall apply.

17613. Out of the first money realized from the sale of bonds under this chapter, there shall be repaid any moneys advanced or loaned to the State School Building Aid Fund or to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act.

17614. Of the moneys made available by this chapter not to exceed the sum of one hundred million dollars ($100,000,000), or such amount thereof that the board may determine necessary therefor, shall be available for the purposes of Sections 16000 to 16207, inclusive, of the State School Building Aid Law of 1952, and the balance of moneys made available by this chapter shall be available for the purposes of the State School Building Lease-Purchase Law of 1976.

TEXT OF PROPOSITION 2— *Continued from page 13*

Grants may be made pursuant to this section to reimburse municipalities for the state share of construction costs for eligible projects which received federal assistance but which did not receive an appropriate state grant due solely to depletion of the fund created pursuant to the Clean Water Bond Law of 1974; provided, however, that eligibility for reimbursement under this section is limited to the actual construction capital costs incurred.

Any contract pursuant to this section may include such provisions as may be agreed upon by the parties thereto, and any such contract concerning an eligible project shall include, in substance, the following provisions:

(1) An estimate of the reasonable cost of the eligible project;

(2) An agreement by the board to pay to the municipality, during the progress of construction or following completion of construction as may be agreed upon by the parties, an amount which equals at least 12½ percent of the eligible project cost determined pursuant to federal and state laws and regulations;

(3) An agreement by the municipality, (i) to proceed expeditiously with, and complete, the eligible project, (ii) to commence operation of the treatment works on completion thereof, and to properly operate and maintain such works in accordance with applicable provisions of law, (iii) to apply for and make reasonable efforts to secure federal assistance for the eligible project, (iv) to secure the approval of the board before applying for federal assistance in order to maximize the amounts of such assistance received or to be received for all eligible projects in the state, and (v)

to provide for payment of the municipality's share of the cost of the eligible project.

(c) In addition to the powers set forth in subdivision (b) of this section, the board is authorized to enter into contracts with municipalities for grants for eligible state assisted projects.

Any contract for an eligible state assisted project pursuant to this section may include such provisions as may be agreed upon by the parties thereto, provided, however, that the amount of moneys which may be granted or otherwise committed to municipalities for such projects shall not exceed fifty million dollars ($50,000,000) in the aggregate.

Any contract concerning an eligible state assisted project shall include, in substance, the following provisions:

(1) An estimate of the reasonable cost of the eligible state assisted project;

(2) An agreement by the board to pay to the municipality, during the progress of construction or following completion of construction, as may be agreed upon by the parties, an amount which at least equals the local share of the cost of construction of such projects as determined pursuant to applicable federal and state laws and regulations;

(3) An agreement by the municipality (i) to proceed expeditiously with, and complete, such project, (ii) to commence operation of such project on completion thereof, and to properly operate and maintain such project in accordance with applicable provisions of law, (iii) to provide for payment of the municipality's share of the cost of such project (iv) if appropriate, to apply for and make reasonable efforts to secure federal assistance, other than that available pursuant to Title II of the Federal Water Pollution Control Act, for such project and to secure the approval of the board before applying for federal assistance in order to maximize the amounts of such assistance received or to be received for all eligible state assisted projects.

(d) The board may make direct grants to any municipality or by contract or otherwise undertake plans, surveys, research, development and studies necessary, convenient or desirable to the effectuation of the purposes and powers of the board pursuant to this division and to prepare recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment and disposal of waste under a comprehensive cooperative plan.

(e) The board may from time to time with the approval of the committee transfer moneys in the fund to the State Water Quality Control Fund to be available for loans to public agencies pursuant to Chapter 6 (commencing with Section 13400) of this division.

(f) As much of the moneys in the fund as is necessary shall be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(g) The board may adopt rules and regulations governing the making and enforcing of contracts pursuant to this section.

13963. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereon.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect said additional sum.

All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

13964. All money deposited in the fund pursuant to any provision of law requiring repayments to the state for assistance financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.

13965. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 13966, which sum is appropriated without regard to fiscal years.

13966. For the purpose of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

13967. Upon request of the board, supported by a statement of the proposed arrangements to be made pursuant to Section 13962 for the purposes therein stated, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such arrangements, and if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make such arrangements progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

13968. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

13969. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 13962 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

TEXT OF PROPOSITION 12— *Continued from page 53*

SEC. 3. The commission, after publication of notice, shall hold public meetings to accomplish its duties. The commission shall by the end of the then current fiscal year, by a single resolution adopted by a majority of the membership, establish the annual salary, retirement, insurance, and other benefits of the Governor, the Lieutenant Governor, the Attorney General, the Controller, the State Treasurer, the Secretary of State, the Superintendent of Public Instruction, the members of the State Board of Equalization, justices and judges of courts of record, and Members of the Legislature. The commission shall also establish, by the same resolution, the rate for the reimbursement of travel expenses and living expenses, including the amount of per diem, if any, incurred by such officials. Such salary, retirement, insurance, and other benefits, and expenses and the commission's resolution shall become effective on the commencement of the regular session commencing after the next general election following the ratification of the resolution by a concurrent resolution of the Legislature, adopted by a majority vote of the members of each house thereof.

SEC. 4. On and after the effective date of this article, the salary, retirement, insurance, and other benefits of the Governor, the Lieutenant Governor, the Attorney General, the Controller, the State Treasurer, the Secretary of State, the Superintendent of Public Instruction, the members of the State Board of Equalization, justices and judges of courts of record, and Members of the Legislature shall be established only as provided in this article. However, until so established, each such elected official shall continue to receive the same salary, retirement, insurance, and other benefits as such elected official was eligible to receive immediately prior to the effective date of this article and, in addition thereto, any increases authorized prior to the effective date of this article commencing after such date.

SEC. 5. Subsequent to January 1 next following ratification of the commission's resolution, no elected official subject to this section shall be provided with an automobile except as established by the commission for official business. Such vehicles, when authorized, shall be made available for such uses as are reasonably necessary to make the official available for, and to carry out, the official's duties and responsibilities.

SEC. 6. No elected official subject to this article shall be eligible for health care benefits or insurance, except to the extent such benefits and insurance are established by the commission and do not exceed the benefits and insurance that are available to the majority of state employees in the civil service; provided, that a judge of the superior or municipal court may elect, in lieu of coverage by the state, to be covered by health care benefits or insurance provided to officers or employees of the county in which the judge sits.

SEC. 7. For service rendered prior to the effective date of a resolution of the commission establishing the retirement rights and retirement benefits, such rights and benefits shall be fixed on the basis of the law as it existed on the effective date of this article and such rights and benefits shall not be diminished by action of the commission. For service rendered after the effective date of a resolution of the commission establishing such rights and benefits, those rights and benefits shall be fixed on the basis of the resolution

of the commission in effect during the time the service was rendered and shall not thereafter be diminished by action of the commission.

SEC. 8. Upon ratification of the commission's resolution, or in the event that such resolution is not ratified, upon the adjournment sine die of each session of the Legislature, the term of office of the commissioners shall expire. Successor commissioners shall be appointed in the manner prescribed by Section 2 and their terms of office shall expire as provided in this section.

SEC. 9. All commissioners shall receive their actual and necessary expenses, including travel expenses, incurred in the performance of their duties. Each member of the commission who does not hold any other salaried state office shall be compensated at the same rate as members, other than the chairman, of the Fair Political Practices Commission for each day engaged in official duties, not to exceed 45 paid working days. All meetings of the commission shall be public.

SEC. 10. The State Personnel Board and the Public Employees' Retirement System or its successor shall furnish such additional staff and services to the commission as are required for performance of the commission's duties.

SEC. 11. The Legislature shall provide funds for the support of the commission.

SEC. 12. If any part or provision of this article, or the application thereof to any person or circumstance, is held invalid, the remainder of the article, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this article are severable.

INDEX

BY SUBJECT

CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 6, 1978, and that the foregoing pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this first day of March, 1978.

March Fong Eu

MARCH FONG EU
Secretary of State

EXHIBIT D

CALIFORNIA BALLOT PAMPHLET, SPECIAL STATEWIDE ELECTION, NOVEMBER 6, 1979 [CONTAINING PROPOSITION 4]

CALIFORNIA BALLOT PAMPHLET

SPECIAL STATEWIDE ELECTION NOVEMBER 6, 1979

COMPILED BY MARCH FONG EU • SECRETARY OF STATE
ANALYSES BY WILLIAM G. HAMM • LEGISLATIVE ANALYST

AVISO

Una traducción al español de este folleto de la balota puede obtenerse si completa y nos envía la tarjeta con porte pagado que encontrará entre las páginas 12 y 13. Escriba su nombre y dirección en la tarjeta en LETRA DE MOLDE y regrésela a lo menos el día 30 de octubre de 1979.

NOTICE

A Spanish translation of this ballot pamphlet may be obtained by completing and returning the postage-paid card which you will find between pages 12 and 13. Please PRINT your name and mailing address on the card and return it no later than October 30, 1979.

Secretary of State

SACRAMENTO 95814

Estimados Californianos:

Esta es la versión en inglés del folleto de la balota de California para la Elección Especial Estatal del 6 de noviembre de 1979. Contiene el título de la balota, un breve resumen, el análisis del Analista Legislativo, los razonamientos a favor y en contra y las refutaciones y el texto completo de cada proposición. También contiene el voto legislativo depositado a favor y en contra de todo proyecto de ley propuesto por la legislatura.

Con objeto de reducir los pasos innecesarios asociados con la distribución de este folleto y para evitar demoras indebidas en el tiempo necesario para que usted lo reciba, la oficina de la Secretaria del Estado los esta enviando directamente a los votantes registrados 60 días antes de la elección. Los funcionarios electorales de los condados enviarán los folletos a votantes registrados entre los 59 y los 29 días antes de la elección.

Si usted desea recibir un folleto de la balota en español, simplemente complete y envíe la tarjeta adjunta entre las páginas 12 y 13 de este folleto. No se necesitan estampillas.

Lea cuidadosamente cada uno de los proyectos de ley y la información respecto a los mismos contenidos en este folleto. Las proposiciones legislativas y las iniciativas patrocinadas por ciudadanos estan diseñadas específicamente para darle a usted, el votante, la oportunidad de influir las leyes que nos gobiernan a todos.

Aproveche esta oportunidad y vote el 6 de noviembre de 1979.

March Fong Eu

MARCH FONG EU
Secretaria del Estado

Secretary of State

SACRAMENTO 95814

Dear Californians:

This is the English version of the California ballot pamphlet for the November 6, 1979, Special Statewide Election. It contains the ballot title, short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition. It also contains the legislative vote cast for and against any measure proposed by the Legislature.

To reduce unnecessary steps associated with the distribution of this pamphlet and to avoid any undue delays in the amount of time it takes to reach you, pamphlets are being mailed directly by the Secretary of State's office to voters registered 60 days before the election. County election officials will mail pamphlets to voters registered between the 59th and 29th days before the election.

If you wish to receive a Spanish language ballot pamphlet, simply fill out and mail the card enclosed between pages 12 and 13 of this pamphlet. No postage is needed.

Read carefully each of the measures and the information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and vote on November 6, 1979.

March Fong Eu

MARCH FONG EU
Secretary of State

TABLE OF CONTENTS

1 School Assignment and Transportation of Pupils

Official Title and Summary Prepared by the Attorney General

SCHOOL ASSIGNMENT AND TRANSPORTATION OF PUPILS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Section 7(a) of Article I of the Constitution to provide that nothing in the California Constitution imposes upon the State of California or any public entity, board, or official any obligations or responsibilities which exceed those imposed by the United States Constitution with respect to the use of pupil school assignment or transportation. Provides for modification of existing judgments, decrees, writs or other court orders to conform to the provisions of this subdivision. Provides that governing boards of school districts may voluntarily continue or commence a school integration plan. Financial impact: Indeterminable. Potential savings if school districts elect to reduce or eliminate pupil transportation or assignment programs as a result of this measure.

FINAL VOTE CAST BY LEGISLATURE ON SCA 2 (PROPOSITION 1)

Assembly—Ayes, 62 Noes, 17

Senate—Ayes, 28 Noes, 6

Analysis by Legislative Analyst

Background:

The U.S. Supreme Court has interpreted the U.S. Constitution to require public school desegregation only when the segregation was caused by government action with a discriminatory intent. The California Supreme Court has interpreted the State Constitution to require that public school segregation be alleviated regardless of what caused the segregation. Thus, the State Constitution now requires public school desegregation in cases where the U.S. Constitution does not.

Currently, there are many California school districts which are providing pupil transportation and/or assigning pupils to schools outside of their immediate neighborhoods in order to alleviate segregation. Other school districts are currently involved in court actions concerning desegregation, and still others could become involved in court actions at some time in the future.

Some school districts have started desegregation plans because of federal court orders or because of agreements with the U.S. Office of Civil Rights. Other school districts are carrying out desegregation plans because of California court decisions. A third group of school districts is implementing desegregation plans on a voluntary basis.

Proposal:

This proposition would limit the power of California courts to require desegregation. Specifically, desegregation could be required only in cases where the U.S. Constitution would require it. As a result, the proposition could affect 13 school districts which now have desegregation plans ordered or approved by a California court plus other school districts that are involved or could become involved in desegregation actions before California courts.

This measure has four major provisions. First, it would require California courts to follow applicable federal court decisions when deciding if changes in pupil school assignment or pupil transportation are required to alleviate segregation. Consequently, if a California school district is found to have segregation for reasons other than government action with a discriminatory intent, the proposition would prohibit a California court from ordering the school district to start a pupil school assignment or pupil transportation desegregation plan.

Second, the proposition would make past California court decisions requiring desegregation through changes in pupil school assignment or pupil transportation subject to court review using the same standards applicable to the federal courts. Any person could request a court to review its prior decision that resulted in a pupil school assignment or pupil transportation plan. The court would then have to reconsider its prior decision, and if necessary issue a new ruling based upon the California Constitution as amended by this proposition.

Third, the proposition would require California courts that are asked to review their prior decisions to give first priority to such a review relative to other civil cases.

Fourth, public schools would be allowed to continue current desegregation plans and start new desegregation plans on a voluntary basis.

Fiscal Effect:

The proposition would have an unknown fiscal effect. It would not require any school district to stop or reduce current busing programs. Thus, it would not necessarily affect school district costs. However, because review of current court-ordered busing programs, as permitted by the proposition, might result in some of these programs being modified to require less busing, the proposition could result in significant sav-

ings to the state and school districts. The savings would only occur, however, if school districts chose to eliminate or reduce their current busing programs based on new court decisions. Additional state and local costs would result from court review of existing court decisions, and these costs would offset some portion of any savings that might occur due to decreased busing.

Therefore, the net fiscal impact of this measure could range from a net increase in state and local government costs (if no districts chose to reduce or eliminate pupil transportation programs) to significant net savings (if many districts reduce or eliminate these programs).

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 2 (Statutes of 1979, Resolution Chapter 18) expressly amends an existing section of the Constitution; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE I

Subdivision (a) of Section 7 is amended to read:

(a) A person may not be deprived of life, liberty, or property without due process of law or denied equal protection of the laws; *provided, that nothing contained herein or elsewhere in this Constitution imposes upon the State of California or any public entity, board, or official any obligations or responsibilities which exceed those imposed by the Equal Protection Clause of the 14th Amendment to the United States Constitution with respect to the use of pupil school assignment or pupil transportation. In enforcing this subdivision or any other provision of this Constitution, no court of this state may impose upon the State of California or any public entity, board, or official any obligation or responsibility with respect to the use of pupil school assignment or pupil transportation, (1) except to remedy a specific violation by such party that would also constitute a violation of the Equal Protection Clause of the 14th Amendment to the United States Constitution, and (2) unless a federal court would be permitted under federal decisional law to impose that obligation or responsibility upon such party to remedy the specific violation of the Equal Protection Clause of the 14th Amendment of the United States Constitution.*

Except as may be precluded by the Constitution of the United States, every existing judgment, decree, writ, or other order of a court of this state, whenever rendered, which includes provisions regarding pupil school assignment or pupil transportation, or which requires a plan including any such provisions shall, upon application to a court having jurisdiction by any interested person, be modified to conform to the provisions of this subdivision as amended, as applied to the facts which exist at the time of such modification.

In all actions or proceedings arising under or seeking application of the amendments to this subdivision proposed by the Legislature at its 1979–80 Regular Session, all courts, wherein such actions or proceedings are or may hereafter be pending, shall give such actions or proceedings first precedence over all other civil actions therein.

Nothing herein shall prohibit the governing board of a school district from voluntarily continuing or commencing a school integration plan after the effective date of this subdivision as amended.

In amending this subdivision, the Legislature and people of the State of California find and declare that this amendment is necessary to serve compelling public interests, including those of making the most effective use of the limited financial resources now and prospectively available to support public education, maximizing the educational opportunities and protecting the health and safety of all public school pupils, enhancing the ability of parents to participate in the educational process, preserving harmony and tranquility in this state and its public schools, preventing the waste of scarce fuel resources, and protecting the environment.

1 School Assignment and Transportation of Pupils

Arguments in Favor of Proposition 1

CURRENTLY, THE CALIFORNIA CONSTITUTION CAN BE INTERPRETED TO REQUIRE COMPULSORY BUSING, INCLUDING METROPOLITAN COMPULSORY BUSING, IN CIRCUMSTANCES WHERE BUSING WOULD *NOT* BE REQUIRED BY THE CONSTITUTION OF THE UNITED STATES OF AMERICA.

THE INTENT AND PURPOSE OF MY AMENDMENT IS TO PROHIBIT ANY CALIFORNIA JUDGE FROM ORDERING MANDATORY BUSING UNLESS THE BUSING IS REQUIRED BY FEDERAL LAW. This amendment is based on the conclusion that forced busing is *not* a useful tool in achieving desegregation because its financial and educational costs render it counterproductive.

COURT-ORDERED COMPULSORY BUSING HAS BECOME PART OF THE PROBLEM RATHER THAN PART OF THE SOLUTION. *The racial tension and strife of compulsory busing is counterproductive* to our goal of maximum racial harmony, and the furor over compulsory busing stands in the way of community support for voluntary integration. By adopting this amendment, we will allow our courts and local school officials to turn to other *more appropriate solutions.*

ON TUESDAY, NOVEMBER 6, PLEASE JOIN ME IN DOING EVERYTHING THAT WE LEGALLY CAN TO HELP STOP COMPULSORY BUSING. PLEASE VOTE *YES* ON PROPOSITION 1.

ALAN ROBBINS
State Senator, 20th District

One of the great myths of our society is that blacks and other minority children can only receive an effective and equal education through the use of forced busing programs. This is simply *not* true. The use of forced busing hinders voluntary integration participation and other steps which could improve the quality of education available in our schools.

AS MAYOR TOM BRADLEY HAS SAID, "MOST PARENTS, WHATEVER THEIR COLOR, WHATEVER THEIR BACKGROUND, WHEREVER THEY LIVE, DON'T WANT THEIR KIDS TRANSPORTED BACK AND FORTH ACROSS THE CITY."

Norman Cousins, the respected editor of *Saturday Review* and a strong supporter of integration, said a few years ago:

"The evidence is substantial that busing is leading away from integration and not toward it; that it has not significantly improved the quality of education accessible to blacks . . . that it has resulted in the exodus of white students to private schools inside the city or to public schools in the comparatively affluent suburbs beyond the economic means of blacks; and finally, that it has not contributed to racial harmony but has produced deep fissures within American society."

As a black parent and minister who cares about children, I urge you to help end forced school busing in California by voting *YES on the Robbins Amendment.*

REV. W. C. JACKSON
Pastor, Beth Ezel Baptist Church, Watts

As the plaintiff in *Serrano v. Priest,* I have worked to insure equal educational opportunity for all California children. The excessive use of court-ordered forced busing will not guarantee this result.

FORCED BUSING TO ACHIEVE INTEGRATION IS A SHAM. TO FORCE A CHILD TO SPEND THREE HOURS ON A BUS AND FIVE HOURS IN A CLASS DOES NOTHING MORE THAN CHANGE THE COLOR BALANCE OF A FEW SCHOOLS FOR A FEW HOURS.

Children would be better off if we spent these dollars on teachers and buildings rather than wasting it on compulsory busing.

ON NOVEMBER 6, I WILL CAST MY VOTE IN FAVOR OF EQUAL, QUALITY EDUCATION—I WILL VOTE *YES* ON PROPOSITION 1.

JOHN SERRANO, JR.
Plaintiff, Serrano v. Priest

Rebuttal to Arguments in Favor of Proposition 1

1. Busing will NOT come to a halt if Proposition 1 is passed.
2. Proposition 1 will NOT prevent metropolitan integration.
3. Proposition 1 will NOT release money for classroom use in Los Angeles.

Proposition 1's proponents would have you believe that the issue is busing, that amending the California Constitution will stop so-called compulsory busing, and that busing cannot be required under the U.S. Constitution.

Proponents hold up the specter of metropolitan busing, implying that Proposition 1 would block such a plan in Los Angeles and other California metropolitan areas.

Just this year the U.S. Supreme Court approved sweeping compulsory desegregation plans in which federal courts required metropolitan busing. Thus, federal standards may impose broader rather than narrower duties to desegregate.

Proponents complain of the excessive cost of busing under the existing Los Angeles integration order. But, in fact, under a metropolitan plan, busing would cost less and children would spend less time traveling to and from school than some children spend under the current plan.

Since 1954, selfish and shortsighted persons who were responsible for the building of schools and housing in communities throughout California have refused to plan and implement long-term solutions which could have effected integration WITHOUT busing.

Until thoughtful planning for school locations and metropolitan zoning and intelligent housing programs are implemented, busing is one of the only tools we have to provide equal educational opportunity.

WE URGE YOU TO VOTE NO ON PROPOSITION 1.

DIANE E. WATSON
State Senator, 30th District

TERESA P. HUGHES
Member of the Assembly, 47th District

SUSAN F. RICE
President
League of Women Voters of California

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 1

Contrary to the promises made by the Amendment's supporters, neither desegration in Los Angeles, nor the busing used as a tool to achieve it, would come to a halt with the passage of this measure.

In the Los Angeles school integration case, the trial court found—and the State Supreme Court agreed—that the segregation resulted from official acts of the school board. Even if the California Constitution were to be amended to make the so-called Federal standard on desegregation apply in California, *de jure* (i.e.: intentional) segregation would still require a remedy not only in Los Angeles but in other school districts all over the state.

There is good reason to believe that Proposition 1 will ultimately be declared unconstitutional, since its very enactment could be interpreted to be *de jure* (intentional) segregation. The backers of Proposition 1 have made it clear in public statements that it is their intention in seeking this amendment to thwart the court's mandate to desegregate the schools in Los Angeles.

The right of every citizen to equal protection of the law, currently guaranteed by our strong California Constitution, is effectively diluted by Proposition 1. The Tenth Amendment to the U.S. Constitution expressly reserves to the States the power to establish greater Constitutional protections for their citizens than those provided by the U.S. Constitution. Proposition 1 drastically weakens the California Constitution's protection of minority students and their right to equal educational opportunity, consigning a generation of minority children to segregated inferior schools.

The campaign in favor of this amendment has played on fears and stirred up racial hostilities. If enacted, it will be a signal to all citizens of California that the state is on the side of prejudice, not equality. By making it possible to reopen cases in districts presently under California court order, the amendment would further generate disruption and turmoil where progress is being made toward desegregation.

Quality education should be available to all the students of our state; it cannot be achieved in a segregated setting. School districts should be encouraged and committed to making education a realistic experience, as we live in an integrated society. But passage of this amendment effectively prevents our school system from preparing our children to function in the real world.

In short, the enactment of this proposition will not deliver what its proponents have promised: the blocking of court-ordered school desegregation in Los Angeles. It will make the state a party to discrimination; it will increase racial conflict; it will restrict educational opportunities for school children; it will touch off a series of costly court battles; and it will set a precedent of altering the California Constitution for political gain.

We urge voters to vote "NO" on Proposition 1.

DIANE E. WATSON
State Senator, 30th District

TERESA P. HUGHES
Member of the Assembly, 47th District

SUSAN F. RICE
President
League of Women Voters of California

Rebuttal to Argument Against Proposition 1

THE ROBBINS AMENDMENT HAS BEEN VERY CAREFULLY DRAFTED TO WITHSTAND ANY CONSTITUTIONAL CHALLENGE AND TO STOP COURT-ORDERED FORCED BUSING IN CALIFORNIA. That is what it is designed to do, and *that is all it will do.*

The opponents of Proposition 1 argue that it will cause segregation and reduce the quality of our schools. In fact, it will do just the opposite.

The Robbins Amendment will assure quality education for the children of California. IT WILL PUT MONEY WHERE IT IS NEEDED —INTO SCHOOLS, TEACHERS AND BOOKS—NOT INTO BUSES, GAS AND BUS DRIVERS.

Forced busing has *not* eased racial tension, it has *not* stopped discrimination, and it has *not* improved the quality of education. It merely forces large numbers of children to take long daily bus rides.

THE SCOPE OF OUR AMENDMENT IS LIMITED TO THE PROBLEMS CAUSED BY COURT-ORDERED BUSING. It makes no attempt to interfere with the prerogatives of local school districts and does *not* diminish their obligation to provide minority students with equal educational opportunities.

By ending the use of court-ordered forced busing, unless such busing is required by the U.S. Constitution, *Proposition 1 does everything the people of California may legally do to stop court-ordered forced busing* in Los Angeles and in all other California school districts. That is one reason why the California P.T.A. has urged the adoption of this type of amendment.

When you vote on the 6th of November, please vote YES on Proposition 1, the Robbins Amendment, and help end forced busing in California.

ALAN ROBBINS
State Senator, 20th District

REV. W. C. JACKSON
Pastor, Beth Ezel Baptist Church, Watts

JOHN SERRANO, JR.
Plaintiff, Serrano v. Priest

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

2 Loan Interest Rates

Official Title and Summary Prepared by the Attorney General

LOAN INTEREST RATES. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends constitutional limit of 10 percent on loan interest rates. Applies 10 percent rate limit to loans primarily for personal, family or household purposes. For other purposes authorizes interest rate limit to be higher of 10 percent or 5 percent plus rate of interest charged by San Francisco Federal Reserve Bank to member banks 25 days prior to execution of loan contract or making of loan. Continues exemption of specified lending institutions from rate restrictions. Extends exemption to loans made or arranged by licensed real estate brokers when secured by lien on real property. Financial impact: No direct fiscal effect on state or local government.

FINAL VOTE CAST BY LEGISLATURE ON ACA 52 (PROPOSITION 2)

Assembly—Ayes, 73	Senate—Ayes, 33
Noes, 5	Noes, 0

Analysis by Legislative Analyst

Background:

The California Constitution prohibits any lender of money, other than those specifically exempted by the Constitution, from charging interest on any loan at a rate exceeding 10 percent per year. This provision of the Constitution is commonly referred to as the usury law.

The Constitution specifically exempts the following lenders from the usury law: savings and loan associations, state and national banks, industrial loan companies, credit unions, pawnbrokers, personal property brokers and agricultural cooperatives.

Proposal:

This ballot measure would amend the Constitution to make several changes in existing law regarding the level of interest rates that may be charged:

1. Under existing law, loans made or arranged by any person licensed as a real estate broker by the State of California and secured in whole or in part by liens on real property are subject to a 10 percent interest rate ceiling. Such loans commonly are made by mortgage brokers and mortgage bankers. Under this measure such loans would be exempt from the constitutional limitations on interest rates that may be charged.

2. Under existing law, lenders not specifically exempted by the Constitution, such as insurance companies and private individuals, are subject to the 10 percent interest rate ceiling on all of their loans. This measure would retain the 10 percent ceiling on loans made by these lenders if the loans were made for personal, family or household purposes. However, if these loans were made for other purposes, such as the purchase, construction or improvement of real property, or financing business activity, they would become subject to a new ceiling. The new interest rate ceiling on these nonpersonal loans would be the higher of (a) 10 percent per year or (b) the prevailing annual interest rate charged to member banks for moneys advanced by the Federal Reserve Bank of San Francisco, plus 5 percent per year. In June 1979, the interest rate charged by the Federal Reserve Bank was 9½ percent. Thus, the allowable rate on loans made during that month would have been 14½ percent had this measure been in effect.

3. The Legislature would be authorized to exempt any other class of persons from the restrictions on interest rates. Currently, exemptions may only be granted by amending the Constitution, which requires a vote of the people.

4. Under the measure, a loan which is exempt from the provisions of the usury law at the time it is made would continue to be exempt from these provisions even if the loan is sold or transferred to another party. While such a loan generally does not become subject to the limitation on interest rates under existing law, the courts have the authority to review the particular circumstances surrounding the sale or transfer. If the court finds that the transaction violates the intent of existing law limiting the rate of interest that may be charged, it may rule that the loan is subject to the limitation. This ballot measure may restrict the court's authority to make such rulings.

Fiscal Effect:

The proposition would have no direct fiscal effect on state or local governments.

This amendment proposed by Assembly Constitutional Amendment No. 52 (Statutes of 1979, Resolution Chapter 49) expressly amends an existing section of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XV

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods , or things in action, or on accounts after demand, shall be 7 ~~per cent~~ *percent* per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest ~~not exceeding 10 per cent per annum.~~ :

(1) For any loan or forbearance of any money, goods, or things in action, if the money, goods, or things in action are for use primarily for personal, family, or household purposes, at a rate not exceeding 10 percent per annum; provided, however, that any loan or forbearance of any money, goods or things in action the proceeds of which are used primarily for the purchase, construction or improvement of real property shall not be deemed to be a use primarily for personal, family or household purposes; or

(2) For any loan or forbearance of any money, goods, or things in action for any use other than specified in paragraph (1), at a rate not exceeding the higher of (a) 10 percent per annum or (b) 5 percent per annum plus the rate prevailing on the 25th day of the month preceding the earlier of (i) the date of execution of the contract to make the loan or forbearance, or (ii) the date of making the loan or forbearance established by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13a of the Federal Reserve Act as now in effect or hereafter from time to time amended (or if there is no such single determinable rate of advances, the closest counterpart of such rate as shall be designated by the Superintendent of Banks of the State of California unless some other person or agency is delegated such authority by the Legislature).

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than ~~10 per cent per annum~~ *the interest authorized by this section* upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any *obligations of, loans made by, or forbearances of, any* building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, *or any loans made or arranged by any person licensed as a real estate broker by the State of California and secured in whole or in part by liens on real property,* or any bank as defined in and operating under that certain act known as the "Bank Act," approved March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any ~~Federal~~ *federal* intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, *or any other class of persons authorized by statute, or to any successor in interest to any loan or forbearance exempted under this article,* nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, ~~bonus~~ *bonuses* , commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or ~~forebearance~~ *forbearance* of any money, goods or things in action.

The rate of interest upon a judgment rendered in any court of this state shall be set by the Legislature at not more than 10 percent per annum. Such rate may be variable and based upon interest rates charged by federal agencies or economic indicators, or both.

In the absence of the setting of such rate by the Legislature, the rate of interest on any judgment rendered in any court of the state shall be 7 percent per annum.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

2 Loan Interest Rates

Argument in Favor of Proposition 2

In our society today, every family, individual, and employer faces an occasional need for money.

Because sometimes there are problems in securing that money, and some of those problems are actually *caused* by outdated laws adopted in totally different circumstances, Proposition 2 attempts to eliminate *one* problem area.

The Usury Law of California, adopted in 1934 (during the Depression), limited the price which many lenders could charge for the use of money to 10 percent. Unfortunately, inflation and other factors have made that limit unrealistic.

Because 10 percent is not enough today, many lenders no longer loan money in California (although others who are *now* exempt from the Usury Law still do). For example, mortgage bankers, who last year provided $13 billion for housing loans in California, are limited to a 10 percent rate and in 1979 have practically abandoned providing conventional mortgage loans.

This *shortage* of money is curtailing the building of new homes, apartments, stores, and factories to provide needed new jobs. Because this reduces competition among lenders, it actually forces interest *up* on money from lenders now exempt from the Usury Law.

Now, it might *seem* good to be able to have a law which limited the price of a loaf of bread to 10 cents; but, if we had such a law, there would be no bread or only black market bread. We are approaching that stage on the availability of *extra* money—for a family to buy a home, an employer to buy a new factory, tools, a store, or some other job-creating opportunity.

Proposition 2 deals with that problem in realistic and *controlled* circumstances.

It is complex and technical because both the law and the money market are complex and technical. Proposition 2 is explained in the Legislative Analyst's analysis in this pamphlet with text of the changes.

An important fact is that this constitutional provision *retains* present provisions enabling a control by law on "the maximum rate per annum" and on fees or other compensation—a vital control against abuse. Proposition 2 removes the arbitrary, inflexible, and unrealistic *constitutional* limits on nonconsumer loans and on exemptions which have severely limited the flow of money to California to buy homes, create job opportunities, and for other purposes.

Cheap money is no good if you can't get it when you need it. In that case, cheap money is no money.

In the last few years, state after state has found it necessary to change its usury law *for* the people in those states. Today, in today's world, California must change too *for* the people of California.

Proposition 2 is endorsed by labor, business, civic, and governmental leaders who have studied this issue and recognize the need. No group and no individual appeared before the legislative committees to oppose this measure, which passed the Senate 33-0 and the Assembly 73-5.

Because sometimes we all need money, we need to remove outdated limitations on the availability of that money. Vote "YES" on Proposition 2.

WALTER M. INGALLS
Member of the Assembly, 68th District

WILLIAM CAMPBELL
State Senator, 33rd District
Senate Minority Floor Leader

No rebuttal to argument in favor of Proposition 2 was submitted.

Argument printed on this page is the opinion of the authors and has not been checked for accuracy by any official agency.

Argument Against Proposition 2

Proposition 2 would weaken California's usury laws by boosting interest rates on certain loans above the current 10% maximum. Eroding these laws would be a misstep in the direction of higher costs and tighter money.

In both the primary and general elections in 1976, the voters clearly said NO to similar ballot proposals which would have increased interest rates by changing the portion of the California Constitution that has protected consumers for more than 40 years. I ask you to vote NO once again.

Proposition 2 would boost interest rates for other than consumer loans above the current 10% maximum. These maximum interest rates would be tied to the prevailing discount rate or the interest rate which the Federal Reserve Bank charges member banks. Thus, if this measure had been law in July 1979 when the discount rate was at an all-time high of 9½%, the interest rate charged by a nonexempt lender could now be 14½%.

If higher interest rates can be charged on loans to businesses and corporations than can be charged for consumer loans, then obviously there will be a greater incentive to loan more money to corporations. This will take money away from the consumer loan market and could virtually dry it up. Consumer loans will be harder and harder to get.

Proposition 2, contrary to what supporters say, could affect consumer loans. Although loans used primarily for personal, family, or household purposes would be exempt, you could be charged these higher interest rates if under half of the money borrowed is to be used for household needs and over half for some other purpose.

We need our consumer protection laws. Let's keep California's usury laws intact. Let's say NO to higher interest rates. Vote NO on Proposition 2.

HERSCHEL ROSENTHAL
Member of the Assembly, 45th District

Rebuttal to Argument Against Proposition 2

Opponents say that we should deny businesses and corporations the opportunity to pay higher interest rates—a primary purpose of Proposition 2.

Make no mistake; business does not want to pay a penny more in interest than it must—and will not. But, business needs money to build housing, factories, stores, and offices and develop farms and energy sources so that they can create jobs and homes for our growing population.

And today, not enough money is available because of the outdated restrictions of our interest laws applicable to business or nonconsumer loans. California business needs a change to compete fairly for dollars.

Proposition 2 will have essentially no effect on loans for personal, family, or household purposes—such loans will remain subject to the 10 percent interest limit and, in many cases, are *already* and have always been exempt from constitutional control. Our consumer protection laws will remain essentially unchanged and as strong as they are today.

Conditions today are very different than they were even in 1976, when the voters last examined this issue; and are certainly different than they were in 1934, when this provision was originally written.

We cannot go back to the 10¢ loaf of bread. In realism, California must join other states in making money available for all its citizens.

WALTER M. INGALLS
Member of the Assembly, 68th District

WILLIAM CAMPBELL
State Senator, 33rd District
Senate Minority Floor Leader

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3 Property Taxation — Veterans' Exemption

Official Title and Summary Prepared by the Attorney General

PROPERTY TAXATION — VETERANS' EXEMPTION. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Section 3.5 to Article XIII of the Constitution to require that, in any year in which the assessment ratio is changed, the Legislature shall adjust the valuation of assessable property of eligible veterans, unmarried spouses of deceased veterans, and parents of deceased veterans to maintain the same proportionate values of such property. Financial impact: No effect on the amount of property taxes levied. No effect on tax liability of taxpayers claiming the veterans' exemption. Minor initial costs to local government.

FINAL VOTE CAST BY LEGISLATURE ON SCA 60 (PROPOSITION 3)

Assembly—Ayes, 76 Noes, 1

Senate—Ayes, 35 Noes, 0

Analysis by Legislative Analyst

Background:

The California Constitution provides that all property subject to property taxation shall be assessed for property tax purposes at the same percentage of full value. The Legislature, however, may determine what specific percentage of "full value," commonly referred to as the assessment ratio, is to be used by assessors. Existing law requires county assessors to assess property at 25 percent of full value. Thus, a property with a full value of $80,000 would be assessed for property tax purposes at $20,000.

The California Constitution also provides for the exemption of certain types of property from property taxation. The veterans' exemption excludes from property taxation $1,000 of the *assessed* value of taxable property owned by a veteran of the armed services, the unmarried spouse of a deceased veteran, or the parent of a deceased veteran. Eligible persons must own property valued at less than $5,000 in the case of single persons, and $10,000 in the case of married persons, in order to qualify for the exemption. These property value limits have been interpreted by the California courts to be based on the *assessed* value of taxable property and the *full* value of all other property.

Proposal:

Passage of this ballot proposition would cause legislation enacted in 1978 to go into effect. This legislation—Chapter 1207, Statutes of 1978—would change the assessment ratio from 25 percent of full value to 100 percent of full value, beginning with the 1981–82 tax year. It would also make a number of technical changes in various provisions of law to make them consistent with the change in the assessment ratio. Chapter 1207 contains a provision specifying that it will not take effect until this ballot proposition is approved by the voters.

This ballot proposition would also require the Legislature to adjust the amount of the veterans' exemption, which currently is $1,000 of assessed value, to reflect any changes made by the Legislature in the assessment ratio. Chapter 1207 increases this ratio from 25 percent to 100 percent, and requires that the amount of the veterans' exemption be increased from $1,000 to $4,000 of assessed value.

Passage of this ballot proposition would also cause legislation enacted in July 1979 to go into effect. This legislation—Chapter 260, Statutes of 1979—would provide that the property value limit used in determining eligibility for the veterans' exemption ($5,000 in the case of a single person and $10,000 in the case of married persons) is to be increased to reflect any increase in the value of a claimant's property resulting from the change in the assessment ratio.

Fiscal Effect:

The change in the assessment ratio from 25 percent to 100 percent would have no effect on the amount of property taxes levied or the amount of value exempted by current property tax exemptions. The proposition would require certain state and local agencies to make adjustments in all computations which use assessed value as a factor. Most of these changes would affect data processing procedures used by county auditors and assessors. The cost of these adjustments statewide is estimated to be relatively minor. Because these local costs would result from a constitutional amendment approved by the voters, they would not be reimbursed by the state.

The change in the veterans' exemption would have no effect on the tax liability of any taxpayer claiming the veterans' exemption.

Argument in Favor of Proposition 3

Proposition 3 is concerned with the method of stating property taxes on your property tax bill. *Its passage would neither raise nor lower property taxes but would make it easier for you to understand how your taxes are computed.*

For many years, tax assessors have used a 25% assessment ratio in computing property taxes. If your house is valued at $80,000 for property tax purposes, the assessor multiplies that amount by 25% for an assessed value of $20,000. The tax collector then divides the assessed value by 100, and multiplies it by the county tax rate per $100 of assessed value to yield the amount of tax due. If you have never understood the computation of your property tax when you paid your bill, it was because of this confusing system.

Passage of Proposition 3 will eliminate use of the 25% assessment ratio and the rate per $100. Instead, the tax rate will be stated as a simple percentage of the assessed value. Property taxes on an $80,000 house will, under the 1% limitation of Proposition 13, be stated as 1% of $80,000 (plus the addition allowed under Proposition 13 for outstanding indebtedness from voter-approved bonds). The result will be an understandable system without complicated or confusing formulas.

The language of Proposition 3 also ensures that the current Veterans' Property Tax Exemption guaranteed by the California Constitution is not reduced by this change.

Proposition 3 is designed to simplify the property tax system and make it more easily understandable to property taxpayers *without increasing or decreasing anyone's taxes. Proposition 3 in no way changes the property tax limitations or the amount of property taxes payable under Proposition 13.*

Proposition 3 received bipartisan support in the Legislature. We urge its adoption by the people.

ALAN SIEROTY
State Senator, 22nd District

ROSE ANN VUICH
State Senator, 15th District

MEL LEVINE
Member of the Assembly, 44th District

No argument against Proposition 3 was submitted

Text of proposed law appears on page 22

Argument printed on this page is the opinion of the authors and has not been checked for accuracy by any official agency.

4 Limitation of Government Appropriations — Initiative Constitutional Amendment

Official Title and Summary Prepared by the Attorney General

LIMITATION OF GOVERNMENT APPROPRIATIONS. INITIATIVE CONSTITUTIONAL AMENDMENT. Establishes and defines annual appropriation limits on state and local governmental entities based on annual appropriations for prior fiscal year. Requires adjustments for changes in cost of living, population and other specified factors. Appropriation limits may be established or temporarily changed by electorate. Requires revenues received in excess of appropriations permitted by this measure to be returned by revision of tax rates or fee schedules within two fiscal years next following year excess created. With exceptions, provides for reimbursement of local governments for new programs or higher level of services mandated by state. Financial impact: Indeterminable. Financial impact of this measure will depend upon future actions of state and local governments with regard to appropriations that are not subject to the limitations of this measure.

Analysis by Legislative Analyst

Background:

The Constitution places no limitation on the amount which may be appropriated for expenditure by the state or local governments (including school districts), provided sufficient revenues are available to finance these expenditures. Nor does the Constitution limit the amount by which appropriations in one year may exceed appropriations in the prior year.

Proposal:

This ballot measure would amend the Constitution to:

- Limit the growth in appropriations made by the state and individual local governments. Generally, the measure would limit the rate of growth in appropriations to the percentage increase in the cost of living and the percentage increase in the state or local government's population.
- Establish the general requirement that state and local governments return to the taxpayers moneys collected or on hand that exceed the amount appropriated for a given fiscal year.
- Require the state to reimburse local governments for the cost of complying with "state mandates." "State mandates" are requirements imposed on local governments by legislation or executive orders.

The appropriation limits would become effective in the 1980–81 fiscal year, which begins on July 1, 1980, and ends on June 30, 1981. These limits would only apply to appropriations financed from the "proceeds of taxes," which the initiative defines as:

- All tax revenues (we are advised by Legislative Counsel that this would include those tax revenues carried over from prior years);
- Any proceeds from the investment of tax revenues; and
- Any revenues from a regulatory license fee, user charge or user fee that *exceed* the amount needed to cover the reasonable cost of providing the regulation, product or service.

The initiative would not restrict the growth in appropriations financed from other sources of revenue, including federal funds, bond funds, traffic fines, user fees based on reasonable costs, and income from gifts.

The *appropriation limit for the state government* in fiscal year 1980–81 would be equal to the sum of all appropriations initially available for expenditure during the period July 1, 1978–June 30, 1979, that were financed from the "proceeds of taxes," less amounts specifically excluded by the measure (discussed below), with the remainder adjusted for changes in the cost of living and population. The appropriations limit for each succeeding year would be equal to the limit for the prior year, adjusted for changes in the cost of living and population. Thus, even if the state appropriations in a given year were held below the level permitted by this ballot measure, the appropriation limit for the following year would not be any lower as a result. The limit would still be based on the limit for the prior year, and not on the actual level of appropriations for that year.

The following types of appropriations would *not* be subject to the state limit:

(1) State financial assistance to local governments—that is, any state funds which are distributed to local governments other than funds provided to reimburse these governments for state mandates;
(2) Payments to beneficiaries from retirement, disability insurance and unemployment insurance funds;
(3) Payments for interest and redemption charges on state debt existing on January 1, 1979, or payments on voter-approved *bonded* debt incurred after that date;
(4) Appropriations needed to pay the state's cost of complying with mandates imposed by federal laws and regulations or court orders.

We estimate that the state appropriated approxi-

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This initiative measure proposes to add a new Article XIII B to the Constitution; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII B

PROPOSED ARTICLE XIII B. CONSTITUTION GOVERNMENT SPENDING LIMITATION

SEC. 1. The total annual appropriations subject to limitation of the state and of each local government shall not exceed the appropriations limit of such entity of government for the prior year adjusted for changes in the cost of living and population except as otherwise provided in this Article.

SEC. 2. Revenues received by any entity of government in excess of that amount which is appropriated by such entity in compliance with this Article during the fiscal year shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

SEC. 3. The appropriations limit for any fiscal year pursuant to Sec. 1 shall be adjusted as follows:

(a) In the event that the financial responsibility of providing services is transferred, in whole or in part, whether by annexation, incorporation or otherwise, from one entity of government to another, then for the year in which such transfer becomes effective the appropriations limit of the transferee entity shall be increased by such reasonable amount as the said entities shall mutually agree and the appropriations limit of the transferor entity shall be decreased by the same amount.

(b) In the event that the financial responsibility of providing services is transferred, in whole or in part, from an entity of government to a private entity, or the financial source for the provision of services is transferred, in whole or in part, from other revenues of an entity of government, to regulatory licenses, user charges or user fees, then for the year of such transfer the appropriations limit of such entity of government shall be decreased accordingly.

(c) In the event of an emergency, the appropriation limit may be exceeded provided that the appropriation limits in the following three years are reduced accordingly to prevent an aggregate increase in appropriations resulting from the emergency.

SEC. 4. The appropriations limit imposed on any new or existing entity of government by this Article may be established or changed by the electors of such entity, subject to and in conformity with constitutional and statutory voting requirements. The duration of any such change shall be as determined by said electors, but shall in no event exceed four years from the most recent vote of said electors creating or continuing such change.

SEC. 5. Each entity of government may establish such contingency, emergency, unemployment, reserve, retirement, sinking fund, trust, or similar funds as it shall deem reasonable and proper. Contributions to any such fund, to the extent that such contributions are derived from the proceeds of taxes, shall for purposes of this Article constitute appropriations subject to limitation in the year of contribution. Neither withdrawals from any such fund, nor expenditures of (or authorizations to expend) such withdrawals, nor transfers between or among such funds, shall for purposes of this Article constitute appropriations subject to limitation.

SEC. 6. Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

(a) Legislative mandates requested by the local agency affected;

(b) Legislation defining a new crime or changing an existing definition of a crime; or

(c) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

SEC. 7. Nothing in this Article shall be construed to impair the ability of the state or of any local government to meet its obligations with respect to existing or future bonded indebtedness.

SEC. 8. As used in this Article and except as otherwise expressly provided herein:

(a) "Appropriations subject to limitation" of the state shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for the state, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6 of this Article) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds;

(b) "Appropriations subject to limitation" of an entity of local government shall mean any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6 of this Article) exclusive of refunds of taxes;

(c) "Proceeds of taxes" shall include, but not be restricted to, all tax revenues and the proceeds to an entity of government, from (i) regulatory licenses, user charges, and user fees to the extent that such proceeds exceed the costs reasonably borne by such entity in providing the regulation, product, or service, and (ii) the investment of tax revenues. With respect to any local government, "proceeds of taxes" shall include subventions received from the state, other than pursuant to Section 6 of this Article, and, with respect to the state, proceeds of taxes shall exclude such subventions;

(d) "Local government" shall mean any city, county, city and county, school district, special district, authority, or other political subdivision of or within the state;

(e) "Cost of living" shall mean the Consumer Price Index for the United States as reported by the United States Department of Labor, or successor agency of the United States Government; provided, however, that for purposes of Section 1, the change in cost of living from the preceding year shall in no event exceed the change in California per capita personal income from said preceding year;

(f) "Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce, or successor agency of the United States Government. The population of any school district shall be such school district's average daily

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4 Limitation of Government Appropriations — Initiative Constitutional Amendment

Arguments in Favor of Proposition 4

The 'Spirit of 13' citizen-sponsored initiative provides permanent constitutional protection for taxpayers from excessive taxation. A 'yes' vote for Proposition 4 will *preserve* the gains made by Proposition 13.

VERY SIMPLY, this measure:

1) WILL limit state and local government spending.
2) WILL refund or credit excess taxes received by the state to the taxpayer.
3) WILL curb excessive user fees imposed by local government.
4) WILL eliminate government waste by forcing politicians to rethink priorities while spending our tax money.
5) WILL close loopholes government bureaucrats have devised to evade the intent of Proposition 13.

ADDITIONALLY, this measure:

1) WILL NOT allow the state government to force programs on local governments without the state paying for them.
2) WILL NOT prevent the state and local governments from responding to emergencies whether natural or economic.
3) WILL NOT prevent state and local governments from providing essential services.
4) WILL NOT allow politicians to make changes (in this law) without voter approval.
5) WILL NOT favor one group of taxpayers over another.

Proposition 4 is a well researched, carefully written citizen-sponsored initiative that is sponsored by the signatures of nearly one million Californians who know that the 'Spirit of 13' is the next logical step to Proposition 13.

Your 'yes' vote will guarantee that excessive state tax surpluses will be returned to the taxpayer, not left in the State Treasury to fund useless and wasteful programs.

This amendment is a reasonable and flexible way to provide discipline in tax spending at the state and local levels and will not override the desires of individual communities—a majority of *voters* may adjust the spending limits for local entities such as cities, counties, etc.—it will force return of any additional taxation to voter control! To protect our government's credit rating on behalf of the taxpayers, the limit does not apply to user charges required to meet obligations to the holders of existing or future bonds regardless of voter approval.

For California's sake, we sincerely urge a Yes vote on Proposition 4 to continue the Spirit of Proposition 13.

PAUL GANN
Coauthor, Proposition 13

CAROL HALLETT
Member of the Assembly, 29th District
Assembly Minority Leader

No government should have an unrestricted right to spend the taxpayer's money. Government should be subject to fiscal discipline no less than the citizens it represents.

Proposition 4 is a thoughtfully drafted spending limit. It will require state and local governments to limit their budgets yet provide for reasonable growth and meet emergencies.

It will not require wholesale cuts in necessary services. Californians want quality education, health services, police and fire protection.

Our citizens want to provide adequately for the elderly, the disabled, the abandoned children. Such programs will not be impaired.

Government must continue to be sensitive to human needs. A rational spending limit is not only consistent with that view, it is essential if government services are to be rendered effectively.

Nothing hinders the prompt attention to real needs as surely as an inefficient bureaucracy.

We need lean, flexible, responsive government. We need sensible spending controls that will help eliminate waste without sacrificing truly useful programs.

Proposition 4 offers that possibility.

LEO T. McCARTHY
Member of the Assembly, 18th District
Speaker of the Assembly

Rebuttal to Arguments in Favor of Proposition 4

Don't be misled by promises!

The proponents make Proposition 4 sound like a cure-all for every government ill. They make Proposition 4 seem like a magic wand that will transform government into an efficient machine perfectly responsive to the public will. What nonsense!

Proposition 4

- will NOT eliminate government waste;
- will NOT eliminate user fees;
- will NOT allow governments to respond to emergencies without severe penalty.

What about waste? Proposition 4 puts the power to decide how spending limits will be met right back into the hands of the very same officials who have yet to prove they know how to cut waste. They find it much easier to cut services than to cut fat!

What about fees? The measure itself states that user fees, service charges and admission taxes can still be levied. (Check Sections 3(b) and 8(c)).

What about emergencies? Every time an emergency occurs, future expenditures in other important areas will have to be cut back. It is irresponsible to pit everyday services (like police and fire protection) against the extraordinary needs of an emergency.

Proposition 4

- will NOT guarantee YOU a tax refund;
- will NOT preserve needed services;
- will NOT allow California to cope with the ravages of inflation and unemployment.

Recession and inflation are ganging up on government *and* on taxpayers. Proposition 4 is too inflexible to assure adequate government services for an uncertain future.

VOTE NO ON PROPOSITION 4!

JONATHAN C. LEWIS
Executive Director
California Tax Reform Association

SUSAN F. RICE
President
League of Women Voters of California

JOHN F. HENNING
Executive Secretary-Treasurer
California Labor Federation AFL-CIO

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Argument Against Proposition 4

Proposition 4 DOES NOT guarantee that the "fat" will be cut from government. Proposition 4 IS NOT tax reform. Proposition 4 is, instead, a rash measure that places a straitjacket on government at the very moment when Californians are faced with an uncertain economic future.

Some of the state's largest businesses, financial institutions, utilities, agribusiness and real estate interests spent $537,000 putting Proposition 4 on the ballot. Doesn't it strike you as strange that these interests are backing a so-called "grassroots" initiative?

All Californians are understandably concerned about rising taxes. We all want efficient government *and* a fair tax system. But who will really benefit from Proposition 4? Will it be *you* or the special interests backing this measure?

Proposition 4 does not guarantee tax relief for the individual. There is no guarantee that any excess government revenues will necessarily be used to lower *your* taxes. Genuine tax reform means changing the tax system so everyone pays his or her fair share.

During the past 20 years the burden of taxation has shifted from business and commercial interests to the individual taxpayer. The percentage of state and local taxes paid by business has dropped from 57% to only 37%. This partially accounts for the increase in your tax bills.

It is a myth to believe that Proposition 4 will streamline government. Nowhere in the proposal is there a requirement to cut unnecessary or wasteful government spending. The "fat" in government could go untouched while cuts are made in vital and important services.

Passage of this measure could cripple economic growth in California. There will be no advantage for cities and counties to approve new commercial developments. Because of the spending limitation, revenues generated by new commercial development cannot be spent by local entities already at their spending limit. However, services must still be provided to new commercial and housing developments, which will result in a reduction in the level of services already provided to existing residents and businesses. Communities will be forced to choose between creating new jobs and cutting services.

Proposition 4 is smokescreen politics. That is why we ask you to join us in voting NO.

JONATHAN C. LEWIS
Executive Director
California Tax Reform Association

SUSAN F. RICE
President
League of Women Voters of California

JOHN F. HENNING
Executive Secretary-Treasurer
California Labor Federation, AFL-CIO

Rebuttal to Argument Against Proposition 4

The arguments submitted by the groups opposing Proposition 4 should come as no surprise—particularly to those of us who supported Proposition 13 last year. Scare tactics, distortion and a healthy smattering of "buzzwords" are the same devices used time and again against the people whenever they decide it's time to offer a logical and reasonable solution. In this case, the people simply want to place *a limit on government spending.*

If you are among the people who think government should *not* have the unrestricted right to spend taxpayers' money, you can recite these facts to your friends and neighbors.

FACT: In the past 20 years, government spending increased 5 times beyond the allowable limits of Proposition 4.

FACT: Proposition 4 *requires* that surplus funds be returned to the taxpayers.

FACT: Proposition 4 will force politicians to prioritize and economize just as households and small businesses do to make ends meet.

FACT: Proposition 4 is supported by nearly one million voter signatures, the Democratic and Republican leaders of the State Assembly, state cochairperson Secretary of State March Fong Eu, the California Taxpayers' Association, the California Chamber of Commerce, the 83,000 family-farm member California Farm Bureau, the 55,000 small business member Federation of Independent Business, local taxpayer associations, and scores of civic and community leaders concerned about the ever-increasing growth of government spending.

Please join us in voting "Yes" on Proposition 4 to maintain the Spirit of 13.

PAUL GANN
Coauthor, Proposition 13

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mately $7.9 billion from the "proceeds of taxes" in fiscal year 1978–79, after taking into account the exclusions listed above. This amount, referred to as "appropriations subject to limitation," represents approximately 40 percent of *total* General Fund and special fund appropriations made for that fiscal year. The main reason why the state's appropriation limit covers less than half of the state's total expenditures is that a large proportion of total state expenditures represents funds passed on to local governments for a variety of public purposes. Under this ballot measure, these funds would be subject to the limits on local, rather than state, appropriations.

The *appropriation limit for a local government* in fiscal year 1980–81 would be equal to the sum of all appropriations initially available for expenditure during the period of July 1, 1978–June 30, 1979, that were financed from the "proceeds of taxes," *plus* state financial assistance received in that year, *less* amounts specifically excluded by the measure (discussed below), with the remainder adjusted for changes in the cost of living and population. The appropriations limit in each subsequent year would be equal to the limit for the prior year, adjusted for changes in the cost of living and population. For each school district, "population" is defined in this measure as the district's average daily attendance.

The following types of appropriations would not be subject to the local limit:

(1) Refunds of taxes;
(2) Appropriations required for payment of local costs incurred as a result of state mandates. (The initiative requires the state to reimburse local governments for such costs, and the appropriation of such funds would be subject to limitation at the state level.);
(3) Payments for interest and redemption charges on debt existing on or before January 1, 1979, or payments on voter-approved *bonded* debt incurred after that date;
(4) Appropriations required to pay the local government's cost of complying with mandates imposed by federal laws and regulations or court orders.

Furthermore, any special district which was in existence on July 1, 1978, and which had a 1977–78 fiscal year property tax rate of 12½ cents per $100 of assessed value or less, would never be subject to a limit on appropriations. Special districts which do not receive any funding from the "proceeds of taxes" would also be exempt from the limits.

Under the initiative, the limit on state or local government appropriations could be changed in one of four ways:

(1) An appropriation limit *may* be changed temporarily if a majority of voters in the jurisdiction approve the change. Such a change could be made for one, two, three, or four years, but it could *not* be effective for more than four years unless a majority of the voters again voted to change the limit.
(2) In the event of an emergency, an appropriation limit *may* be exceeded for a single year by the governing body of a local government without voter approval. However, if the governing body provides for an emergency increase, the appropriation limits in the following three years would have to be reduced by an amount sufficient to recoup the excess appropriations. The initiative does not place any restrictions upon the types of circumstances which may be declared to constitute an emergency.
(3) If the financial responsibility for providing a program or service is transferred from one entity of government to another *government* entity, the appropriation limits of both entities *must* be adjusted by a reasonable amount that is mutually agreed upon. Any increase in one entity's limit would have to be offset by an equal decrease in the other entity's limit.
(4) If an entity of government transfers the financial responsibility for providing a program or service from itself to a *private* entity, or the source of funds used to support an existing program or service is shifted from the "proceeds of taxes" to regulatory license fees, user charges or use fees, the entity's appropriation limit *must* be decreased accordingly.

If, in any fiscal year, an entity of government were to receive or have on hand revenues in excess of the amount that it appropriates for that year, it would be required to return the excess to taxpayers within the next two fiscal years. The initiative specifies that these funds are to be returned by lowering tax rates or fee schedules. In addition, Legislative Counsel has advised us that direct refunds of taxes paid would also be permitted under the measure.

Because certain types of appropriations would not be directly subject to the limitations established by this ballot measure, it would be possible for the state or a local government with excess funds to spend these funds in the exempt categories rather than return the funds to the taxpayers. For example, the state could appropriate any excess revenues for additional financial assistance to local governments, because such assistance is excluded from the limit on state appropriations. (This, in turn, might result in the return of excess revenues to local taxpayers if a local government were unable to spend these funds within its limit.) Similarly, a local government with an unfunded liability in its retirement system could appropriate its excess revenues to reduce the liability, as such an appropriation would be considered a payment toward a legal "indebtedness" under this ballot measure.

Finally, the initiative would establish a requirement that the state provide funds to reimburse local agencies

r the cost of complying with state mandates. The initiative specifies that the Legislature need not provide such reimbursements for mandates enacted or adopted *prior* to January 1, 1975, but does not require explicitly that reimbursement be provided for mandates enacted or adopted after that date. Legislative Counsel advises us that under this measure the state would only be *required* to provide reimbursements for costs incurred as a result of mandates enacted or adopted *after* July 1, 1980.

Fiscal Impact:

This proposition is primarily intended to limit the rate of growth in state and local spending by imposing a limit on certain categories of state and local appropriations. As noted above, approximately 60 percent of current state expenditures would be excluded from the limit on state appropriations, although nearly all of these expenditures would be subject to limitation at the local level. Also, some unknown percentage of local government expenditures would not be subject to the limits on either state or local appropriations. Thus, the fiscal impact of this ballot measure would depend on two factors:

(1) What the rate of growth in state and local "appropriations subject to limitation" would be, in the absence of this limitation; and

(2) The extent to which any reductions in "appropriations subject to limitation" required by the measure are offset by increases in those appropriations *not* subject to limitation.

Impact on State Government. During six of the past ten years, total state spending has increased more rapidly than the cost of living and population. Thus, it is likely that, had this measure been in effect during those years, it would have caused "appropriations subject to limitation" to be less than they actually were.

It is *not* possible to predict with any accuracy the future rate of growth in state "appropriations subject to limitation." Thus it is not possible to estimate with any reliability what effect the measure, if approved, would have on such appropriations in the future. However, based on the best information now available (July 1979), we estimate that passage of the initiative would cause state "appropriations subject to limitation" in fiscal year 1980–81 to be modestly lower than they probably would be if the initiative were not approved. This assumes that state reimbursement would only be required for state mandates enacted or adopted after July 1, 1980. If the courts ruled that reimbursement was required for mandates enacted or adopted after January 1, 1975, the impact of the measure on "appropriations subject to limitation" would be substantial. This is because the state would be required to provide significant reimbursements to local governments within this limitation. We have no basis for predicting the impact in subsequent years.

Whether this would result in a reduction in *total* state spending would depend on whether the state decided to use the funds that could not be spent under the limitation for (1) additional financial assistance to local governments (or for some other category of appropriations excluded from the limit), or (2) state tax relief. Thus, the effect of this ballot measure on state spending in 1980–81 could range from no change to a modest reduction.

Impact on Local Governments. Existing data do not permit us to make reliable estimates of either the appropriation limits that local governments would face in fiscal year 1980–81 if this ballot measure were approved, or what these governments would spend in that fiscal year if the initiative were not approved. Nonetheless, we estimate that those school districts experiencing significant declines in enrollment would have to reduce "appropriations subject to limitation" significantly below what these appropriations would be otherwise. We also estimate that most cities and counties, at least initially, would not be required to reduce the growth in these categories of appropriations by any significant amounts. However, some local governments, especially those with stable or declining populations, could be subject to more significant restrictions on their "appropriations subject to limitation."

Whether any reductions in "appropriations subject to limitation" caused by this measure would result in corresponding reductions in *total* local government expenditures and a return of excess revenues to the taxpayers would depend on whether increased spending resulted in those categories *not* subject to limitation. We have no basis for estimating the actions of local governments in this regard.

Conclusion. Thus, while a reduction in the rate of growth in state or local government expenditures may result from this ballot measure in fiscal year 1980–81, there may be instances in which no reduction in the rate of growth in an individual government's spending occurs. The impact of this measure in subsequent years cannot be estimated, although the measure could cause government spending to be significantly lower than it would be otherwise.

TEXT OF PROPOSITION 3

This amendment proposed by Senate Constitutional Amendment No. 60 (Statutes of 1978, Resolution Chapter 85) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 3.5. In any year in which the assessment ratio is changed, the Legislature shall adjust the valuation of assessable property described in subdivisions (o), (p) and (q) of Section 3 of this article to maintain the same proportionate values of such property.

TEXT OF PROPOSITION 4—*Continued from page 17*

attendance as determined by a method prescribed by the Legislature;

(g) "Debt service" shall mean appropriations required to pay the cost of interest and redemption charges, including the funding of any reserve or sinking fund required in connection therewith, on indebtedness existing or legally authorized as of January 1, 1979 or on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose.

(h) The "appropriations limit" of each entity of government for each fiscal year shall be that amount which total annual appropriations subject to limitation may not exceed under Section 1 and Section 3; provided, however, that the "appropriations limit" of each entity of government for fiscal year 1978–79 shall be the total of the appropriations subject to limitation of such entity for that fiscal year. For fiscal year 1978–79, state subventions to local governments, exclusive of federal grants, shall be deemed to have been derived from the proceeds of state taxes.

(i) Except as otherwise provided in Section 5, "appropriations subject to limitation" shall not include local agency loan funds or indebtedness funds, investment (or authorizations to invest) funds of the state, or of an entity of local government in accounts at banks or savings and loan associations or in liquid securities.

SEC. 9. "Appropriations subject to limitation" for each entity of government shall not include:

(a) Debt service.

(b) Appropriations required for purposes of complying with mandates of the courts or the federal government which, without discretion, require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

(c) Appropriations of any special district which existed on January 1, 1978, and which did not as of the 1977–78 fiscal year levy an ad valorem tax on property in excess of 12½ cents pe $100 of assessed value; or the appropriations of any specia. district then existing or thereafter created by a vote of the people, which is totally funded by other than the proceeds of taxes.

SEC. 10. This Article shall be effective commencing with the first day of the fiscal year following its adoption.

SEC. 11. If any appropriation category shall be added to or removed from appropriations subject to limitation, pursuant to final judgment of any court of competent jurisdiction and any appeal therefrom, the appropriations limit shall be adjusted accordingly. If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.

MARCH FONG EU
Secretary of State
1230 J STREET
SACRAMENTO, CA 95814

BULK RATE
U.S.
POSTAGE
PAID
Secretary of
State

In an effort to reduce election costs, the State Legislature has authorized counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or registrar of voters.

En un esfuerzo por reducir los costos electorales, la Legislatura Estatal ha autorizado a los condados que cuentan con la capacidad de hacerlo, enviar una sola balota a direcciones en que reside más de un votante del mismo apellido. Si usted desea copias adicionales, llame o escriba al secretario del condado o registrador de votantes que le corresponde y se las suministrarán.

CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the SPECIAL ELECTION to be held throughout the State on November 6, 1979, and that the foregoing pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this first day of August 1979.

March Fong Eu

MARCH FONG EU
Secretary of State

EXHIBIT E

CALIFORNIA BALLOT PAMPHLET
GENERAL ELECTION, NOVEMBER 5, 1996
[CONTAINING PROPOSITION 218]

California

BALLOT PAMPHLET

Important Notice to Voters
Information regarding measures that might be placed on the ballot by the Legislature after August 12, 1996 will be included in a supplemental ballot pamphlet that will be mailed to you. You can also obtain one from your county elections office or by calling 1-800-345-VOTE.

General Election

NOVEMBER 5, 1996

CERTIFICATE OF CORRECTNESS

I, Bill Jones, Secretary of State of the State of California, do hereby certify that the measures included herein will be submitted to the electors of the State of California at the GENERAL ELECTION to be held throughout the State on November 5, 1996, and that this pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 12th day of August, 1996.

BILL JONES
Secretary of State

Secretary of State

Dear Voter:

On November 5, 1996, you will have an opportunity to have your voice heard when you go to the polls on election day. Not only will you have a say on who becomes the next U.S. President but you can also help determine the fate of issues that will help shape the future of our state, from water to healthcare to campaign reform to minimum wage, the decisions are in your hands. Consequently, you can understand the significance of the upcoming election—one in which every eligible voter must participate!

To help you prepare for the election, this ballot pamphlet contains comprehensive summaries, legislative analyses and arguments on 15 ballot propositions that will appear on the November ballot. We urge you to please take the time to read each measure carefully *before* going to the polls. And on November 5, 1996, you will be prepared to cast your ballot with confidence!

To help increase voter registration and participation in the November 5, 1996, election, the Secretary of State's office has launched a full-fledged voter outreach campaign designed to reach *every* voting-age citizen in California. With a goal of 100 percent voter registration and participation with absolutely zero percent tolerance for fraud, the outreach campaign includes: statewide radio and television public service announcements; voter registration displays in McDonald's restaurants; "You've Got the Power" and "Mock Elections" school-based programs; drive-up voter registration campaigns in northern and southern California; and register-to-vote messages on paycheck stubs, ATM receipts, buses, billboards, etc.—just to name a few.

The Secretary of State's office is committed to raising the level of voter participation in California. If you know anyone who is not registered to vote and would like to do so, please have them call the Secretary of State's 24-hour Voter Registration and Election Fraud Hot-Line at 1-800-345-VOTE to receive a voter registration form.

The 1-800-345-VOTE hot-line can also be used to report any incidents of election fraud, tampering or other election-oriented irregularities. You may also contact your county registrar of voters or district attorney to report any instances of election-related misconduct. The complete elimination of fraud and the potential for it is one of the Secretary of State's top priorities. Anyone found in violation of the elections laws will be prosecuted to the fullest extent.

Let's work together to make this election the most fair, honest and participatory election ever! The future of California depends on it.

Please note that Proposition 204 is the first proposition for this election. To avoid confusion with past measures, the Legislature passed a law which requires propositions to be numbered consecutively starting with the next number after those used in the November 1982 General Election. Commencing with the November 1998 General Election, the numbering will begin again with the number "1." This numbering scheme will run in ten-year cycles.

CONTENTS

November 5, 1996, Ballot Measures

	SUMMARY	WHAT YOUR VOTE MEANS	
		YES	NO
204 **SAFE, CLEAN, RELIABLE WATER SUPPLY ACT.** Bond Act Put on the Ballot by the Legislature	This act provides for a bond issue of nine hundred ninety-five million dollars ($995,000,000) to provide funds to ensure safe drinking water, increase water supplies, clean up pollution in rivers, streams, lakes, bays, and coastal areas, protect life and property from flooding, and protect fish and wildlife and makes changes in the Water Conservation and Water Quality Bond Law of 1986 and the Clean Water and Water Reclamation Bond Law of 1988 to further these goals. Fiscal Impact: General Fund cost of up to $1.8 billion to pay off both the principal ($995 million) and interest ($776 million). The average payment for principal and interest over 25 years would be up to $71 million per year.	A **YES** vote on this measure means: The state would be able to issue $995 million in general obligation bonds for restoration and improvement of the San Francisco Bay/Sacramento-San Joaquin Delta Estuary; wastewater treatment and water supply and conservation; and local flood control and prevention.	A **NO** vote on this measure means: The state would not be able to issue bonds for these purposes.
205 **YOUTHFUL AND ADULT OFFENDER LOCAL FACILITIES BOND ACT OF 1996.** Bond Act Put on the Ballot by the Legislature	This act provides for a bond issue of seven hundred million dollars ($700,000,000) to provide funds for the construction, renovation, remodeling, and replacement of local juvenile and adult correctional facilities. Fiscal Impact: General Fund costs of $1.25 billion to repay principal and interest, with annual payments averaging $50 million for 25 years. Unknown costs, potentially millions of dollars annually, to counties to operate new facilities.	A **YES** vote on this measure means: The state would be able to issue $700 million in general obligation bonds to finance local facilities for juvenile and adult offenders.	A **NO** vote on this measure means: The state would not be able to issue bonds for that purpose.
206 **VETERANS' BOND ACT OF 1996.** Bond Act Put on the Ballot by the Legislature	This act provides for a bond issue of four hundred million dollars ($400,000,000) to provide farm and home aid for California veterans. Fiscal Impact: General Fund cost of about $700 million to pay off both the principal ($400 million) and interest (about $300 million) on the bonds, with an average annual payment for 25 years of about $28 million to retire this debt; costs offset by payments from participating veterans.	A **YES** vote on this measure means: The state would be able to issue $400 million in general obligation bonds to provide loans for the veterans' farm and home purchase (Cal-Vet) program.	A **NO** vote on this measure means: The state would not be able to issue bonds for this purpose.
207 **ATTORNEYS. FEES. RIGHT TO NEGOTIATE. FRIVOLOUS LAWSUITS.** Initiative Statute Put on the Ballot by Petition Signatures	Except as allowed by laws in effect on January 1, 1995, prohibits restrictions on the right to negotiate amount of attorneys' fees. Prohibits attorneys from charging excessive fees. Authorizes court to impose sanctions for filing frivolous lawsuit or pleading. Fiscal Impact: Unknown, but probably not significant, net fiscal impact on state and local governments.	A **YES** vote on this measure means: It would be more difficult for the Legislature to change laws concerning attorney-client fee agreements. Courts and the State Bar would be required to sanction or recommend disciplinary measures against attorneys who file frivolous legal actions. Attorneys would not receive fees for cases in which they were sanctioned by the court for a frivolous legal action.	A **NO** vote on this measure means: There would be no change in the Legislature's ability to change laws concerning attorney-client fee agreements. Courts and the State Bar would retain discretion on when to sanction or recommend disciplinary measures against attorneys who file frivolous legal actions. An attorney may receive legal fees in cases where he or she has been sanctioned for a frivolous legal action.
208 **CAMPAIGN CONTRIBUTIONS AND SPENDING LIMITS. RESTRICTS LOBBYISTS.** Initiative Statute Put on the Ballot by Petition Signatures	Limits campaign contributions to $500 statewide elections, $250 large districts, $100 smaller districts. Incentives for voluntary spending limits. Prohibits lobbyist contributions. Fiscal Impact: Costs of up to $4 million annually to state and local governments for implementation and enforcement; unknown, but probably not significant, state and local election costs.	A **YES** vote on this measure means: Campaign contributions by an individual would be limited to $250 for legislative and local offices and $500 for statewide offices. These limits approximately double for candidates who accept voluntary campaign spending limits. The voluntary spending limits for general elections would be $200,000 for state Assembly, $400,000 for state Senate, $2 million for statewide office (other than Governor), and $8 million for Governor. The measure establishes voluntary spending limits for local elections.	A **NO** vote on this measure means: There would continue to be no limits on political campaign contributions to candidates for state office. There would be no limits on the amounts of money that candidates, their campaign committees, or other support groups can spend in any state election. Local governments could establish their own campaign finance limits.

ARGUMENTS		WHOM TO CONTACT FOR MORE INFORMATION	
PRO	**CON**	**FOR**	**AGAINST**
Provides a balanced solution to California's water supply needs that enhances our economy while protecting the environment. According to State Treasurer Matt Fong, "*Proposition* 204's $995 million investment in the state's water supply and delivery system is a very prudent investment to sustain and expand California's $750 *billion* economy."	What "water crisis"? State government has a record of damaging the environment rather than protecting it. We don't know if these projects are worthwhile. They should be voted on and funded at the local level. Prop. 204 will cost $1.7 *billion* in principal and interest over 25 years.	Californians for Safe, Clean, Reliable Water 10866 Wilshire Boulevard, Suite 550 Los Angeles, CA 90024-4303 (310) 441-9380	Libertarian Party of California 1800 Market Street, Suite 16 San Francisco, CA 94102 1-800-637-1776
California Sheriffs, Police Chiefs, District Attorneys and Crime Victims United agree—we need Proposition 205 to build and improve local jails and juvenile halls. Your *yes* vote on Prop. 205 will keep violent criminals off our streets and behind bars where they belong.	Prop. 205 will cost $1.2 *billion* in principal and interest. We don't need more jails; change law enforcement priorities instead. "3 Strikes" should be three violent felonies. The current method clogs jails. 50% of crimes are drug-related. The "war on drugs" has failed. Legalize drugs to cut crime.	Jim Brulte, Assemblyman State Capitol Sacramento, CA 95814 (916) 445-8490	Libertarian Party of California 1800 Market Street, Suite 16 San Francisco, CA 94102 1-800-637-1776
This act provides for a general obligation bond issue of four hundred million dollars ($400,000,000) to provide funding for the purchase by wartime veterans of farms and homes under the Cal-Vet program. The Cal-Vet program is entirely self-supporting and costs the taxpayer nothing.	The federal government provides extensive veterans' benefits, including VA home loans. The state doesn't need to duplicate this. Foreclosures are at an all-time high. If veterans don't pay these loans, taxpayers would have to pay. Banks offer low-down home loans. Veterans can apply if they have good credit.	Senator Don Rogers State Capitol Sacramento, CA 95814 (916) 445-5798 Attention: David Grafft	Libertarian Party of California 1800 Market Street, Suite 16 San Francisco, CA 94102 1-800-637-1776
Frivolous lawsuits can be stopped. Proposition 207 takes away *all* the fees from lawyers when a judge rules their lawsuit is frivolous. After three frivolous lawsuits—they can lose their license. Proposition 207 was written by responsible consumer attorneys. It punishes bad lawyers without taking away consumers' contingency fee protections.	Vote *no* on 207: A smokescreen by ambulance-chasing lawyers that guarantees their ability to take outrageous fees. Propositions 207 and 211 contain "hidden" language to protect excessive fees. We'll pay for their greed in higher insurance and health care costs. 207 and 211 damage consumers and seniors. Vote *no.*	Hilary McLean Consumer Attorneys of California (916) 442-6902	Association for California Tort Reform (916) 443-4900 Fax: (916) 443-4306 Website: http://www.actr.com/actr/
Yes on *Prop.* 208: *genuine campaign reform.* Prop. 208 will *get big money out of politics,* making politicians accountable to the voters, not big campaign contributors. This practical solution to special-interest influence, sponsored by League of Women Voters and AARP, will be the nation's toughest campaign reform law.	208 doesn't limit out-of-district campaign contributions to politicians. It sets contribution limits too high for ordinary Californians. 208 gives favored treatment to candidates with wealthy special interest backers. 208's "spending limits" are only voluntary. It costs taxpayers millions. 208 is too little, too late. Yes on 212 instead.	Californians for Political Reform, A Committee Sponsored by League of Women Voters of California, American Association of Retired Persons-California (AARP), Common Cause and United We Stand America 926 J Street, Suite 910 Sacramento, CA 95814 (916) 444-0834 www.vida.com/cfr	Californians Against Political Corruption 11965 Venice Blvd., Suite 408 Los Angeles, CA 90066 (310) 397-3404 http://www.best.com/~myk/fedup/

November 5, 1996, Ballot Measures—Continued

	SUMMARY	WHAT YOUR VOTE MEANS	
		YES	NO
209 **PROHIBITION AGAINST DISCRIMINATION OR PREFERENTIAL TREATMENT BY STATE AND OTHER OTHER PUBLIC ENTITIES.** Initiative Constitutional Amendment Put on the Ballot by Petition Signatures	Generally prohibits discrimination or preferential treatment based on race, sex, color, ethnicity, or national origin in public employment, education, and contracting. Fiscal Impact: Could affect state and local programs that currently cost well in excess of $125 million annually. Actual savings would depend on various factors (such as future court decisions and implementation actions by government entities).	A **YES** vote on this measure means: The elimination of those affirmative action programs for women and minorities run by the state or local governments in the areas of public employment, contracting, and education that give "preferential treatment" on the basis of sex, race, color, ethnicity, or national origin.	A **NO** vote on this measure means: State and local government affirmative action programs would remain in effect to the extent they are permitted under the United States Constitution.
210 **MINIMUM WAGE INCREASE.** Initiative Statute Put on the Ballot by Petition Signatures	Increases the state minimum wage for all industries to $5.00 per hour on March 1, 1997, and to $5.75 per hour on March 1, 1998. Fiscal Impact: Unknown impact on government revenues. Annual wage-related costs to state and local governments of $120 million to $300 million (depending on federal action), partly offset by net savings, in the low tens of millions, in health and welfare programs.	A **YES** vote on this measure means: California's minimum wage will increase to $5.00 per hour beginning March 1, 1997, and to $5.75 per hour heginning March 1, 1998.	A **NO** vote on this measure means: California's minimum wage will not be raised beyond the level required by current law.
211 **ATTORNEY-CLIENT FEE ARRANGEMENTS. SECURITIES FRAUD. LAWSUITS.** Initiative Statute Put on the Ballot by Petition Signatures	Prohibits restrictions on attorney-client fee arrangements, except as allowed by laws existing on January 1, 1995. Prohibits deceptive conduct by any person in securities transactions resulting in loss to retirement funds, savings. Imposes civil liability, punitive damages. Fiscal Impact: Probably minor net fiscal impact on state and local governments.	A **YES** vote on this measure means: The law will be broadened to make it easier for an individual to sue for securities fraud particularly in cases involving retirement investments. Also, the Legislature could no longer change the laws concerning any attorney-client fee agreements.	A **NO** vote on this measure means: Current law regarding securities fraud will remain unchanged. Also, the Legislature could still change the laws concerning any attorney-client fee agreements.
212 **CAMPAIGN CONTRIBUTIONS AND SPENDING LIMITS. REPEALS GIFT AND HONORARIA LIMITS. RESTRICTS LOBBYISTS.** Initiative Statute Put on the Ballot by Petition Signatures	Repeals gift/honoraria limits. Limits contributions to $200 in state and $100 in other campaigns. Imposes spending limits. Prohibits lobbyist contributions. Fiscal Impact: Costs of up to $4 million annually to state and local governments for implementation and enforcement; unknown, but probably not significant, state and local election costs. Increases state revenues about $6 million by eliminating tax deduction for lobbying.	A **YES** vote on this measure means: Campaign contributions by an individual would be limited to $100 for state legislative and local offices and $200 for statewide offices. Mandatory campaign spending limits for state and local offices would be established; if the limits are invalidated by the courts, they would become voluntary. The spending limits for general elections would be $150,000 for state Assembly, $235,000 for state Senate, $1.75 million for statewide offices (other than Governor), and $5 million for Governor. Current restrictions on public officials receiving gifts and honoraria would be eliminated. Current tax deductions for lobbying expenses would be eliminated.	A **NO** vote on this measure means: There would continue to be no limits on political campaign contributions to candidates for state office. There would be no limits on the amounts of money that candidates, their campaign committees, or other support groups can spend in any state election. Local governments could establish their own campaign finance limits. Current restrictions on public officials receiving gifts and honoraria would be maintained. Lobbying expenses would remain tax deductible.
213 **LIMITATION ON RECOVERY TO FELONS, UNINSURED MOTORISTS, DRUNK DRIVERS.** Initiative Statute Put on the Ballot by Petition Signatures	Denies recovery of all damages to convicted felons for crime-related injury. Denies recovery of noneconomic damages (e.g., pain, suffering) to drunk drivers, if convicted, and most uninsured motorists. Fiscal Impact: Probably minor net fiscal impact on state and local government.	A **YES** vote on this measure means: Uninsured drivers or drivers convicted of driving under the influence of alcohol or drugs at the time of an accident could no longer sue someone who was at fault for the accident for noneconomic losses (such as pain and suffering). Also, a person convicted of a felony could no longer sue for injuries suffered while committing the crime or fleeing from the crime scene if injuries were a result of negligence.	A **NO** vote on this measure means: Individuals could still sue for injuries that resulted from an accident that occurred while they were breaking certain laws.

ARGUMENTS		WHOM TO CONTACT FOR MORE INFORMATION	
PRO	**CON**	**FOR**	**AGAINST**
Proposition 209, the California Civil Rights Initiative, is the right thing to do. It ends government-sponsored discrimination by rejecting quotas, preferences and set-asides. It saves tax dollars currently wasted on high-bid contracts. Proposition 209 increases California's commitment to fighting sex and race discrimination. Vote Yes.	*Proposition 209 goes too far eliminating equal opportunity affirmative action programs for qualified women and minorities.* It permits gender discrimination by state and local governments through a legal loophole. Politicians exploit 209 for their own political opportunism. General Colin Powell has spoken out against 209. *Vote no on 209!!!*	California Civil Rights Initiative Yes on 209 Box 67278 Los Angeles, CA 90067 (310) 286-2274 E-Mail: ccri@earthlink.net http://www.publicaffairsweb.com/ccri Ward Connerly, Chairman Glynn Custred and Tom Wood, co-authors	Chris Taylor 8170 Beverly Boulevard, Suite 205 Los Angeles, CA 90048 (213) 782-1144
Because of inflation, California's minimum wage buys less today than at any time in the past 40 years. Proposition 210 restores the purchasing power of the minimum wage, and makes work more rewarding than welfare. League of Women Voters, Congress of California Seniors, Consumer Federation of California support Proposition 210.	The likely federal minimum wage hike will hurt enough. Proposition 210 will make California's minimum wage higher than the federal level and any other state. This will mean *inflation, less jobs* for the young and unskilled, *more* people on government assistance, *higher* taxpayers' costs and *more* hardships for small businesses.	Liveable Wage Coalition 660 Sacramento Street, Suite 202 San Francisco, CA 94111 (415) 616-5150 E-Mail: LIVINGWAGE@AOL.com http://www.prop210.org	Alliance to Protect Small Businesses & Jobs 268 Bush Street, #3431 San Francisco, CA 94104 Web site: www.prop210no.org
Fraud must be punished. Prosecutors are swamped by fraud cases. Proposition 211 punishes white collar cheaters who "willfully, knowingly, or recklessly" defraud people out of their pension or retirement savings. Proposition 211 helps victims get their money back and holds corporate executives personally responsible for cheating senior citizens!	211 is a hoax. 211 prohibits limits on lawyer fees and encourages frivolous lawsuits that clog courts, damage business and stall medical research. 211 could cost 159,000 jobs and $5.1 billion in higher taxes. 211 damages pensions, retirement and family savings. Seniors, Democrats, Republicans, families say *no* on 211.	Sean Crowley Citizens for Retirement Protection and Security (213) 617-7337	Taxpayers Against Frivolous Lawsuits 915 L Street, #C307 Sacramento, CA 95814 (916) 774-0637 1-800-966-1492 Fax: (916) 774-0429 Web Site: http://www.tafl.com
212 gets tough on special interests and self-interested politicians. 212 strictly limits out-of-district campaign contributions; bans corporate and union contributions; bans corporate tax deductions for lobbying; sets $100 contribution limits; and sets low, mandatory campaign spending limits. All at no cost to taxpayers. Vote Yes on 212.	*Warning: Prop. 212 is consumer fraud.* It wipes out anti-corruption laws, legalizing unlimited personal cash payments and gifts to elected officials! It allows special interests to give one hundred times what you and I can give! A hundredfold advantage! *Opposed* by League of Women Voters & AARP. *Vote no.*	Californians Against Political Corruption 11965 Venice Boulevard, Suite 408 Los Angeles, CA 90066 (310) 397-3404 http://www.best.com/~myk/fedup/	Californians for Political Reform, A Committee Sponsored by League of Women Voters of California, American Association of Retired Persons-California (AARP), Common Cause and United We Stand America 926 J Street, Suite 910 Sacramento, CA 95814 (916) 444-0834 www.vida.com/cfr
A *yes* vote on this measure means: A convicted felon would be prohibited from recovering monetary damages for an accidental injury sustained while fleeing from his or her crime. Drunk drivers and uninsured motorists involved in collisions could recover only medical and out-of-pocket expenses but would be prohibited from recovering "pain and suffering" awards from insured drivers.	No-Fault Auto Insurance has failed twice in California. Now, the Insurance Lobby's newest No-Fault scheme rewards reckless drivers who hit innocent poor people. Proposition 213 lets reckless drivers avoid responsibility. No-Fault for reckless drivers. The No-Faulters say we save millions. But nothing in Proposition 213 No-Fault lowers our insurance rates.	Rex Frazier 915 L Street, Suite 1050 Sacramento, CA 95814 (916) 449-2956 Fax: (916) 449-2959	Consumers Against No Fault for Reckless Drivers 2110 K Street, #19B Sacramento, CA 95816 (916) 444-0748

November 5, 1996, Ballot Measures—Continued

	SUMMARY	WHAT YOUR VOTE MEANS	
		YES	NO
214 **HEALTH CARE. CONSUMER PROTECTION.** Initiative Statute Put on the Ballot by Petition Signatures	Regulates health care businesses. Prohibits discouraging health care professionals from informing patients or advocating treatment. Requires health care businesses to establish criteria for payment and facility staffing. Fiscal Impact: Increased state and local government costs for existing health programs and benefits, probably in the tens to hundreds of millions of dollars annually.	A **YES** vote on this measure means: Physical examinations would be required before health plans or insurers could deny recommended care. State staffing standards would be expanded to more types of health facilities, taking the needs of individual patients into account. Health care businesses could not offer financial incentives to doctors and others to reduce care. Certain health care employees and contractors would have additional protections.	A **NO** vote on this measure means: There would be no requirements regarding physical examinations prior to denial of recommended care. There would not be any change to current state and federal laws regarding health facility staffing, health care employee and contractor protections, and restrictions on financial incentives to reduce care.
215 **MEDICAL USE OF MARIJUANA.** Initiative Statute Put on the Ballot by Petition Signatures	Exempts from criminal laws patients and defined caregivers who possess or cultivate marijuana for medical treatment recommended by a physician. Provides physicians who recommend use shall not be punished. Fiscal Impact: Probably no significant fiscal impact on state and local governments.	A **YES** vote on this measure means: Persons with certain illnesses (and their caregivers) could grow or possess marijuana for medical use when recommended by a physician. Laws prohibiting the nonmedical use of marijuana are not changed.	A **NO** vote on this measure means: Growing or possessing marijuana for any purpose (including medical purposes) would remain illegal.
216 **HEALTH CARE. CONSUMER PROTECTION. TAXES ON CORPORATE RESTRUCTURING.** Initiative Statute Put on the Ballot by Petition Signatures	Regulates health care businesses. Prohibits discouraging health care professionals from informing patients. Prohibits conditioning coverage on arbitration agreement. Establishes nonprofit consumer advocate. Imposes taxes on corporate restructuring. Fiscal Impact: New tax revenues, potentially hundreds of millions of dollars annually, to fund specified health care. Additional state and local government costs for existing health programs and benefits, probably tens to hundreds of millions of dollars annually.	A **YES** vote on this measure means: New taxes would be imposed on health care businesses to fund specified health care services. Physical examinations would be required before health plans or insurers could deny recommended care. State staffing standards would be set for all health facilities, taking the needs of individual patients into account. Health care businesses could not offer financial incentives to doctors and others to reduce care. Certain health care employees and contractors would have additional protections.	A **NO** vote on this measure means: New taxes would not be imposed on health care businesses to finance health care services. There would be no requirement regarding physical examinations prior to denial of recommended care. There would not be any change to current state and federal laws regarding health facility staffing, health care employee and contractor protections, and restrictions on financia incentives to reduce care.
217 **TOP INCOME TAX BRACKETS. REINSTATEMENT. REVENUES TO LOCAL AGENCIES.** Initiative Statute Put on the Ballot by Petition Signatures	Retroactively reinstates highest tax rates on taxpayers with taxable income over $115,000 and $230,000 (current estimates) and joint taxpayers with taxable incomes over $230,000 and $460,000 (current estimates). Allocates revenue from those rates to local agencies. Fiscal Impact: Annual increase in state personal income tax revenues of about $700 million, with about half the revenues allocated to schools and half to other local governments.	A **YES** vote on this measure means: Income taxes will be raised on the highest income taxpayers in the state, with the increased revenues going to schools and other local governments.	A **NO** vote on this measure means: Income taxes on the highest-income taxpayers in the state will not be raised.
218 **VOTER APPROVAL FOR LOCAL GOVERNMENT TAXES. LIMITATIONS ON FEES, ASSESSMENTS, AND CHARGES.** Initiative Constitutional Amendment Put on the Ballot by Petition Signatures	Requires a majority of voters to approve increases in general taxes. Requires property-related assessments, fees, charges be submitted to property owners for approval. Fiscal Impact: Short-term local government revenue losses of more than $100 million annually. Long-term local government revenue losses of potentially hundreds of millions of dollars annually. Comparable reductions in spending for local public services.	A **YES** vote on this measure means: Local governments' ability to charge assessments and certain property-related fees would be significantly restricted. Spending for local public services would be reduced accordingly. Many existing and future local government fees, assessments, and taxes would be subject to voter-approval.	A **NO** vote on this measure means: Local governments could continue to collect existing property-related fees, assessments, and taxes to pay for local public services. Local governments would have no new voter-approval requirements for revenue increases.

ARGUMENTS		WHOM TO CONTACT FOR MORE INFORMATION	
PRO	**CON**	**FOR**	**AGAINST**
Proposition 214 protects freedom of speech between patients and doctors, and patients' right to the care that their health insurance has already paid for. It prevents HMOs and insurers from using gag rules, intimidation, or financial incentives to discourage doctors from providing needed care. Please, vote yes on Proposition 214.	Proposition 214, like 216, is bogus health care reform. It increases health insurance by up to 15% (costing *billions*), costs taxpayers hundreds of millions, and helps trial lawyers file more frivolous lawsuits. 214 and 216 could cost 60,000 workers their jobs but don't provide health coverage to anyone. Vote *no*.	Californians for Patient Rights 560 Twentieth Street Oakland, CA 94612 (510) 433-9360 Internet Address: http://www.yes-prop214.org	Taxpayers Against Higher Health Costs Stop the Hidden Health Care Tax 915 L Street, Suite C240 Sacramento, CA 95814 (916) 552-7526 (800) 996-6287 Fax: (916) 552-7523 Web Site: http://www.noprop214.org
Marijuana can relieve pain and suffering in serious illnesses like cancer, glaucoma and AIDS. Proposition 215 permits patients to use marijuana, *but only if they have the approval of a licensed physician.* Tight controls limiting marijuana to patients only will remain in place. Cancer doctors and nurses groups support 215.	*Propositon 215 legalizes marijuana. Vote no.* It allows people to grow and smoke marijuana for stress or "any other illness." No written prescription or examination is required, even children can smoke pot legally. The American Cancer Society rejects smoking marijuana for medical purposes and no major doctor's organization supports 215.	Californians for Medical Rights 1250 Sixth Street, #202 Santa Monica, CA 90401 (310) 394-2952 Fax: (310) 451-7494 Internet home page: http://www.prop215.org	Citizens for a Drug-Free California Sheriff Brad Gates, Chairman 4901 Birch Street Newport Beach, CA 92660 (714) 476-3017
Protects consumers against unsafe care by insurance companies and HMOs. Outlaws bonuses to doctors for denying treatment. Restores control of patient care to doctors and nurses. Saves lives. Reduces costs to taxpayers, businesses. Bans unjustified premium increases. Creates independent watchdog. Backed by California Nurses Association, Harvey Rosenfield and Ralph Nader.	Propositions 216 and 214 are near twins—phony health care reform that costs taxpayers and consumers billions without providing coverage to the uninsured. 216 means: four new taxes; dramatically higher health insurance costs; more government bureaucrats; more frivolous lawsuits for trial lawyers; and up to 60,000 lost jobs. Vote *no*.	Harvey Rosenfield Consumers and Nurses for Patient Protection 1750 Ocean Park #200 Santa Monica, CA 90405 (310) 392-0522 E-Mail: network@primenet.com	Taxpayers Against Higher Health Costs Stop the Hidden Health Care Tax 915 L Street, Suite C240 Sacramento, CA 95814 (916) 552-7526 (800) 996-6287 Fax: (916) 552-7523 Web Site: http://www.noprop216.org
Proposition 217 restores a little fiscal sanity to California. It cancels a tax cut for the wealthiest 1.2%—a cut the rest of us won't get—to protect schools and restore local funding the state took away. Support your local schools, law enforcement, libraries, parks, and child protection. Vote *yes*.	*Taxes already are too high!* Retroactive tax increase effectively gives California highest personal income tax rate nationwide. Small businesses would be hurt. *Absolutely no guarantees or accountability how the new tax money would be spent.* Contains too many provisions with uncertain and even potentially dangerous economic consequences. *No* on 217!	Yes on Proposition 217 2500 Wilshire Blvd., Suite 508 Los Angeles, CA 90057 213-386-4036 Web site address: http://www.prop217.org	Californians for Jobs, Not More Taxes/No on 217 111 Anza Boulevard, Suite 406 Burlingame, CA 94010 (415) 340-0470
Proposition 218 simply gives taxpayers the right to vote on taxes. Proposition 218 provides only registered Californians vote on taxes. Nonresidents, foreigners, corporations get no new rights. Proposition 218 doesn't cut traditional "lifeline" services; allows taxes for police, fire, education. *Your right to vote on taxes: Yes on Proposition 218.*	Gives large landowners—including noncitizens—more voting power than average homeowners. Denies assessment voting rights for renters. Cuts *existing* funding for local police, fire, library services. Adds *new taxes* on public property like neighborhood schools, cutting funds available for teaching and classroom supplies and computers; increases *school crowding*.	The Howard Jarvis Taxpayers Association The Right to Vote on Taxes Act, Yes on Prop. 218 621 S. Westmoreland Avenue, Suite 202 Los Angeles, CA 90005 (213) 384-9656	Citizens for Voters' Rights 2646 Dupont Dr., Suite 20-412 Irvine, CA 92612 (714) 222-5438 http://www.prop218no.org

Safe, Clean, Reliable Water Supply Act.

Official Title and Summary Prepared by the Attorney General

SAFE, CLEAN, RELIABLE WATER SUPPLY ACT.

- This act provides for a bond issue of nine hundred ninety-five million dollars ($995,000,000) to provide funds to ensure safe drinking water, increase water supplies, clean up pollution in rivers, streams, lakes, bays, and coastal areas, protect life and property from flooding, and protect fish and wildlife and makes changes in the Water Conservation and Water Quality Bond Law of 1986 and the Clean Water and Water Reclamation Bond Law of 1988 to further these goals.
- Appropriates money from state General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- General Fund cost of up to $1.8 billion to pay off both the principal ($995 million) and interest ($776 million).
- The average payment for principal and interest over 25 years would be up to $71 million per year.

Final Votes Cast by the Legislature on SB 900 (Proposition 204)

Assembly:	Ayes 74	Senate:	Ayes 33
	Noes 4		Noes 4

Analysis by the Legislative Analyst

BACKGROUND

Water Quality and Supply. In past years, the state has provided funds for projects that improve water quality and supply. For example, the state has provided loans and grants to local agencies for the construction and implementation of wastewater treatment, water supply, and water conservation projects and facilities. The state has sold general obligation bonds to raise the money for these purposes. As of June 1996, all but about $79 million of the $2 billion authorized by previous bond acts had been spent or committed to specific projects. Project applications have been received for most of the remaining uncommitted funds.

Bay-Delta. The state also has funded the restoration and improvement of fish and wildlife habitat in the San Francisco Bay/Sacramento-San Joaquin Delta Estuary (the Bay-Delta) and other areas, using various fund sources including general obligation bonds and the state General Fund. The Bay-Delta supplies a substantial portion of the water used in the state for domestic, industrial, agricultural, and environmental purposes. For example, water flowing through the Bay-Delta provides drinking water for about 22 million people in California and irrigates 45 percent of the fruits and vegetables produced in the United States. In addition to supplying water, the Bay-Delta provides habitat for fish and wildlife, including several endangered species, and an estimated 80 percent of the state's commercial fishery species live in or migrate through the Bay-Delta. Increased demand for water from the Bay-Delta, combined with other factors such as pollution, degradation of fish and wildlife habitat, and deterioration of delta levees and flood control facilities, has reduced the Bay-Delta's capacity to provide reliable supplies of water and sustain fish and wildlife species.

The CALFED Bay-Delta Program is a joint state and federal effort to develop a long-term approach to restoring ecological health and improving water management in the Bay-Delta. Total capital costs for the various alternatives under consideration range from $4 billion to $8 billion over the next 20 to 40 years. It is anticipated that funding would come from a variety of federal, state, local, and private sources.

Flood Control. The state also provides funds to local agencies for flood control projects. The state has not previously sold general obligation bonds to fund the construction of local flood control projects or facilities. Rather, these projects have primarily been funded from the state General Fund. However, due to the state's fiscal condition in recent years, the state has been unable to pay its share of the costs of these projects. As of June 1996, the unpaid amount of the state's share of costs for local flood control was about $158 million.

PROPOSAL

This measure authorizes the state to sell $995 million of general obligation bonds for the purposes of restoration and improvement of the Bay-Delta;

wastewater treatment and water supply and conservation; and local flood control and prevention. General obligation bonds are backed by the state, meaning that the state is required to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. General Fund revenues come primarily from the state personal and corporate income taxes and sales tax.

Figure 1 lists the purposes for which the bond money would be used. The bond money will be available for expenditure by various state agencies and for loans and grants to local agencies. The measure specifies the conditions under which the funds are available for loans, including the terms for interest and repayment of the loans.

In some instances, the measure makes the expenditure of bond funds contingent on actions by the state or federal government. For example, under the measure, funds for projects to restore the Bay-Delta ecosystem may not be spent until the state and federal governments have completed their environmental review of the projects and have entered into a cost-sharing agreement for funding those projects.

In addition to authorizing the sale of bonds, the measure requires that the repayment of loans funded under the 1988 Clean Water and Water Reclamation Bond (Proposition 83) be used to provide additional loans and grants for local water recycling projects.

FISCAL EFFECT

Costs of Paying Off the Bonds. For these types of bonds, the state typically makes principal and interest payments from the state's General Fund over a period of about 25 years. If all of the bonds authorized by this measure are sold at an interest rate of 6 percent, the cost would be about $1.8 billion to pay off both the principal ($995 million) and interest ($776 million). The average payment for the principal and interest would be about $71 million per year.

However, total debt repayment costs to the state will be somewhat less than the $1.8 billion. First, bonds used to fund revolving loan programs ($175 million) may have to be financed over a shorter period than is typically used for most state bonds in order to comply with federal law. Consequently, total interest costs on these bonds would be less than if the payments were made over 25 years. Second, the measure requires that loans made for construction of drainage water management and local water projects be repaid to the state General Fund. The repayments of these loans could reduce the state General Fund cost by about $70 million over the life of the bonds.

Use of Repayments of Past Loans. The 1988 Clean Water and Water Reclamation Bond (Proposition 83) authorized up to $40 million in loans to local agencies. Currently, repayments of these loans are used to pay off the bonds. This measure requires, instead, that the repayments be used to provide additional loans and grants for local water recycling projects. As a result, this will result in a General Fund cost of at least $60 million to pay off the principal and interest of these bonds.

Figure 1

Proposition 204
Safe, Clean, Reliable Water Supply Act
Uses of Bond Funds

(In Millions)	Amount
Bay-Delta Improvement	**$193**
• Central Valley Project Improvement—fish and wildlife restoration	93
• Bay-Delta non-flow-related projects	60
• Delta levee rehabilitation and maintenance and flood protection	25
• South Delta environmental enhancement and mitigation	10
• CALFED state's share of administration	3
• Delta recreation	2
CALFED Bay-Delta Ecosystem Restoration	**$390**
• Existing habitat protection and enhancement	—[a]
• Tidal, riparian, wetlands, and other habitat restoration	—[a]
• Instream flow improvements	—[a]
• Fish protection and management	—[a]
Clean Water and Water Recycling	**$235**
• Wastewater treatment	110
• Water recycling and reclamation	60
• Treatment and management of agricultural drainage water	30
• Delta tributary watershed rehabilitation	15
• Seawater intrusion control	10
• Lake Tahoe water quality	10
Water Supply Reliability	**$117**
• Water conservation and groundwater recharge	30
• River parkway acquisition and riparian habitat restoration	27
• Local water supply development and environmental mitigation	25
• Sacramento Valley water management and habitat protection	25
• Feasibility investigations for off-stream storage, water recycling, water transfer facilities, and desalination	10
Local Flood Control and Prevention	**$ 60**
• Claims submitted by 6/30/96 for projects in specified counties	60
Total	**$995**

[a] Amounts not specified.

For text of Proposition 204 see page 79

204 Safe, Clean, Reliable Water Supply Act.

Argument in Favor of Proposition 204

Safe drinking water is something most of us take for granted. But the truth is, unless we act now, California's residents, businesses and farms face a future of chronic water shortages and potentially unsafe supplies. According to the California Department of Water Resources, our water problems will only get worse, due to increasing population and a water supply system that has not kept up with our needs.

Proposition 204, the SAFE, CLEAN, RELIABLE WATER SUPPLY ACT, provides the foundation for a comprehensive and lasting solution to the state's water supply needs. Proposition 204 is a truly BALANCED WATER SOLUTION THAT IS GOOD FOR OUR ECONOMY AND JOBS, GOOD FOR OUR ENVIRONMENT AND GOOD FOR ALL CALIFORNIANS.

PROPOSITION 204 WILL BENEFIT ALL CALIFORNIANS BY:

ENSURING SAFE DRINKING WATER. Proposition 204 helps meet safe drinking water standards to protect public health.

INCREASING WATER SUPPLIES. Proposition 204 makes more water available to meet the state's growing needs through conservation, recycling and potential off-stream reservoirs and delivery systems to capture water in wet years for use during droughts.

PREVENTING WATER POLLUTION. Our streams, rivers, lakes, bays and coastal waters are threatened by pollution. Proposition 204 provides for cleanup of our precious waterways.

PROTECTING AGAINST FLOODS. Flooding threatens lives and has caused billions of dollars in property damage. Proposition 204 allows long-overdue flood protection projects to be completed.

HELPING OUR ECONOMY AND JOBS. Water is the lifeblood of California's economy. Reliable water supplies will protect existing jobs, encourage new businesses and create new jobs.

ENCOURAGING WATER CONSERVATION AND RECYCLING. Proposition 204 ensures we get the most out of our existing water supplies by encouraging conservation and recycling.

PROTECTING FISH AND WILDLIFE. Proposition 204 helps protect critical fisheries, wildlife, wetlands and other natural habitats, including the San Francisco Bay/Sacramento-San Joaquin Delta. The Bay-Delta is one of the state's most important environmental resources and the source of drinking water for over 22 million Californians.

PROTECTING AGAINST EARTHQUAKE DAMAGE. Seismic experts believe our water delivery system is in danger from major earthquakes, which could leave residents, businesses and farms without water. Proposition 204 provides necessary repairs and improvements to the delivery system to help prevent catastrophic failures.

WE CANNOT AFFORD TO WAIT. We must invest in our water supply system to ensure safe drinking water and avoid chronic water shortages. If we do not act NOW, the cost will be far higher in the future. The last major investment in our water supply system occurred 36 years ago, in 1960.

Join a diverse group of Californians in support of Proposition 204, including:

ASSOCIATION OF CALIFORNIA WATER AGENCIES
CALIFORNIA CHAMBER OF COMMERCE
ENVIRONMENTAL DEFENSE FUND
CALIFORNIA FARM BUREAU FEDERATION
STATE BUILDING & CONSTRUCTION TRADES COUNCIL AFL-CIO
BAY AREA ECONOMIC FORUM
SOUTHERN CALIFORNIA WATER COMMITTEE
NORTHERN CALIFORNIA WATER ASSOCIATION
CALIFORNIA BUSINESS ROUNDTABLE
COUNCIL FOR A GREEN ENVIRONMENT
PACIFIC WATER QUALITY ASSOCIATION
DELTA RESTORATION COALITION

VOTE YES FOR SAFE DRINKING WATER, YES FOR RELIABLE WATER SUPPLIES, YES FOR JOBS, YES FOR THE ENVIRONMENT AND YES FOR CALIFORNIA'S FUTURE.

YES ON PROPOSITION 204!

JIM COSTA
Chairman, Senate Agriculture and Water Resources Committee

STEPHEN HALL
Executive Director, Association of California Water Agencies

GERALD H. MERAL, Ph.D.
Scientist, Planning and Conservation League

Rebuttal to Argument in Favor of Proposition 204

We weren't aware of any water crisis until we read the proponents' argument. We suspect that these scare tactics are meant to convince you to support yet another big government public works boondoggle. Remember, using bond financing almost doubles the cost of any government project. Taxpayers can't afford Proposition 204. Let's look at the issues:

INCREASE WATER SUPPLIES—Residential customers use only 15% of California's water, but have to subsidize the agricultural and commercial customers who use 85%. If big water users had to pay the real cost of their water, prices would fluctuate according to supply and lead to conservation, as cost-effectiveness would become a major concern.

PREVENTING WATER POLLUTION—Those who pollute our rivers and lakes should be held fully responsible for the damage they do. Taxpayers should not be put on the hook for damages caused by private businesses and individuals. In cases where government officials are responsible for the pollution, we don't need to give them a blank check to clean it up.

HELPING OUR ECONOMY AND JOBS—Reliable water supplies alone won't create jobs. We need to cut the size and scope of government, slash taxes and repeal regulations so that businesses can create new jobs.

Many of Proposition 204's provisions could cause serious damage to private property rights. Armies of bureaucrats will march through the Sacramento Delta to impose rules and regulations. Then taxpayers will have to pay $1.7 BILLION in principal and interest over 25 years. Please vote NO.

JON PETERSEN
Treasurer, Libertarian Party of California

DENNIS SCHLUMPF
Director, Tahoe City Public Utility District

TED BROWN
Insurance Adjuster/Investigator, Pasadena

Argument Against Proposition 204

California's bond debt now approaches $25 BILLION. Taxpayers must pay $3 billion EVERY YEAR. Now Sacramento politicians want to add another billion. Proposition 204 is too expensive! $995 million in bonds means a total of $1.7 BILLION in principal and interest over 25 years. As usual, taxpayers have to pay . . . and pay . . . with no end in sight.

And just what are we paying for? Proponents claim this measure will "ensure safe drinking water . . . clean up pollution in rivers . . . protect fish and wildlife," etc. When has the government ever succeeded in doing any of these things? You are more likely to hear about government policies CAUSING unsafe water, CAUSING pollution and INJURING fish and wildlife.

When the government diverted water from Northern to Southern California, it created problems with saltwater intrusion into freshwaters. As a result, the Sacramento Delta became degraded. This new measure seeks to "protect" the very same delta. As usual, the remedy for government mistakes is to spend more of our money to correct them. These flawed government water development policies caused the selenium intrusions into the Kesterson Wildlife Refuge and Reservoir near Merced and the resulting environmental nightmare.

Proposition 204 contains a laundry list of water projects, mostly in the Sacramento Delta area. How do we know if any of these projects are worthwhile, or if they are "make-work" projects to fill the wallets of politicians and their big-money contributors? These projects should be voted on and funded at the LOCAL level, where voters have first-hand knowledge about their necessity. The rest of us lack enough information to decide intelligently.

There's also the issue of whether taxpayers all over California should have to pay for projects in one small area. Proponents claim there is a "water crisis" and that this measure has state and national importance. They sure haven't demonstrated why. It smells like a big boondoggle to us.

The most curious part of Proposition 204 is $390 million designated for a "Calfed Bay-Delta Ecosystem Restoration Program." A consortium of five state agencies and five federal agencies wants to create habitats, protect wetlands, introduce species management, and protect fish. We are suspicious of this program, as we are of any program that would bring together armies of bureaucrats from ten different agencies. By its very nature, the program would likely violate private property rights. Why impose strict, mostly unnecessary environmental regulations on private citizens? "Wetlands" can mean anything that bureaucrats decide it means. Homeowners have run afoul of such regulations for minor acts like filling in puddles in their backyards. Some have even gone to jail. Proposition 204's loosely defined provisions are steps toward even more bureaucratic tyranny.

We favor protecting the environment—that's why we want government bureaucrats far away from our rivers, streams and wildlife. Look at the fine print. Proposition 204 means more bureaucracy, less protection of our natural environment, and $1.7 BILLION of our hard-earned dollars for 25 years. Please vote NO.

GAIL LIGHTFOOT
Chair, Libertarian Party of California

DENNIS SCHLUMPF
Director, Tahoe City Public Utility District

TED BROWN
Insurance Adjuster/Investigator, Pasadena

Rebuttal to Argument Against Proposition 204

Our economy, jobs and quality of life are dependent upon a safe, reliable and sufficient water supply. Proposition 204 balances the needs of the state's economy and environment to provide the foundation for a comprehensive solution to our state's water problems.

SOUND INVESTMENT. According to California State Treasurer Matt Fong, "Proposition 204's $995 million investment in the state's water supply and delivery system is a very prudent investment to sustain and expand California's $750 BILLION economy. This is a vital investment in our state's future."

NO TAX INCREASE. Proposition 204 does not increase taxes, it simply uses existing revenues to improve our water supply system.

STATEWIDE PROBLEM, STATEWIDE SOLUTION, STATEWIDE BENEFITS. California's water problems affect the entire state. Proposition 204 focuses on resolving critical water quality and environmental problems that impact our ability to provide safe drinking water for all Californians.

BROAD AND DIVERSE SUPPORT. Contrary to what some would have you believe, Proposition 204 is not about more government intervention. Proposition 204 was developed by a broad and diverse coalition of businesses, farmers, environmentalists and local water officials from all regions of the state concerned about SOLVING problems, not creating them.

COST EFFECTIVE. Proposition 204 is also cost effective because it generates federal matching dollars to help solve high-priority state and local water problems.

An investment in a SAFE WATER SUPPLY is an investment in our FUTURE.

VOTE YES ON PROPOSITION 204!

THOMAS S. MADDOCK
Chairman, California Chamber of Commerce Water Committee

DAVID N. KENNEDY
Director, California Department of Water Resources

SUNNE WRIGHT McPEAK
President, Bay Area Economic Forum

Youthful and Adult Offender Local Facilities Bond Act of 1996.

Official Title and Summary Prepared by the Attorney General

YOUTHFUL AND ADULT OFFENDER LOCAL FACILITIES BOND ACT OF 1996.

- This act provides for a bond issue of seven hundred million dollars ($700,000,000) to provide funds for construction, renovation, remodeling, and replacement of local juvenile and adult correctional facilities.
- Appropriates money from state General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- General Fund costs of about $1.25 billion to pay off both the principal ($700 million) and interest ($550 million) on the bonds.
- The average payment for principal and interest would be about $50 million per year.
- Counties would incur unknown increased costs, potentially millions of dollars annually, to operate additional facilities constructed with these bond funds.

Final Votes Cast by the Legislature on AB 3116 (Proposition 205)

Assembly:	Ayes 61	Senate:	Ayes 27
	Noes 0		Noes 6

Analysis by the Legislative Analyst

BACKGROUND

California's 58 counties house juveniles and adults, who have been arrested for a crime, are awaiting trial, or are serving time for committing a crime. Juveniles are housed in juvenile halls or other county detention facilities, such as ranches and camps. Adult offenders are housed in county jails.

Juvenile Facilities. Generally, counties supervise juvenile offenders either at home or in juvenile halls, ranches, or camps. Statewide, there are more than 50,000 juvenile offenders under the supervision of county probation departments. This includes 6,000 juveniles who are detained in juvenile halls operated by 43 counties, and about 4,000 juvenile offenders who are housed in ranches and camps operated by 23 counties. Almost all of the juvenile halls report overcrowding.

Since 1988, the voters have approved $100 million in general obligation bonds for renovating, constructing, and acquiring new juvenile facilities. The funds from these bonds have been fully committed for various projects. A March 1995 assessment of California's juvenile halls, ranches, and camps conducted for the California Department of the Youth Authority, identified the need for more than $350 million to upgrade and develop new juvenile facilities.

Adult Facilities. In 1995, more than 1.1 million adults were booked into California jails. California's jails house on an average day more than 70,000 adults either awaiting trial or serving a sentence. Almost all of the jails in the state have reported overcrowding. In 27 counties with overcrowded jail conditions, courts have imposed limits on the number of people that can be held at any one time. As a result, some people must be released in the event that the jail population on a given day would exceed the specified limit. Jails in these counties account for more than 70 percent of the state's total jail beds.

New criminal laws have resulted in larger numbers of persons awaiting trial and, as a consequence, there has been less available space to house persons who have been sentenced. As a result, many inmates in jail serve only a fraction of their sentence. In 1995, more than 21,000 persons per month were released from jails, who otherwise would have been incarcerated, because of a lack of space. The Board of Corrections reports that the need for jail space will continue to increase, and that by the year 2000, there will be a need for an additional 30,000 beds.

Since 1981, the voters have authorized the state to sell about $1.6 billion in general obligation bonds to raise money to expand and improve county jail facilities. All of this money is fully committed for various projects.

PROPOSAL

This measure authorizes the state to sell $700 million in general obligation bonds for county juvenile and adult detention facilities. The money raised from the bond sales would be used for the construction, renovation, remodeling, and replacement of local facilities that are used to treat, rehabilitate, and punish juvenile offenders ($350 million) and adult offenders ($350 million).

General obligation bonds are backed by the state, meaning that the state is obligated to pay the principal and interest costs on these bonds. General Fund revenues would be used to pay these costs. These revenues come primarily from the state personal and corporate income taxes and sales tax.

The amount of money a county would be eligible to receive would be determined by the Legislature and the Governor. However, the measure provides that in order for a county to receive bond monies for either juvenile or adult facilities, it would be required to provide matching funds equal to 25 percent of the project's costs (this provision could be modified or waived by the Legislature). In addition, a county would have to identify the county's (or group of counties acting together) plan for providing services for juvenile and adult offenders ranging from prevention through detention. The plan must also show that the county has used, to the greatest practical extent, alternatives to detention. In addition, the plan must identify how the county will maximize all funding sources—local, state, and federal—for providing services to offenders.

FISCAL EFFECT

Costs of Paying Off the Bonds. For these types of bonds, the state makes principal and interest payments from the state's General Fund, typically over a period of about 25 years. If the $700 million in bonds were sold at an interest rate of 6 percent, the cost would be about $1.25 billion to pay off both the principal ($700 million) and the interest ($550 million). The average payment for principal and interest would be about $50 million per year.

Cost to Operate the Local Facilities. Counties will incur increased costs to operate additional facilities constructed with these bond funds. The additional operating costs are unknown, but could be millions of dollars annually.

For text of Proposition 205 see page 86

205 Youthful and Adult Offender Local Facilities Bond Act of 1996.

Argument in Favor of Proposition 205

Proposition 205 is supported by the California State Sheriffs' Association, California Police Chiefs Association, California District Attorneys Association, Crime Victims United and other leading crime victims groups throughout the state.

HERE'S WHY—

Proposition 205 is urgently needed to keep violent criminals out of our schools and neighborhoods and keep them behind bars—where they belong.

Proposition 205 provides the critical funding to build new or upgrade existing county jails. Without it, thousands of convicted criminals will be released early.

26 California counties are under federal court orders to release criminals because of *massive* jail overcrowding. Criminals laugh at a system that does little to hold them accountable for their actions while the public fears for its safety.

Because of these federal court orders, many counties routinely release criminals after they have served only a fraction of their sentences.

In one large California county, the average jail term for a one year sentence is *only 51 days!* This is outrageous!

California spends billions each year on police and prosecutors to put criminals behind bars. When their hard work results in a jail sentence, we do not want these criminals released because of a lack of jail space.

California's tough new "Three Strikes" law is working to remove violent criminals from our streets. Since its passage, California has had three years of declining crime rates. But without adequate county jail space, criminals who have already received their first and second strikes could be released early. The same California citizens who led the nation by passing "Three Strikes and You're Out" should support Proposition 205. "Three Strikes and You're Out" puts violent career criminals in prison and jail for longer sentences, Proposition 205 will ensure that unelected federal judges don't order the early release of those criminals due to a lack of facilities.

VOTE YES ON PROPOSITION 205.

JIM BRULTE
Assemblyman, Rancho Cucamonga
HARRIET C. SALARNO
Founder, Justice for Murder Victims
BRAD GATES
Sheriff, Orange County

Rebuttal to Argument in Favor of Proposition 205

Don't be deceived by the proponents' hysterical rhetoric. Of course we all want to keep criminals off the street. Proposition 205 won't do it.

"Three strikes" is designed to lock up career criminals. Only convicted felons qualify. Felons are housed in state prisons, not in county jails. They are only in county jail if they can't make bail while awaiting trial.

Who serves time in county jails? Petty thieves and muggers, drunk drivers, deadbeat dads, small-time drug dealers, prostitutes, barroom brawlers, people whose traffic tickets go to warrant, etc. Some are dangerous, some aren't. In fact, 50% of all crime is related to drug use, including simple possession of controlled substances.

We believe that only criminals who are violent and dangerous to others should be locked up. To save taxpayers money, nonviolent convicts should be placed under house arrest and monitored electronically. Those guilty of violating peoples' rights should have to pay those they have wronged (restitution). Paying restitution is far more important than jailing a criminal, because a debt is owed first to the victim, then to "society."

If there was no victim (such as in drug possession), then no crime was committed, and the person should be released. Law enforcement should concentrate on arresting truly dangerous thugs, like murderers, rapists and armed robbers. If only these types of criminals were locked up, we wouldn't need more jail cells.

Proposition 205 doesn't do much for public safety. It means more bond debt that taxpayers can't afford. Please vote NO.

JON PETERSEN
Treasurer, Libertarian Party of California
RONALD PAYNE
National Guard Military Policeman, Madera
TED BROWN
Insurance Adjuster/Investigator, Pasadena

Argument Against Proposition 205

California's bond debt now approaches $25 BILLION. Taxpayers must pay $3 billion EVERY YEAR. Now Sacramento politicians want to add more. Proposition 205 is too expensive! $700 million in bonds means a total of $1.2 BILLION in principal and interest over 25 years. As usual, taxpayers have to pay . . . and pay . . . and pay some more!

Of course we all want to be safe, but Proposition 205 will not make us safer. It just throws money at the crime problem without addressing why the crime rate has gone up.

Crime is rampant due in part to government's "war on drugs." It's similar to the Prohibition era of the 1920's. Alcohol prohibition didn't work then; it just created gangsters and shootouts in the streets. And drug prohibition doesn't work today.

Drug laws are the problem, not the solution. If drugs were legal, the price would drop and most addicts would no longer have to steal to support their habits. Without the high profit margin, drug dealers would go out of business and no longer be on the streets trying to hook kids on these substances. Finally, the violence caused by dealers fighting over territory would be eliminated.

Law enforcement authorities generally agree that over 0% of prisoners are in jail due to drug-related crimes. Get rid of the drug laws and there would be no need for any new jails. Indeed, real criminals (like burglars and rapists) could serve their full sentences, instead of being released after a few days due to overcrowding. There should also be more use of house arrest and electronic monitoring of non-violent convicts.

Proponents mention the "three strikes and you're out" law for causing more jail overcrowding. But those convicted under "3 strikes" serve time in state prisons, not county jails. "Three strikes" has been striking some of the wrong people. Californians want violent felons to be locked up for life. Instead, the third strike can be any felony—and just about anything can be called a felony, even possession of a marijuana joint. This kind of legal misapplication is helping to clog our jails. Building more cells will just oil the system.

Juvenile halls don't need expanding, as many kids who are there don't need to be. Ending the drug war would go a long way to opening up space. Some youths are jailed for status offenses such as being a runaway or out after curfew. These offenses shouldn't even be illegal. These kids should be released to their parents, not locked up. All they learn in juvenile hall is how to commit violent crimes. Violent juvenile criminals should be treated the same as adults—and be allowed due process like trial by jury. They can start serving their sentences with other juveniles but at 18 they should be transferred to state prison.

We need alternatives to the present failed system. Throwing another $1.2 BILLION at it won't make our streets safer. Vote NO on Proposition 205.

GAIL LIGHTFOOT
Chair, Libertarian Party of California
DOUGLAS F. WEBB
Criminal Defense Attorney, Del Mar
TED BROWN
Insurance Adjuster/Investigator, Pasadena

Rebuttal to Argument Against Proposition 205

It is unbelievable the opponents of Proposition 205 argue the solution to California's crime problem is to legalize drugs so we won't need jails.

The opponents of Proposition 205 think the best way to win the war on crime is to stop fighting it. Sensible people realize we need to build jails to keep criminals off our streets. We also need to prevent federal courts from ordering the release of criminals into our communities. Proposition 205 will do this by providing badly needed money for local jails and juvenile halls.

California has seen dramatic and frightening increases in juvenile crime in recent years. In the past, most juvenile crime consisted of petty theft and truancy. But today, we are dealing with large numbers of serious and violent juvenile offenders. Between 1985 and 1994 juvenile arrests for violent crime rose 82 percent!

Half of Proposition 205's funds will be devoted to construction and expansion of juvenile halls.

We need to protect our citizens and children by keeping criminals off the streets. We need enough jail space in our local communities to do that.

If you want safe streets, parks and schools, vote for Proposition 205.

BILL LOCKYER
Senator, Hayward
PAULA BOLAND
Assemblymember, Granada Hills

Veterans' Bond Act of 1996.

Official Title and Summary Prepared by the Attorney General

VETERANS' BOND ACT OF 1996.

- This act provides for a bond issue of four hundred million dollars ($400,000,000) to provide farm and home aid for California veterans.
- Costs offset by payments from participating veterans.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- General Fund costs of about $700 million to pay off both the principal ($400 million) and interest (about $300 million) on the bonds; costs offset by payments from participating veterans.
- Average payment for principal and interest of about $28 million per year for 25 years.

Final Votes Cast by the Legislature on SB 852 (Proposition 206)

Assembly:	Ayes 74	Senate:	Ayes 29
	Noes 0		Noes 0

Analysis by the Legislative Analyst

BACKGROUND

Since 1921, the voters have approved a total of about 7.5 billion of general obligation bond sales to finance the veterans' farm and home purchase (Cal-Vet) program. As of July 1996, there was about $250 million remaining from these funds. General obligation bonds are backed by the state, meaning that the state is obligated to pay the principal and interest costs on these bonds.

The money from these bond sales is used by the Department of Veterans Affairs to purchase farms, homes, and mobilehomes which are then resold to California veterans. Each participating veteran makes monthly payments to the department. These payments are in an amount sufficient to (1) reimburse the department for its costs in purchasing the farm, home, or mobilehome, (2) cover all costs resulting from the sale of the bonds, including interest on the bonds, and (3) cover the costs of operating the program.

PROPOSAL

This measure authorizes the state to sell $400 million in general obligation bonds for the Cal-Vet program. The Department of Veterans Affairs advises that these bonds would provide sufficient funds to enable at least 2,000 additional veterans to receive loans.

FISCAL EFFECT

The bonds authorized by this measure would be paid off over a period of about 25 years. If the $400 million in bonds were sold at an interest rate of 6 percent, the cost would be about $700 million to pay off both the principal ($400 million) and interest ($300 million). The average payment for principal and interest would be about $28 million per year.

Throughout its history, the Cal-Vet program has been totally supported by the participating veterans, at no direct cost to the taxpayer. However, if the payments made by those veterans participating in the program do not fully cover the principal and interest payments on the bonds, the state's taxpayers would pay the difference.

For text of Proposition 206 see page 87

206 Veterans' Bond Act of 1996.

Argument in Favor of Proposition 206

Since 1921 grateful voters of California have consistently supported the Cal-Vet farm and home loan program. It is entirely self-supporting, and it is a financially sound way to assist wartime veteran men and women when they return to civilian life.

Voter-approved general obligation bonds finance the program and are repaid, along with *all* related administrative costs, by the veteran loan holders. The Cal-Vet program does not cost the general taxpayer one thin dime.

In its 75 years of operation more than 405,000 California wartime veterans have financed farms and homes. The Cal-Vet program is an appropriate expression of our appreciation and thanks for the sacrifices of United States veteran men and women who have served this Nation during wartime. In addition to helping veterans, Cal-Vet farm and home loans generate thousands of jobs and millions of dollars in annual payrolls.

The last Cal-Vet bond measure appeared on the 1990 ballot and received strong voter support. Proposition 206 is needed now to ensure that the highly successful Cal-Vet program will be able to meet the future needs of wartime veterans. The act was placed on the ballot with no negative votes—passing the Senate 37-0 and 72-0 in the Assembly.

We ask you to vote *FOR* Proposition 206, the Veterans' Bond Act of 1996. Your approval will enable California wartime veterans to purchase homes and farms here with low interest rates and at no cost to you. We should do no less for our more than 3 million veteran men and women.

DON ROGERS
State Senator, 17th District
JIM MORRISSEY
Assemblyman, 69th District
GRAY DAVIS
Lieutenant Governor, State of California

Rebuttal to Argument in Favor of Proposition 206

We agree that the Cal-Vet program has been financially self-supporting—so far. But California's real estate market isn't what it used to be. Foreclosures are at an all time high. If participating veterans default on their loans, taxpayers have to pay.

Proponents argue that Cal-Vet loans generate thousands of jobs and millions of dollars in annual payrolls. Where? Maybe in the government department that administers the program! If so, let's eliminate these jobs and payrolls, and save the taxpayers even more. If the proponents are talking about jobs and payroll in the housing industry, they'll have to prove it. A booming housing market may have been the norm after World War II, but now there are more houses for sale than people are willing or able to buy.

California's economy can be revived by cutting back government, reducing taxes, and eliminating agencies and regulations that put burdens on businesses. People would have more money in their pockets if taxes were lower and government were smaller. Then they coul qualify for a home loan without the aid of government programs. Proposition 206 won't do any of this. Since it duplicates the federal VA home loan program, Cal-Vet is merely another unnecessary government program.

We appreciate the sacrifices made by our veterans, but it's obvious they are recognized with benefits from the federal government. When a state decides it must also provide veterans' benefits, it's clear the program is designed to gain votes for pork-barrel politicians. Please vote NO.

JON PETERSEN
Treasurer, Libertarian Party of California
JOSEPH B. MILLER
Retired Air Force Officer, Sacramento
TED BROWN
Insurance Adjuster/Investigator, Pasadena

Argument Against Proposition 206

California's government has far too many special-interest programs. The Cal-Vet program was established after World War I to help veterans buy homes. Since a large number of Californians stood to benefit from that program, politicians were only too happy to adopt it.

The Legislative Analyst tells us that the Cal-Vet program costs taxpayers nothing. However, if the payments made by participating veterans do not fully cover the principal and interest payments on the bonds, the taxpayers would have to pay the difference.

Unfortunately, California's real estate boom ended a few years ago. Back in the 1980s people could turn big profits on their homes. Not anymore. The economy has grown worse, allowing fewer Californians to buy homes. In both Los Angeles and Orange Counties, only 15 percent of residents can afford the median priced home. Bank foreclosures on properties are at an all-time high. Proposition 206 will tell wannabe homeowners that their taxes will subsidize Cal-Vet loans.

Veterans, especially those who served in combat situations, deserve our appreciation. In fact, the federal government provides extensive veterans' benefits. The Department of Veterans Affairs is a Cabinet department the same as the Treasury and Justice Departments. One veterans' benefit is the VA home-loan program. We don't need an expensive duplicate program at the state level.

Proposition 206 seems unnecessary as well. Currently many lenders are offering home loans with as little as 3% or 5% down for buyers with good credit. Veterans, along with everyone else, can apply. If a veteran's credit isn't good enough to qualify with a regular lender, then maybe he or she is too great a risk for the taxpayers. Prop. 206 makes every one of us a co-signer to veterans' housing loans. With any home loan, if the homeowner can't pay, the lender is left holding the bag.

It's a matter of fairness. The government should not play favorites and give special privileges to veterans. The current poor state of California's real estate market suggests that many veterans will default on these loans. Then we all have to pay.

Vote NO on Proposition 206.

JOSEPH B. MILLER
Retired Air Force Officer, Sacramento

WILLARD MICHLIN
Real Estate Broker, Glendale

TED BROWN
Member, State Executive Committee, Libertarian Party of California

Rebuttal to Argument Against Proposition 206

Please don't be misled by the erroneous statements made by the opponents to the Veterans Bond measure.

This highly successful program to assist California's wartime veterans to purchase farms and homes has never cost California taxpayers *one cent* since it began in the early 1920s.

The Cal-Vet program is the only bond act on the ballot that is self-supporting! All costs, including administrative costs, are paid by the veteran borrower. The Cal-Vet program has never been "subsidized" by California taxpayers. Those veterans eligible for loans are screened for ability to pay and must qualify for a loan just like any home buyer.

Please put aside the smokescreen of "gloom and doom" and vote *FOR* Proposition 206. By doing so you show that you are standing firm for our wartime veterans when they stood firm for us.

DON ROGERS
State Senator, 17th District

JIM MORRISSEY
Assemblyman, 69th District

GRAY DAVIS
Lieutenant Governor, State of California

Attorneys. Fees. Right to Negotiate. Frivolous Lawsuits. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

ATTORNEYS. FEES. RIGHT TO NEGOTIATE. FRIVOLOUS LAWSUITS. INITIATIVE STATUTE.

- Except as allowed by laws in effect on January 1, 1995, prohibits restrictions on the right to negotiate amount of attorneys' fees, whether fixed, hourly or contingent.
- Prohibits attorney from charging or collecting excessive or unconscionable fees.
- Authorizes court to impose sanctions upon attorney who files a lawsuit or pleading which is totally and completely without merit or filed solely to harass opposing party. Prohibits sanctioned attorney from collecting fees for case.
- Requires State Bar to recommend appropriate discipline for attorneys with repeated sanctions.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Adoption of this measure would have an unknown, but probably not significant, net fiscal impact on state and local governments.

Analysis by the Legislative Analyst

BACKGROUND

Attorneys' Fees. In general, existing law requires that attorneys enter into written fee agreements with their clients. These agreements must specify, among other things, the fee to be paid to the attorney and the manner in which the fee will be determined.

In general, attorney fees are billed to clients on either an hourly basis or a "contingent fee" basis. In contingent fee agreements, the attorney is paid a percentage of the settlement or judgment only if the case is won or settled in favor of the attorney's client. Generally, these hourly and contingent fees are negotiated between the client and the attorney. Current law limits contingent fee rates in certain cases, such as medical malpractice cases.

"Excessive" Attorney Fees. The State Bar regulates attorneys in California, including developing and enforcing rules of professional conduct. The State Bar and the California Supreme Court have the power to discipline attorneys, including suspending an attorney from practice for a violation of the rules of professional conduct. One of these rules prohibits attorneys from collecting "excessive" fees, as defined in State Bar rules.

"Frivolous" Legal Actions. Existing law allows courts to determine whether an attorney has filed a lawsuit or legal action that is "frivolous." Frivolous actions are defined as either (1) totally and completely without merit or (2) filed for the sole purpose of harassing an opposing party. If the court determines that an action is frivolous, it may impose sanctions upon the attorney, including monetary penalties. If a court imposes a penalty of $1,000 or more, it must notify the State Bar. A court is not required to notify the State Bar if the sanction is less than $1,000.

PROPOSAL

Attorneys' Fees. Under the measure, attorney fees for any legal matter would be subject to the laws in effect on January 1, 1995. Any changes to these state laws by the Legislature would also require a vote of the electorate, unless the changes further the purposes of the measure, in which case they could be enacted by a two-thirds vote of each house.

Excessive Attorney Fees. The measure enacts into law existing State Bar rules prohibiting attorneys from collecting excessive fees, and provides that clients can sue attorneys to recover fees that have been found to be excessive by the court. The measure enacts into law criteria for determining whether a fee is excessive. The criteria are similar to those currently used by the State Bar.

Attorney Discipline for Frivolous Legal Actions. The measure requires that a court impose sanctions against an attorney if the court determines that the attorney has filed a frivolous legal action. Attorneys may appeal the proposed sanctions. Once the appeals are final, the court is required to notify the State Bar if sanctions have been imposed on an attorney, regardless of the amount of the sanction. The sanctioned attorney is required to reimburse the court for all expenses incurred in reporting sanctions to the State Bar. If the State Bar receives three notifications of court sanctions against the same attorney within a five-year period, the State Bar is required to recommend appropriate disciplinary action to the Supreme Court, including but not limited to, suspension or disbarment.

The measure also requires that the sanctioned attorney must notify the client that sanctions had been imposed due to the attorney's conduct in the case. Additionally, the measure prohibits attorneys from collecting fees for services performed in connection with a lawsuit in which the court had imposed sanctions.

FISCAL EFFECT

The net fiscal impact of this measure on state and local government is unknown, but is probably not significant. The fiscal impact would depend largely on how attorneys and courts respond to the discipline and sanction procedures for frivolous legal actions established by the measure. Thus, to the extent that the measure deters some frivolous legal actions, court-related costs could be reduced. On the other hand, the measure could increase the number of court hearings and appeals related to determination of excessive fees and attorney sanctions. To the extent that this results, court-related costs could increase.

For text of Proposition 207 see page 88

207 Attorneys. Fees. Right to Negotiate. Frivolous Lawsuits. Initiative Statute.

Argument in Favor of Proposition 207

KEEP YOUR CONTINGENCY FEE PROTECTION.

Nobody wants to be forced to hire a lawyer. But a contingent fee lawyer can give you a fighting chance against corporations and insurance company lawyers.

Lobbyists for multi-million dollar corporations and insurance companies give money to politicians. They want to change the law so that consumers can't hire a contingency fee attorney.

Yes on Proposition 207 keeps consumers' contingency fee protections in place until the voters—not the politicians—change them.

PROPOSITION 207 PUNISHES BAD LAWYERS.

Proposition 207 was written by responsible consumer attorneys who protect people from stock swindlers, insurance companies and manufacturers of dangerous products. It punishes the bad lawyers without taking away consumers' contingency fee protections.

Yes on Proposition 207 is your chance to punish the lawyers who file frivolous lawsuits.

NO FEES FOR FRIVOLOUS LAWSUITS.

Frivolous lawsuits are no joke. They hurt consumers and retired people who have good cases.

Yes on Proposition 207 takes *all* the fees away from a lawyer when a judge rules that their lawsuit or defense is frivolous.

THREE STRIKES AND THEY'RE OUT.

Just like some criminals who never learn, there are irresponsible lawyers who should be put out of business.

Yes on Proposition 207 punishes irresponsible lawyers who file three frivolous lawsuits—they can lose their license.

GOOD FOR THE GOOSE.

GOOD FOR THE GANDER.

There are irresponsible lawyers on both sides. Often insurance company lawyers file frivolous motions to delay legitimate cases.

Yes on Proposition 207 punishes irresponsible lawyers no matter which side they are on.

STOP FRIVOLOUS LAWSUITS.
KEEP YOUR CONTINGENCY FEE PROTECTION.
VOTE YES ON PROPOSITION 207.

MARY E. ALEXANDER
President, Consumer Attorneys of California

Rebuttal to Argument in Favor of Proposition 207

We must have the ability to hire an attorney when we need one. We can do that now. *We don't need 207.*

The trial lawyers promoting 207 are just trying to protect their outrageous fees. They don't want anyone to jeopardize their sweetheart deals like their bogus lawsuit "on behalf" of cereal consumers:

CONSUMERS GOT COUPONS FOR MORE BOXES OF CEREAL WHILE THEIR LAWYERS GOT $1.75 MILLION IN FEES. (Washington Post, 4/8/96)

The ambulance-chasing trial lawyers behind 207 spend millions of dollars on television and billboard advertising to promote frivolous lawsuits!

207 will mean more frivolous lawsuits, costing consumers millions of dollars a year in higher costs for such things as insurance and health care.

Now the lawyers want us to believe that they're going to "punish" themselves and take away their fees for frivolous lawsuits!

Next, they use the "three strikes" slogan to make us think they are "tough on themselves." But the trial lawyers wrote this "loophole" so it won't work!

If they really wanted to curb frivolous lawsuits, they would do it in the Legislature. Official records document they gave almost $7 million to California politicians between 1990 and 1994. These millions went to protect their big fees.

Even after pumping out millions in contributions, the trial lawyers now want the ultimate fee protection for themselves: Proposition 207. *207 doesn't protect us from greedy lawyers and lawsuit abuse—it just protects THEIR fees.*

207 IS A SMOKE SCREEN. VOTE NO ON 207.

SARAH F. CHEAURE
Executive Director, Citizens Against Lawsuit Abuse (CALA)

MARTYN B. HOPPER
State Director, National Federation of Independent Business/California

JOHN SULLIVAN
President, Association for California Tort Reform

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Attorneys. Fees. Right to Negotiate. Frivolous Lawsuits. Initiative Statute. 207

Argument Against Proposition 207

VOTE NO ON PROPOSITION 207: A TRIAL LAWYER TRICK.

Trial lawyers want you to think 207 limits lawyer fees and stops frivolous lawsuits. This is a SMOKE SCREEN.

PROPOSITION 207 SHOULD BE CALLED THE LAWYERS' FEE-PROTECTION INITIATIVE!

The real purpose of 207 is to *prohibit limits on attorney fees.* A few greedy lawyers want to make sure they can always take whatever amount they can get away with from a settlement or judgment.

Hidden in the actual language of Proposition 207 is their real purpose. THE CALIFORNIA ATTORNEY GENERAL'S OFFICIAL TITLE AND SUMMARY (see second sentence) contains this language:

". . . amount of attorneys' fees . . . shall not be restricted."

THE SAN JOSE MERCURY NEWS ALSO ANALYZED THE MEASURE AND DESCRIBED IT AS:

"A statutory measure sponsored by trial attorneys that would prohibit the state from regulating attorney fees."

— San Jose Mercury News, June 29, 1996

Not only does the bogus language of 207 prevent reasonable limits on what attorneys can take, it could actually make it more difficult to prevent frivolous lawsuits and could even discourage judges from cracking down on frivolous lawsuits.

Trial lawyers gave millions of dollars to their special interest committee to pay for signatures to put Proposition 207 on the ballot. They are contributing more money for a campaign supporting it.

Do you believe trial lawyers are doing this to limit their own fees and prohibit themselves from filing frivolous lawsuits? Of course not.

The lawyers promoting 207 specialize in ambulance-chasing lawsuits. They tried to confuse the public last year by changing their name from "trial lawyers" to "consumer attorneys."

They make one phone call or write one letter and still take a huge fee. *The lawyers end up making thousands of dollars an hour and the victims end up with a fraction of their settlement—meager compensation for their injuries.* Now they want to make sure their fees can never be regulated.

We must be able to hire attorneys when we need them. But fees must be fair. Unless we defeat 207, the Legislature will be *forever prohibited* from protecting people from unfair, one-sided fee agreements written by lawyers. Trial lawyers will be free to write their own ticket from then on.

And, if 207 is enacted, it would require another costly ballot proposition to ever place fair limits on what lawyers can take.

The real intent of the lawyers who wrote 207 is simple: *They want to lock in their ability to take whatever they can get from a client.* The rest of 207 is nothing more than a disguise to hide their real purpose. These other sections offer no truly new protections and could end up costing taxpayers more because they are so complex.

VOTE NO ON PROPOSITION 207: THE "TRIAL LAWYERS' FEE PROTECTION INITIATIVE."

JOHN SULLIVAN
President, Association for California Tort Reform

MARTYN B. HOPPER
State Director, National Federation of Independent Business/California

BILL MORROW
Assemblyman, 73rd District
Chairman, Assembly Judiciary Committee

Rebuttal to Argument Against Proposition 207

The corporate lobbyists and special interests who oppose Proposition 207 are being unfair to California Attorney General Dan Lungren when they selectively quote his OFFICIAL TITLE AND SUMMARY.

They are trying to make it look like he used his official position to say Proposition 207 does nothing about frivolous lawsuits.

That's wrong.

They left out the part of the Attorney General's OFFICIAL TITLE AND SUMMARY that talks about punishing lawyers who file Frivolous Lawsuits:

Proposition 207:

"Authorizes court to impose sanctions upon attorney who files a lawsuit or pleading which is completely without merit or filed solely to harass the opposing party."

Attorney General Lungren's OFFICIAL TITLE AND SUMMARY goes on to say:

Proposition 207:

"Prohibits sanctioned attorney from collecting fees for (Frivolous) case. Requires State Bar to recommend appropriate discipline for attorneys who have repeated sanctions."

Since all of these things are in Attorney General Lungren's OFFICIAL TITLE AND SUMMARY, why are our opponents using such deceptive arguments?

The answer is also in Attorney General Lungren's OFFICIAL TITLE AND SUMMARY:

Proposition 207:

"Provides the right to negotiate amount of attorney's fees, whether fixed, hourly or contingent, shall not be restricted. Prohibits attorney from charging/collecting excessive or unconscionable fees."

Proposition 207 was written by responsible consumer attorneys who protect people from stock swindlers, insurance companies and manufacturers of dangerous products.

Proposition 207 keeps consumers' contingency fee protections until the voters—not the politicians—change them.

Stop Frivolous Lawsuits. Vote "Yes" on Proposition 207.

MARY E. ALEXANDER
President, Consumer Attorneys of California

Campaign Contributions and Spending Limits. Restricts Lobbyists. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

CAMPAIGN CONTRIBUTIONS AND SPENDING LIMITS. RESTRICTS LOBBYISTS. INITIATIVE STATUTE.

- Limits a contributor's campaign contributions per candidate to $100 for districts of less than 100,000, $250 for larger districts, and $500 for statewide elections. Committees of small contributors can contribute twice the limit. Contribution limits approximately double for candidates who agree to limit spending. Limits total contributions from political parties, businesses, unions and others. Prohibits transfers between candidates.
- Limits fundraising to specified time before election.
- Prohibits lobbyists from making and arranging contributions to those they influence.
- Requires disclosure of top contributors on ballot measure advertising.
- Increases penalties under Political Reform Act.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Adoption of this measure would result in costs to state and local governments for implementation and enforcement of new campaign finance limitations in the range of up to $4 million annually.
- The measure would result in unknown, but probably not significant, additional state and local election costs.

Analysis by the Legislative Analyst

BACKGROUND

Campaign Contribution and Spending Limits. Federal law limits the amount of money individuals and groups can contribute to a candidate and to the candidate's campaign committee for federal elective office. State law generally does not impose similar limits on state and local campaigns. However, some local governments in California have established such limits for local elective offices.

In addition, current state law contains no limits on the amounts of personal loans or personal funds candidates can use for their own elections. Also, there are no aggregate limits on what individuals and groups can contribute to all candidates for state and local elective offices. Furthermore, there are no prohibitions on lobbyists making, transmitting, or arranging campaign contributions. Finally, there are no limits on the amounts of money candidates, their campaign committees, or other groups in support of the candidate, can spend in any election.

Reporting Requirements. Both state and federal law require candidates for elective office to report contributions they receive and spend for their campaigns. In addition, state law requires that lobbyists register with the Secretary of State's office.

Court Review. The specific provisions of this measure have not been reviewed by either state or federal courts. In California and other states, a few provisions similar to those contained in this measure have been challenged in court and have been invalidated.

PROPOSAL

This measure makes a number of changes to current state law regarding campaign contributions and spending. Specifically, the measure:

- Limits the amount of campaign contributions that an individual or group can make to a candidate for state and local elective office and prohibits lobbyists from making contributions.
- Establishes voluntary campaign spending limits.
- Limits when campaign fund-raising may occur.
- Establishes penalties for violations of the measure and increases penalties for existing campaign law violations.

Limits on Campaign Contributions

Limits on Contributions to a Single Candidate. The measure establishes limits on the amount of political campaign contributions that an individual, group (including a business, labor organization, or political action committee), or political party may make to a candidate for statewide office (such as the Governor), the state Legislature, and local elective office. Figure 1 summarizes these limits. As discussed later, these contribution limits approximately double if a candidate agrees to specified campaign spending limits. This measure prohibits the transfer of campaign funds from one candidate to another. This measure does not set limits for any candidates for federal office.

Limits on Contributions to All Candidates. The measure restricts the total amount an individual, business, labor organization, or political action committee, can contribute to all candidates to no more than $25,000 in any two-year period. Contributions from political parties are limited to no more than 25 percent of the voluntary spending limit for the office.

Other Limits. The measure limits the total amount of loans a candidate may make to his or her campaign. These limits are $50,000 for candidates for Governor and $20,000 for all other candidates. Officeholders and candidates are prohibited from soliciting or receiving contributions from, or arranged by, lobbyists.

Figure 1

Proposition 208
Campaign Contribution Limits [a]

Contributor	Candidate for: Legislative and Local Elective Office [b]	Statewide Office
Individual	$250	$500
Business, labor organization, and political action committee	$250	$500
Political party	No more than 25 percent of voluntary spending limits for each office.	No more than 25 percent of voluntary spending limits for each office.
"Small Contributor Committee" [c]	$500	$1,000
Lobbyist	Prohibited	Prohibited
Transfer from other candidate	Prohibited	Prohibited

[a] Assumes candidate does not accept campaign spending limits. If spending limits are accepted, then contribution limits approximately double, except for contributions from political parties.

[b] These limits are for districts with 100,000 or more residents. Districts with fewer than 100,000 residents have lower contribution limits.

[c] Defined by the measure as a committee with 100 or more members, none of whom contribute more than $50 to the committee in a calendar year, and is not controlled by any candidate.

Voluntary Campaign Spending Limits

The measure establishes voluntary campaign spending limits for state offices, as shown in Figure 2. Local governments would be allowed to set spending limits, but the limits cannot be any more than $1 per resident.

The measure requires that before accepting campaign contributions, a candidate must file a statement declaring whether he or she agrees to accept spending limits.

Higher Contribution Limits and Access to Ballot Pamphlets. Candidates who accept the voluntary spending limits are allowed to receive double the contribution limits shown in Figure 1. For example, a candidate for the state Legislature who agrees to accept the voluntary spending limits could receive a campaign contribution of $500 from an individual, while a candidate who does not accept the voluntary spending limits would be limited to a contribution of $250. Contribution limits from political parties, however, would not change.

In addition to being allowed to receive higher contribution amounts, candidates who accept the voluntary spending limits would be so identified on the ballot and in ballot pamphlets. These candidates also would be entitled to place a statement free-of-charge in the applicable state or local ballot pamphlet. Candidates who do not accept the spending limits may also place a statement in the ballot pamphlet, but would have to pay the costs of printing, handling, and mailing the statement.

Figure 2

Proposition 208
Voluntary Campaign Spending Limits

	Primary Election Limit	General Election Limit
State Assembly	$ 150,000	$ 200,000
State Senate	300,000	400,000
Statewide office (other than Governor)[a]	1,500,000	2,000,000
Governor	6,000,000	8,000,000

[a] Such as Lieutenant Governor, Attorney General, and State Treasurer.

Restrictions on When Contributions May Be Accepted

This measure places restrictions on when campaign contributions may be accepted. For any elective office that serves fewer than one million residents, no candidate or campaign committee may accept contributions more than six months before any primary, or special primary election. For larger districts and statewide offices, candidates and their committees are prohibited from accepting contributions more than 12 months prior to any primary or special primary election. Fund-raising for all candidates must end 90 days after the date of the election or the date of their withdrawal from the election.

Other Provisions

Penalties and Enforcement. This measure increases penalties for violations of campaign law. Enforcement of the measure's provisions can either be through governmental agencies, such as the state Fair Political Practices Commission (FPPC), a county district attorney, or a city attorney. In addition, any person who resides in the candidate's jurisdiction would be allowed to sue a candidate who violates the reporting provisions of the measure.

Disclosure of Major Donors. The measure requires that campaign advertisements for or against ballot measures disclose the name of donors making contributions above specified levels.

FISCAL EFFECT

This measure would result in additional costs to the state and local governments. Based on information provided by the FPPC and the Secretary of State, we estimate that the costs for implementation and enforcement would be up to $4 million annually. The measure includes an annual General Fund appropriation of $500,000 to the FPPC to partially offset these costs.

In addition, the measure would result in additional state and local election costs to provide additional information on candidates in voter pamphlets. These costs are unknown, but are probably not significant.

For text of Proposition 208 see page 89

208 Campaign Contributions and Spending Limits. Restricts Lobbyists. Initiative Statute.

Argument in Favor of Proposition 208

Had enough of SPECIAL INTERESTS and their high-priced LOBBYISTS BUYING POLITICAL INFLUENCE with CAMPAIGN CONTRIBUTIONS?

California is one of the few states in the country with ABSOLUTELY NO LIMITS on what special interests can contribute to political candidates in regular state elections!

During the last election season, candidates for state office received a staggering $196 million in campaign contributions! The top ten special interest contributors alone gave $9 million.

One candidate for the Legislature received $125,000 from a tobacco company one week before the election. He won by a mere 597 votes. *Big money made the difference.*

WHEN BIG-MONEYED SPECIAL INTERESTS *WIN,* THE PEOPLE *LOSE:*

- as consumers, we pay more for goods and services;
- our public health and safety are sacrificed;
- we end up paying for the special interest tax loopholes campaign contributions buy.

Enough is enough. It's time to end the domination of the political process by big money.

IT'S TIME TO TAKE BACK OUR GOVERNMENT. That's what Proposition 208 will do.

Prop. 208 is a carefully written, comprehensive package designed to fix the political process. It is a practical, workable solution to rampant special interest influence.

Prop. 208 reforms apply to all levels of government, from City Hall to the Governor's office. Here's what it does:

- STOPS lobbyists making or arranging campaign contributions,
- LIMITS campaign contributions,
- SLASHES campaign spending,
- BANS non-election year fundraising,
- BANS campaign cash transfers between politicians,
- REQUIRES full disclosure of those who pay for initiative ads,
- INCREASES penalties for violating campaign laws.

PROPOSITION 208 WILL GIVE CALIFORNIA THE *TOUGHEST* CAMPAIGN FINANCE LAW IN THE NATION!

We need reform NOW!

That's exactly what Prop. 208 will deliver. It was carefully written to meet the Constitutional test so that the courts will enforce it when it passes.

Your YES vote on Prop. 208 will help CLEAN UP POLITICS and insure that our elected officials serve the public's interest rather than the special interests.

Prop. 208 is sponsored by:

- League of Women Voters of California
- American Association of Retired Persons (AARP)—California
- Common Cause
- United We Stand America

These citizen groups put Prop. 208 on the ballot and urge you to vote YES.

Prop. 208 will make politicians accountable to the *people* rather than to *big campaign contributors.*

That's why it's supported by groups across the political spectrum, forming the broadest coalition ever assembled to clean up government. Endorsers include:

- American Lung Association of California
- Congress of California Seniors
- Consumers for Auto Reliability & Safety
- Howard Jarvis Taxpayers Association
- Planning & Conservation League
- National Council of Jewish Women
- Seniors for Action
- United Anglers

PROPOSITION 208 IS THE *ONLY GENUINE* CAMPAIGN REFORM MEASURE ON THE BALLOT.

Please join with the League of Women Voters, American Association of Retired Persons (AARP)—California, Common Cause, United We Stand America, and all of us who want real political reform.

LET'S MAKE THE POLITICIANS RESPONSIVE TO *US,* NOT BIG CAMPAIGN CONTRIBUTORS.

Please Vote Yes on Proposition 208.

TONY MILLER
Executive Director, Californians for Political Reform, A Committee Sponsored by League of Women Voters of California, American Association of Retired Persons—California (AARP), Common Cause and United We Stand America

FRAN PACKARD
President, League of Women Voters of California

JEAN CARPENTER
Co-Chair, Political Reform Task Force of the American Association of Retired Persons—California (AARP)

Rebuttal to Argument in Favor of Proposition 208

The statement for 208 doesn't provide many specifics on what it will do. That's because it doesn't really do much.

We don't need cosmetic improvements. We need a complete overhaul of the current system where special interests can control what's going on via big money and campaign contributions.

Before you vote, please carefully read Props. 208 and 212, and the nonpartisan summaries in this booklet. Proposition 208 doesn't deliver real, tough reform of politics. Only 212 cracks down hard on special interests and self-interested politicians.

Compare the facts:

208 IS SOFT ON SPECIAL INTERESTS

208 permits politicians to take $500 and $1,000 contributions from PACs and wealthy individuals. Proposition 212 sets limits five times tougher—$100 and $200.

208 permits politicians to take any and all their money from outside their own district. Proposition 212 sets a tough limit—25% maximum.

208 permits corporation and union contributions. Proposition 212 bans them.

A 208 loophole permits political parties to funnel hundreds of thousands of dollars to a candidate.

208 IS SOFT ON LOBBYISTS

208 permits corporations to take tax deductions for lobbying. 212 bans this tax break.

208 IS SOFT ON CAMPAIGN SPENDING

208's limits are only *voluntary.*

208 COSTS TAXPAYERS MONEY

According to the official Fiscal Analysis in this Ballot Pamphlet, 208 costs $4 million annually. Proposition 212 saves $2 million.

YES ON 212, NOT 208

208's well-intentioned but weak approach—small reforms, voluntary compliance, too many loopholes—won't work.

Please Vote Yes on 212: Tough, mandatory, no loopholes.

ED MASCHKE
Executive Director, CALPIRG, California Public Interest Research Group

YVONNE VASQUEZ
Association of Community Organizations for Reform Now, Board Member

FERNANDO IGREJAS
Californians Against Political Corruption, Outreach Director

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Campaign Contributions and Spending Limits. Restricts Lobbyists. Initiative Statute. 208

Argument Against Proposition 208

Don't Waste Your Vote on 208. Vote Yes on Proposition 212.

208 is a well-intentioned but compromised proposal for reforming California's corrupted politics.

Its sponsors have sought for 25 years to reform campaign financing in California, yet we still have no limits. Unfortunately, intimidated by a few judges, they have now chosen to retreat from the big problems and offer small solutions.

The result? Provisions that do little more than:

- replicate ineffectual federal campaign finance laws which have left Congress awash in special interest money;
- expand the set of people dominating California politics from the super rich to the simply rich, continuing to leave out average citizens;
- grant extraordinary power to political parties funded by large corporate contributions.

Fortunately, there is an alternative, tough measure on the ballot—Prop. 212.

208 FAILS TO REALLY LIMIT CAMPAIGN CONTRIBUTIONS

208 sets no limits on out-of-district contributions, now 80% of the campaign money flowing to California legislators. Prop. 212 limits outsiders' money to no more than 25% of a candidate's total funds.

208 allows state legislators to accept $500, and candidates for Governor $1,000, from wealthy contributors. Prop. 212 limits contributions to $100 for state legislators and $200 for statewide races.

208 fails to ban corporate and union contributions, which even the notoriously weak federal campaign laws ban. 208 allows them to give $500, $1,000, and $5,000 contributions. Prop. 212 bans their money completely, as does federal law.

208 PROPOSES SPENDING LIMITS WHICH ARE MERELY VOLUNTARY, AND TOO HIGH

208 sets *voluntary* spending limits of $14,000,000 for Governor, $700,000 for State Senate, and $350,000 for Assembly races. These amounts double or triple under various circumstances. It's a stretch to call these *limits*. If 208 had been in effect in 1994, only 6 of 200 legislative candidates would have raised that much money!

208 HAS A MASSIVE LOOPHOLE

208 allows the Democratic, Republican, and other parties to accept contributions of $5,000 from corporations, unions, PACs, and rich individuals. In turn, the parties can contribute up to $1,050,000 to Assembly candidates, $2,100,000 to Senate candidates, and $28,000,000 to candidates for Governor. This allows special interests to get around contribution limits entirely, defeating the whole purpose of campaign reform.

Prop. 212 limits contributions from parties to candidates to $100 ($200 for Governor and other statewide offices).

208 LEGISLATES AN ADVANTAGE FOR MONEYED INTERESTS

208 actually takes one giant step backwards. It encourages candidates to accept voluntary spending limits by offering a bizarre incentive: allowing candidates to double the size of checks they can accept from wealthy corporations and individuals.

This gives an unfair advantage to candidates able to attract $1,000 contributions from Sacramento insiders and special interests seeking influence. It punishes grassroots candidates trying to raise money from friends, co-workers, and neighbors. How many of your friends and neighbors give $1,000 to a candidate? Real reform should level the playing field. 208 doesn't.

Good intentions aren't good enough. We need tough reform.

DON'T WASTE YOUR VOTE ON 208. VOTE YES FOR PROPOSITION 212.

AMY SCHUR
California Director, Association of Community Organizations for Reform Now

DR. CAROL EDWARDS
Reverend

RICHARD SOLOMON
Professor of Law and Legal Ethics

Rebuttal to Argument Against Proposition 208

"The American Lung Association urges a YES vote on PROPOSITION 208. Prop. 208 is the ONLY measure on the ballot that will stop the flood of tobacco money pouring into the campaign warchests of our elected officials."

—American Lung Association

- *PRACTICAL, EFFECTIVE, ENFORCEABLE*

Prop. 208 provides a comprehensive solution to corrupting special-interest influence in California. Sponsored by the League of Women Voters, AARP, Common Cause and UWSA, it was carefully written so that it will be *UPHELD* by the Courts and give California the nation's best campaign reform law.

- *SOLUTIONS, NOT RHETORIC*

Opponents of Prop. 208 prefer meaningless unconstitutional gestures that will never go into effect. Voters are fed up with just "sending a message." We want *REAL SOLUTIONS* that actually get the job done, not empty political rhetoric.

- *EVEN-HANDED REFORM*

Prop. 208 is an even-handed reform package which favors no interest groups. Under Prop. 208, contributions to candidates from corporations, banks and unions, would be strictly limited to the same levels as individual contributors.

- *GETTING BIG MONEY OUT*

Without restrictions, special interests run rampant, contributing as much as $1 million to a single candidate in a single race! Prop. 208 will cut the top ten's special-interest contributions by over 90%.

- *PUBLIC ACCOUNTABILITY*

Proposition 208's sole purpose is to make politicians accountable to the voters, not big campaign contributors.

Please vote *YES ON PROPOSITION 208,* the *ONLY* measure that will bring genuine campaign reform and get big money out of politics.

FRAN PACKARD
President, League of Women Voters of California

ROBERT HOLUB
Co-Chair, Political Reform Task Force of the American Association of Retired Persons—California (AARP)

RUTH HOLTON
Executive Director, California Common Cause

Prohibition Against Discrimination or Preferential Treatment by State and Other Public Entities. Initiative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

PROHIBITION AGAINST DISCRIMINATION OR PREFERENTIAL TREATMENT BY STATE AND OTHER PUBLIC ENTITIES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Prohibits the state, local governments, districts, public universities, colleges, and schools, and other government instrumentalities from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting on the basis of race, sex, color, ethnicity, or national origin.
- Does not prohibit reasonably necessary, bona fide qualifications based on sex and actions necessary for receipt of federal funds.
- Mandates enforcement to extent permitted by federal law.
- Requires uniform remedies for violations. Provides for severability of provisions if invalid.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The measure could affect state and local programs that currently cost well in excess of $125 million annually.
- Actual savings to the state and local governments would depend on various factors (such as future court decisions and implementation actions by government entities).

Analysis by the Legislative Analyst

BACKGROUND

The federal, state, and local governments run many programs intended to increase opportunities for various groups—including women and racial and ethnic minority groups. These programs are commonly called "affirmative action" programs. For example, state law identifies specific goals for the participation of women-owned and minority-owned companies on work involved with state contracts. State departments are expected, but not required, to meet these goals, which include that at least 15 percent of the value of contract work should be done by minority-owned companies and at least 5 percent should be done by women-owned companies. The law requires departments, however, to reject bids from companies that have not made sufficient "good faith efforts" to meet these goals.

Other examples of affirmative action programs include:

- Public college and university programs such as scholarship, tutoring, and outreach that are targeted toward minority or women students.
- Goals and timetables to encourage the hiring of members of "underrepresented" groups for state government jobs.
- State and local programs required by the federal government as a condition of receiving federal funds (such as requirements for minority-owned business participation in state highway construction projects funded in part with federal money).

PROPOSAL

This measure would eliminate state and local government affirmative action programs in the areas of public employment, public education, and public contracting to the extent these programs involve "preferential treatment" based on race, sex, color, ethnicity, or national origin. The specific programs affected by the measure, however, would depend on such factors as (1) court rulings on what types of activities are considered "preferential treatment" and (2) whether federal law requires the continuation of certain programs.

The measure provides exceptions to the ban on preferential treatment when necessary for any of the following reasons:

- To keep the state or local governments eligible to receive money from the federal government.
- To comply with a court order in force as of the effective date of this measure (the day after the election).
- To comply with federal law or the United States Constitution.
- To meet privacy and other considerations based on sex that are reasonably necessary to the normal operation of public employment, public education, or public contracting.

FISCAL EFFECT

If this measure is approved by the voters, it could affect a variety of state and local programs. These are discussed in more detail below.

Public Employment and Contracting

The measure would eliminate affirmative action programs used to increase hiring and promotion opportunities for state or local government jobs, where sex, race, or ethnicity are preferential factors in hiring, promotion, training, or recruitment decisions. In addition, the measure would eliminate programs that give preference to women-owned or minority-owned companies on public contracts. Contracts affected by the measure would include contracts for construction projects, purchases of computer equipment, and the hiring of consultants. These prohibitions would not apply to those government agencies that receive money under federal programs that require such affirmative action.

The elimination of these programs would result in savings to the state and local governments. These savings would occur for two reasons. First, government agencies no longer would incur costs to administer the programs. Second, the prices paid on some government contracts would decrease. This would happen because bidders on contracts no longer would need to show "good faith efforts" to use minority-owned or women-owned subcontractors. Thus, state and local governments would save money to the extent they otherwise would have rejected a low bidder—because the bidder did not make a "good faith effort"—and awarded the contract to a higher bidder.

Based on available information, we estimate that the measure would result in savings in employment and contracting programs that could total tens of millions of dollars each year.

Public Schools and Community Colleges

The measure also could affect funding for public schools (kindergarten through grade 12) and community college programs. For instance, the measure could eliminate, or cause fundamental changes to, *voluntary* desegregation programs run by school districts. (It would not, however, affect *court-ordered* desegregation programs.) Examples of desegregation spending that could be affected by the measure include the special funding given to (1) "magnet" schools (in those cases where race or ethnicity are preferential factors in the admission of students to the schools) and (2) designated "racially isolated minority schools" that are located in areas with high proportions of racial or ethnic minorities. We estimate that up to $60 million of state and local funds spent each year on voluntary desegregation programs may be affected by the measure.

In addition, the measure would affect a variety of public school and community college programs such as counseling, tutoring, outreach, student financial aid, and financial aid to selected school districts in those cases where the programs provide preferences to individuals or schools based on race, sex, ethnicity, or national origin. Funds spent on these programs total at least $15 million each year.

Thus, the measure could affect up to $75 million in state spending in public schools and community colleges.

The State Constitution requires the state to spend a certain amount each year on public schools and community colleges. As a result, under most situations, the Constitution would require that funds that cannot be spent on programs because of this measure instead would have to be spent for *other* public school and community college programs.

University of California and California State University

The measure would affect admissions and other programs at the state's public universities. For example, the California State University (CSU) uses race and ethnicity as factors in some of its admissions decisions. If this initiative is passed by the voters, it could no longer do so. In 1995, the Regents of the University of California (UC) changed the UC's admissions policies, effective for the 1997–98 academic year, to eliminate all consideration of race or ethnicity. Passage of this initiative by the voters might require the UC to implement its new admissions policies somewhat sooner.

Both university systems also run a variety of assistance programs for students, faculty, and staff that are targeted to individuals based on sex, race, or ethnicity. These include programs such as outreach, counseling, tutoring, and financial aid. The two systems spend over $50 million each year on programs that probably would be affected by passage of this measure.

Summary

As described above, this measure could affect state and local programs that currently cost well in excess of $125 million annually. The actual amount of this spending that might be saved as a result of this measure could be considerably less, for various reasons:

- The amount of spending affected by this measure could be less depending on (1) court rulings on what types of activities are considered "preferential treatment" and (2) whether federal law requires continuation of certain programs.
- In most cases, any funds that could not be spent for existing programs in public schools and community colleges would have to be spent on other programs in the schools and colleges.
- In addition, the amount affected as a result of *this* measure would be less if any existing affirmative action programs were declared unconstitutional under the United States Constitution. For example, five state affirmative action programs are currently the subject of a lawsuit. If any of these programs are found to be unlawful, then the state could no longer spend money on them—regardless of whether this measure is in effect.
- Finally, some programs we have identified as being affected might be changed to use factors other than those prohibited by the measure. For example, a high school outreach program operated by the UC or the CSU that currently uses a factor such as ethnicity to target spending could be changed to target instead high schools with low percentages of UC or CSU applications.

For the text of Proposition 209 see page 94

209 Prohibition Against Discrimination or Preferential Treatment by State and Other Public Entities. Initiative Constitutional Amendment.

Argument in Favor of Proposition 209

THE RIGHT THING TO DO!

A generation ago, we did it right. We passed civil rights laws to prohibit discrimination. But special interests hijacked the civil rights movement. Instead of equality, governments imposed quotas, preferences, and set-asides.

Proposition 209 is called the California Civil Rights Initiative because it restates the historic Civil Rights Act and proclaims simply and clearly: "The state shall not discriminate against, or grant preferential treatment to, any individual or group, on the basis of race, sex, color, ethnicity or national origin in the operation of public employment, public education, or public contracting."

"REVERSE DISCRIMINATION" BASED ON RACE OR GENDER IS PLAIN WRONG!

And two wrongs don't make a right! Today, students are being rejected from public universities because of their RACE. Job applicants are turned away because their RACE does not meet some "goal" or "timetable." Contracts are awarded to high bidders because they are of the preferred RACE.

That's just plain wrong and unjust. Government should not discriminate. It must not give a job, a university admission, or a contract based on race or sex. Government must judge all people equally, without discrimination!

And, remember, Proposition 209 keeps in place all federal and state protections against discrimination!

BRING US TOGETHER!

Government cannot work against discrimination if government itself discriminates. Proposition 209 will stop the terrible programs which are dividing our people and tearing us apart. People naturally feel resentment when the less qualified are preferred. We are all Americans. It's time to bring us together under a single standard of equal treatment under the law.

STOP THE GIVEAWAYS!

Discrimination is costly in other ways. Government agencies throughout California spend millions of your tax dollars for costly bureaucracies to administer racial and gender discrimination that masquerade as "affirmative action." They waste much more of your money awarding high-bid contracts and sweetheart deals based not on the low bid, but on unfair set-asides and preferences. This money could be used for police and fire protection, better education and other programs—for everyone.

THE BETTER CHOICE: HELP ONLY THOSE WHO NEED HELP!

We are individuals! Not every white person is advantaged. And not every "minority" is disadvantaged. Real "affirmative action" originally meant no discrimination and sought to provide opportunity. That's why Proposition 209 prohibits discrimination and preferences and allows any program that does not discriminate, or prefer, because of race or sex, to continue.

The only honest and effective way to address inequality of opportunity is by making sure that *all* California children are provided with the tools to compete in our society. And then let them succeed on a fair, color-blind, race-blind, gender-blind basis.

Let's not perpetuate the myth that "minorities" and women cannot compete without special preferences. Let's instead move forward by returning to the fundamentals of our democracy: individual achievement, equal opportunity and *zero tolerance for discrimination against—or for—any individual.*

Vote for FAIRNESS . . . not favoritism!

Reject preferences by voting YES on Proposition 209.

PETE WILSON
Governor, State of California

WARD CONNERLY
Chairman, California Civil Rights Initiative

PAMELA A. LEWIS
Co-Chair, California Civil Rights Initiative

Rebuttal to Argument in Favor of Proposition 209

THE WRONG THING TO DO!

A generation ago, Rosa Parks launched the Civil Rights movement, which opened the door to equal opportunity for women and minorities in this country. Parks is against this deceptive initiative. Proposition 209 highjacks civil rights language and uses legal lingo to gut protections against discrimination.

Proposition 209 says it eliminates quotas, but in fact, the U.S. Supreme Court already decided—twice—that they are illegal. Proposition 209's real purpose is to eliminate affirmative action equal opportunity programs for qualified women and minorities including tutoring, outreach, and mentoring.

PROPOSITION 209 PERMITS DISCRIMINATION AGAINST WOMEN.

209 changes the California Constitution to permit state and local governments to discriminate against women, excluding them from job categories.

STOP THE POLITICS OF DIVISION

Newt Gingrich, Pete Wilson, and Pat Buchanan support 209. Why? They are playing the politics of division for their own political gain. We should not allow their ambitions to sacrifice equal opportunity for political opportunism.

209 MEANS OPPORTUNITY BASED SOLELY ON FAVORITISM.

Ward Connerly has already used his influence to get children of his rich and powerful friends into the University of California. 209 reinforces the "who you know" system that favors cronies of the powerful.

"There are those who say, we can stop now, America is a color-blind society. But it isn't yet, there are those who say we have a level playing field, but we don't yet." Retired General Colin Powell [5/25/96].

VOTE NO ON 209!!!

PREMA MATHAI-DAVIS
National Executive Director, YWCA of the U.S.A.

KAREN MANELIS
President, California American Association of University Women

WADE HENDERSON
Executive Director, Leadership Conference on Civil Rights

Argument Against Proposition 209

VOTE NO ON PROPOSITION 209

HARMS EQUAL OPPORTUNITY FOR WOMEN AND MINORITIES

California law currently allows tutoring, mentoring, outreach, recruitment, and counseling to help ensure equal opportunity for women and minorities. Proposition 209 will eliminate affirmative action programs like these that help achieve equal opportunity for women and minorities in public employment, education and contracting. Instead of reforming affirmative action to make it fair for everyone, Proposition 209 makes the current problems worse.

PROPOSITION 209 GOES TOO FAR

The initiative's language is so broad and misleading that it eliminates equal opportunity programs including:

- tutoring and mentoring for minority and women students;
- affirmative action that encourages the hiring and promotion of qualified women and minorities;
- outreach and recruitment programs to encourage applicants for government jobs and contracts; and
- programs designed to encourage girls to study and pursue careers in math and science.

The independent, non-partisan California Legislative Analyst gave the following report on the effects of Proposition 209:

"[T]he measure would eliminate a variety of public school (kindergarten through grade 12) and community college programs such as counseling, tutoring, student financial aid, and financial aid to selected school districts, where these programs are targeted based on race, sex, ethnicity or national origin." [*Opinion Letter to the Attorney General,* 10/15/95].

PROPOSITION 209 CREATES A LOOPHOLE THAT ALLOWS DISCRIMINATION AGAINST WOMEN

Currently, California women have one of the strongest state constitutional protections against sex discrimination in the country. Now it is difficult for state and local government to discriminate against women in public employment, education, and the awarding of state contracts because of their gender. Proposition 209's loophole will undo this vital state constitutional protection.

PROPOSITION 209 LOOPHOLE PERMITS STATE GOVERNMENT TO DENY WOMEN OPPORTUNITIES IN PUBLIC EMPLOYMENT, EDUCATION, AND CONTRACTING, SOLELY BASED ON THEIR GENDER.

PROPOSITION 209 CREATES MORE DIVISION IN OUR COMMUNITIES

It is time to put an end to politicians trying to divide our communities for their own political gain. "The initiative is a misguided effort that takes California down the road of division. Whether intentional or not, it pits communities against communities and individuals against each other."

— Reverend Kathy Cooper-Ledesma
President, California Council of Churches.

GENERAL COLIN POWELL'S POSITION ON PROPOSITION 209:

"Efforts such as the California Civil Rights Initiative which poses as an equal opportunities initiative, but which puts at risk every outreach program, sets back the gains made by women and puts the brakes on expanding opportunities for people in need."

— Retired General Colin Powell, 5/25/96.

GENERAL COLIN POWELL IS RIGHT.

VOTE "NO" ON PROPOSITION 209—
EQUAL OPPORTUNITY MATTERS

FRAN PACKARD
President, League of Women Voters of California

ROSA PARKS
Civil Rights Leader

MAXINE BLACKWELL
Vice President, Congress of California Seniors, Affiliate of the National Council of Senior Citizens

Rebuttal to Argument Against Proposition 209

Don't let them change the subject. Proposition 209 bans discrimination and preferential treatment—period. Affirmative action programs that don't discriminate or grant preferential treatment will be UNCHANGED. Programs designed to ensure that all persons—regardless of race or gender—are informed of opportunities and treated with equal dignity and respect will continue as before.

Note that Proposition 209 doesn't prohibit consideration of economic disadvantage. Under the existing racial-preference system, a wealthy doctor's son may receive a preference for college admission over a dishwasher's daughter simply because he's from an "underrepresented" race. THAT'S UNJUST. The state must remain free to help the economically disadvantaged, but not on the basis of race or sex.

Opponents mislead when they claim that Proposition 209 will legalize sex discrimination. Distinguished legal scholars, liberals and conservatives, have rejected that argument as ERRONEOUS. Proposition 209 adds NEW PROTECTION against sex discrimination on top of existing ones, which remain in full force and effect. It does NOTHING to any existing constitutional provisions.

Clause c is in the text for good reason. It uses the legally-tested language of the original 1964 Civil Rights Act in allowing sex to be considered only if it's a "bona fide" qualification. Without that narrow exception, Proposition 209 would require unisex bathrooms and the hiring of prison guards who strip-search inmates without regard to sex. Anyone opposed to Proposition 209 is opposed to the 1964 Civil Rights Act.

Join the millions of voters who support Proposition 209. Vote YES.

DANIEL E. LUNGREN
Attorney General, State of California

QUENTIN L. KOPP
State Senator

GAIL L. HERIOT
Professor of Law

Minimum Wage Increase. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

MINIMUM WAGE INCREASE. INITIATIVE STATUTE.

- Increases the state minimum wage for all industries to $5.00 per hour on March 1, 1997, and then to $5.75 per hour on March 1, 1998.
- Requires the California Industrial Welfare Commission to adopt minimum wage orders consistent with this section, which orders shall be final and conclusive for all purposes.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The fiscal effect of this measure would depend on whether the federal minimum wage increase passed by Congress in August is signed into law. Because California's minimum wage must be at least as high as the federal rate, an increase in the federal rate would reduce the incremental fiscal effects of this measure.
- Unknown net impact on state and local government revenues, primarily depending on the measure's effect on the level of employment, income, and taxable sales in California.
- Annual state and local government wage-related costs of approximately $300 million (about $120 million if the federal minimum wage increase is enacted).
- Net annual savings in state health and welfare programs, potentially in the low tens of millions of dollars ($10 million to $15 million if the federal minimum wage is enacted).

Analysis by the Legislative Analyst

PROPOSAL

This measure would increase the minimum hourly wage paid by employers to employees working in all industries in California to $5.00 per hour beginning March 1, 1997, and to $5.75 per hour beginning March 1, 1998.

At the time this analysis was prepared (early August), California's minimum wage was equal to the federal rate of $4.25 per hour. However, the U.S. Congress had just passed legislation which would raise the federal minimum wage in two steps—to $4.75 per hour this year and to $5.15 per hour next year. If the President signs this minimum wage increase into law, California's minimum wage would automatically rise to the new federal rate. In this event, the net effect of this initiative when fully implemented in March 1998 would be to increase California's minimum wage from the new federal standard of $5.15 per hour up to $5.75 per hour.

BACKGROUND

Both state and federal law require that employers pay their workers a minimum hourly wage. Minimum wage standards were first enacted in California in 1916 and at the federal level in 1938 for the stated purpose of providing an adequate living standard. At present, state and federal laws are similar in terms of their scope and coverage. Where there are differences, employers usually must conform to the law providing the higher wage and broader coverage.

As of mid-1996, California and 38 other states had a minimum wage equal to the federal minimum wage of $4.25 per hour. Eleven states had rates higher than the federal level, ranging from $4.27 to $5.25 per hour.

When this analysis was prepared, both the U.S. Senate and House of Representatives had passed legislation which would raise the federal minimum wage in two steps—to $4.75 per hour this year and to $5.15 per hour next year. If the U.S. Congress reaches final agreement and this minimum wage increase is signed into law, California's minimum wage would automatically rise to the new federal rate. In this event, the net effect of *this* initiative when fully implemented in March 1998 would be to increase California's minimum wage from the new federal standard of $5.15 per hour up to $5.75 per hour.

Who Is Covered by the Minimum Wage? The categories of workers in California covered by the minimum wage have increased over the years so that most employees are now subject to the law. Some exceptions are actors and actresses, personal attendants (such as baby-sitters), and employers' family members. Our analysis assumes that the proposal would have no impact on who is covered by the minimum wage in California. However, depending on how the initiative is implemented, more or fewer employees could be covered by the measure than under existing law.

Characteristics of Minimum Wage Workers. Approximately 2 million of California's nearly 13 million workers earn less than $5.75 per hour. Most of these workers would be directly affected by this measure. Roughly one-fourth of those earning less than the proposed $5.75 minimum wage are teenagers, while the remaining three-fourths are adults age 20 and over. Industries employing significant numbers of these workers include retail stores, child care facilities, restaurants, fast food franchises, clothing manufacturers, and nursing facilities.

Past Changes in California's Minimum Wage. The minimum wage in California has increased nine times in the past 30 years—rising from $1.30 per hour in the mid-1960s to $4.25 per hour as of July 1996. The increases have been less than the rate of inflation during this period.

How the Minimum Wage Can Be Changed. California's minimum wage increases have usually occurred in one of two ways. The first is a change in the federal minimum wage, which as discussed above, results in an increase in California's minimum wage to the new higher federal level. The second is a state administrative process. Under this process, the California Industrial Welfare Commission can, by a majority vote of its members, issue "wage orders" to raise the state minimum wage for workers in any occupation, trade, or industry. The commission considers information from business, labor, and the public through a series of hearings. This process was last used by the commission in 1988, when it increased the minimum wage from $3.35 per hour to $4.25 per hour. This measure would require the Industrial Welfare Commission to issue minimum wage orders consistent with the proposed minimum wage increase.

FISCAL IMPACTS

Effects on the Economy

Much of the fiscal impact of this measure would be related to its various effects on the economy, including changes in employment, prices, and profits. For example:

- Most employees earning less than the proposed minimum wage would earn more. They would also spend more on goods and services, thereby generating certain increases in economic activity.
- At the same time, however, employers would face higher wage costs, which they would either absorb in the form of lower profits or attempt to offset through a variety of means. For instance, they may attempt to shift or "pass along" the costs of the higher wages to consumers by raising prices of the goods and services they sell. Alternatively, some employers may offset the costs of the increase in wages by automating, hiring fewer workers (or reducing workers' hours), or limiting fringe benefits. Some businesses that are not able to shift the effects of the higher minimum wage may reduce economic activity in California. This would most likely occur in industries that have a large share of expenses for low-wage workers or that are subject to competition from other states and other countries.

In our view, an increase in the minimum wage would result in some decline in employment and business activity in California relative to what would otherwise have occurred. (If the federal minimum wage is increased, the economic effects attributable to this initiative would be less.)

Effects on State and Local Revenues

The measure would have varying impacts on state and local revenues. For instance, a reduction in business activity, employment, and income in California would result in lower income tax revenues. These declines could be offset, however, by increased spending on goods subject to the sales tax. Higher sales taxes would occur if businesses raised prices of taxed goods in response to the increase in the minimum wage, and this increase is not offset by reduced quantities of goods sold. Sales taxes could also increase if those receiving the higher minimum wage spent a relatively high portion of their new earnings on goods subject to the sales tax.

The net impact on state and local revenues is unknown.

Effects on State and Local Costs

The effects of this measure on state and local costs would depend on whether the federal minimum wage increase is enacted. The costs and savings identified below are based on a comparison between the proposed $5.75 per hour rate and the $4.25 per hour rate in effect in July 1996. If the federal minimum wage is raised to $5.15 per hour, the effects attributable to this measure would be about 40 percent of these amounts.

Costs for Private Service Providers. State and local governments provide various public services—primarily in the health and welfare area—that use low-wage, private sector employees. The increase in the minimum wage would directly raise these costs in three specific areas by a combined total of approximately $225 million.

- ***In-Home Supportive Services.*** This program provides services to low-income aged, blind, or disabled persons who are unable to remain safely in their own homes without assistance. In this area, the state would experience added annual costs of about $130 million and counties would experience added costs of about $70 million for wage increases for approximately 170,000 service providers.
- ***Medi-Cal Nursing Facility Rates.*** The state would incur added annual costs of approximately $13 million for nursing facility reimbursement rates under the Medi-Cal Program because of the added salary costs for employees. This component of Medi-Cal provides long-term nursing care for certain low-income persons.
- ***Child Care Programs.*** Increased state costs for child care programs administered by the Departments of Education and Social Services would total several million dollars annually (probably less than $10 million in total), due to increased wages to care providers.

Costs for Governmental Employees. The increases in the minimum wage would directly increase costs to state and local governments for those employees who earn less than the proposed minimum wage. There are relatively few public sector employees in this category. We estimate that added costs for these employees would be less than $15 million annually.

Other Costs. The higher minimum wage would have a variety of other, more indirect, effects on state and local government costs. For instance, a minimum wage increase would result in higher wages for some workers earning above the new higher minimum wage. This would result in additional costs—potentially in the tens of millions of dollars. Likewise, any increase in inflation resulting from the initiative (to the extent businesses "pass along" the higher minimum wage costs to consumers) would result in added public costs. The magnitude of these costs is unknown.

Public Sector Savings. Families with limited income currently qualify for public assistance in California, with benefit levels generally being phased out as a recipient's income rises. By raising the earnings of some public assistance recipients, this measure would result in reduced state costs. These savings, primarily in the Medi-Cal and Aid to Families with Dependent Children (AFDC) programs, would likely be in the tens of millions of dollars annually. On the other hand, the measure's impact on business activity would increase public assistance payments to some people who lose their jobs. These costs would partially offset the public assistance savings noted above.

For text of Proposition 210 see page 94

210 Minimum Wage Increase. Initiative Statute.

Argument in Favor of Proposition 210

HARD WORKING CALIFORNIANS DESERVE A LIVING WAGE.

THE MINIMUM WAGE BUYS YOU LESS TODAY THAN AT ANY TIME IN THE PAST 40 YEARS.

California's minimum wage is at a forty-year low. The value of California's minimum wage has dropped 26% in eight years. A full-time minimum wage worker's income is 32% below the federal poverty line for a family of three.

PROP. 210 RAISES THE MINIMUM WAGE, HELPING TO LIFT MILLIONS OF CALIFORNIANS OUT OF POVERTY.

California hasn't raised the minimum wage since 1988. Prop. 210 brings it to $5.00/hour in 1997 and to $5.75/hour in 1998, restoring its purchasing power.

Two million workers would get an overdue raise. Most work for profit-making businesses. 175,000 minimum wage workers care for elderly and disabled Californians.

PROP. 210 REWARDS HARD WORK. TODAY, MINIMUM WAGE WORKERS EARN LESS THAN PEOPLE ON WELFARE.

The current minimum wage punishes hard work. Many minimum wage workers must supplement their low pay with food stamps and welfare. According to California Department of Social Services estimates, a $5.75/hour minimum wage would mean smaller welfare payments to tens of thousands of working poor. Taxpayers would save $21,000,000 in welfare costs, and millions more in food stamp reductions.

Work should pay better than welfare. Prop. 210 promotes a work ethic. With Prop. 210, 120,000 California household members will become less dependent on welfare.

CALIFORNIA'S ECONOMY WILL BENEFIT. CONSUMERS WILL HAVE MORE MONEY TO SPEND.

Minimum wage workers spend their paychecks on food, clothing and other basic necessities. Prop. 210 gives consumers more money to spend, boosting California's economy. Rising wages mean increased sales and profits. Thousands of California jobs were created after the last increase in 1988. Increasing the minimum wage is sound economic policy.

WHILE THE GOVERNOR, LEGISLATORS, AND CORPORATE EXECUTIVES HAVE ALL GOTTEN BIG PAY RAISES, THE MINIMUM WAGE HAS BEEN FROZEN.

Since 1988, corporate CEO pay is up 108%. Corporate profits are up 68%. Inflation is up 26%. But the California minimum wage has not increased.

Middle class and working people are falling behind. The lowest paid are hit the hardest. Prop. 210 is a modest raise for people who play by the rules and contribute to our economy. It's long overdue.

BECAUSE GOOD PAYING JOBS ARE HARDER TO FIND, IT'S MORE IMPORTANT THAN EVER THAT CALIFORNIA HAS A FAIR MINIMUM WAGE.

Corporate downsizing has thrown hundreds of thousands of California workers out of good paying jobs. Many discarded workers have taken low paying retail, fast food, and service sector jobs. Today, a living minimum wage is important to more and more workers.

Prop. 210 rebuilds a wage floor that collapsed. Prop. 210 doesn't even fully restore the value the minimum wage had in the 1970's. It will help two million California workers put food on their families' tables. People who work hard should not live in poverty.

LET'S PUT A POSITIVE VALUE ON HARD WORK. PLEASE VOTE YES ON PROPOSITION 210.

REV. KATHRYN COOPER-LEDESMA
President, California Council of Churches

DR. REGENE MITCHELL
President, Consumer Federation of California

HOWARD OWENS
Legislative Director, Congress of California Seniors

Rebuttal to Argument in Favor of Proposition 210

It sounds simple: Raise the minimum wage, reward hard work, and strike a blow against society's inequalities. It's an emotional argument that blurs the truth and makes people forget one important economic lesson: There's no such thing as a free lunch.

UNFORTUNATELY, PASSAGE OF PROPOSITION 210 WILL PUT PEOPLE OUT OF WORK AND *ONTO* WELFARE.

The likely federal increase in the minimum wage will hurt California small businesses, but Proposition 210 will add even MORE costs onto businesses, put MORE people out of work, and increase consumer prices EVEN MORE. Fortunately, there IS something you can do about Proposition 210.

The vast majority of the 22,000 members of the American Economic Association agree that increasing the minimum wage WILL INCREASE UNEMPLOYMENT among young, unskilled workers. This 35% hike in the minimum wage paid by businesses will be one of the biggest increases in California history. And, it will hit just when the state is recovering from a long recession.

PROPOSITION 210 WILL MEAN LAYOFFS, REDUCED HOURS AND LOST OPPORTUNITIES. Studies show minimum wage increases make it harder for people to get off welfare by making it tougher for low-skilled workers to get jobs. With more unemployed, more people will need taxpayer assistance and crime will increase.

There are better ways to help the working poor, but they're less politically attractive to the labor unions and politicians who are paying for Proposition 210.

Vote "NO" on Proposition 210.

PROFESSOR MILTON FRIEDMAN
Nobel Laureate in Economics

PROFESSOR WILLIAM R. ALLEN
Former President, Western Economic Association

PROFESSOR MICHAEL DARBY
Former Undersecretary for Economic Affairs, United States Department of Commerce

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 210

Before you decide how to vote on Proposition 210, please consider our side. We aren't politicians or professors, and we're not corporate CEOs. We're small business owners. We struggle to make ends meet and, with other small business owners, are the backbone of the state's economy.

PUT SIMPLY, PROPOSITION 210 WILL PLACE ADDITIONAL BURDENS ON SMALL BUSINESSES WE CANNOT BEAR. Congress is already considering increasing the minimum wage. Now, labor unions want to raise California's even higher. *THAT'S GOING TO PUT SOME OF US OUT OF BUSINESS. MANY WILL HAVE TO LAY OFF WORKERS. OTHERS WILL CUT HOURS.* And still others will postpone hiring new employees at a time when California's unemployment rate is among the highest in the nation.

Who is going to pay for these wage increases? Small business owners like us. Folks like you will pay through higher prices. Young people, recent immigrants and former welfare recipients will pay, because *THERE WILL BE FEWER ENTRY LEVEL JOBS.*

Only five percent of the work force currently earns minimum wage—mostly teenagers with part-time jobs or young adults just starting out. *BUT FOR THOSE OF US SMALL BUSINESS OWNERS STRUGGLING TO SURVIVE, THESE FORCED WAGE INCREASES WILL BE A CRUSHING BLOW.*

Consider our plights:

- I'm Sheldon Grossman. I own a car wash in Long Beach that employs 20 people at minimum wage. *Proposition 210 will force me to increase their pay 35%, or $1.50 an hour. That's $88,000 more a year just in salary increases.* And that's just minimum wage employees. Others who have *earned* raises over time, will expect more, and increases in Social Security and workers' comp costs will be a further burden, too. We're talking about $150,000 a year. I can't afford that kind of increase.
- I'm Connie Trimble. I own a small family restaurant in Burbank. *I'll be forced to pass on these wage increases to my customers, many of whom are senior citizens on fixed incomes.* My minimum wage employees make good money in tips but I will be forced to give them a pay raise totalling 35%. I don't know if my business can survive that hit.
- I'm Bill Merwin. I own a family farm near Sacramento. All our employees earn more than the minimum wage, but any increase will push up our wage scale. We now hire *and* train employees, but, if Proposition 210 passes, we will only hire *trained* employees. Since I don't set the price of the food I grow, I can't pass on the extra costs to my customers. A big wage increase would be devastating to my family and many other small farmers.

Chances are your corner grocer, your favorite diner owner and the family farmer closest to you oppose Proposition 210, as does the Small Business Survival Committee, California Chamber of Commerce, and National Federation of Independent Business.

PLEASE THINK ABOUT US. AND THINK ABOUT OUR EMPLOYEES, WHO JUST NEED EXPERIENCE TO GET A CHANCE. PLEASE VOTE "NO" ON PROPOSITION 210.

SHELDON GROSSMAN
Owner, Bixby Knolls Car Wash, Long Beach

CONNIE TRIMBLE
Owner, Barron's Family Restaurant, Burbank

WILLIAM H. MERWIN
Owner, Hunn & Merwin & Merwin Farm, Yolo County

Rebuttal to Argument Against Proposition 210

"Most small businesses . . . pay more than the minimum wage. I hate to see small business portrayed as being on the bandwagon against a minimum wage increase."

Scott Hauge, Vice-President
125,000 member California Small Business Association

In fact, the biggest low-wage employers include billion-dollar fast food and retail chains, not small businesses.

Since 1916, opponents have cried "the sky is falling" every time the minimum wage was increased. Yet business keeps growing. Princeton economist David Card found California's employment actually rose after our 1988 minimum wage increase.

Since 1988, corporate CEO pay has more than doubled. Corporate profits have skyrocketed. But California's minimum wage has not increased even once.

Because of inflation, the minimum wage buys less now than at any time in the past 40 years. We're on the wrong track when hard work pays less than welfare. Proposition 210 rewards work by making it more profitable than welfare.

Congressional proposals are inadequate. The proposed federal minimum wage still leaves a California family of three $2,300 a year below the poverty line. Proposition 210 raises this family much closer to the poverty line. California's cost of living is higher than states like Mississippi. We need a higher minimum wage.

California has the lowest minimum wage on the West Coast. Oregon and Washington have higher state minimum wages, lower unemployment and lower child poverty rates than California.

Californians need a Living Wage.

League of Women Voters and California Labor Federation recommend YES ON PROPOSITION 210.

KENNETH ARROW
Nobel Prize Laureate in Economics, Stanford University

CLIFF WALDECK
President, California Small Business Owners Alliance

HON. HILDA SOLIS
Chair, California State Legislature Women's Caucus

Attorney-Client Fee Arrangements. Securities Fraud. Lawsuits. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

ATTORNEY-CLIENT FEE ARRANGEMENTS. SECURITIES FRAUD. LAWSUITS. INITIATIVE STATUTE.

- Prohibits restrictions on attorney-client fee arrangements, except as allowed by laws existing on January 1, 1995.
- Prohibits deceptive conduct by any person in securities transactions resulting in loss to pension, retirement funds, savings. Imposes civil liability, including punitive damages, for losses.
- Authorizes class actions, derivative suits; adds presumption fraudulent acts affected market value of security.
- Prohibits indemnification of officers found liable for fraudulent acts by business entities, but may purchase insurance to cover liability.
- Declares measure conflicts with other ballot measures that restrict attorney fees or securities fraud actions.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Potential increase in court-related costs to state and local governments of an unknown, but probably not significant, amount.
- Potential increase in revenue to the state of an unknown, but probably not significant, amount.

Analysis by the Legislative Analyst

PROPOSAL

Many Californians contribute to private and public pension and retirement funds that invest in securities (stocks and bonds). In addition, many Californians individually invest their retirement savings or other assets in such securities. To help protect investors, current law prohibits people from making false or misleading statements or omitting facts which (1) influence the purchase or sale of the security by others or (2) affect the price of the security. These illegal activities are known as securities fraud.

The measure makes various changes regarding fraud with respect particularly to retirement savings (as defined by the measure). It also would make it more difficult to change state laws concerning attorney-client fee agreements in all types of cases.

Prohibited Conduct. Current law regarding securities fraud applies to people *buying or selling* a security (such as a broker). For securities fraud regarding retirement savings, the measure broadens the law by applying it to *any person* involved in the buying or selling of securities (such as accountants or lawyers). (The measure exempts government officials from this provision.)

Liability Resulting From Prohibited Conduct. In many cases, the buying or selling of securities is done by retirement groups and plans that invest retirement savings for individuals. Because these groups or plans buy and sell securities, they are the parties who can sue for securities fraud. The individuals whose retirement savings are invested by these plans must rely on them for such lawsuits.

Under the measure, it would be easier for *individuals* to sue for securities fraud involving their retirement savings rather than having to rely on a retirement plan or group to initiate such lawsuits. This is because the measure makes anyone who commits securities fraud liable to *any person* whose retirement investments suffered a loss because of securities fraud.

Punitive Damages. Punitive damages are damages awarded by the court in addition to actual damages, in order to punish the wrongdoer. Under current law, any punitive damages awarded go to the winning party. Under this measure, any punitive damages awarded (less legal fees and expenses) in a retirement savings-related fraud suit would go to the state General Fund.

Fraud-on-the-Market Doctrine. Under current law, those who sue for securities fraud must prove that they relied on fraudulent information to purchase or sell the security and that the false information directly affected the value of their investment. Thus, under current law the burden of proof is placed on *those who sue* for securities fraud.

In securities fraud cases, this measure shifts the burden of proof to the *person accused* of fraud. It does this by applying a legal doctrine called "fraud on the market." Under this doctrine, it is presumed that the people who are suing relied on the fraudulent information and that this information affected the value of the investment.

Individual Liability for Fraud. Current law allows a business to pay for any legal actions taken against any executive (such as a director or chief executive officer) whose fraudulent actions are found to have caused a loss of money to investors. Under the measure, a business could no longer pay these costs. Instead, any executive of a business who is found liable for the fraudulent actions must pay these amounts. A business, however, could purchase insurance on behalf of these executives to cover such potential liability.

Attorneys' Fees. Under the measure, attorney fees for *any* legal matter (not just those for retirement savings-related cases) would be subject to the laws in effect on January 1, 1995. As a result, any changes to these state laws by the Legislature would require a vote of the electorate.

FISCAL EFFECT

Potential Court Costs. The measure would result in an increase in lawsuits against persons committing securities fraud. This, in turn, would increase court-related costs to state and local governments. These costs probably would not be significant.

Potential General Fund Revenue. The measure also could result in additional revenue to the state from the provision that allows the courts to assess punitive damages in a retirement savings-related fraud suit and deposit the monies in the state General Fund. As these damages would be decided on a case-by-case basis by the courts, it is difficult to estimate the impact of this provision. The annual revenue gain to the state, however, probably would not be significant.

For text of Proposition 211 see page 95

211 Attorney-Client Fee Arrangements. Securities Fraud. Lawsuits. Initiative Statute.

Argument in Favor of Proposition 211

Proposition 211:
Legal Rights for Senior Citizens.
30% of all fraud victims are over 65. Proposition 211 gives senior citizens stronger legal rights to take swindlers to court and get their money back.

Proposition 211:
Protection for Young Families.
More young families are trying to save for retirement because there is no guarantee Social Security will take care of them. Proposition 211 reduces the risk that they could lose their life savings.

Proposition 211:
Personal Responsibility for Corporate Executives.
Corporate executives can hide behind their corporate shield when they defraud investors. Proposition 211 holds them personally responsible for fraud they commit.

Proposition 211:
The "Yes" Argument.
According to the Federal Trade Commission, Americans are losing $1,000,000,000 (one billion dollars) a year to investment swindlers.

The Federal Deposit Insurance Corporation says that many banks don't even tell investors that money in mutual funds is *un*insured against fraud.

Congress gutted the law that allowed the victims of Charles Keating's fraud to recover most of their money. California's politicians refuse to even license individual stockbrokers—they don't check their business background before allowing them to do business here.

Proposition 211:
Stops Frivolous Lawsuits.
Big business argues that under Proposition 211 out of state lawyers will come here to file lawsuits.

That's not true! Under Proposition 211 only frauds in *California* cheating people out of their pension or retirement savings are punished. And Proposition 211 punishes frivolous lawsuits. Anyone who files a frivolous suit must pay the other side's legal fees.

Big business is using their typical scare tactic. They just don't want to be held responsible for their actions.

Retired Californians are sponsoring Proposition 211. Pension fund managers and law enforcement support it. And every Californian trying to save or invest for retirement should vote "Yes."

Proposition 211:
Securities Fraud and Retirement Fund Protection.
"In California, the rule for investors looking for a stockbroker is caveat emptor—let the buyer beware."
— Los Angeles Times

"The Securities and Exchange Commission is conducting a record 300 inside-trading investigations . . . In 1995, the SEC brought 45 inside-trading cases."
— USA Today

"A 1994 study by the National Center on Elder Abuse in Washington, D.C. says there were more than 29,000 cases of financial exploitation last year."
— Money Magazine

"Older Americans are the No. 1 target of investment con artists... The retirement nest eggs of Americans are in danger of being scrambled today by an alarming surge in investment schemes . . ."
— Investor Bulletins
North American Securities Administrators Association
(50 state securities regulators)

"Some Workers Find Retirement Nest Eggs Full of Strange Assets . . . Losses Can be Serious
"The extent of such dubious 'investing' is only now beginning to surface. But an ominous sign emerges in the Labor Department's records on 401 (k) and profit sharing plans: At plans smaller than $1 million, fully 17% of the employee money has been funneled into (bizarre) categories . . ."
— The Wall Street Journal
June 5, 1996

LOIS WELLINGTON
President, Congress of California Seniors
KENNETH E. WILSON
President, Retired Public Employees Association of California
RAMONA E. JACOBS
Victim, Charles Keating's Lincoln Savings & Loan Fraud

Rebuttal to Argument in Favor of Proposition 211

211 isn't about protecting us from fraud. 211 isn't about being able to recover legitimate losses. *We're already protected.*

211 doesn't stop frivolous lawsuits—*it encourages frivolous lawsuits.* 211 doesn't limit attorney fees—*it prohibits limits on fees.*

Here's what 211 is really about:

211 was written by and for securities lawyers.

211 allows these lawyers to file frivolous lawsuits in California—lawsuits outlawed in federal courts.

211 guarantees that lawyers can charge outrageous fees. 211 prohibits the Legislature from passing laws restricting lawyer fees.

211 is a hoax that benefits a few greedy lawyers, but hurts the rest of us:

DAMAGES PENSIONS, RETIREMENT AND FAMILY SAVINGS

211 allows "frivolous lawsuit" lawyers to "legally extort" hundreds of millions of dollars from companies in which Californians hold investments through pension funds, mutual funds and savings.

Californians lose hundreds of millions of dollars to these lawsuits which often cause drops in stock prices, further reducing savings.

DAMAGES MEDICAL RESEARCH

"211 jeopardizes crucial research into new treatments and cures for many life threatening diseases. It takes millions of dollars from research and sends it to the pocket books of a few wealthy securities lawyers."
— John Gorman, Treasurer
Alzheimer Aid Society of Northern California

EXEMPTS POLITICIANS

Instead of protecting us from "Orange County" abuses, 211 actually prohibits politicians from being held liable for their fraud and abuse (like Robert Citron, the Treasurer responsible for much of Orange County's $1.7 billion loss).

Seniors, families, taxpayers, small business and employees say "NO" on 211.

GORDON JONES
Director of Legislative Affairs, The Seniors Coalition
MARY GEORGE
Vice President, Hispanic Women's Council
STEVEN J. TEDESCO
President, San Jose Metropolitan Chamber of Commerce

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 211

PROP. 211: A SPECIAL INTEREST MEASURE WE DON'T NEED

Californians currently have the same strong protections against investment and securities fraud as citizens in the other 49 states. We don't need 211.

Prop. 211 is *not* about protecting consumers or seniors. *It's about protecting the huge incomes that a handful of lawyers make* filing frivolous lawsuits against some of California's best businesses.

A "FRIVOLOUS LAWSUIT" LOOPHOLE

The only thing 211 protects is the ability of a few securities lawyers to evade federal law and file frivolous lawsuits in California—lawsuits that are outlawed under U.S. law.

Here's what others say about 211:

"This measure is not about protecting seniors, it's about protecting the ability of opportunistic lawyers to continue to make millions by filing frivolous lawsuits."

Oran McNeil, Member
The 60 Plus Association

"This initiative would curtail California's economic recovery. It's a job killer that will send California's best high-tech and bio-tech companies to other states."

Dan Lungren, California Attorney General
Republican

"Frivolous securities lawsuits are a serious problem for the high-tech and bio-tech industries. Creating good jobs and researching new cures for diseases are more important uses of these companies' time and money than responding to frivolous litigation. That's why we oppose Proposition 211."

The Democratic Leadership Council of California

TAXPAYERS, SENIORS AND EMPLOYEES OPPOSE 211

Californians from every walk of life, including Democrats, Republicans, seniors, consumers, taxpayers and employees say "NO" to Proposition 211. Here's why:

A JOB KILLER FOR CALIFORNIA

According to the Law and Economics Consulting Group (Emeryville, California), *159,000 JOBS COULD BE LOST OVER THE NEXT DECADE* under 211. Let's not send more jobs to other states!

The measure could *COST CALIFORNIA BUSINESSES OVER $1.3 BILLION A YEAR*—money that should go to investors and pensions or to create new jobs—not to a handful of lawyers.

HIGHER TAXES

California taxpayers will pay for all the judges, courtrooms and clerks to process these new frivolous lawsuits. According to the same study, these lawsuits could *COST TAXPAYERS UPWARDS OF $100 MILLION* in higher court costs over ten years.

Even worse, California could face up to *$5.1 billion in reduced state revenue* over the next decade because of 211. To make up the difference, taxpayers could expect *ENORMOUS TAX INCREASES* or severe reductions in funding to education, law enforcement and other vital programs.

SECURITIES LAWYERS BANKROLL CAMPAIGN

A few securities lawyers contributed millions of dollars to their special interest committee to put 211 on the ballot.

They are promoting 211 so they can file more frivolous lawsuits in California—*lawsuits where lawyers make millions— sometimes tens of thousands of dollars an hour.*

STOP FRIVOLOUS LAWSUITS

Legal reforms should stop these frivolous lawsuits which severely damage our best businesses and kill jobs. *INSTEAD, PROPOSITION 211 PROMISES MORE FRIVOLOUS LAWSUITS AND FEWER JOBS.*

Check the facts. Find out who's really pouring millions into 211. Then join with consumers, seniors, taxpayers and employees in voting *"NO"* on Proposition 211.

LARRY McCARTHY
President, California Taxpayers Association

MARTYN B. HOPPER
State Director, National Federation of Independent Business/California

KIRK WEST
President, California Chamber of Commerce

Rebuttal to the Argument Against Proposition 211

Fraud must be punished.

Not every crook wears a ski mask and carries a gun.

Today, too many white collar crooks get away. And the few that get caught usually serve "country club" jail time.

Worse, California law allows corporate executives who commit civil fraud to hide behind their "corporate shield". California doesn't even license individual stockbrokers.

Laws against white collar fraud should be as tough as the laws against any other kind of stealing.

Proposition 211 punishes white collar cheaters who "willfully, knowingly, or recklessly" defraud people out of their pension or retirement savings.

It takes away their "corporate shield" and holds them personally responsible for the frauds they've committed.

And Proposition 211 helps the victims get their money back—something very difficult for prosecutors to do!

The only corporate executives this law will hurt are the ones who break it!

Prosecutors throughout California are swamped. Budget cuts have reduced the resources prosecutors have to keep up with all the fraud cases.

Thousands of Californians are victimized every year. Proposition 211 gives fraud victims a powerful new legal weapon to make the guilty pay!

California should be heaven for retirees and hell for those who cheat them.

Vote "YES" on Proposition 211. Stop corporate fraud.

JOHN R. (JACK) QUATMAN
Senior Prosecutor, Fraud Division

JAMES KENNETH HAHN
Los Angeles City Attorney

Campaign Contributions and Spending Limits. Repeals Gift and Honoraria Limits. Restricts Lobbyists. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

CAMPAIGN CONTRIBUTIONS AND SPENDING LIMITS. REPEALS GIFT AND HONORARIA LIMITS. RESTRICTS LOBBYISTS. INITIATIVE STATUTE.

- Repeals existing law limiting gifts and prohibiting honoraria received by public officials.
- Limits contributor's contributions per candidate per election to $200 for statewide offices, $100 for most other offices. Allows committees of small contributors 100 times this individual limit. Prohibits more than 25% of contributions from outside district. Limits total contributions by committees and individuals. Bans direct contributions from businesses and unions.
- Imposes spending limits.
- Limits time for fundraising.
- Prohibits tax deduction for lobbying expenses. Prohibits lobbyists from making or arranging contributions to those they influence.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Adoption of this measure would result in costs to state and local governments for implementation and enforcement of new campaign finance limitations in the range of up to $4 million annually.
- The measure would result in unknown, but probably not significant, additional state and local election costs.
- The measure would result in additional tax revenues to the state of about $6 million annually due to the elimination of the tax deduction for lobbying expenses.

Analysis by the Legislative Analyst

BACKGROUND

Campaign Contribution and Spending Limits. Federal law limits the amount of money individuals and groups can contribute to a candidate and to the candidate's campaign committee for federal elective office. State law generally does not impose similar limits on state and local campaigns. However, some local governments in California have established such limits for local elective offices.

In addition, current state law contains no limits on the amounts of personal loans or personal funds candidates can use for their own elections. Also, there are no aggregate limits on what individuals and groups can contribute to all candidates for state and local elective offices. Furthermore, there are no prohibitions on lobbyists making, transmitting, or arranging campaign contributions. Finally, there are no limits on the amounts of money candidates or their campaign committees, or other groups in support of the candidate, can spend in any election.

Reporting Requirements. Both state and federal law require candidates for elective office to report contributions they receive and spend for their campaigns. In addition, state law requires that lobbyists register with the Secretary of State's office.

Lobbying Expenses. Under current state law, organizations and businesses may deduct from their income taxes expenses for lobbying public agencies.

Restrictions on Gifts, Honoraria, and Travel. Current state law contains restrictions on the amounts of gifts, honoraria (payments for speeches, articles, or attendance at meetings or gatherings), and travel payments that may be accepted by public officials.

Court Review. The specific provisions of this measure have not been reviewed by either state or federal courts. In California and other states, a number of provisions similar to those contained in this measure have been challenged in court and have been invalidated.

PROPOSAL

This measure makes a number of changes to current state law regarding campaign contributions and spending. Specifically, the measure:

- Limits the amount of campaign contributions that an individual or group can make to a candidate for state and local elective office and prohibits lobbyists from making contributions.
- Establishes both mandatory and voluntary campaign spending limits.
- Limits when campaign fund-raising may occur.
- Eliminates current restrictions on public officials receiving gifts and honoraria.
- Eliminates tax deductions for lobbying expenses.
- Establishes penalties for violations of the measure and increases penalties for existing campaign law violations.

Limits on Campaign Contributions

Limits on Contributions to a Single Candidate. The measure establishes limits on the amount of political campaign contributions that an individual, committee, and political party may make to a candidate for statewide office (such as the Governor), the state Legislature, and local elective office. Businesses, labor organizations, and nonprofit corporations would be prohibited from making contributions. This measure prohibits the transfer of campaign funds from one candidate to another. This measure does not set limits for any candidates for federal office. Figure 1 summarizes these limits.

Figure 1

Proposition 212
Campaign Contribution Limits

Contributor	Candidate for: Legislative and Local Elective Office	Statewide Office
Individual	$100	$200
Business, labor organization, and nonprofit corporation	Prohibited [a]	Prohibited [a]
Political party	$100	$200
"Citizen Contribution Committee" [b]	$10,000	$20,000
Lobbyist	Prohibited	Prohibited
Transfer from other candidate	Prohibited	Prohibited

[a] While these entities are prohibited from making campaign contributions, they may provide other campaign-related support.

[b] Defined by the measure as a committee with 25 or more members, none of whom contribute more than $25 to the committee in a calendar year, and is not controlled by any candidate.

Out-of-District Contribution Limits. The measure provides that at least 75 percent of a candidate's campaign contributions must come from individuals of voting age residing within the jurisdiction of the office sought by the candidate.

Limits on Contributions to All Candidates. The measure restricts the total amount an individual can contribute to all candidates. An individual is limited to making contributions totaling no more than $2,000 per year to all candidates, committees, and political parties. Of this amount, no more than $1,000 may be contributed to committees other than to political parties. Entities other than individuals are limited to contributions totaling no more than $10,000 per year to all state and local candidates, committees, and political parties. These limitations on contributions do not apply to Citizen Contribution Committees.

Other Limits. The measure limits the total amount of loans a candidate may make to his or her campaign. These limits are $25,000 for candidates for Governor and $10,000 for all other candidates. Officeholders and candidates are prohibited from soliciting or receiving contributions from, or arranged by, lobbyists.

Businesses, labor organizations, and nonprofit corporations are prohibited from making contributions, but they may:

- Spend unlimited amounts for internal communications with members, employees, or shareholders for purposes of supporting or opposing a candidate for elective office or a ballot measure.
- Create political action committees for the purpose of supporting a candidate for elective office or a ballot measure.
- Provide support to any Citizen Contribution Committee, if the committee receives contributions of up to $5,000 per year.
- Provide support for fund-raising, administration, and compliance for any committee (excluding committees in support of a candidate or political party committees).

Mandatory and Voluntary Spending Limits

The measure establishes mandatory campaign spending limits. In the past, the U.S. Supreme Court has ruled that mandatory spending limits in election campaigns violate the U.S. Constitution. The measure provides that if the mandatory limits are invalidated by the courts, the spending limits will become voluntary. The measure establishes spending limits in local government elections of 40 cents per resident for each office. The spending limits for individual candidates for state offices are shown in Figure 2.

Figure 2

Proposition 212
Mandatory/Voluntary
Campaign Spending Limits [a]

	Primary Election Limit	General Election Limit
State Assembly	$ 75,000	$ 150,000
State Senate	115,000	235,000
Statewide office (other than Governor) [b]	1,250,000	1,750,000
Governor	2,000,000	5,000,000

[a] Measure establishes mandatory limits, but provides that the limits will become voluntary if the mandatory limits are invalidated by the courts.

[b] Such as Lieutenant Governor, Attorney General, and State Treasurer.

Access to Ballot Pamphlets. If the voluntary limits go into effect, the measure requires that candidates who accept the spending limits be so identified in ballot pamphlets and on the ballot. These candidates also would be entitled to place a statement free-of-charge in the applicable state or local ballot pamphlet. Candidates who do not accept the spending limits would be so identified on the ballot. In addition, these candidates may also place a statement in the ballot pamphlet, but would have to pay the costs of printing, handling, and mailing the statement.

Restrictions on When Contributions May Be Accepted

This measure places restrictions on when campaign contributions may be accepted. For any elective office, no candidate may accept contributions more than nine months before any primary election. Fund-raising for all candidates must end on the date of the election and no contributions may be accepted more than 30 days after the election.

Other Provisions

Elimination of Restrictions on Candidate Honoraria, Gifts, and Travel. This measure repeals current law that prohibits elected officials from receiving honoraria and limits their receipt of gifts. Currently, elected officials cannot accept gifts valued at more than $280 from any single source. The measure also eliminates the restrictions on when elected officials can accept reimbursement for travel.

Elimination of Tax Deductions for Lobbying and Increases in Lobbyist Registration Fees. The measure eliminates all state income tax deductions for lobbying. The measure also increases the fee charged to register as a lobbyist with the Secretary of State. Any additional state revenues resulting from the elimination of this tax deduction and the increase in registration fees would be used to offset the costs of implementing and enforcing the measure.

Penalties and Enforcement. This measure increases penalties for violations of campaign law. In addition, any person who has violated campaign laws three times would be subject to removal from office and subject to a permanent ban from (1) holding any state or local office in the future or (2) registering as a lobbyist. Enforcement of the measure's provisions can either be through governmental agencies, such as the Fair Political Practices Commission (FPPC), or registered voters, who would be allowed to sue those candidates who violate any provisions of the measure.

Disclosure of Major Donors. Any campaign advertisement for a candidate or ballot measure must disclose the names of the donors making contributions above specified levels.

Relationship to Other Measures

This measure provides that if both this measure and another measure or measures relating to campaign finance reform on this ballot are approved by the voters, the measures will be considered to be in conflict. If this measure is approved with the most votes, then this measure will take effect in its entirety and none of the provisions of the other measure or measures will take effect. If the other measure or measures are approved with the most votes, the provisions of this measure that are not in conflict will take effect.

FISCAL EFFECT

This measure would result in additional costs and revenues to the state and local governments.

Costs. The measure would result in additional costs to the state and local governments for implementation and enforcement of its provisions. Based on information provided by the FPPC and the Secretary of State, we estimate that the costs would be up to $4 million annually. To offset the FPPC's enforcement costs, the measure includes an annual General Fund appropriation, based on a formula, which in 1996–97 would be approximately $570,000. The measure provides that the annual appropriation be adjusted in future years for inflation.

In addition, the measure would result in additional state and local election costs to provide additional information on candidates in voter pamphlets. These costs are unknown, but are probably not significant.

Revenues. Elimination of tax deductions for lobbying expenses would result in additional tax revenues to the state of about $6 million annually.

For text of Proposition 212 see page 96

212 Campaign Contributions and Spending Limits. Repeals Gift and Honoraria Limits. Restricts Lobbyists. Initiative Statute.

Argument in Favor of Proposition 212

Are you tired of politicians who talk so much but do so little about improving schools, cleaning up the environment, and making our streets safe?

Too many politicians say one thing, then do something else. Why? Because they serve the special interests and people who give them big campaign contributions, not the voters back home in their district.

PROPOSITION 212 WILL BREAK SPECIAL INTEREST CONTROL

Prop. 212 is the only initiative on the ballot that effectively breaks the special interest stranglehold on government. Another well-intentioned measure, Prop. 208, doesn't take the tough steps necessary to get the job done.

PROPOSITION 212 MAKES POLITICIANS ACCOUNTABLE TO ALL VOTERS, NOT SPECIAL INTERESTS

Prop. 212 requires politicians to raise at least 75% of their campaign funds *inside their district.* Prop. 208 has no such limit, allowing up to 100% of money from outsiders.

Prop. 212 bans money from corporations and unions. Prop. 208 allows tobacco companies, insurance companies, and other corporations to each contribute a total of $25,000 to state candidates, and unlimited total contributions to local candidates.

Prop. 212 bans corporate tax deductions for lobbying, saving taxpayers money. Prop. 208 allows corporations to keep this special tax break.

PROPOSITION 212 IMPOSES TOUGH LIMITS ON CAMPAIGN CONTRIBUTIONS AND SPENDING

Prop. 212 prohibits politicians from taking contributions over $100 from wealthy individuals ($200 for the Governor's race and other statewide elections). Prop. 208 allows five times more: $1,000 for statewide candidates, $500 for legislators.

Prop. 212 encourages average Californians who contribute $25 or less to band together, allowing them to make larger joint contributions to candidates and thereby compete with the powerful special interests. Prop. 208 discourages this, leaving politicians to raise funds from donors who can write $500 or $1,000 checks.

Prop. 212 sets tough, low, mandatory limits on campaign spending to stop rich candidates trying to buy their way into public office. Prop. 208 only offers much higher, *voluntary* limits.

PROPOSITION 212 IS TOUGH. PROPOSITION 208 IS A HALFWAY MEASURE

California's state legislators raise an average of 8 out of 10 campaign dollars from outside the districts they represent. Why let this continue?

Why give corporations tax breaks for lobbying for their special interests?

Why continue allowing 97% of the money donated to California politicians to come in amounts of more than $100 from the wealthiest 1% of individuals, corporations, and PACs?

Why expect politicians to *voluntarily* limit campaign spending? They'll just continue the flood of negative TV ads and junk mail.

Only Prop. 212 puts a stop to all this. It's a no-nonsense initiative written by citizens fed up with business as usual. 208 is a well-intentioned halfway measure that won't work.

VOTE YES ON PROPOSITION 212

Only Prop. 212 strictly limits out-of-district contributions. It bans corporate and union contributions. It bans tax breaks for corporate lobbying. It sets $100 contribution limits and low, mandatory spending limits.

Send a tough message to the politicians and special interests. Return our state government to its rightful owners—the citizens of California.

WENDY WENDLANDT
Associate Director, California Public Interest Research Group, CALPIRG

DON VIAL
Former Commissioner, California Fair Political Practices Commission

ROBERT BENSON
Professor of Law, Loyola Law School

Rebuttal to Argument in Favor of Proposition 212

- *PROP. 212: CONSUMER FRAUD, NOT CAMPAIGN REFORM*

Prop. 212's sponsors shamelessly fail to disclose to the voters what it really does: *WIPES OUT* California's anti-corruption laws!

- *PROP. 212 LEGALIZES UNLIMITED CASH GIFTS TO ELECTED OFFICIALS!*

This irresponsible measure takes us back to the days of legalized bribery and circumvents campaign contribution restrictions by allowing special interests to give unlimited cash payments and gifts directly to elected officials and candidates.

This provision alone is enough to demonstrate that Prop. 212's "reform" claims are tantamount to *CONSUMER FRAUD.*

But there's more.

- *PROP. 212'S HUNDRED-FOLD SPECIAL-INTEREST ADVANTAGE*

Prop. 212 contains a special-interest loophole which allows political donor committees to give candidates 100 TIMES what anyone else can give! That's a *hundred-fold advantage!*

- *FOOLISHLY UNCONSTITUTIONAL*

Furthermore, its alleged "tough" provisions are pure rhetoric. Both in-district contribution and mandatory spending limits have already been ruled unconstitutional so they will be *THROWN OUT* by the Courts and *NEVER BE IMPLEMENTED.* Meaningless gestures, empty words: the only thing tough about Prop. 212 is its "talk."

- *PROP. 212'S HIDDEN POISON PILL*

Finally, the real purpose of Prop. 212: to kill the *GENUINE* reform measure on the ballot, Prop. 208, sponsored by the League of Women Voters, AARP, UWSA and Common Cause. Prop. 212 contains a poison pill clause designed to *NULLIFY* all other measures.

Don't be fooled. If Prop. 212's sponsors had honestly disclosed what it really does, it wouldn't even be on the ballot.

PLEASE VOTE NO ON PROP. 212.

JACQUELINE ANTEE
State President, American Association of Retired Persons

FRAN PACKARD
President, League of Women Voters of California

MICHAEL GUNN, M.D.
Chair, California Campaign Finance Reform Task Force United We Stand America

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Campaign Contributions and Spending Limits. Repeals Gift and Honoraria Limits. Restricts Lobbyists. Initiative Statute.

212

Argument Against Proposition 212

If an initiative ever promised voters one thing but would deliver the *OPPOSITE,* Proposition 212 is it. If voters want to clean up politics and stop corruption, we urge you to vote NO on this extremely deceptive measure.

Prop. 212 would actually *increase, NOT decrease,* the power of special-interest money in state and local government! Here's how:

#1 PROP. 212 WIPES OUT OUR ETHICS IN GOVERNMENT ACT, THE *CORNERSTONE* OF CALIFORNIA'S *ANTI-CORRUPTION LAWS!*

This stringent anti-bribery law was enacted in the wake of the FBI corruption sting that sent five lawmakers to prison for selling their votes.

Prop. 212 frees elected officials and politicians from these ethics laws, and once again allows special interests to shower them with:

- UNLIMITED CASH PAYMENTS (e.g. "speaking fees" for luncheons)
- UNLIMITED PERSONAL GIFTS
- UNLIMITED FREE TRAVEL

Polluters, tobacco companies, or anyone else seeking government favors would no longer be legally prohibited from giving expensive gifts and lavish free travel, or depositing cash payments into our elected officials' pockets!

Prop. 212 brings back a form of legalized bribery voters already outlawed. By allowing *personal* payments to government officials, Prop. 212 allows special interests to get around *campaign* contribution reform laws entirely.

#2 PROP. 212 ALSO CONTAINS A HUGE *SPECIAL-INTEREST LOOPHOLE* WHICH ALLOWS POLITICAL DONOR COMMITTEES TO GIVE CANDIDATES *ONE HUNDRED TIMES* WHAT ANYONE ELSE CAN CONTRIBUTE!

That's a *hundred-fold advantage for special interests over regular people,* hardly the way to get big money influence out of politics!

- A Common Cause analysis found that most of the state's top political givers could use this loophole to continue pumping millions of dollars into political campaigns.
- This may explain why the state's #1 special-interest contributor supports Prop. 212.

SO WHILE PROP. 212 CLAIMS TO BE "TOUGH" IT ACTUALLY DOES FAR MORE *HARM* THAN *GOOD.* It is fatally flawed, fraught with loopholes, and unworkable.

Its alleged "get tough" provisions have been ruled UNCONSTITUTIONAL, so they will be thrown out by the Courts and never go into effect.

But don't despair: fortunately, voters have a golden opportunity to enact genuine campaign reform. Prop. 208 endorsed by the League of Women Voters, American Association of Retired Persons (AARP)—California, American Lung Association, and Common Cause, is a solid, workable solution.

These two measures are incompatible; voting for both doesn't work. If voters want a campaign finance reform law that REDUCES rather than INCREASES the power of corrupting special-interest money in Sacramento and local government, there is only one option:

VOTE YES ON 208 AND NO ON 212.

Prop. 212 is long on rhetoric but fails to deliver reform. It creates *BIGGER PROBLEMS* rather than *SOLUTIONS.* It is not only illogical, it is *dangerous.*

Prop. 212 would not be on the ballot if its sponsor had leveled with voters and honestly disclosed what it really does:

- *repeals* ETHICS IN GOVERNMENT LAWS;
- *violates* THE CONSTITUTION;
- *gives* SPECIAL INTERESTS A 100-FOLD ADVANTAGE

Please join us in voting No on Proposition 212.

FRAN PACKARD
President, League of Women Voters of California

JACQUELINE ANTEE
State President, American Association of Retired Persons

TONY MILLER
Executive Director, Californians for Political Reform, A Committee Sponsored by League of Women Voters of California, American Association of Retired Persons—California (AARP), Common Cause and United We Stand America

Rebuttal to Argument Against Proposition 212

The statement opposing Prop. 212 is long on mudslinging, short on facts.

We encourage you to carefully read Props. 212 and 208. You'll confirm that 212 cracks down hard on special interests and self-interested politicians. 208 doesn't.

Please read the non-partisan summaries and official fiscal impact analysis in this Ballot Pamphlet. You'll confirm that 212 saves taxpayers $2 million annually; 208 costs $4 million.

The opposition statement misses the point of 212. They don't say one word about 212's real provisions:

- 212 sets strict limits on campaign contributions from outside a politicians district—25% maximum. 208 has no limits.
- 212 bans contributions from corporations and unions. 208 doesn't.
- 212 bans corporate tax deductions for lobbying. 208 doesn't.
- 212 limits contributions by individuals and PACs to $100 ($200 for statewide offices, $600 to political parties). Prop. 208 allows $500, $1,000, and $5,000 contributions.

None of these provisions in 212 has been found unconstitutional by the Supreme Court.

Nor does Prop. 212 legalize bribery. This claim is ridiculous. 212's sponsors are fighting for tougher ethics laws.

Nor does Prop. 212 help special interests. Critics don't mention that the only contributor committee allowed to give 100 times the low $100 contribution limit is a committee formed and supported solely by people giving a maximum of $25! This helps only citizens able to afford a small donation, not big moneyed interests or politicians.

We favor the tougher initiative that scares special interests the most. Vote Yes on 212.

JERRY BROWN
Governor 1975–1983

ED MASCHKE
Executive Director of the California Public Interest Research Group (CALPIRG)

DANIEL A. TERRY
President, California Professional Firefighters

Limitation on Recovery to Felons, Uninsured Motorists, Drunk Drivers. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

LIMITATION ON RECOVERY TO FELONS, UNINSURED MOTORISTS, DRUNK DRIVERS. INITIATIVE STATUTE.

- Denies all recovery of damages to a convicted felon whose injuries were proximately caused during the commission of the felony or immediate flight therefrom.
- Denies recovery for noneconomic damages (e.g., pain, suffering, disfigurement) to drunk drivers, if subsequently convicted, and to uninsured motorists who were injured while operating a vehicle.
- Provides exception when an uninsured motorist is injured by a subsequently convicted drunk driver. With this one exception, provides that insurer is not liable for noneconomic damages.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Probably minor annual savings in state and local government court-related costs.
- Reduction in insurance tax revenue to the state of probably less than $5 million annually.

Analysis by the Legislative Analyst

PROPOSAL

This measure would limit the ability of certain people to sue to recover losses suffered in accidents.

Limits on Uninsured Motorists and Drunk Drivers

Under existing law, someone who has suffered an injury in a car accident may sue the person, business, or government at fault for the injury in order to recover related losses. These losses can include both *economic* losses (such as lost wages, medical expenses, and property damage) and *noneconomic* losses (such as pain and suffering).

This measure would prohibit the recovery of *noneconomic* losses in certain car accidents. Specifically, an uninsured driver or a driver subsequently convicted of driving under the influence of alcohol or drugs ("drunk drivers") at the time of an accident could not sue someone at fault for the accident for noneconomic losses. (These drivers could still sue for economic losses.) If, however, an uninsured motorist is injured by a drunk driver in an accident, the uninsured motorist could still sue to recover noneconomic losses from the drunk driver.

Limits on Convicted Felons

Currently, in certain cases a person who is injured while breaking the law may sue on the basis of another person's negligence to recover any losses resulting from the injury. For example, a person convicted of a robbery who was injured because he or she slipped and fell while fleeing the scene of the crime can sue to recover losses resulting from the injury.

This measure prohibits a person convicted of a felony from suing to recover any losses suffered while committing the crime or fleeing from the crime scene *if* these losses resulted from another person's negligence. Convicted felons, however, would still be able to sue to recover losses for some injuries suffered while committing or fleeing a crime—for instance those resulting from the use of "excessive force" during an arrest.

FISCAL EFFECT

Restricting the ability of people to sue for injury losses in the above situations would reduce the number of lawsuits handled by the courts. This would reduce annual court-related costs to state and local governments by an unknown but probably minor amount. These restrictions would also result in fewer lawsuits filed against state and local governments. Thus, there would be an unknown savings to state and local governments as a result of avoiding these lawsuits.

In addition, the restrictions placed on uninsured motorists and drunk drivers could result in somewhat lower costs, or "premiums," for auto insurance. Under current law, insurance companies doing business in California pay a tax of 2.35 percent of "gross premiums." This tax is called the gross premiums tax and its revenues are deposited in the state's General Fund. Any reduction in insurance premiums would also reduce gross premiums tax revenue to the state. We estimate that any revenue loss would probably be less than $5 million annually.

For text of Proposition 213 see page 102

213 Limitation on Recovery to Felons, Uninsured Motorists, Drunk Drivers. Initiative Statute.

Argument in Favor of Proposition 213

PROPOSITION 213 WILL FIX A SYSTEM THAT REWARDS PEOPLE WHO BREAK THE LAW.

It's *AGAINST THE LAW TO DRIVE UNDER THE INFLUENCE OF ALCOHOL OR DRUGS* in California. In most cases it's also against the law to drive without insurance. Unfortunately, thousands of people *ignore these laws and get rewarded for it.* Drunk drivers and uninsured motorists can sue law-abiding citizens for huge monetary awards in addition to being compensated for medical and other expenses.

These huge awards cost Californians who play by the rules and obey the law $327 million every year! That's not fair!

Proposition 213 will prevent drunk drivers, convicted felons and uninsured motorists from collecting these huge monetary awards, while still protecting their right to be compensated for medical and out-of-pocket expenses. That *is* fair.

Further, if Proposition 213 becomes law, convicted felons would be prohibited from collecting any damages if they're accidentally injured while fleeing from their crime.

PROPOSITION 213 SAYS PEOPLE WHO BREAK THE LAW SHOULD NOT BE REWARDED, WHILE LAW ABIDING CITIZENS PICK UP THE TAB.

Law-abiding citizens already pay higher insurance premiums to cover uninsured motorists. Law-abiding citizens should *not* be punished for living responsibly! *The system needs to be fixed. Illegal behavior shouldn't be rewarded. People who break the law must be held accountable for their actions.*

PROPOSITION 213 SAYS DRUNK DRIVERS WHO INJURE AND EVEN KILL PEOPLE SHOULD NOT BE REWARDED.

Drunk drivers in California cost all of us in terms of lost lives, serious injuries to family members and friends and higher insurance premiums.

- In 1994, 1,488 people were killed in crashes caused by drunk drivers.
- 39,437 people were injured in collisions involving drunk drivers during 1994.
- These victims and their families shouldn't be forced to suffer a second time through huge lawsuits.
- Proposition 213 will stop drunk drivers from being rewarded for breaking the law.

PROPOSITION 213 SAYS CONVICTED FELONS SHOULD NOT BE ALLOWED TO PROFIT FROM THEIR CRIMES.

- *Proposition 213 takes the "profit" out of crime by* closing a legal loophole that allows convicted felons to sue law-abiding citizens, businesses and governments to pay for "accidental injuries" incurred while running from their crime.

PROPOSITION 213 SAYS NO TO UNINSURED DRIVERS BY SAYING NO TO HUGE MONETARY AWARDS FOR "PAIN AND SUFFERING!"

- On average, nearly 30% of all drivers on the road in California are uninsured.
- In some parts of California, the percent of uninsured drivers is as high as 93%.
- Proposition 213 will stop uninsured motorists from being rewarded for breaking the law, while still covering medical and out-of-pocket expenses.

JOIN THE CALIFORNIA ASSOCIATION OF HIGHWAY PATROLMEN, DORIS TATE CRIME VICTIMS BUREAU, THE CALIFORNIA PEACE OFFICERS' ASSOCIATION, PEACE OFFICERS RESEARCH ASSOCIATION OF CALIFORNIA, CALIFORNIA POLICE CHIEFS' ASSOCIATION, THE ASSOCIATION FOR CALIFORNIA TORT REFORM, AND MANY OTHERS WHO SUPPORT THE PERSONAL RESPONSIBILITY ACT OF 1996.

- *STOP LAWBREAKERS FROM PROFITING FROM THEIR CRIMES.*
- *VOTE YES FOR PERSONAL RESPONSIBILITY.*
- *VOTE YES ON PROPOSITION 213.*

LINDA OXENREIDER
California President, Mothers Against Drunk Driving (MADD)

CHUCK QUACKENBUSH
California Insurance Commissioner

D. O. "SPIKE" HELMICK
California Highway Patrol Commissioner

Rebuttal to Argument in Favor of Proposition 213

Political give and take.

Insurance companies gave over $1 million to Chuck Quackenbush's political campaign for Insurance Commissioner.

Now, Insurance Commissioner Chuck Quackenbush's initiative allows insurance companies to take $327 million more every year out of our pockets.

Here is a partial list of the political money Chuck Quackenbush has taken from the Insurance Lobby for his Insurance Commissioner campaign:

Association of California Insurance Companies	$335,500
CA Casualty Management	$75,000
Zenith Insurance Co.	$63,000
CA Life Underwriters PAC	$50,100
TIG Insurance	$52,500
Alfa Mutual Insurance	$40,000
Arrowhead General Insurance Agency	$30,000
Surety Company of the Pacific	$28,000
Fremont Compensation Insurance	$65,500
Liberty Mutual	$25,000
Pacific Employers Insurance	$25,000
California Casualty Indemnity Exchange	$25,000
Zenith-Calfarm Inc.	$25,000
Kramer-Wilson Company Insurance	$17,500
Farmers Insurance Group of Companies	$18,950
Western Pioneer Insurance	$13,500
Fireman's Fund Insurance	$12,500
National Insurance Group	$10,500
Argonaut Insurance	$10,000
Progressive Casualty	$11,000
Transamerica	$20,000
Farmers Group Inc.	$9,000
CA Indemnity Insurance	$9,500
Government Employees Insurance Company	$11,500
The Pacific Rim Assurance	$8,500
Travelers PAC	$8,500
Insco Insurance Services	$25,000
CNA Financial	$7,000
Farmers Employees and Agents PAC	$27,877
Amwest Insurance Group	$9,500
Chubb-Pacific Indemnity	$6,000
Financial Pacific Insurance	$6,000
Fireman's Fund	$6,500
Interline Insurance Services	$6,000
Alliance of American Insurance Co.	$5,500
Independent Insurance Agents	$5,000
Nationwide Mutual Insurance	$5,000
Pacific Pioneer Insurance	$5,000
Property Managers Insurance Service	$10,000
Safeco Insurance	$5,000
Scottsdale Insurance	$5,000
Zurich Insurance	$5,000
Fidelity National Title Insurance	$7,500
The Zenith	$15,000

Vote "No" on Proposition 213. It's "No-Fault" for Reckless Drivers.

KEN McELDOWNEY
Executive Director, Consumer Action

INA DeLONG
Executive Director, United Policyholders

ROY ULRICH
Campaign Finance Reform Advocate

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Limitation on Recovery to Felons, Uninsured Motorists, Drunk Drivers. Initiative Statute. 213

Argument Against Proposition 213

SAY "NO" TO NO-FAULT FOR RECKLESS DRIVERS . . .
VOTE "NO" ON PROPOSITION 213

In March, ⅔ of California's voters said "NO" to Proposition 200—No-Fault auto insurance. We don't want a law that allows reckless drivers to avoid responsibility for their actions.

But Proposition 213 says that if a reckless driver who can afford insurance hits an innocent person who cannot . . . the reckless driver gets off without paying for all the injuries and damage they've done.

That's wrong.

The high cost of insurance makes it impossible for many poor and working people to buy insurance. If insurance companies won't sell affordable insurance, it is completely unfair to deny people full compensation for a car accident that is not even their fault.

YOU CAN SAY "NO" TO FELONS AND STILL . . .
VOTE "NO" ON PROPOSITION 213

Courts won't allow convicted felons to get damages for injuries they cause. So why are "felons" included in the title of Proposition 213?

The insurance companies pushing No-Fault want to divert your attention from their real agenda: boosting their profits to excessive levels.

Insurance companies make money anytime a reckless driver they insure is not held at fault.

The insurance companies couldn't get us to swallow No-Fault in one big gulp, so they're trying to feed it to us in little bites.

YOU CAN SAY "NO" TO DRUNK DRIVERS AND STILL . . .
VOTE "NO" ON PROPOSITION 213

California laws already say drunk drivers can't recover damages if they cause an accident. So why are they included in the title of Proposition 213?

The insurance companies have failed twice to get No-Fault insurance started in California. In Proposition 213 they are hiding the No-Fault idea behind wild talk about felons and drunk drivers.

NO MONEY-BACK GUARANTEE . . .
VOTE "NO" ON PROPOSITION 213

The No-Faulters argue that Proposition 213 will save Californians $323 million per year.

We've heard that line before.

There is nothing in Proposition 213 that says Californians will see their insurance rates go down. In No-Fault states, auto insurance premiums have increased an average of 40% in recent years.

No insurance rate reductions. No savings for consumers. The only people who benefit from this No-Fault scheme are reckless drivers . . . and the insurance companies who paid to put it on the ballot.

Insurance companies win, you lose.

SAY "NO" TO RECKLESS DRIVER NO-FAULT . . .
VOTE "NO" ON PROPOSITION 213.

HARVEY ROSENFIELD
Proposition 103 Enforcement Project

KEN McELDOWNEY
Executive Director, Consumer Action

INA DeLONG
Executive Director, United Policyholders

Rebuttal to Argument Against Proposition 213

PROPOSITION 213 STOPS REWARDING DANGEROUS FELONS

California law allows felons convicted of resisting a peace officer *and causing serious injury or death to the peace officer to sue* a city, county or anyone else who gets in their way and accidentally injures the felon fleeing from that crime. The same goes for crimes such as carjacking, "drive-by" shooting resulting in murder, multiple hate crimes and many others. *Proposition 213 stops rewarding criminal behavior.*

PROPOSITION 213 REFORMS AN UNFAIR SYSTEM THAT REWARDS LAWBREAKERS AND PUNISHES THOSE WHO PLAY BY THE RULES

Under Proposition 213, every driver involved in an accident could recover their medical and out-of-pocket expenses. Proposition 213 says "NO" to additional big money awards that *drunk drivers, uninsured motorists and their attorneys go after when these lawbreakers are in an accident with an insured driver—even if they also cause the accident!*

PROPOSITION 213 TAKES AWAY TRIAL LAWYERS' INCENTIVE TO SUE FOR OUTRAGEOUS AWARDS TO LINE THEIR OWN POCKETS

One-third of every dollar awarded for "pain and suffering" goes to attorneys, *and they want to ensure the most lucrative of all injury awards isn't taken from them.*

PROPOSITION 213 BENEFITS CONSUMERS BY MAKING INSURANCE MORE AFFORDABLE FOR EVERYONE

Law-abiding drivers pay additional premiums to protect themselves from uninsured drivers. Eliminating huge monetary awards for irresponsible drivers will save $327 million each year!

- *VOTE YES FOR PERSONAL RESPONSIBILITY.*
- *VOTE YES FOR CRITICAL REFORMS.*
- *VOTE YES FOR PROPOSITION 213.*

RONALD E. LOWENBERG
President, California Police Chiefs' Association

JAN MILLER
Chairman, Doris Tate Crime Victims Bureau

STEVEN H. CRAIG
President, Peace Officers Research Association of California

Health Care. Consumer Protection. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

HEALTH CARE. CONSUMER PROTECTION. INITIATIVE STATUTE.

- Prohibits health care businesses from: discouraging health care professionals from informing patients or advocating for treatment; offering incentives for withholding care; refusing services recommended by licensed caregiver without examination by business's own professional.
- Requires health care businesses to: make tax returns and other financial information public; disclose certain financial information to consumers including administrative costs; establish criteria for authorizing or denying payment for care; provide for minimum safe and adequate staffing of health care facilities.
- Authorizes public/private enforcement actions. Provides penalties for repeated violations. Defines "health insurer."

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state and local government costs for existing health care programs and benefits, probably in the range of tens of millions to hundreds of millions of dollars annually, depending on several factors.

BACKGROUND

Health Care Spending

Annual spending on health care in California totals more than $100 billion. About two-thirds of this cost is covered by various forms of health insurance, with the remainder paid by other sources.

Roughly 80 percent of all Californians are covered by health insurance. Specifically:

- About half receive health insurance through their employer or the employer of a family member.
- Roughly 20 percent are covered by two major government-funded health insurance programs: the federal Medicare Program, primarily serving persons age 65 or older, and the Medi-Cal Program, jointly funded by the federal and state governments, serving eligible low-income persons.
- About 10 percent of Californians directly purchase health insurance.

Until recently, spending on health care had been growing much faster than inflation and population changes. During the 1980s, for example, average health care spending in the United States grew by almost 11 percent annually after adjusting for inflation and population. Since 1990, however, this rate of growth has slowed to about 4 percent annually.

Health Maintenance Organizations

In part, this slower growth has been due to efforts by employers and government to control their health insurance costs. One way they have attempted to hold down costs is to contract with health maintenance organizations (HMOs), which provide health services through their own doctors and hospitals or through contracts with physicians and hospitals. About one-third of Californians belong to HMOs. Most of these HMO members are covered under employee health plans, but many persons covered by Medicare or Medi-Cal also receive their health care through HMOs.

Generally, health coverage provided by an HMO is less expensive than comparable health insurance coverage provided on a "fee-for-service" basis. Health Maintenance Organizations use several methods to control costs, such as "capitation" payments, other financial incentives, and utilization review.

Capitation and Other Financial Incentives. Under the traditional fee-for-service approach, doctors and hospitals charge fees based on the specific service provided to a patient. By contrast, HMOs generally use capitation to pay doctors. Under this approach, doctors receive a fixed payment for each HMO member regardless of the amount of service provided to the member. Capitation gives doctors a financial incentive to use cost-effective types of care.

In addition to capitation, HMOs use other financial incentives to control health care costs. The federal government, however, limits the types of financial incentives that may be used by HMOs when serving Medicare or Medi-Cal recipients. Specifically, federal law prohibits any financial incentives to doctors that could act to reduce medically necessary care to *individual* patients, such as a bonus payment for each patient that is not hospitalized during the year. However, federal law does allow "risk pools" and other types of profit-sharing arrangements that enable doctors to benefit from controlling costs for *groups* of patients.

Utilization Review. HMOs—as well as the state's Medi-Cal program and insurers using the fee-for-service approach—also attempt to contain costs by using "utilization review" procedures. Under these procedures, health plans will not pay for certain types of expensive or unusual treatments unless they have approved the treatment in advance.

Controlling Hospital Costs

Health maintenance organizations also control their costs by reducing their use of hospitals and encouraging more treatment in doctors' offices and clinics. This trend has contributed to an excess of hospital beds.

On average, about half of the hospital beds in California were unused in 1994. As a result, some hospitals have downsized, merged, or closed; and many hospitals are seeking ways to reduce costs in order to compete for business more effectively. Since staffing is a major cost, hospital cost control efforts often focus on reducing staff and using less expensive personnel in place of more expensive personnel where possible (using nurses' aides rather than nurses, for example).

Regulation of Health Care Facilities

Licensing of Facilities. The Department of Health Services (DHS) licenses many types of health facilities in California, such as hospitals and nursing homes, and has general authority to set staffing standards for those facilities. Clinics that are owned and operated directly by doctors, however, are not licensed.

Staffing Standards. State regulations generally require hospitals to keep staffing records and to base their staffing levels for nurses on an assessment of patient needs. Hospitals are not required to have a specified number of nurses per patient, except in intensive care units. State law requires nursing homes to have at least one registered nurse per shift and sets minimum staffing standards for nurses and nursing assistants per patient.

The DHS is revising its current hospital staffing regulations to cover all departments within each facility. Additionally, the pending regulations require hospitals to establish their staffing needs using a system that more specifically takes into account the condition of each patient. The DHS also enforces federal requirements that health facilities serving Medicare or Medi-Cal patients must have enough staff to provide adequate care.

Regulation of Health Plans and Health Insurance

The state Department of Corporations regulates the financial and business operations of health plans, including HMOs, in California. The Department of Insurance regulates companies that sell health insurance but do not provide health care themselves, including workers' compensation insurers.

PROPOSAL

This measure establishes additional requirements for the operation of health care businesses. The measure:

- Prohibits health care businesses from denying recommended care without a physical examination.
- Requires the state to set more comprehensive staffing standards for more types of health care facilities.
- Prohibits health care businesses from using financial incentives to withhold medically appropriate care.
- Increases protections for certain health care employees and contractors.
- Requires health care businesses to make various types of information available to the public.

The measure's provisions would affect both public and private health facilities. However, it is not clear whether the state's Medi-Cal Program would be considered a "health care business" subject to the requirements of this measure.

FISCAL EFFECT

The fiscal effect of this measure is subject to a great deal of uncertainty. The health care industry is large, complex, and undergoing rapid change, making it difficult to estimate the effect of new requirements on the overall health care marketplace. Furthermore, several of the measure's provisions could have widely varying fiscal effects, depending on how they are implemented or interpreted by the courts.

Effect of the Measure on Health Care Costs Generally

Changes in health care costs have an impact on the state and local governments because of their role in directly operating health programs as well as purchasing health care services. The following provisions of this measure would increase health care costs generally.

Physical Examination. Currently, HMOs, health insurers, and other health care businesses may refuse to authorize recommended care that they believe to be unnecessary, unproven, or more expensive than an effective alternative treatment, without physically examining the patient. Patients usually have a right to appeal such a denial. This measure requires health insurers, health plans, or other health care businesses to physically examine a patient before refusing to approve care that is a covered benefit and that has been recommended by the patient's doctor or nurse (or other licensed health professional). The person conducting the examination would have to be a licensed health care professional with the expertise to evaluate the patient's need for the recommended care.

Requiring a physical examination prior to denying care would increase general health care costs in two ways. First, health care businesses would have to add staff to provide additional examinations. Second, requiring an examination probably would result in some approvals of care that otherwise would be denied.

Staffing Requirements. The measure requires that all health care facilities provide "minimum safe and adequate" staffing of doctors, nurses, and other licensed or certified caregivers. The DHS would set, and periodically update, staffing standards for health care facilities that it licenses, such as hospitals, nursing facilities, and certain types of clinics. The Department of Corporations would set, and periodically update, staffing standards for medical clinics operated by health plans, which are not licensed by the DHS.

The staffing standards required by this measure would cover more types of facilities and all licensed and certified caregivers. In addition, these standards would have to be based on the specific needs of individual patients. Depending on the specific standards adopted, some health care facilities might have to add more staff, hire more highly skilled staff, or both. The effect on overall health care costs could range from minor to significant.

Financial Incentives. The measure prohibits insurers, health plans, and other health care businesses from offering financial incentives to doctors, nurses, or other licensed or certified caregivers if those incentives would deny, withhold, or delay medically appropriate care to which patients are entitled.

Restricting financial incentives could increase general health care costs by limiting the use of risk pools and profit-sharing arrangements that encourage providers to restrain costs. However, the measure specifically allows the use of capitation payments. Furthermore, it is not clear whether the measure prohibits any financial incentives that are not already prohibited under federal restrictions that apply to providers who serve Medicare or Medi-Cal patients. Consequently, the provision's effect on health care costs is unknown, but could range from minor to significant.

Protection for Certain Health Care Professionals. The measure prohibits health care businesses from attempting to prevent doctors, nurses, and other health care professionals from giving patients any information relevant to their medical care. The measure also broadens existing protections for health care professionals who advocate for patient care.

In addition, the measure protects doctors, nurses, and other licensed or certified caregivers from adverse actions by health care businesses—such as firing, contract termination, or demotion—without "just cause." Examples of just cause include proven malpractice, endangering patients, drug abuse, or economic necessity. Just cause protections currently apply to some health care professionals, such as those who work for public agencies under civil service and those who work under labor agreements with just cause provisions. This provision of the measure would reduce some employers' flexibility and thereby could increase costs to health care businesses by an unknown amount. The additional costs would include the need to keep records to document the basis for actions taken against employees or contractors in order to show just cause for the action.

Liability of Health Care Professionals. The measure specifies that licensed health care professionals who set guidelines for care, or determine what care patients receive, shall be subject to the same professional standards that apply to health care professionals who provide direct care to patients. This provision would increase the risk of malpractice liability for some health care professionals who make decisions affecting patient care, but who do not provide direct care. This could increase health care costs by an unknown amount.

Access to Information. The measure requires private health care businesses with more than 100 employees to make certain types of information available to the public regarding staffing, guidelines for care, financial data, and the status of complaints against the business.

EFFECT OF THE MEASURE ON THE STATE AND LOCAL GOVERNMENTS

Summary. This measure would result in unknown additional costs, probably in the range of tens of millions to hundreds of millions of dollars annually, due to the measure's effects on the state's and local governments' costs of directly operating health programs as well as purchasing health care services.

Increased Costs to Government to Operate Health Programs

Requirement for Physical Examinations. If the Medi-Cal Program is subject to this measure, the requirement for a physical examination prior to denial of care would increase state costs by an unknown amount, potentially exceeding $100 million annually.

Counties operate health care programs for people in need who do not qualify for other health care programs such as Medicare or Medi-Cal. These programs also would experience some increase in costs to provide additional examinations and for additional costs of care. These costs are unknown, but probably less than the potential costs to the Medi-Cal Program.

Staffing Requirements. The staffing requirements in this measure could increase the costs of health facilities operated by the state and local governments, including University of California hospitals, state developmental centers and mental hospitals, prison and Youth Authority health facilities, state veterans' homes, county hospitals and clinics, and hospitals operated by hospital districts. The amount of this potential increase is unknown and could range from minor to significant, depending on the actual staffing standards that are adopted.

Increased Costs to Government to Purchase Health Care Services

State Medi-Cal Program. The state contracts with HMOs and health care networks to serve a portion of the clients in the Medi-Cal Program. Cost increases to these organizations would tend to increase Medi-Cal costs by an unknown amount. The state spends about $6 billion annually (plus a larger amount of federal funds) for the Medi-Cal Program, primarily to purchase health care services. The potential cost increase to the state could range from a few million dollars to more than one hundred million dollars annually, due to the measure's effects on health care costs generally (as described above).

County Health Care Costs. Counties spend over $2 billion annually to provide health care to indigents. In addition to services that they provide directly, counties contract to purchase a significant amount of services. The potential county cost increases could be up to tens of millions of dollars annually, due to the measure's effects on health care costs generally.

State and Local Employee Health Insurance Costs. The state currently spends about $900 million annually for health benefits of employees and retirees, and the amount spent by local governments is greater. By increasing health care costs generally, the measure could increase benefit costs to the state and local governments by an unknown amount, potentially in the tens of millions of dollars annually. However, the disclosure of financial information as a result of this measure could assist in negotiating lower rates with health plans, offsetting some portion of these costs.

State Administration and Enforcement Costs

The measure would result in additional costs to the Departments of Health Services and Corporations and to other state agencies to administer and enforce its provisions (primarily the staffing standards). These costs could be roughly $10 million annually, to various special funds that are supported by fees imposed on health care businesses and professionals.

For text of Proposition 214 see page 102

214 Health Care. Consumer Protection. Initiative Statute.

Argument in Favor of Proposition 214

The health care industry is changing rapidly, and some of those changes could be dangerous to your health. That's why we need Proposition 214, the HMO Patient Rights Initiative. All of us, especially those of us who depend on health care the most—seniors, cancer patients, adults and children with disabilities—must be certain that our health insurance will be there when we need it.

Proposition 214:

- Prohibits written and unwritten gag rules that keep doctors from telling patients about the care they need.
- Protects doctors, nurses, nursing home aides, paramedics and other health care givers from intimidation when they speak out on behalf of patients.
- Prohibits financial incentives for withholding care patients need.
- Requires insurers to disclose guidelines for denying care and to give patients a second opinion—including a physical examination—before denying care recommended by the patient's doctor.
- Forces HMOs and insurers to disclose how much they spend on patient care and how much is spent on executive salaries and corporate overhead.
- Requires that hospitals and nursing homes have safe levels of staffing.
- Prohibits the sale of your medical records without your permission.
- Will be enforced by existing state agencies and without new taxes.

Gag rules on doctors and nurses are wrong. Intimidation of caregivers is wrong. Bonuses for denying care that people need are wrong. Secret guidelines for denying care are wrong. Unsafe staffing in hospitals and nursing homes is wrong.

It is dangerous for everyone if HMOs and health insurers worry more about making money than they do about your health when they make decisions about your care.

If you get sick, you have a right to know what care you need, and you have a right to get the care your insurance premiums have paid for.

You should not have to worry whether your doctor is afraid of retaliation for referring you to a specialist or whether nursing home aides fear being punished for speaking up for their patients. You should not have to worry that your health plan could drop your doctor for no reason.

You should not need to be afraid your doctor is being paid a bonus for denying you the care you need.

You should know how much of your insurance premium is spent on actual patient care and how much on bureaucratic overhead and executive salaries.

Is it important to contain costs to keep health care affordable? Yes.

Should cost controls be used as an excuse to deny patients the treatments they need just because administrators for HMOs and insurers think it will cost them too much money? Never.

214 will be enforced by existing agencies, minimizing enforcement costs. And those costs are necessary in order to make sure the rights of patients are safeguarded.

Proposition 214 is a decision about life and death. Please consider carefully and join us in voting yes on Proposition 214.

MARY TUCKER
Chair, State Legislative Committee
American Association of Retired Persons

LOIS SALISBURY
Executive Director, Children Now

LAURA REMSON MITCHELL
Issues Coordinator, National Multiple Sclerosis Society, California Chapters

Rebuttal to Argument in Favor of Proposition 214

PROPOSITION 214, LIKE 216, IS A COSTLY TROJAN HORSE. We don't need special-interest ballot initiatives to "protect" patients. EXISTING LAW ALREADY: protects patient advocacy; prohibits gag rules; requires coverage criteria be developed by physicians; provides for safe staffing in hospitals; prohibits paying doctors to deny needed care; and prohibits disclosing confidential patient records.

These provisions are part of 214 to hide the measure's real purposes: to add bloated, costly staffing requirements, to give special-interest job protection to some health care workers, and to help trial lawyers file frivolous health care lawsuits.

Proposition 214 DOES NOT provide health coverage to a single Californian. It costs consumers BILLIONS OF DOLLARS in higher health insurance costs while costing taxpayers HUNDREDS OF MILLIONS more for administration and to cover government workers. Not a penny of 214 will provide health insurance for the uninsured.

Real health care reform should make insurance more affordable and reduce the number of uninsured. Props. 214 and 216 dramatically increase health insurance costs and will lead to MORE UNINSURED.

That's why groups like the Seniors Coalition, 60 Plus Association and United Seniors Association oppose 214 and 216. It's why leaders of groups that care for the poor like SISTERS OF MERCY and DAUGHTERS OF CHARITY oppose the initiatives. And it's why small business and taxpayer groups like the CALIFORNIA TAXPAYERS ASSOCIATION and the NATIONAL TAX LIMITATION COMMITTEE say NO on 214 and 216.

Don't be fooled by special-interest, trojan horse ballot initiatives. VOTE NO.

GORDON JONES
Legislative Director, The Seniors Coalition

MARY DEE HACKER, R.N.
Childrens Hospital, Los Angeles

KIRK WEST
President, California Chamber of Commerce

Argument Against Proposition 214

PROPOSITIONS 214 and 216 are two peas in a pod. They contain similar language promising bogus health care reforms that will dramatically raise health insurance and taxpayer costs for consumers and taxpayers in California.

Just ask yourself:

DOES PROPOSITION 214 MAKE HEALTH INSURANCE MORE AFFORDABLE?—No. An independent economic study estimates that under 214 insurance premiums could go up by as much as 15%. That would cost Californians OVER 3 BILLION DOLLARS A YEAR IN HIGHER HEALTH COSTS.

WHAT DOES A 15% INCREASE IN HEALTH INSURANCE DO TO YOUR FAMILY'S BUDGET? For many families, that's ALMOST $1,000 PER YEAR. Seniors and people on fixed incomes will be hardest hit. That's one reason why groups like The SENIORS COALITION and the 60 Plus Association OPPOSE PROP. 214.

Small business employees are also concerned:

"I work for a small company struggling to survive. If health insurance goes up, my employer couldn't afford it, and neither could my family."
— Aletha Hill, Camellia City Landscape Management, Sacramento

DOES PROP. 214 HELP THE UNINSURED?—No. Higher insurance costs will lead to MORE Californians WITHOUT INSURANCE. That's why California nurses and physicians oppose 214.

"For the past 20 years, I've cared for patients who have no health coverage. Proposition 214 means fewer people will have health insurance. That's just what California DOESN'T need."
— Joseph Coulter, M.D., Yuba City

DOES 214 HELP THE POOR AND MEDICALLY INDIGENT?—No. Hospitals that are committed to care for the poor would be SEVERELY HURT under 214.

"Our mission is to provide health care to the poor and underserved. Proposition 214 will make it much more difficult to help people in need."
— Sister Brenda O'Keeffe, R.N. Sisters of Mercy

DOES PROP. 214 HELP TAXPAYERS?—No. The non-partisan Legislative Analyst says 214 could cost state taxpayers HUNDREDS OF MILLIONS of dollars MORE per year. These higher costs will need to be cut from existing programs like law enforcement and education, or TAXES WILL NEED TO BE RAISED.

"According to one expert study, taxpayers in Los Angeles County alone would be forced to pay almost $60 MILLION more to insure government employees. Taxpayers in every jurisdiction will be hurt by 214."
— California Taxpayer's Association.

WHO'S BEHIND 214? The Service Employees International Union—a labor union representing health care workers. They'll have more workers to unionize under 214. And, 214 provides special interest job protection to certain health care workers. Trial lawyers will be able to file lawsuits over virtually every employment decision involving a health care worker because of 214.

WHAT'S IN IT FOR THE REST OF US?

. . . HIGHER INSURANCE COSTS FOR FAMILIES AND SMALL BUSINESSES
. . . MILLIONS IN TAX INCREASES
. . . MORE GOVERNMENT BUREAUCRACY
. . . and up to 60,000 LOST CALIFORNIA JOBS

California needs health care reform but Proposition 214—like Prop. 216—WILL MAKE THINGS WORSE. That's why a diverse coalition opposes them, including Democrats, Republicans and Independents, seniors, physicians, nurses, hospitals, taxpayer groups, small businesses, and local government organizations.

Propositions 214 and 216 are the WRONG SOLUTIONS to California's health care ills.

SISTER CAROL PADILLA, R.N.
Daughter of Charity

RICHARD GORDINIER, M.D.
Arcadia

KIRK WEST
President, California Chamber of Commerce

Rebuttal to the Argument Against Proposition 214

Let's be clear. Who opposes 214? The California Association of HMOs and the Association of California Life and Health Insurance Companies. HMOs and insurers plan to spend millions of your insurance premium dollars to defeat 214.

The opponents call 214's patient protections "bogus". Read Proposition 214. Then ask yourself, are its protections "bogus" or are they genuine protections patients need?

- Is it "bogus" to protect freedom of speech between patients and doctors?
- Is it "bogus" to make sure medical decisions are made by patients and doctors, not by HMO and insurance company bureaucrats?
- Is it "bogus" to prevent HMOs and insurers from using gag rules, intimidation, or financial incentives to discourage doctors from providing needed care?
- Is it "bogus" to require HMOs and insurers to tell consumers if their insurance premiums are being spent on actual patient care or bureaucratic overhead and executive salaries?

Opponents make wildly exaggerated claims about costs, based on an "economic study" paid for by their own campaign. An independent analysis states that 214's patient protections would increase overall costs by less than 1%.

Opponents try to confuse 214 with Proposition 216. But Propositions 214 and 216 are NOT "two peas in a pod:"

- 214 is a simple, effective measure that relies on existing agencies to implement its patient protections, minimizing enforcement costs. 214 CONTAINS NO NEW TAXES.
- 216 lacks some of 214's key patient protections and 216 includes billions of dollars in new taxes.

Please, help protect patient rights. VOTE YES ON PROPOSITION 214.

ROBYN WAGNER HOLTZ
President, Orange County Chapter,
THE Susan G. Komen Breast Cancer Foundation

W. E. (GENE) GIBERSON
President, Alzheimers Association, California Council

JONATHAN SHESTACK
Vice President, Cure Autism Now

Medical Use of Marijuana. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

MEDICAL USE OF MARIJUANA. INITIATIVE STATUTE.

- Exempts patients and defined caregivers who possess or cultivate marijuana for medical treatment recommended by a physician from criminal laws which otherwise prohibit possession or cultivation of marijuana.
- Provides physicians who recommend use of marijuana for medical treatment shall not be punished or denied any right or privilege.
- Declares that measure not be construed to supersede prohibitions of conduct endangering others or to condone diversion of marijuana for non-medical purposes.
- Contains severability clause.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Adoption of this measure would probably have no significant fiscal impact on state and local governments.

Analysis by the Legislative Analyst

BACKGROUND

Under current state law, it is a crime to grow or possess marijuana, regardless of whether the marijuana is used to ease pain or other symptoms associated with illness. Criminal penalties vary, depending on the amount of marijuana involved. It is also a crime to transport, import into the state, sell, or give away marijuana.

Licensed physicians and certain other health care providers routinely prescribe drugs for medical purposes, including relieving pain and easing symptoms accompanying illness. These drugs are dispensed by pharmacists. Both the physician and pharmacist are required to keep written records of the prescriptions.

PROPOSAL

This measure amends state law to allow persons to grow or possess marijuana for medical use when recommended by a physician. The measure provides for the use of marijuana when a physician has determined that the person's health would benefit from its use in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or "any other illness for which marijuana provides relief." The physician's recommendation may be oral or written. No prescriptions or other record-keeping is required by the measure.

The measure also allows caregivers to grow and possess marijuana for a person for whom the marijuana is recommended.

The measure states that no physician shall be punished for having recommended marijuana for medical purposes. Furthermore, the measure specifies that it is not intended to overrule any law that prohibits the use of marijuana for *nonmedical* purposes.

FISCAL EFFECT

Because the measure specifies that growing and possessing marijuana is restricted to medical uses when recommended by a physician, and does not change other legal prohibitions on marijuana, this measure would probably have no significant state or local fiscal effect.

For text of Proposition 215 see page 104

215 Medical Use of Marijuana. Initiative Statute.

Argument in Favor of Proposition 215

PROPOSITION 215 HELPS TERMINALLY ILL PATIENTS

Proposition 215 will allow seriously and terminally ill patients to legally use marijuana, if, and only if, they have the approval of a licensed physician.

We are physicians and nurses who have witnessed firsthand the medical benefits of marijuana. *Yet today in California, medical use of marijuana is illegal.* Doctors cannot prescribe marijuana, and terminally ill patients must break the law to use it.

Marijuana is not a cure, but it can help cancer patients. Most have severe reactions to the disease and chemotherapy—commonly, severe nausea and vomiting. One in three patients discontinues treatment despite a 50% chance of improvement. When standard anti-nausea drugs fail, marijuana often eases patients' nausea and permits continued treatment. It can be either smoked or baked into foods.

MARIJUANA DOESN'T JUST HELP CANCER PATIENTS

University doctors and researchers have found that marijuana is also effective in: lowering internal eye pressure associated with glaucoma, slowing the onset of blindness; reducing the pain of AIDS patients, and stimulating the appetites of those suffering malnutrition because of AIDS 'wasting syndrome'; and alleviating muscle spasticity and chronic pain due to multiple sclerosis, epilepsy, and spinal cord injuries.

When one in five Americans will have cancer, and 20 million may develop glaucoma, shouldn't our government let physicians prescribe any medicine capable of relieving suffering?

The federal government stopped supplying marijuana to patients in 1991. Now it tells patients to take Marinol, a synthetic substitute for marijuana that can cost $30,000 a year and is often less reliable and less effective.

Marijuana is not magic. But often it is the only way to get relief. A Harvard University survey found that almost one-half of cancer doctors surveyed would prescribe marijuana to some of their patients if it were legal.

IF DOCTORS CAN PRESCRIBE MORPHINE, WHY NOT MARIJUANA?

Today, physicians are allowed to prescribe powerful drugs like morphine and codeine. It doesn't make sense that they cannot prescribe marijuana, too.

Proposition 215 allows physicians to recommend marijuana in writing or verbally, but if the recommendation is verbal, the doctor can be required to verify it under oath. Proposition 215 would also protect patients from criminal penalties for marijuana, but ONLY if they have a doctor's recommendation for its use.

MARIJUANA WILL STILL BE ILLEGAL FOR NON-MEDICAL USE

Proposition 215 DOES NOT permit non-medical use of marijuana. Recreational use would still be against the law. Proposition 215 does not permit anyone to drive under the influence of marijuana.

Proposition 215 allows patients to cultivate their own marijuana simply because federal laws prevent the sale of marijuana, and a state initiative cannot overrule those laws.

Proposition 215 is based on legislation passed twice by both houses of the California Legislature with support from Democrats and Republicans. Each time, the legislation was vetoed by Governor Wilson.

Polls show that a majority of Californians support Proposition 215. Please join us to relieve suffering and protect your rights. VOTE YES ON PROPOSITION 215.

RICHARD J. COHEN, M.D.
Consulting Medical Oncologist (Cancer Specialist), California-Pacific Medical Center, San Francisco

IVAN SILVERBERG, M.D.
Medical Oncologist (Cancer Specialist), San Francisco

ANNA T. BOYCE
Registered Nurse, Orange County

Rebuttal to Argument in Favor of Proposition 215

AMERICAN CANCER SOCIETY SAYS: *". . . Marijuana is not a substitute for appropriate anti-nausea drugs for cancer chemotherapy and vomiting. [We] see no reason to support the legalization of marijuana for medical use."*

Thousands of scientific studies document the harmful physical and psychological effects of smoking marijuana. It is not compassionate to give sick people a drug that will make them sicker.

SMOKING MARIJUANA IS NOT APPROVED BY THE FDA FOR *ANY* ILLNESS

Morphine and codeine are FDA approved drugs. The FDA has not approved smoking marijuana as a treatment for *any* illness.

Prescriptions for easily abused drugs such as morphine and codeine must be in writing, and in triplicate, with a copy sent to the Department of Justice so these dangerous drugs can be tracked and kept off the streets. Proposition 215 requires absolutely *no* written documentation of any kind to grow or smoke marijuana. It will create legal loopholes that would protect drug dealers and growers from prosecution.

PROPOSITION 215 IS MARIJUANA LEGALIZATION—NOT MEDICINE

- Federal laws prohibit the possession *and* cultivation of marijuana. Proposition 215 would encourage people to break federal law.
- Proposition 215 will make it legal for people to smoke marijuana in the workplace . . . or in public places . . . next to your children.

NOT ONE MAJOR DOCTOR'S ORGANIZATION, LAW ENFORCEMENT ASSOCIATION OR DRUG EDUCATION GROUP SUPPORTS PROPOSITION 215—IT'S A SCAM CONCOCTED AND FINANCED BY DRUG LEGALIZATION ADVOCATES! PLEASE VOTE *NO*.

SHERIFF BRAD GATES
Past President, California State Sheriffs' Association

ERIC A. VOTH, M.D., F.A.C.P.
Chairman, The International Drug Strategy Institute

GLENN LEVANT
Executive Director, D.A.R.E. America

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Argument Against Proposition 215

READ PROPOSITION 215 CAREFULLY • IT IS A CRUEL HOAX

The proponents of this deceptive and poorly written initiative want to exploit public compassion for the sick in order to legalize and legitimatize the widespread use of marijuana in California.

Proposition 215 DOES NOT restrict the use of marijuana to AIDS, cancer, glaucoma and other serious illnesses.

READ THE FINE PRINT. Proposition 215 legalizes marijuana use for *"any other illness for which marijuana provides relief."* This could include stress, headaches, upset stomach, insomnia, a stiff neck . . . or just about anything.

NO WRITTEN PRESCRIPTION REQUIRED
• EVEN CHILDREN COULD SMOKE POT LEGALLY!

Proposition 215 does not require a written prescription. Anyone with the "oral recommendation or approval by a physician" can grow, possess or smoke marijuana. No medical examination is required.

THERE IS NO AGE RESTRICTION. Even children can be legally permitted to grow, possess and use marijuana . . . without parental consent.

NO FDA APPROVAL • NO CONSUMER PROTECTION

Consumers are protected from unsafe and impure drugs by the Food and Drug Administration (FDA). This initiative makes marijuana available to the public without FDA approval or regulation. Quality, purity and strength of the drug would be unregulated. There are no rules restricting the amount a person can smoke or how often they can smoke it.

THC, the active ingredient in marijuana, is already available by prescription as the FDA approved drug Marinol.

Responsible medical doctors wishing to treat AIDS patients, cancer patients and other sick people can prescribe Marinol right now. They don't need this initiative.

NATIONAL INSTITUTE OF HEALTH, MAJOR MEDICAL GROUPS SAY *NO* TO SMOKING MARIJUANA FOR MEDICINAL PURPOSES

The National Institute of Health conducted an extensive study on the medical use of marijuana in 1992 and concluded that smoking marijuana is *not* a safe or more effective treatment than Marinol or other FDA approved drugs for people with AIDS, cancer or glaucoma.

The American Medical Association, the American Cancer Society, the National Multiple Sclerosis Society, the American Glaucoma Society and other top medical groups have *not* accepted smoking marijuana for medical purposes.

LAW ENFORCEMENT AND DRUG PREVENTION LEADERS SAY *NO* TO PROPOSITION 215

The California State Sheriffs Association
The California District Attorneys Association
The California Police Chiefs Association
The California Narcotic Officers Association
The California Peace Officers Association
Attorney General Dan Lungren

say that Proposition 215 will provide new legal loopholes for drug dealers to avoid arrest and prosecution . . .

Californians for Drug-Free Youth
The California D.A.R.E. Officers Association
Drug Use Is Life Abuse
Community Anti-Drug Coalition of America
Drug Watch International

say that Proposition 215 will damage their efforts to convince young people to remain drug free. It sends our children the false message that marijuana is safe and healthy.

HOME GROWN POT • HAND ROLLED "JOINTS"
• DOES THIS SOUND LIKE MEDICINE?

This initiative allows unlimited quantities of marijuana to be grown anywhere . . . in backyards or near schoolyards without any regulation or restrictions. This is not responsible medicine. It is marijuana legalization.

VOTE *NO* ON PROPOSITION 215

JAMES P. FOX
President, California District Attorneys Association

MICHAEL J. MEYERS, M.D.
Medical Director, Drug and Alcohol Treatment Program, Brotman Medical Center, CA

SHARON ROSE
Red Ribbon Coordinator, Californians for Drug-Free Youth, Inc.

Rebuttal to Argument Against Proposition 215

SAN FRANCISCO DISTRICT ATTORNEY TERENCE HALLINAN SAYS . . .

Opponents aren't telling you that law enforcement officers are on both sides of Proposition 215. I support it because I don't want to send cancer patients to jail for using marijuana.

Proposition 215 does not allow "unlimited quantities of marijuana to be grown anywhere." It only allows marijuana to be grown for a patient's personal use. Police officers can still arrest anyone who grows too much, or tries to sell it.

Proposition 215 doesn't give kids the okay to use marijuana, either. Police officers can still arrest anyone for marijuana offenses. Proposition 215 simply gives those arrested a defense in court, *if they can prove they used marijuana with a doctor's approval.*

ASSEMBLYMAN JOHN VASCONCELLOS SAYS . . .

Proposition 215 is based on a bill I sponsored in the California Legislature. It passed both houses with support from both parties, but was vetoed by Governor Wilson. If it were the kind of irresponsible legislation that opponents claim it was, it would not have received such widespread support.

CANCER SURVIVOR JAMES CANTER SAYS . . .

Doctors and patients should decide what medicines are best. Ten years ago, I nearly died from testicular cancer that spread into my lungs. Chemotherapy made me sick and nauseous. The standard drugs, like Marinol, didn't help.

Marijuana blocked the nausea. As a result, I was able to continue the chemotherapy treatments. Today I've beaten the cancer, and no longer smoke marijuana. I credit marijuana as part of the treatment that saved my life.

TERENCE HALLINAN
San Francisco District Attorney

JOHN VASCONCELLOS
Assemblyman, 22nd District
Author, 1995 Medical Marijuana Bill

JAMES CANTER
Cancer survivor, Santa Rosa

Health Care. Consumer Protection. Taxes on Corporate Restructuring. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

HEALTH CARE. CONSUMER PROTECTION. TAXES ON CORPORATE RESTRUCTURING. INITIATIVE STATUTE.

- Prohibits health care businesses from: discouraging health care professionals from informing patients/advocating for treatment; offering incentives for withholding care; refusing services recommended by licensed caregiver without examination by business's own professional; increasing charges without filing required statement; conditioning coverage on arbitration agreement.
- Requires health care businesses to: make tax returns public; establish criteria written by licensed health professionals for denying payment for care; establish staffing standards for health care facilities.
- Authorizes public/private enforcement actions.
- Establishes nonprofit public corporation for consumer advocacy.
- Assesses taxes for certain corporate structure changes.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased revenues from new taxes on health care businesses—potentially in the hundreds of millions of dollars annually—to fund a corresponding amount of expenditures for specified health care services.
- Additional state and local costs for existing health care programs and benefits, probably in the range of tens of millions to hundreds of millions of dollars annually, depending on several factors.
- Reduced state General Fund revenue of up to tens of millions of dollars annually because the new taxes would reduce businesses' taxable income.

Analysis by the Legislative Analyst

BACKGROUND

Health Care Spending

Annual spending on health care in California totals more than $100 billion. About two-thirds of this cost is covered by various forms of health insurance, with the remainder paid by other sources.

Roughly 80 percent of all Californians are covered by health insurance. Specifically:

- About half receive health insurance through their employer or the employer of a family member.
- Roughly 20 percent are covered by two major government-funded health insurance programs: the federal Medicare Program, primarily serving persons age 65 or older, and the Medi-Cal Program, jointly funded by the federal and state governments, serving eligible low-income persons.
- About 10 percent of Californians directly purchase health insurance.

Until recently, spending on health care had been growing much faster than inflation and population changes. During the 1980s, for example, average health care spending in the United States grew by almost 11 percent annually after adjusting for inflation and population. Since 1990, however, this rate of growth has slowed to about 4 percent annually.

Health Maintenance Organizations

In part, this slower growth has been due to efforts by employers and government to control their health insurance costs. One way they have attempted to hold down costs is to contract with health maintenance organizations (HMOs), which provide health services through their own doctors and hospitals or through contracts with physicians and hospitals. About one-third of Californians belong to HMOs. Most of these HMO members are covered under employee health plans, but many persons covered by Medicare or Medi-Cal also receive their health care through HMOs.

Generally, health coverage provided by an HMO is less expensive than comparable health insurance coverage provided on a "fee-for-service" basis. Health maintenance organizations use several methods to control costs, such as "capitation" payments, other financial incentives, and utilization review.

Capitation and Other Financial Incentives. Under the traditional fee-for-service approach, doctors and hospitals charge fees based on the specific service provided to a patient. By contrast, HMOs generally use capitation to pay doctors. Under this approach, doctors receive a fixed payment for each HMO member regardless of the amount of service provided to the member. Capitation gives doctors a financial incentive to use cost-effective types of care.

In addition to capitation, HMOs use other financial incentives to control health care costs. The federal government, however, limits the types of financial incentives that may be used by HMOs when serving Medicare or Medi-Cal recipients. Specifically, federal law prohibits any financial incentives to doctors that could act to reduce medically necessary care to *individual* patients, such as a bonus payment for each patient that is not hospitalized during the year. However, federal law does allow "risk pools" and other types of profit-sharing

arrangements that enable doctors to benefit from controlling costs for *groups* of patients.

Utilization Review. Health maintenance organizations—as well as the state's Medi-Cal program and insurers using the fee-for-service approach—also attempt to contain costs by using "utilization review" procedures. Under these procedures, health plans will not pay for certain types of expensive or unusual treatments unless they have approved the treatment in advance.

Controlling Hospital Costs

Health maintenance organizations also control their costs by reducing their use of hospitals and encouraging more treatment in doctors' offices and clinics. This trend has contributed to an excess of hospital beds.

On average, about half of the hospital beds in California were unused in 1994. As a result, some hospitals have downsized, merged, or closed; and many hospitals are seeking ways to reduce costs in order to compete for business more effectively. Since staffing is a major cost, hospital cost control efforts often focus on reducing staff and using less expensive personnel in place of more expensive personnel where possible (using nurses' aides rather than nurses, for example).

Regulation of Health Care Facilities

Licensing of Facilities. The Department of Health Services (DHS) licenses many types of health facilities in California, such as hospitals and nursing homes, and has general authority to set staffing standards for those facilities. Clinics that are owned and operated directly by doctors, however, are not licensed.

Staffing Standards. State regulations generally require hospitals to keep staffing records and to base their staffing levels for nurses on an assessment of patient needs. Hospitals are not required to have a specified number of nurses per patient, except in intensive care units. State law requires nursing homes to have at least one registered nurse per shift and sets minimum staffing standards for nurses and nursing assistants per patient.

The DHS is revising its current hospital staffing regulations to cover all departments within each facility. Additionally, the pending regulations require hospitals to establish their staffing needs using a system that more specifically takes into account the condition of each patient. The DHS also enforces federal requirements that health facilities serving Medicare or Medi-Cal patients must have enough staff to provide adequate care.

Regulation of Health Plans and Health Insurance

The state Department of Corporations regulates the financial and business operations of health plans, including HMOs, in California. The Department of Insurance regulates companies that sell health insurance but do not provide health care themselves, including workers' compensation insurers.

PROPOSAL

This measure imposes new taxes on some health care businesses and individuals, with the revenue dedicated to financing a variety of health care services. It also establishes additional requirements for the operation of health care businesses.

The measure:

- Imposes new taxes on health care businesses for bed reductions, mergers, acquisitions, and restructurings; and on certain individuals who receive stock distributions from health care businesses. Provides that revenues from these taxes be spent to administer the measure and to fund specified health care services.
- Prohibits health care businesses from denying recommended care without a physical examination.
- Requires the state to set more comprehensive staffing standards for all health care facilities within six months.
- Prohibits health care businesses from using financial incentives to withhold safe, adequate, and appropriate care.
- Increases protections for certain health care employees and contractors.
- Requires health care businesses to make various types of information available to the public.
- Creates a new public corporation—the Health Care Consumer Association. The association, supported by voluntary contributions deposited in a new Health Care Consumer Protection Fund, would advocate for the interests of health care consumers.

The measure's provisions would affect both public and private health facilities. However, it is not clear whether the state's Medi-Cal Program would be considered a "health care business" subject to the requirements of this measure.

FISCAL EFFECT

The fiscal effect of this measure is subject to a great deal of uncertainty. The health care industry is large, complex, and undergoing rapid change, making it difficult to estimate the effect of new requirements on the overall health care marketplace. Furthermore, several of the measure's provisions could have widely varying fiscal effects, depending on how they are implemented or interpreted by the courts.

Revenues

The measure imposes three new taxes on private health care businesses in California (excluding insurers) with at least 150 employees and a new tax on certain individuals. The State Board of Equalization would collect these taxes.

Bed Reduction Tax. This is a tax on any private health care business that reduces licensed patient beds in hospitals or nursing facilities. For each bed eliminated, the tax would be 1 percent of the business' average per-bed gross revenues. The tax would have to be paid each year for five years.

Tax on Mergers and Combinations. The measure generally imposes a one-time 1 percent tax on the value of any California assets involved in mergers or acquisitions of health care businesses. The measure also imposes a 3 percent tax on the gross revenue of newly formed "multiprovider networks" (that is, health care businesses that jointly market or provide health care services). The network tax would be paid during the first five years of operation.

Tax on Sale or Transfer of Nonprofit or Publicly Owned Assets. The measure imposes a 10 percent tax on the sale, lease, transfer, or conversion of any nonprofit health care business (or provider of health supplies or services) to a for-profit business. The tax would be on the value of the nonprofit assets that are involved in the transaction. In the case of the sale or conversion of a publicly owned health facility (such as a county hospital or clinic) to a private entity, the tax would be 1 percent of the value of the converted assets.

Tax on Stock Distributions. The measure imposes a 2.5 percent tax on the value of any new stock or other

securities provided as payment to officers of, employees of, or consultants to private health care businesses or suppliers. The tax would apply only to persons who own (individually or together with family members) at least $2 million of stock or securities in the business or related businesses. This new tax would be in addition to California's existing income tax.

Use of New Tax Revenues. Revenues from the taxes imposed by this measure would be deposited in a new Public Health and Preventive Services Fund. After covering the costs of administering and enforcing this measure, the DHS would spend the remaining revenues for the following purposes:

- Maintaining essential public health services, including trauma care, controlling communicable diseases, and preventive services.
- Maintaining health care for seniors whose access to safe and adequate care is jeopardized by cuts in Medicare and other benefits.
- Ensuring adequate public health services and facilities for the population at large, including individuals and families who lose job-related health benefits.

Effect of the Measure on Health Care Costs Generally

Changes in health care costs have an impact on the state and local governments because of their role in directly operating health programs as well as purchasing health care services. The following provisions of this measure would increase health care costs generally.

Physical Examination. Currently, HMOs, health insurers, and other health care businesses may refuse to authorize recommended care that they believe to be unnecessary, unproven, or more expensive than an effective alternative treatment, without physically examining the patient. Patients usually have a right to appeal such a denial. This measure requires health insurers, health plans, or other health care businesses to physically examine a patient before refusing to approve care that is a covered benefit and that has been recommended by the patient's doctor or nurse (or other licensed health care professional). The person conducting the examination would have to be a licensed health care professional with the expertise to evaluate the patient's need for the recommended care.

Requiring a physical examination prior to denying care would increase general health care costs in two ways. First, health care businesses would have to add staff to provide additional examinations. Second, requiring an examination probably would result in some approvals of care that otherwise would be denied.

Staffing Requirements. The measure requires that all health care facilities provide "safe and adequate" staffing of doctors, nurses, and other licensed or certified caregivers. Within six months after the approval of this measure, the DHS would set staffing standards for all health care facilities, such as hospitals, nursing facilities, clinics, and doctor's offices.

The staffing standards required by this measure would have to cover all types of facilities and all licensed and certified caregivers. In addition, these standards would have to be based on the specific needs of individual patients. Depending on the specific standards adopted, some health care facilities might have to add more staff, hire more highly skilled staff, or both. The effect on overall health care costs could range from minor to significant.

Financial Incentives. The measure prohibits insurers, health plans, and other health care businesses from offering financial incentives to doctors, nurses, or other licensed or certified caregivers if those incentives would deny, withhold, or delay safe, adequate, and appropriate care to which patients are entitled.

Restricting financial incentives could increase general health care costs by limiting the use of risk pools and profit-sharing arrangements that encourage providers to restrain costs. However, the measure specifically allows the use of capitation payments. Furthermore, it is not clear whether the measure prohibits any financial incentives that are not already prohibited under federal restrictions that apply to providers who serve Medicare or Medi-Cal patients. Consequently, the provision's effect on health care costs is unknown, but could range from minor to significant.

Protection for Certain Health Care Professionals. The measure prohibits health care businesses from attempting to prevent doctors, nurses, and other health care professionals from giving patients any information relevant to their medical care. The measure also broadens existing protections for health care professionals who advocate for patient care.

In addition, the measure protects doctors, nurses, and other licensed or certified caregivers from any adverse actions by health care businesses—such as firing, contract termination, or demotion—for providing "safe, adequate, and appropriate care." Depending on how this provision is interpreted, it could increase general health care costs by an unknown amount. Costs could increase to the extent that this protection restricts the ability of health care businesses to manage the level of care provided by their employees and contractors.

Liability of Health Care Professionals. The measure specifies that licensed health care professionals who set guidelines for care, or determine what care patients receive, shall be subject to the same professional standards that apply to health care professionals who provide direct care to patients. This provision would increase the risk of malpractice liability for some health care professionals who make decisions affecting patient care, but who do not provide direct care. This could increase health care costs by an unknown amount.

Access to Information. The measure requires all health care businesses to make certain types of information available to the public regarding staffing, guidelines for payment of care, and quality of care. In addition, the measure requires health care businesses with more than 150 employees to make available certain financial data and information on the status of complaints against the businesses.

Businesses Must Certify Higher Charges. Private health care businesses would have to certify to the DHS that any increase in their premiums or other charges for health services is necessary before the increase can take effect. Also, the measure requires public disclosure of the estimated revenue from the increase and the planned use of the additional funds.

Effect of New Taxes on Health Care Costs. The taxes imposed by this measure would be an additional direct cost to certain health care businesses. Furthermore, the taxes could result in higher costs by discouraging some actions (such as eliminating excess beds or creating larger networks) that would generate savings by improving efficiency. Some portion of these increased costs probably would be passed on in higher prices to purchasers of health care services. However, these additional costs could be partially offset to the extent that some of the tax revenues are allocated to finance "uncompensated care" costs for services currently provided to indigents and covered by higher charges to

other parties. The overall net increase in health care costs is unknown.

Effect of the Measure on the State and Local Governments

Summary. The most significant fiscal effects of this measure on the state and local governments are summarized below and then discussed in more detail:

- ***Revenues.*** The measure would result in unknown additional revenues, potentially in the hundreds of millions of dollars annually, from the new taxes on health care businesses and certain individuals. These revenues would be used to cover the administrative costs of the measure and for expenditure on specified health care services. The measure would also result in a state General Fund revenue loss of up to tens of millions of dollars annually, due to the effect on income taxes.
- ***Costs.*** In addition to the increased spending funded by the new tax revenues, the measure would result in unknown additional costs, probably in the range of tens of millions to hundreds of millions of dollars annually. This is due to the measure's effects on the state's and local governments' costs of directly operating health programs as well as purchasing health care services.

Revenue Effects of Measure

Public Health and Preventive Services Fund. The four taxes established by this measure would generate unknown revenues, potentially hundreds of millions of dollars annually. The actual amount of revenues will depend primarily on decisions made by health care businesses regarding the activities subject to these taxes, such as bed reductions, mergers, and acquisitions.

General Fund. The taxes imposed by this measure on health care businesses would reduce their taxable income. For this reason, the measure would reduce General Fund revenue from income taxes. The amount of this revenue loss would be up to tens of millions of dollars annually.

Potential Loss of Revenues From the Sale or Lease of Health Facilities. By imposing a tax on the sale, transfer, or lease of publicly owned health facilities to private organizations, the measure could reduce the market value of those facilities. As a result, the tax potentially would reduce revenues from those types of transactions. The amount of this earnings loss could be up to millions of dollars annually to the state and local governments, but would depend on many factors.

Health Care Consumer Protection Fund. The measure also would result in an unknown amount of revenues from voluntary contributions to the Health Care Consumer Association to support its activities.

Spending of New Tax Revenues. The measure requires the DHS to spend the revenues from the new taxes on a variety of health care services (after covering state administrative costs). These expenditures could total up to hundreds of millions of dollars annually, depending on the amount of revenue produced by the new taxes.

Increased Costs to Government to Operate Health Programs

Requirement for Physical Examinations. If the Medi-Cal Program is subject to this measure, the requirement for a physical examination prior to denial of care would increase state costs by an unknown amount, potentially exceeding $100 million annually.

Counties operate health care programs for people in need who do not qualify for other health care programs such as Medicare or Medi-Cal. These programs also would experience some increase in costs to provide additional examinations and for additional costs of care. These costs are unknown, but probably less than the potential costs to the Medi-Cal Program.

Staffing Requirements. The staffing requirements in this measure could increase the costs of health facilities operated by the state and local governments, including University of California hospitals, state developmental centers and mental hospitals, prison and Youth Authority health facilities, state veterans' homes, county hospitals and clinics, and hospitals operated by hospital districts. The amount of this potential increase is unknown and could range from minor to significant, depending on the actual staffing standards that are adopted.

Increased Costs to Government to Purchase Health Care Services

State Medi-Cal Program. The state contracts with HMOs and health care networks to serve a portion of the clients in the Medi-Cal Program. Cost increases to these organizations would tend to increase Medi-Cal costs by an unknown amount. The state spends about $6 billion annually (plus a larger amount of federal funds) for the Medi-Cal Program, primarily to purchase health care services. The potential cost increase to the state could range from a few million dollars to more than $100 million annually, due to the measure's effects on health care costs generally (as described above).

County Health Care Costs. Counties spend over $2 billion annually to provide health care to indigents. In addition to services that they provide directly, counties contract to purchase a significant amount of services. The potential county cost increases could be up to tens of millions of dollars annually, due to the measure's effects on health care costs generally.

State and Local Employee Health Insurance Costs. The state currently spends about $900 million annually for health benefits of employees and retirees, and the amount spent by local governments is greater. By increasing health care costs generally, the measure could increase benefit costs to the state and local governments by an unknown amount, potentially in the tens of millions of dollars annually. However, the provisions that require disclosure of financial data and certification of rate increases (which might discourage such increases) could offset some portion of these costs.

State Administration and Enforcement Costs

The measure would result in additional costs to the Department of Health Services, the State Board of Equalization, and other state agencies to administer and enforce its provisions (primarily the staffing standards and the collection of new taxes). The ongoing costs could be roughly $15 million annually, plus several million dollars of start-up costs in the first year. These costs would be paid from the new tax revenues in the Public Health and Preventive Services Fund created by this measure.

For text of Proposition 216 see page 104

216 Health Care. Consumer Protection. Taxes on Corporate Restructuring. Initiative Statute.

Argument in Favor of Proposition 216

Insurance companies and HMOs are downgrading medicine from a profession that serves patients to a business that squeezes them. Under "managed care," medical decisions are often made by insurance bureaucrats—instead of by doctors and nurses.

HMOs and insurance companies are increasingly controlling what doctors can say or do for you . . . Awarding bonuses to doctors for withholding treatment . . . Imposing "gag rules" that censor what doctors or nurses tell patients about their treatment . . . Denying referrals to specialists . . . Forcing patients out of hospitals before they're fully recovered . . . Replacing nurses with untrained, low-wage workers to care for patients . . . Cutting medical staff, while assigning doctors and nurses more patients.

These practices are reaping billions of dollars for giant health corporations and Wall Street moguls. But substandard care and unsafe cost-cutting result in tragic and unnecessary deaths and injuries.

To maintain the quality and compassion of the health care system, it's time to put patients and qualified doctors and nurses back in control. That's why over 800,000 California voters, led by nurses and consumer advocates, have joined to pass Proposition 216, the Patient Protection Act.

Prop. 216 will:

1. Outlaw bonuses to doctors and nurses for withholding treatment.
2. Ban "gag rules" that restrict physicians and nurses from discussing treatment options with patients.
3. Establish safe staffing levels in hospitals, clinics and nursing homes; ban the use of untrained personnel for patient care.
4. End arbitrary denial of medical treatment; require a written explanation and qualified second opinion before care may be denied.
5. Establish a self-funded, independent consumer watchdog group; require industry disclosure of safety and financial data.
6. Ban the sale of your private medical records without your permission.
7. Require detailed justification for premium increases.

Proposition 216 will save taxpayers money. According to the official State Legislative Analyst, the health care industry will pay all the costs of enforcing the initiative through penalty fees on wildly-excessive HMO salaries, multi-billion dollar hospital mergers and medical service reductions. Also, these fees will help cover the costs of crucial community programs such as emergency care and contagious disease prevention.

Voter Alert #1. If Prop. 216 passes, insurers will have to cut out waste and excess profits and reduce overhead, which consumes 31 cents of every $1 in premiums policyholders pay. So the giant health corporations are spending millions to frighten voters about "big government, more taxes." Don't be misled. Under Prop. 216, taxpayers, businesses and California's economy benefit.

Voter Alert #2. Many voters are confused by Proposition 214, a different initiative. Only Prop. 216 establishes a consumer watchdog to protect against insurance abuse. And only Prop. 216 will prevent industry-funded politicians from easily overriding these voter-approved reforms in the Legislature.

The Patient Protection Act will best protect you and your family against unsafe and costly medical care. To guarantee that every reform in Prop. 216 becomes law, it must get more "Yes" votes than Prop. 214. Remember, vote "Yes" *only* on Prop. 216.

RALPH NADER
Consumer Advocate

DR. HELEN RODRIGUEZ-TRIAS, M.D.
Former President, American Public Health Association

KIT COSTELLO, R.N.
President, California Nurses Association

Rebuttal to Argument in Favor of Proposition 216

This initiative, like Proposition 214, is not what it seems. It's a special interest trick that contains "patient protection" provisions THAT ARE ALREADY LAW. It doesn't give consumers added protection and it's not real health care reform.

Existing laws already ensure that doctors must advocate for patients; that hospital staffing be safe and adequate; and that health care providers provide information to patients about their health care needs. Health plans and HMOs are ALREADY REQUIRED to base medical decisions on written criteria developed by doctors.

Take out the bogus "reforms" in 216 and what is left? Costly new bureaucratic rules, special-interest job protection, and higher health care costs for consumers and taxpayers.

Proposition 216 DOES NOT provide health insurance coverage to a single Californian. It assesses BILLIONS OF DOLLARS IN NEW TAXES, which will lead to huge increases in health care costs for consumers without improving quality. Prop. 216 REQUIRES that these taxes be used for GOVERNMENT BUREAUCRATS to administer the initiative.

The Legislative Analyst says 216 will cost taxpayers HUNDREDS OF MILLIONS per year. Economists predict it could lead to a 15% increase in health insurance costs for California families. Trial lawyers will be able to file new frivolous lawsuits under both Props. 216 and 214.

Proposition 216 makes California's health care system worse. It raises health insurance and taxpayer costs by BILLIONS OF DOLLARS per year, but it DOESN'T EXTEND INSURANCE COVERAGE TO UNINSURED CALIFORNIANS.

VOTE NO on Propositions 216 and 214.

SISTER CAROL PADILLA, R.N.
Daughter of Charity

SALLY C. PIPES
Economist, Pacific Research Institute of Public Policy

GORDON JONES
Legislative Director, The Seniors Coalition

Health Care. Consumer Protection. Taxes on Corporate Restructuring. Initiative Statute. 216

Argument Against Proposition 216

PROPOSITIONS 216 and 214 HAVE THIS IN COMMON: THEY'RE BAD MEDICINE FOR CALIFORNIA. They're special interest measures that won't deliver real health care reform. Instead, they make things worse. We need health care reform, but 216 and 214 are WRONG SOLUTIONS.

Real health care reform should make insurance more affordable and reduce the number of uninsured Californians. Proposition 216 does the opposite—it could DRAMATICALLY RAISE HEALTH INSURANCE costs, leading to FEWER PEOPLE COVERED.

Californians from every walk of life, including Republicans, Democrats and Independents, nurses, physicians, hospitals, seniors, consumers, taxpayers, and businesses oppose Proposition 216.

SPONSORED BY SPECIAL INTERESTS

Like Proposition 214, Prop. 216 is a special interest measure designed to help its sponsors. The nurses union co-sponsoring 216 will have more health care workers to represent because of Proposition 216's quotas. These quotas could cost consumers hundreds of millions of dollars in higher health charges and will not improve health care. Trial lawyers stand to make MILLIONS OF DOLLARS in attorney fees for filing more frivolous health care lawsuits permitted by 216.

HAMMERS TAXPAYERS

Proposition 216 is DEVASTATING TO TAXPAYERS. The independent Legislative Analyst, says 216 could cost taxpayers SEVERAL HUNDRED MILLION DOLLARS per year in administrative costs . . . millions MORE to provide coverage to government workers . . . millions more in lost tax revenues.

Proposition 216 also enacts FOUR NEW TAXES on health care businesses that could cost BILLIONS of dollars. Every consumer in California will ultimately pay!

"216 is a disaster for taxpayers. According to an independent study, in LA County alone, it's nearly $60 million more to provide health coverage to government workers. Statewide, we'll pay hundreds of millions in higher costs."

—California Taxpayer's Association

HIGHER HEALTH COSTS

Health costs will skyrocket under Proposition 216. Independent economists estimate premiums could increase up to 15%, COSTING CONSUMERS BILLIONS OF DOLLARS. Higher costs hit families and small businesses hardest. Many could be forced to lay off workers and reduce benefits; some could be forced to close. Proposition 216 could mean 60,000 LOST CALIFORNIA JOBS.

Employees pay the highest price:

"The small company where I work can't afford those higher costs. They'll be forced to drop our coverage or pass the costs to employees like me. I can't afford 216."

—Jane Gonzales, Office Manager, Los Altos

EXCESSIVE GOVERNMENT INVOLVEMENT

Prop. 216 requires dozens of new rules, regulations and government functions, employing a legion of government bureaucrats. For instance, 216 gives bureaucrats power to mandate staffing levels in every hospital, doctor's office and clinic. It even requires DAILY COMPLIANCE REPORTS.

"That's too much government! Imagine the cost of government bureaucrats hovering over every health care provider office in California."

—Lew Uhler, National Tax Limitation Committee

CAN'T BE FIXED

When was the last time a ballot initiative turned out exactly as promised? Prop. 216 makes it almost impossible to fix problems when they develop. Californians will be stuck with a costly, flawed initiative.

Proposition 216 is phony health care reform sponsored by special interests. It will cost taxpayers and consumers billions of dollars.

SISTER KRISTA RAMIREZ, R.N.
Sisters of Mercy

WILLIAM S. WEIL, M.D.
Cedars Sinai Health Associates

SALLY C. PIPES
Economist, Pacific Research Institute of Public Policy

Rebuttal to Argument Against Proposition 216

There they go again.

Insurance companies, HMOs and other giant health corporations want to divert your attention from their fraudulent medical practices and their excessive profits. That's why they resort to their usual scare tactics: government! taxes!

But their deceptions, tricks and phony statistics won't work this time because voters know the facts.

Only Prop. 216 . . .

. . . is backed by 836,000 California voters, 25,000 California Nurses Association members, Ralph Nader and other leading consumer advocates, and by thousands of families who know firsthand the tragic costs of HMO greed-driven cutbacks.

. . . WILL COST TAXPAYERS NOTHING. The official Legislative Analyst confirms that penalties on HMO practices that reduce quality care will cover 100% of all enforcement costs.

. . . REDUCES GOVERNMENT by establishing a self-funded, independent, nonprofit consumer watchdog group to monitor HMOs.

. . . BLOCKS ARBITRARY PREMIUM INCREASES and specifically prohibits passing on costs of safeguarding quality care.

. . . SAVES CALIFORNIA BUSINESSES BILLIONS in lost productivity by protecting employee health; experts estimate a $14 billion benefit to California's economy with Prop. 216.

. . . is REAL CONSUMER PROTECTION with SHARP ENFORCEMENT TEETH. Amendments require a tough two-thirds vote by state lawmakers, preventing sabotage by HMO and insurance lobbyists in Sacramento.

The health industry is spending tens of millions against Prop. 216. They've even imported campaign consultants from Washington, D.C. What are they afraid of? 216 will force them to provide safe health care. 216 puts patients first, before profits. The giant HMOs are desperate because the facts—and informed voters—support Prop. 216.

HARVEY ROSENFIELD
Executive Director, Foundation for Taxpayer and Consumer Rights

DR. SHELDON MARGEN, M.D.
Founder, University of California Wellness Newsletter

LINDA ROSS
Co-Chair, California Committee of Small Business Owners

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

Top Income Tax Brackets. Reinstatement. Revenues to Local Agencies. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

TOP INCOME TAX BRACKETS. REINSTATEMENT. REVENUES TO LOCAL AGENCIES. INITIATIVE STATUTE.

- Retroactively reinstates 10% and 11% tax rates, respectively, on taxpayers with taxable income over $115,000 and $230,000 (current estimates), and joint taxpayers with taxable income over $230,000 and $460,000 (current estimates).
- Requires Controller to apportion revenue from reinstated tax rates among counties.
- Requires counties to allocate that revenue to local government agencies based on each local agency's proportionate share of property taxes which must be transferred to schools and community colleges under 1994 legislation.
- Prohibits future reduction of local agency's proportionate share of property taxes.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Annual increase in state personal income tax revenues of about $700 million, with about half the revenues allocated to schools and half to other local governments.

Analysis by the Legislative Analyst

BACKGROUND

In the early 1990s California faced a severe recession, which resulted in significant shortfalls in the state budget. In response, the state acted to increase revenues and reduce expenditures. As one way of increasing revenues, the state imposed a temporary income tax rate increase in 1991, adding 10 percent and 11 percent rates for the highest-income taxpayers. This temporary tax increase ended in 1995.

In addition, the state reduced its expenditures by lowering the share of school funding paid by the state and raising the share paid by local property taxes. To do this, the state shifted property tax revenues *from* counties, cities, and special districts *to* schools. This action did not change the overall level of spending on schools. Instead, it reduced the amount the state needed to pay from its revenues in support of schools.

The loss of property tax revenues lowered the amount of money available to local governments for programs such as parks, libraries, social services, and public safety. Overall, the state shifted about $3.6 billion in property tax revenues, reducing the amount of property tax revenues going to local governments each year by about 25 percent. These property tax revenue losses are partially offset by $1.6 billion in increased sales tax revenues as a result of the passage of Proposition 172 in 1993. These sales tax revenues are dedicated to local public safety programs.

PROPOSAL

This measure (1) reinstates, beginning with the 1996 tax year, the income tax increase for higher-income taxpayers that ended last year and (2) allocates the money from this tax increase to schools and local governments.

Personal Income Tax Rates. Under California's personal income tax, taxpayers pay different rates depending on their income. These rates currently vary from 1 percent to 9.3 percent. Individual taxpayers pay at the 9.3 percent rate on taxable income over about $32,000 and married couples pay 9.3 percent on taxable income over about $65,000. This measure would reinstate the 10 percent and 11 percent personal income tax rates. We estimate that under the measure an individual would pay at the 10 percent rate on taxable income between $115,000 and $230,000 and at a rate of 11 percent on taxable income over $230,000. A married couple would pay at the 10 percent rate on taxable income between $230,000 and $460,000, and at a rate of 11 percent on taxable income over $460,000.

The measure would affect about 1 percent of taxpayers in the state. These taxpayers currently pay approximately $6.5 billion, or 31 percent, of the total personal income taxes collected each year. The measure also restricts the ability of the state to reduce the income taxes paid by higher-income taxpayers in the future without a vote of the people.

Allocation to Schools. Under the State Constitution, increases in state General Fund revenues generally result in an increased level of funding for schools. We estimate that over the next several years schools would get about half of the additional money resulting from this tax increase.

Allocation to Local Governments. About half of the additional money raised by this tax increase would be allocated to local governments. The allocations would be based on the amount of money that a local government lost as a result of the property tax shifts (less the amount received in Proposition 172 sales tax revenue). The local share would be allocated as follows:

- 54 percent to counties.
- 22 percent to cities.
- 24 percent to special districts.

The measure also prohibits the state from shifting additional property tax revenues away from these local governments.

FISCAL IMPACT

This tax increase would raise state General Fund revenues by about $700 million, or 1.5 percent, each year. As noted above, about half of the funds would be allocated to schools and half to other local governments.

For text of Proposition 217 see page 107

217 Top Income Tax Brackets. Reinstatement. Revenues to Local Agencies. Initiative Statute.

Argument in Favor of Proposition 217

Why are taxpayers paying more in taxes while local services keep getting cut?

The answer is clear: each year since 1993, the Governor and Legislature have taken billions of property tax dollars from local governments to help balance the state budget.

At the same time, they intend to give a tax break to the wealthiest 1.2% of taxpayers, instead of restoring local services.

That's why the people put Proposition 217 on the ballot.

PROPOSITION 217 STOPS AN UNFAIR TAX BREAK.

Unless Proposition 217 passes, the two top brackets on the state income tax will expire this year. That means only the wealthiest 1.2% of taxpayers will get a $700 million tax cut.

PROPOSITION 217 IS NOT A TAX INCREASE: It merely keeps in place the two highest state income tax brackets that apply to families with taxable incomes over $230,000 and $460,000—*after* taking all their deductions. These brackets, at 10% and 11%, would otherwise decline to 9.3%. That's the same rate paid by families with taxable income of $65,000.

No other taxpayers are getting a tax cut. Just the top 1.2%. This is especially unfair at a time when the gap between the wealthiest Americans and everyone else is getting larger.

PROPOSITION 217 PROTECTS OUR SCHOOLS.

California already has the most crowded classrooms in the country. The last thing we need is to be taking money away from our schools. Proposition 217 will ensure that up to $500 million will stay in school budgets rather than go to the wealthy in a tax cut.

By passing Proposition 217, voters will prevent any loss of revenues for our schools.

PROPOSITION 217 PARTIALLY RESTORES LOCAL REVENUES.

Since 1993, Sacramento has taken billions of dollars in local taxes from local services—and keeps on taking more.

The results? Parks close. Libraries close or cut back their hours. Criminals are let out of overcrowded jails. Child protection services are cut. Police departments are understaffed.

To make up for some of the losses, voters have passed sales taxes and local taxes, which fall on ordinary taxpayers.

Proposition 217 helps fill the gap, without a tax increase. After restoring funds that would be lost to schools, it automatically returns the revenues from continuing the top brackets back to local government.

Each local government will receive revenue in direct proportion to the amount taken away by the state. This revenue *must* go to schools and to restore local services in proportion to local losses.

Proposition 217 also prohibits the state from taking any additional property tax revenues away from local government in the future.

VOTE YES ON PROPOSITION 217.

Proposition 217 restores a little fiscal sanity to California. It simply continues tax rates already in place on the wealthiest taxpayers to protect our schools and restore more of the local funding the state took away. That means restored funding for public safety, for parks, for libraries, and for child protection, all of which have suffered since 1993.

FRAN PACKARD
President, League of Women Voters of California

MARY BERGAN
President, California Federation of Teachers

DANIEL TERRY
President, California Professional Firefighters

Rebuttal to Argument in Favor of Proposition 217

California's economy finally is on the mend, creating jobs 1.5 times faster than the national average.

Increased state tax revenues from this economic recovery have been used to boost school spending by $3 billion. Local government received $100 million more for law enforcement.

WHY DO PROPOSITION 217 PROMOTERS WANT TO THROW A MONKEY WRENCH INTO THIS EXPANDING ECONOMY?

Eighty percent of California's businesses pay personal, *NOT* corporate, income taxes. Most are small businesses, and could be hurt by Proposition 217.

Small business is driving job growth in this state. It's dumb to attack these job creators.

PROPOSITION 217 *IS* A RETROACTIVE TAX INCREASE!

We just don't need another tax. With Proposition 217, California would effectively have the HIGHEST PERSONAL INCOME TAX RATE IN THE COUNTRY.

MORE MONEY DOWN A BUREAUCRATIC BLACK HOLE

Despite claims it "protects schools," PROPOSITION 217 CONTAINS NO GUARANTEE that one penny would be used to reduce classroom sizes. The promoters own campaign materials state: "IT IS MOST LIKELY THAT THE MEASURE WILL HAVE NO INITIAL IMPACT ON SCHOOLS . . ."

They promise funds for libraries, parks and police. But there's no accountability how local governments would spend the money. Los Angeles County, for example, spent $694,532 to lobby Sacramento in the first quarter of 1996—more than all the other industry, labor and special interest groups.

BEFORE TAXES ARE RAISED ANOTHER DIME, THE BUREAUCRATS SHOULD TIGHTEN THEIR BELTS, CUT WASTE AND DO MORE WITH THE $62 BILLION THEY ALREADY HAVE!

TAXES ALREADY ARE TOO HIGH!
NO on 217

KEVIN WRIGHT CARNEY
School Boardmember, Antelope Valley Union High School District

JOHN P. NEAL
Chairman, California Chamber of Commerce Small Business Committee

RICHARD T. DIXON
Mayor, City of Lake Forest

Top Income Tax Brackets. Reinstatement. Revenues to Local Agencies. Initiative Statute. 217

Argument Against Proposition 217

TAXES IN CALIFORNIA ALREADY ARE TOO HIGH! But if Proposition 217 passes, California would effectively have the highest personal income tax rate in the country.

RETROACTIVE TAX INCREASE

Proposition 217 imposes a retroactive and PERMANENT TAX INCREASE on income earned since January 1, 1996.

HURTS SMALL BUSINESS

Its promoters may have intended to soak the rich, but Proposition 217 would really hurt the state's small business owners. Eighty (80) percent of California's businesses pay personal, NOT corporate income taxes.

And that hurts all of us!

HIGHER TAXES FOR SMALL BUSINESS MEAN LESS MONEY FOR JOBS AND SALARIES

Small businesses are the engine driving California's economic recovery. In fact, small companies are creating 60% of all our new jobs. It just doesn't make sense to saddle these job-creators with higher taxes.

If Proposition 217 passes, some companies may decide enough is enough and move their businesses and the jobs they provide OUT of California to states with lower income tax rates.

NO GUARANTEES OR ACCOUNTABILITY

Proposition 217 contains absolutely no guarantees or accountability on how the new tax money will be spent.

Some claim up to 60 percent of the new tax money would be spent on education. But no one knows for sure.

Proposition 217 promoters do not provide any guarantees on how much of this new tax would be spent on schools. Neither do they account for just how that money would be spent. YOUR TAX MONEY COULD END UP PAYING FOR BUREAUCRATS AND ADMINISTRATORS, NOT ON THE KIDS AND IN THE CLASSROOM.

Make no mistake, PROPOSITION 217 IS JUST MORE MONEY DOWN A BUREAUCRATIC BLACK HOLE.

State and local government spending per person in California already is fifteen percent higher than the national average. *THE LAST THING WE NEED TO DO IS SEND ANY MORE MONEY TO THE SACRAMENTO POLITICIANS.*

BEFORE TAXES ARE RAISED ANOTHER DIME, THE BUREAUCRATS SHOULD TIGHTEN THEIR BELTS, CUT THE WASTE IN GOVERNMENT AND ACCOMPLISH MORE WITH THE BILLIONS OF OUR TAX DOLLARS THEY ALREADY HAVE.

PROPOSITION 217 ALSO MESSES WITH OUR PROPERTY TAXES!

Under current law, property taxes pay for public services provided by local agencies where the property is located.

But under Proposition 217, if your city attracts more new employers or new homes, it would be penalized by losing its fair share of property taxes. It could also lead to higher fees on new home buyers and new businesses

Residents of a new city could be subject to DOUBLE TAXATION. They would continue to pay property taxes, but none of these would finance police, fire and other services for residents of the new city. Instead, other local taxes and fees would have to be found.

Proposition 217 may be well-intended, but it contains too many provisions with uncertain and even potentially dangerous economic consequences. Proposition 217 is confusing, tries to tackle too many issues and would end up hurting small businesses the most.

TAXES IN CALIFORNIA ALREADY ARE TOO HIGH!
VOTE NO on 217!

LARRY McCARTHY
President, California Taxpayers' Association

RUTH LUNQUIST
Small Business Owner (Herald Printing)

MARTYN B. HOPPER
California State Director, National Federation of Independent Business (NFIB)

Rebuttal to Argument Against Proposition 217

The opponents are misleading on all counts. Why? Because they are trying to protect a $700 million tax break for the wealthiest 1.2% of taxpayers that will hurt our schools, law enforcement, libraries and other local services.

They say taxes are too high. FACT: Cutting taxes for the top 1.2%—and no one else—means more of the tax load will be shifted onto ordinary taxpayers.

They call 217 a "retroactive tax increase." FACT: 217 continues the top income tax brackets without change. Taxes due in April 1997 will be paid at the same rate as in April, 1996.

They say 217 "hurts small business." FACT: There are millions of small businesses, but *217 affects a total of only 169,000 personal income taxpayers* whose incomes average $488,000 per year.

They say taxes on the wealthy mean fewer jobs. FACT: The 11% top income tax bracket was established by Governor Reagan in 1973, and has been in effect for all but four years since. California has had enormous business expansion and job growth since 1973.

They say there are no guarantees for education. FACT: Proposition 98 and the California Constitution guarantee the revenues for schools. That's why parents and educators support Proposition 217.

They say 217 affects property taxes. FACT: It does, *in one way only*. It prevents the State from taking more property taxes from local governments. That protects public safety and other local services.

Consider the facts. Then, VOTE YES ON PROPOSITION 217.

STEVEN H. CRAIG
President, Peace Officers Research Association of California

CAROL RULEY
President, California State Parent Teacher Association (PTA)

LENNY GOLDBERG
Executive Director, California Tax Reform Association

Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

VOTER APPROVAL FOR LOCAL GOVERNMENT TAXES. LIMITATIONS ON FEES, ASSESSMENTS, AND CHARGES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Limits authority of local governments to impose taxes and property-related assessments, fees, and charges. Requires majority of voters approve increases in general taxes and reiterates that two-thirds must approve special tax.
- Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing.
- Assessments are limited to the special benefit conferred.
- Fees and charges are limited to the cost of providing the service and may not be imposed for general governmental services available to the public.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Short-term local government revenue losses of more than $100 million annually.
- Long-term local government revenue losses of potentially hundreds of millions of dollars annually.
- Local government revenue losses generally would result in comparable reductions in spending for local public services.

Analysis by the Legislative Analyst

OVERVIEW

Local governments provide many services to people and businesses in their communities. To pay for these services, local governments raise revenues by imposing fees, assessments, and taxes. This constitutional measure would make it more difficult for local governments to raise these revenues. As a result, this measure would:

- Reduce the amount of fees, assessments, and taxes that individuals and businesses pay.
- Decrease spending for local public services.

PROPOSAL

This measure would constrain local governments' ability to impose fees, assessments, and taxes. The measure would apply to all cities, counties, special districts, redevelopment agencies, and school districts in California.

Fees

Current Practice. Local governments charge fees to pay for many services to their residents. Some of these fees pay for services to property, such as garbage collection and sewer service. Fees are also called "charges."

Local governments often establish several fee amounts for a service, each based on the approximate cost of providing the service to different types of properties (such as commercial, industrial, or residential property). Local governments usually send monthly bills to property owners to collect these fees, although some fees are placed on the property tax bill. Local governments generally hold public hearings before creating or increasing such a fee, but do not hold elections on fees.

Proposed Requirements for Property-Related Fees. This measure would restrict local governments' ability to charge "property-related" fees. (Fees for water, sewer, and refuse collection service probably meet the measure's definition of a property-related fee. Gas and electric fees and fees charged to land developers are specifically exempted.)

Specifically, the measure states that *all* local property-related fees must comply by July 1, 1997, with the following restrictions:

- No property owner's fee may be more than the cost to provide service to that property owner's land.
- No fee may be charged for fire, police, ambulance, library service, or any other service widely available to the public.
- No fee revenue may be used for any purpose other than providing the property-related service.
- Fees may only be charged for services immediately available to property owners.

In addition, the measure specifies that before adopting a *new* property-related fee (or increasing an *existing* one), local governments must: mail information about the fee to every property owner, reject the fee if a majority of the property owners protest in writing, and hold an election on the fee (unless it is for water, sewer, or refuse collection service).

Taken together, these fee restrictions would require local governments to reduce or eliminate some existing fees. Unless local governments increased taxes to replace these lost fee revenues, spending for local public services likely would be decreased. The measure's requirements would also expand local governments' administrative workload. For example, local governments would have to adjust many property-related fees, potentially (1) setting them on a block-by-block or parcel-by-parcel basis and (2) ending programs that allow low-income people to pay reduced property-related fees. Local governments would also have to mail information to every property owner and hold elections.

Assessments

Current Practice. Local governments charge assessments to pay for projects and services that benefit specific properties. For example, home owners may pay assessments for sidewalks, streets, lighting, or recreation programs in their neighborhood. Assessments are also called "benefit assessments," "special assessments," "maintenance assessments," and similar terms. Local governments typically place assessment charges on the property tax bill.

To create an assessment, state laws require local governments to determine which properties would benefit from a project or service, notify the owners, and set assessment amounts based on the approximate benefit property owners would receive. Often, the rest of the community or region also receives some general benefit from the project or service, but does not pay a share of cost. Typical assessments that provide general benefits include fire, park, ambulance, and mosquito control assessments. State laws generally require local governments to reject a proposed assessment if more than 50 percent of the property owners protest in writing.

Some local governments also levy "standby charges," which are similar to assessments. Standby charges commonly finance water and sewer service expansions to new households and businesses. (The measure treats standby charges as assessments.)

Proposed Requirements for Assessments. This measure would place extensive requirements on local governments charging assessments. Specifically, the measure requires all *new* or *increased* assessments—and some *existing* assessments—to meet four conditions.

- First, local governments must estimate the amount of "special benefit" landowners receive—or would receive—from a project or service. Special benefit is defined as a particular benefit to land and buildings, not a general benefit to the public at large or a general increase in property values. If a project provides both special benefits *and* general benefits, a local government may charge landowners only for the cost of providing the special benefit. Local government must use general revenues (such as taxes) to pay the remaining portion of the project or service's cost. In some cases, local government may not have sufficient revenues to pay this cost, or may choose not to pay it. In these cases, a project or service would not be provided.

- Second, local governments must ensure that no property owner's assessment is greater than the cost to provide the improvement or service to the owner's property. This provision would require local governments to examine assessment amounts in detail, potentially setting them on a parcel-by-parcel or block-by-block basis.
- Third, local governments must charge schools and other public agencies their share of assessments. Currently, public agencies generally do not pay assessments.
- Finally, local governments must hold a mail-in election for each assessment. Only property owners and any renters responsible for paying assessments would be eligible to vote. Ballots cast in these elections would be weighted based on the amount of the assessment the property owner or renter would pay. For example, if a business owner would pay twice as much assessment as a homeowner, the business owner's vote would "count" twice as much as the homeowner's vote.

Figure 1 summarizes the existing assessments that would be exempt from the measure's requirements. We estimate that more than half of all existing assessments would qualify for an exemption. All other existing assessments must meet the measure's requirements—including the voter approval requirement—by July 1, 1997.

Figure 1

Existing Assessments Exempt from the Measure's Requirements

- Assessments previously approved by voters—or by all property owners at the time the assessment was created.
- Assessments where all the funds are used to repay bond obligations.
- Assessments where all the funds are used to pay for sidewalks, streets, sewers, water, flood control, drainage systems or, "vector control" (such as mosquito control).

Taxes

Current Practice. Local governments typically use taxes to pay for general government programs, such as police and fire services. Taxes are "general" if their revenues can be used to pay for many government programs, rather than being reserved for specific programs. Proposition 62—a statutory measure approved by the voters in 1986—requires new local general taxes to be approved by a majority vote of the people. Currently, there are lawsuits pending as to whether this provision applies to cities that have adopted a local charter, such as Los Angeles, Long Beach, Sacramento, San Jose, and many others.

Proposed Requirements for Taxes. The measure states that all *future* local general taxes, including those in cities with charters, must be approved by a majority vote of the people. The measure also requires *existin* local general taxes established after December 31, 1994, without a vote of the people to be placed before the voters within two years.

Other Provisions

Burden of Proof. Currently, the courts allow local governments significant flexibility in determining fee and assessment amounts. In lawsuits challenging property fees and assessments, the taxpayer generally has the "burden of proof" to show that they are not legal. This measure shifts the burden of proof in these lawsuits to local government. As a result, it would be easier for taxpayers to win lawsuits, resulting in reduced or repealed fees and assessments.

Initiative Powers. The measure states that Californians have the power to repeal or reduce any local tax, assessment, or fee through the initiative process. This provision broadens the existing initiative powers available under the State Constitution and local charters.

FISCAL IMPACT

Revenue Reductions

Existing Revenues. By July 1, 1997, local governments would be required to reduce or repeal existing property-related fees and assessments that d not meet the measure's restrictions on (1) fee ana assessment amounts or (2) the use of these revenues. The most likely fees and assessments affected by these provisions would be those for: park and recreation programs, fire protection, lighting, ambulance, business improvement programs, library, and water service. Statewide, local government revenue reductions probably would exceed $100 million annually. The actual level of revenue reduction would depend in large part on how the courts interpret various provisions of the measure. In addition, because local governments vary significantly in their reliance upon fees and assessments, the measure's impact on individual communities would differ greatly.

Within two years, local governments also would be required to hold elections on some recently imposed taxes and existing assessments. The total amount of these taxes and assessments is unknown, but probably exceeds $100 million statewide. If voters do not approve these existing taxes and assessments, local governments would lose *additional* existing revenues.

New Revenues. The measure's restrictions and voter-approval requirements would constrain new and increased fees, assessments, and taxes. As a result, local government revenues in the future would be lower than they would be otherwise. The extent of these revenue reductions would depend on court interpretation of the measure's provisions and local government actions to replace lost revenues.

Summary of Revenue Reductions. In the short term, local government revenues probably would be reduced by more than $100 million annually. Over time, cal government revenues would be significantly lower ıan they would otherwise be, potentially by hundreds of millions of dollars annually. Individual and business payments to local government would decline by the same amount. In general, these local government revenue losses would result in comparable reductions in spending for local public services.

Cost Increases

Local governments would have significantly increased costs to hold elections, calculate fees and assessments, notify the public, and defend their fees and assessments in court. These local increased costs are unknown, but could exceed $10 million initially, and lesser amounts annually after that.

School and community college districts, state agencies, cities, counties, and other public agencies would have increased costs to pay their share of assessments. The amount of this cost is not known, but could total over $10 million initially, and increasing amounts in the future.

For text of Proposition 218 see page 108

218 Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment.

Argument in Favor of Proposition 218

VOTE YES ON PROPOSITION 218. IT WILL GIVE YOU THE RIGHT TO VOTE ON TAX INCREASES!

Proposition 218 guarantees your right to vote on local tax increases—even when they are called something else, like "assessments" or "fees" and imposed on homeowners.

Proposition 218 guarantees your right to vote on taxes imposed on your water, gas, electric, and telephone bills.

Proposition 218 does NOT prevent government from raising and spending money for vital services like police, fire and education. If politicians want to raise taxes they need only convince local voters that new taxes are really needed.

Proposition 218 simply extends the long standing constitutional protection against politicians imposing tax increases without voter approval.

After voters passed Proposition 13, politicians created a loophole in the law that allows them to raise taxes without voter approval by calling taxes "assessments" and "fees."

Once this loophole was created, one lawyer working with politicians wrote, assessments "are now limited only by the limits of human imagination."

How imaginative can the politicians be with assessments? Here are a few examples among thousands:

- A view tax in Southern California—the better the view of the ocean you have the more you pay.
- In Los Angeles, a proposal for assessments for a $2-million scoreboard and a $6-million equestrian center to be paid for by property owners.
- In Northern California, taxpayers 27 miles away from a park are assessed because their property supposedly benefits from that park.
- In the Central Valley, homeowners are assessed to refurbish a college football field.

TAXPAYERS HAVE *NO RIGHT TO VOTE* ON THESE TAX INCREASES AND OTHERS LIKE THEM UNLESS PROPOSITION 218 PASSES!

Proposition 218 will significantly tighten the kind of benefit assessments that can be levied.

Here are examples of why fees and assessments and other nonvoted taxes are so unfair:

- The poor pay the same assessments as the rich. An elderly widow pays exactly the same on her modest home as a tycoon with a mansion.
- There are now over 5,000 local districts which can impose fees and assessments without the consent of local voters. Special districts have increased assessments by over 2400% over 15 years. Likewise, cities have increased utility taxes 415% and raised benefit assessments 976%, a ten-fold increase.

Non-voted taxes on electricity, gas, water, and telephone services hit renters and homeowners hard.

And, retired homeowners get hit doubly hard!

To confirm the impact of fees and assessments on you, look at your property tax bill. You will see a growing list of assessments imposed without voter approval. The list will grow even longer unless Proposition 218 passes.

Proposition 218 will allow you and your neighbors—not politicians—to decide how high your taxes will be. It will allow those who pay assessments to decide if what they are being asked to pay for is worth the cost.

FOR THE RIGHT TO VOTE ON TAXES, VOTE YES C PROPOSITION 218.

JOEL FOX
President, Howard Jarvis Taxpayers Association

JIM CONRAN
President, Consumers First

RICHARD GANN
President, Paul Gann's Citizens Committee

Rebuttal to Argument in Favor of Proposition 218

PROPOSITION 218 IS NO FALSE ALARM . . . IT HURTS

Propositions can deceive, so carefully judge who you believe.

Beware of wild claims for new "constitutional rights" and people who pretend concern about widows and orphans.

Read Proposition 218 yourself and see how large corporations, big landowners and foreign interests gain more voting power than YOU.

Promoters say you get "tax reform" . . . you may actually get serious cutbacks in local service and FEWER VOTING RIGHTS for millions of California citizens.

Sometimes we hear hysterical warnings about bad things that never occur . . . Proposition 218 is a REAL threat. On Proposition 218 consider the harm to EXISTING local services, not vague future threats:

- May reduce CURRENT funding for police, fire and emergency medical programs across California.
- Worsens SCHOOL CROWDING by making public schools pay NEW TAXES, cutting classroom teaching.
- Could eliminate LifeLine utility support for SENIORS and disabled citizens.

CONSTITUTIONAL POWER SHIFT.

Proposition 218 etches this into the state Constitution:

- Blocks 3 million Californians from voting on tax assessments. The struggling young couple renting a small home, WILL HAVE NO VOTE on the assessments imposed on the house they rent.
- Grants special land interests more voting power than average homeowners. The "elderly widow" promoters cite will be banned from voting if she is a renter, or her voting power dwarfed by large property owners.
- Gives non-citizens voting rights on your community taxes.

Proposition 218 is a great deal for wealthy special interests. But it's a bad deal for the average taxpayer, homeowner and renter.

HOWARD OWENS
Congress of California Seniors

LOIS TINSON
President, California Teachers Association

RON SNIDER
President, California Association of Highway Patrolmen

Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment.

218

Argument Against Proposition 218

PROPOSITION 218 DILUTES VOTING RIGHTS, HURTS LOCAL SERVICES

In the disguise of tax reform, Proposition 218's Constitutional Amendment REDUCES YOUR VOTING POWER and gives huge voting power to corporations, foreign interests and wealthy land owners.

It cuts police, fire, library, park, senior, and disabled services and diverts funds needed for classroom-size reductions.

Read Proposition 218 carefully—it's a wolf, not a lamb!

YOU LOSE RIGHTS; CORPORATIONS, DEVELOPERS, NON-CITIZENS GAIN VOTING POWER

Section 4(e) of Proposition 218 changes the Constitution to give corporations, wealthy landowners and developers MORE VOTING POWER THAN HOMEOWNERS. It lets large outside interests control community taxes—against the will of local citizens.

EXAMPLE: An oil company owns 1000 acres, you own one acre; the oil corporation gets 1000 times more voting power than you.

While Prop. 218 gives voting power to outside interests, Section 4(g) denies voting rights to more than 3,000,000 California renters.

Reducing American citizens' Constitutional rights, it grants voting rights to corporations and absentee landowners—even foreign citizens.

EXAMPLE: A shopping center owned by a foreign citizen is worth 100 times as much as your home; that person gets 100 imes more voting power than you!

Every citizen should have the right to vote if a community is voting on local assessments for police, fire, emergency medical and library programs. It's unfair to give voting power to non-citizens, big landowners and developers, yet deny it to millions of Californians.

MAY CUT LOCAL POLICE, FIRE PROTECTION

Section 6(b)(5) eliminates vital funding sources for local police, fire, emergency medical and library services.

Proposition 218 goes too far—may forbid emergency assessments for earthquakes, floods and fires.

Don't handcuff police and firefighters. The California Police Chiefs Association, Fire Chiefs Association and California Professional Firefighters ask you to vote NO.

The impartial Legislative Analyst's report shows how Proposition 218 could impede LifeLine support for the elderly and disabled. It prohibits seniors and disabled from receiving needed utility services unless they pay all costs themselves.

Proposition 218 cuts more than $100 million from local services, yet wastes tens of millions each year by changing the Constitution to require 5,000 local elections even if local citizens don't want an election . . . even if the election cost is more than the potential revenue.

MAKES SCHOOL CROWDING WORSE

California teachers oppose Proposition 218 because Section 4(a) imposes a new tax on public school property, diverting millions from classroom programs to pay for non-school expenses.

California already has the most crowded classrooms in America (dead last of 50 states). Proposition 218 makes school crowding worse.

SHELL GAME

This measure takes a few good ideas, but twists and perverts them. It cripples the best local services and puts more power into the hands of special interests and non-citizens.

Proposition 218 goes too far. Assessment laws DO need improvement, but Proposition 218 is the wrong way to do it. It does more harm than good, restricting our voting rights, hurting schools, seniors and public safety programs.

Please vote NO on Proposition 218.

FRAN PACKARD
President, League of Women Voters of California

CHIEF RON LOWENBERG
President, California Police Chiefs' Association

CHIEF JEFF BOWMAN
President, California Fire Chiefs' Association

Rebuttal to Argument Against Proposition 218

Arguments against Proposition 218 are misleading and designed to confuse voters. In truth:

1. Proposition 218 expands your voting rights. It CONSTITUTIONALLY GUARANTEES your right to vote on taxes.
2. Under Proposition 218, only California registered voters, including renters, can vote in tax elections. Corporations and foreigners get no new rights.
3. Current law already allows property owners, including nonresidents, to act on property assessments based on the assessment amount they pay. This is NOT created by Proposition 218.
4. "Lifeline" rates for elderly and disabled for telephone, gas, and electric services are NOT affected.
5. Proposition 218 allows voter approved taxes for police, fire, education.

Proposition 218 simply gives taxpayers the right to vote on axes and stops politicians' end-runs around Proposition 13.

That's why ordinary taxpayers, seniors, parents, homeowners, renters, consumer advocates, support Proposition 218.

Under Proposition 218, officials must convince taxpayers that tax increases are justified. Politicians and special interest groups don't like this idea. But they can't win by saying "taxpayers should not vote on taxes," so they use misleading statements to confuse a simple question.

That question: DO YOU BELIEVE TAXPAYERS SHOULD HAVE THE RIGHT TO VOTE ON TAXES? If you answered "yes", VOTE YES ON PROPOSITION 218.

Read the nonpartisan, independent SUMMARY by the Attorney General, which begins "VOTER APPROVAL FOR LOCAL GOVERNMENT TAXES." And, by all means read your property tax bill, due out now. Then you'll know the truth.

FOR THE RIGHT TO VOTE ON TAXES, VOTE YES ON PROPOSITION 218!

CAROL ROSS EVANS
Vice-President, California Taxpayers Association

FELICIA ELKINSON
Past President, Council of Sacramento Senior Organizations

LEE PHELPS
Founder, Alliance of California Taxpayers and Involved Voters (ACTIV)

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

AN OVERVIEW OF STATE BOND DEBT

This section of the ballot pamphlet provides an overview of the state's current bond debt. It also provides a discussion of the impact the bond measures on this ballot, if approved, would have on this debt level.

Background

What Is Bond Financing? Bond financing is a type of long-term borrowing used to raise money for specific projects. The state gets money by selling bonds to investors. The state must pay back the amount of the bonds along with interest.

The money raised from bonds primarily funds large capital outlay projects, such as prisons, schools, and colleges. The state uses bond financing mainly because these facilities are used for many years and their large dollar costs are difficult to pay for all at once.

General Fund Bond Debt. Most of the bonds the state issues are *general obligation* bonds. The General Fund makes debt payments on about three-fourths of these bonds. The remaining general obligation bonds (such as veterans' housing bonds) are self-supporting and, therefore, do not require General Fund support. The money in the General Fund comes primarily from state personal and corporate income taxes and sales taxes. General obligation bonds must be approved by the voters, and are placed on the ballot by legislative action or by initiative.

The state also issues bonds known as *lease-payment* bonds. These bonds do not require voter approval. The state has used these bonds to fund capital outlay projects in higher education, to construct prisons, and to build state offices. The General Fund also makes debt payments on these bonds.

What Are the Direct Costs of Using Bonds? The state's cost for using bonds depends primarily on the interest rate that is paid on the bonds and the number of years over which they are paid off. Most general obligation bonds are paid off over a period of 20 to 30 years. Assuming an interest rate of 6 percent, the cost of paying off bonds over 25 years is about $1.78 for each dollar borrowed—$1 for the dollar borrowed and 78 cents for the interest. These payments, however, are spread over the entire period, so the cost after adjusting for inflation is less. This is because future payments are made with cheaper dollars. Assuming a 3 percent future annual inflation rate, the cost of paying off the bonds in today's dollars would be about $1.30 for each $1 borrowed.

The State's Current Debt Situation

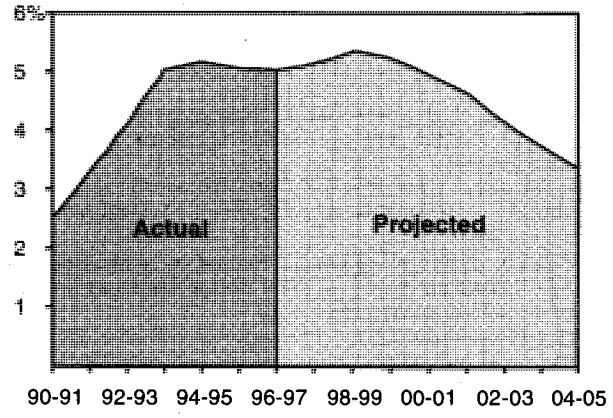
The Amount of State Debt. As of July 1, 1996, the state had about $20.2 billion of General Fund bond debt—$14.3 billion of general obligation bonds and $5.9 billion of lease-payment bonds. Also, about $9 billion of authorized bonds had not been sold because the projects to be funded by the bonds had not been undertaken.

Debt Payments. We estimate that payments on the state's General Fund bond debt will be around $2.4 billion during the 1996–97 fiscal year. As currently authorized bonds are sold, bond debt payments will increase to about $2.9 billion in 1999–00 and declin thereafter.

The level of debt payments expressed as a percentage of state General Fund revenues is referred to as the state's "debt ratio." Figure 1 shows actual and projected debt ratios from 1990–91 through 2004–05. The figure shows that as currently authorized bonds are sold, the state's debt ratio will increase to 5.3 percent in 1998–99 and decline thereafter.

Figure 1

State Debt Service Ratios [a]
1990-91 Through 2004-05



[a] Based on sales of *currently* authorized bonds.

Bond Measures Proposed for the Ballot

There are three general obligation bond measures on this ballot that total $2.1 billion:

- $995 million for water-related programs (Proposition 204).
- $700 million for local jails and juvenile justice facilities (Proposition 205).
- $400 million for veterans' housing loans (Proposition 206). These bonds are self-supporting and do not affect the state's debt ratio.

If these bond measures are approved, we estimate that the state's bond debt payments would remain at about $2.9 billion through 2001–02 and the state's General Fund bond debt would total $21.3 billion (after accounting for the sale of some authorized bonds and the retirement of some debt). The debt ratio would remain at the projected peak of 5.3 percent through 1999–00 and decline thereafter. Voter approval of additional bonds at future elections or legislative authorization of additional lease-payment bonds would increase the state's debt.

Proposition 204: Text of Proposed Law

This law proposed by Senate Bill 900 (Statutes of 1996, Chapter 135) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law amends and adds sections to the Water Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Division 24 (commencing with Section 78500) is added to the Water Code, to read:

DIVISION 24. SAFE, CLEAN, RELIABLE WATER SUPPLY ACT

CHAPTER 1. SHORT TITLE AND FINDINGS AND DECLARATIONS

78500. This division shall be known and may be cited as the Safe, Clean, Reliable Water Supply Act.

78500.2. In placing this measure before the voters, the Legislature hereby finds and declares all of the following:

(a) The state faces a water crisis that threatens our economy and environment.

(b) The state's growing population has increasing needs for safe water supplies which are essential to the public health, safety, and welfare.

(c) It is of paramount importance that the limited water resources of the state be protected from pollution, and conserved and recycled whenever economically, environmentally, and technically feasible.

(d) The state should plan to meet the water supply needs of all beneficial uses of water, including urban, agricultural, and environmental, utilizing a wide range of strategies including water conservation and recycling, conjunctive use of surface and groundwater supplies, water transfers, and improvements in the state's water storage and delivery systems to meet the growing water needs of the state.

(e) This measure is a necessary first step toward providing for the state's long-term water supply requirements through a number of water management strategies.

(f) The San Francisco Bay/Sacramento San Joaquin Delta Estuary (the Bay-Delta) is of statewide and national importance. The Bay-Delta provides habitat for more than 120 species of fish and wildlife and serves as a major link in our water delivery system for businesses and farms statewide and more than 22 million residents.

(g) The state has signed an historic accord with federal officials and statewide water interests that calls for the development of a comprehensive and long-term solution for the water supply reliability, water quality, and environmental problems of the Bay-Delta.

(h) Federal and state representatives have initiated a program known as CALFED, to develop a comprehensive and long-term solution to the problems associated with the Bay-Delta, including an equitable allocation of program costs among beneficiary groups. The success of the CALFED program is vital to the environmental and economic well-being of the state.

78500.4. In enacting this measure, the people of California declare all of the following to be the objectives of this act:

(a) To provide a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses.

(b) To develop lasting water solutions that balance the needs of the state's economy and its environment.

(c) To restore ecological health for native fish and wildlife, and their natural habitats, including wetlands.

(d) To protect the integrity of the state's water supply system from catastrophic failure due to earthquakes and flooding.

(e) To protect drinking water quality.

(f) To protect the quality of life in our communities by ensuring recreational opportunities and maintaining parks, trees, and plants.

CHAPTER 2. DEFINITIONS

78501. Unless the context otherwise requires, the following definitions govern the construction of this division:

(a) "Bay-delta" means the San Francisco Bay/Sacramento-San Joaquin Delta Estuary.

(b) "Board" means the State Water Resources Control Board.

(c) "CALFED" refers to a consortium of five state agencies, including the Resources Agency, the department, the Department of Fish and Game, the California Environmental Protection Agency, and the board, and five federal agencies, including the United States Department of Interior, the United States Bureau of Reclamation, the United States Fish and Wildlife Service, the Environmental Protection Agency, and the National Marine Fisheries Service, with management and regulatory responsibilities in the bay-delta.

(d) "Clean Water Act" means the federal Clean Water Act (33 U.S.C.A. Sec. 1251 et seq.) and includes any amendments thereto.

(e) "Committee" means the Safe, Clean, Reliable Water Supply Finance Committee created pursuant to Section 78693.

(f) "Delta" means the Sacramento-San Joaquin Delta.

(g) "Department" means the Department of Water Resources.

(h) "Fund" means the Safe, Clean, Reliable Water Supply Fund created pursuant to Section 78505.

CHAPTER 3. SAFE, CLEAN, RELIABLE WATER SUPPLY FUND

78505. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the Safe, Clean, Reliable Water Supply Fund, which is hereby created.

CHAPTER 4. DELTA IMPROVEMENT PROGRAM

Article 1. The Delta Improvement Account

78525. Unless the context otherwise requires, as used in this chapter, "account" means the Delta Improvement Account created by Section 78526.

78526. The Delta Improvement Account is hereby created in the fund. The sum of one hundred ninety-three million dollars ($193,000,000) is hereby transferred from the fund to the account.

Article 2. Central Valley Project Improvement Program

78530. (a) There is hereby created in the account the Central Valley Project Improvement Subaccount.

(b) For the purposes of this article, "subaccount" means the Central Valley Project Improvement Subaccount created by subdivision (a).

78530.5. The sum of ninety-three million dollars ($93,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78531. (a) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the Controller, to be allocated to pay the state's share of the costs for fish and wildlife restoration measures required by Section 3406 of the Central Valley Project Improvement Act (P.L. 102-575), in accordance with subdivisions (b) and (c).

(b) Funds appropriated pursuant to subdivision (a) shall be allocated to the Department of Fish and Game or the department for expenditure pursuant to the terms of the cost-sharing agreement between the United States and the State of California as required by subsection (h) of Section 3406 of the Central Valley Project Improvement Act, or any agreements supplemental thereto, for the payment of costs allocated to the state for the protection and restoration of fish and wildlife resources and habitat pursuant to Section 3406 of that federal act.

(c) The money in the subaccount may be used for both of the following purposes:

(1) To pay for the state's cost-sharing allocations or for actions directly undertaken by the department or the Department of Fish and Game relating to fish and wildlife restoration actions required by Section 3406 of the Central Valley Project Improvement Act (P.L. 102-575). For purposes of this paragraph, and consistent with Attachment C of the "Principles for Agreement on Bay-Delta Standards Between the State of California and the Federal Government," dated December 15, 1994, preference for the screening of diversions shall be given to projects, and projects within programs, identified in the Central Valley Project Improvement Act (P.L. 102-575) for which deadlines have been established by state or federal agencies, or by a state or federal court. Any preference established under this paragraph shall be revised if the deadlines are extended or eliminated.

(2) To pay for administrative costs incurred in connection with the implementation of this section by the department and the Department of Fish and Game related to fish and wildlife restoration measures undertaken pursuant to Section 3406 of the Central Valley Project Improvement Act (P.L. 102-575), as follows:

(A) Not more than 3 percent of the total amount deposited in the subaccount for the use of the department may be used to pay the costs incurred in connection with the administration of this article by the department.

(B) Not more than 3 percent of the total amount deposited in the subaccount for the use of the Department of Fish and Game may be used to pay the costs incurred in connection with the administration of this article by the Department of Fish and Game.

Article 3. Bay-Delta Agreement Program

78535. (a) There is hereby created in the account the Bay-Delta Agreement Subaccount.

(b) For the purposes of this article, "subaccount" means the Bay-Delta Agreement Subaccount created by subdivision (a).

78535.5. The sum of sixty million dollars ($60,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78536. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the Resources Agency, to pay for the administration of this article and for non-flow-related projects called for in the Water Quality Control Plan for the Bay-Delta, adopted by the board in Resolution No. 95-24, and as it may be amended. Those projects are known as "Category III" activities called for in the "Principles for Agreement on Bay-Delta Standards Between the State of California and the Federal Government," dated December 15, 1994.

78536.5. The Secretary of the Resources Agency shall carry out this article in accordance with procedures established by CALFED for the purposes of undertaking Category III activities and other ecosystem restoration programs until the Legislature, by statute, authorizes another entity that is recommended by CALFED, to carry out this article.

78537. The state shall, to the greatest extent possible, secure federal and nonfederal matching funds to implement this article.

78538. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 4. Delta Levee Rehabilitation Program

78540. (a) There is hereby created in the account the Delta Levee Rehabilitation Subaccount.

(b) For the purposes of this article, "subaccount" means the Delta Levee Rehabilitation Subaccount created by subdivision (a).

78540.5. The sum of twenty-five million dollars ($25,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78541. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the department, as follows:

(a) Twelve million five hundred thousand dollars ($12,500,000) for local assistance under the delta levee maintenance subventions program under Part 9 (commencing with Section 12980) of Division 6, and for the administration of that assistance.

(b) Twelve million five hundred thousand dollars ($12,500,000) for special flood protection projects under Chapter 2 (commencing with Section 12310) of Part 4.8 of Division 6, subsidence studies and monitoring, and for the administration of this subdivision. Allocation of these funds shall be for flood protection projects on Bethel, Bradford, Holland, Hotchkiss, Jersey, Sherman, Twitchell, and Webb Islands, and at other locations in the delta.

78542. The expenditure of funds under this article is subject to Chapter 1.5 (commencing with Section 12306) of Part 4.8 of Division 6.

78543. (a) No expenditure of funds may be made under this article unless the Department of Fish and Game makes a written determination as part of its review and approval of a plan or project pursuant to Section 12314 or 12987 that the proposed

expenditures are consistent with a net long-term habitat improvement program, and have a net benefit for aquatic species in the delta. The Department of Fish and Game shall make its determination in a reasonable and timely manner following the submission of the project or plan to that department. For the purposes of this article, an expenditure may include more than one levee project or plan.

(b) The memorandum of understanding entered into pursuant to Section 12307 shall be amended to require, in accordance with this section, that projects or plans be consistent with a net long-term habitat improvement program in the delta. The memorandum of understanding shall define the term "net long-term habitat improvement program in the delta" for purposes of this section. The memorandum of understanding in effect prior to the amendment required by this section shall continue to apply to levee projects and plans until the memorandum of understanding is amended.

78544. For the purposes of this article, a levee project includes levee improvements and related habitat improvements which may be undertaken in the delta at a location other than the location of that levee improvement.

78545. The expenditure of funds under this article shall result in levee rehabilitation improvement projects that, to the greatest extent possible, are consistent with the CALFED program.

Article 5. South Delta Barriers Program

78550. (a) There is hereby created in the account the South Delta Barriers Subaccount.

(b) For the purposes of this article, "subaccount" means the South Delta Barriers Subaccount created by subdivision (a).

78550.5. The sum of ten million dollars ($10,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78551. (a) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the department, to pay the costs incurred by the department that are not attributable to the State Water Project's or the Central Valley Project's share of costs for the South Delta Barriers Program, and for the administration of this article.

(b) The costs identified in subdivision (a) include costs incurred for the purpose of mitigating non-State Water Project or non-Central Valley Project impacts and for the purpose of environmental enhancement in the delta.

(c) No funds shall be expended under this article unless the Department of Fish and Game determines, in writing, that a net habitat benefit will result.

78552. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 6. Delta Recreation Program

78560. (a) There is hereby created in the account the Delta Recreation Subaccount.

(b) For the purposes of this article, "subaccount" means the Delta Recreation Subaccount created by subdivision (a).

78560.5. The sum of two million dollars ($2,000,000) is hereby transferred from the account to the subaccount for the purposes of implementing this article.

78562. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the Department of Parks and Recreation to provide for, and improve, public access to, and to maximize public recreational opportunities on, the lands and waters of the delta in a way that is consistent with existing uses of the islands, sound resource conservation principles, and appropriate protection for the rights of private property owners, and for the administration of this article.

78564. The Department of Parks and Recreation may use funds in the subaccount for grants to local public agencies and nonprofit organizations for the purposes of acquiring fee title, development rights, easements, or other interests in land located in the delta to provide for, or improve, public access in the delta. The amount of any grant and the degree of local participation shall be determined by the fiscal resources of the grant applicant, the degree of public benefit provided by the proposed project, and other factors prescribed by the Department of Parks and Recreation.

78565. Any acquisition pursuant to this article shall be from willing sellers.

78566. The Department of Parks and Recreation may adopt regulations to carry out this article.

78568. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 7. CALFED Bay-Delta Program

78570. (a) There is hereby created in the account the CALFED Subaccount.

(b) For the purposes of this article, "subaccount" means the CALFED Subaccount created by subdivision (a).

78571. The sum of three million dollars ($3,000,000) is hereby transferred from the account to the subaccount for the purposes of Section 78572.

78572. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is continuously appropriated, without regard to fiscal years, to the department, for the purpose of paying for the state's share of costs incurred in connection with the CALFED Bay-Delta Program.

CHAPTER 5. CLEAN WATER AND WATER RECYCLING PROGRAM

Article 1. General Provisions

78601. Unless the context otherwise requires, as used in this chapter, "account" means the Clean Water and Water Recycling Account created by Section 78602.

78602. The Clean Water and Water Recycling Account is hereby created in the fund. The sum of two hundred thirty-five million dollars ($235,000,000) is hereby transferred from the fund to the account.

78603. The board may adopt regulations to carry out Article 2 (commencing with Section 78610), Article 3 (commencing with Section 78620), Sections 78640 to 78644, inclusive, Article 5 (commencing with Section 78647), and Article 6 (commencing with Section 78648).

78603.5. The Department of Food and Agriculture may adopt regulations to carry out Section 78645.

Article 2. Clean Water Loans and Grants

78610. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) "Eligible project" means a project or activity described in paragraph (1), (2), (3), or (4) of subdivision (a) of Section 13480 that is all of the following:

(1) Necessary to prevent water pollution or to reclaim water.

(2) Eligible for funds from the State Revolving Fund Loan Account or federal assistance.

(3) Certified by the board as entitled to priority over other eligible projects.

(4) Complies with applicable water quality standards, policies, and plans.

(b) "Federal assistance" means money provided to a municipality, either directly or through allocation by the state, from the federal government to construct eligible projects pursuant to the Clean Water Act.

(c) "Municipality" has the same meaning as defined in the Clean Water Act and also includes the state or any agency, department, or political subdivision thereof, and applicants eligible for assistance under Sections 1329 and 1330 of Title 33 of the United States Code.

(d) "Small community" means a municipality with a population of 5,000 persons or less, or a reasonably isolated and divisible segment of a larger municipality encompassing 5,000 persons or less, with a financial hardship as determined by the board.

(e) "Treatment works" has the same meaning as defined in the Clean Water Act.

78611. There is hereby created in the account both of the following subaccounts:

(a) The State Revolving Fund Loan Subaccount.

(b) The Small Communities Grant Subaccount.

78612. The board may, by contract or otherwise, undertake plans, surveys, research, development, and studies necessary or desirable to carry out this article, and may prepare recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment, and disposal of waste under a comprehensive cooperative plan.

78612.5. Not more than 3 percent of the total amount deposited in the State Revolving Fund Loan Subaccount and the Small Communities Grant Subaccount may be used for both of the following purposes:

(a) To pay the costs incurred in connection with the administration of this article.

(b) For the purposes of Section 78612.

78613. The following amounts are hereby transferred from the account to the State Revolving Fund Loan Subaccount and the Small Communities Grant Subaccount and, notwithstanding Section 13340 of the Government Code, continuously appropriated, without regard to fiscal years, from the subaccounts to the board:

(a) Eighty million dollars ($80,000,000) to the State Revolving Fund Loan Subaccount for the purposes of providing loans pursuant to the Clean Water Act, to aid in the construction or implementation of eligible projects, and for the purposes described in Section 78612.

(b) Thirty million dollars ($30,000,000) to the Small Communities Grant Subaccount for grants by the board to small communities for construction of eligible treatment works. If, in the judgment of the board, the money in the Small Communities Grant Subaccount will not be expended within a reasonable time, the board may transfer the money to the State Revolving Fund Loan Subaccount to be used for any of the purposes specified in subdivision (a).

(c) The board may transfer unallocated funds from the State Revolving Fund Loan Subaccount to the State Water Pollution Control Revolving Fund for the purposes of meeting federal requirements for state matching funds to provide loans in accordance with the Clean Water Act.

78614. For purposes of subdivision (a) of Section 78613, the board may make loans to municipalities, pursuant to contract, to aid in the construction or implementation of eligible projects.

78615. For purposes of subdivision (b) of Section 78613, the board may make grants to small communities so that any combined federal and state grant does not exceed 97½ percent of the eligible cost of necessary studies, planning, design, and construction of the eligible project determined in accordance with applicable state law and regulations. The total amount of grants made pursuant to subdivision (b) of Section 78613, for any single project, may not exceed three million five hundred thousand dollars ($3,500,000).

78616. Any contract entered into pursuant to this article for loans or grants may include provisions determined by the board, and shall include all of the following provisions:

(a) An estimate of the reasonable cost of the project.

(b) A description of the type of assistance being offered.

(c) An agreement by the board to pay to the entity, during the progress of the project or following completion, as agreed upon by the parties, the amount specified in the contract determined pursuant to applicable federal and state laws and regulations.

(d) An agreement by the public entity to proceed expeditiously with, and complete, the project, commence operation of the project upon completion, properly operate and maintain the project in accordance with applicable provisions of law, and provide for payment of the public entity's share of the cost of the project.

78617. All contracts entered into pursuant to this article for loans or grants are also subject to both of the following requirements:

(a) Public entities seeking assistance shall demonstrate, to the satisfaction of the board, that an adequate opportunity for public participation regarding the project has been provided.

(b) Any election held with respect to the project shall include the voters of the entire municipality unless the municipality proposes to accept the assistance on behalf of a specified portion or portions of the municipality, in which case the election shall be held in that portion or portions of the municipality only.

78618. Any loan made pursuant to subdivision (a) of Section 78613 shall be for a period not to exceed 20 years, with an interest rate set in accordance with Section 13480.

78619. All principal and interest payments received pursuant to loan contracts entered into pursuant to this article shall be deposited in the State Revolving Fund Loan Subaccount for additional loans under subdivision (a) of Section 78613, and shall not be transferred to the General Fund.

Article 3. Water Recycling Program

78620. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) "Eligible recycling project" means a water reclamation project that meets applicable

reclamation criteria and water reclamation requirements and that complies with applicable water quality standards, policies, and plans.

(b) "Subaccount" means the Water Recycling Subaccount created by Section 78621.

78621. (a) (1) There is hereby created in the account the Water Recycling Subaccount. sum of sixty million dollars ($60,000,000) is hereby transferred from the account to the account for the purpose of implementing this article.

(2) All money repaid to the state pursuant to any contract executed under the Clean Water and Water Reclamation Bond Law of 1988 (Chapter 17 (commencing with Section 14050) of Division 7) shall be deposited in the subaccount for the purposes of subdivision (b).

(b) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the board for loans to public agencies to construct, operate, and maintain eligible recycling projects, for loans to aid in the design and construction of eligible recycling projects, for grants in accordance with Section 78628, and for the purposes described in Section 78629 and subdivision (a) of Section 78630.

78622. The board may enter into contracts to make loans to public agencies for the purposes set forth in this article. Factors to be considered by the board in determining whether to enter into a contract under this article may include, but are not limited to, whether the project is cost-effective or necessary to protect water quality.

78623. Any contract for a loan entered into pursuant to Section 78622 may include those provisions determined by the board to be necessary for purposes of this chapter and shall include both of the following provisions:

(a) An estimate of the reasonable cost of the eligible recycling project.

(b) An agreement by the public agency to proceed expeditiously with, and complete, the eligible recycling project, commence operation of the project in accordance with applicable provisions of law, and provide for the payment of the public agency's share of the cost of the project, including the principal of, and interest on, the loan.

78624. (a) A contract for a loan may not provide for a moratorium on the payment of the principal of, or interest on, the loan.

(b) Any loan made pursuant to Section 78622 shall be for a period not to exceed 20 years.

(c) The board may enter into a contract for a loan of up to 100 percent of the total eligible cost of design and construction of an eligible recycling project.

78625. (a) The board shall establish the interest rate for a loan made pursuant to this article at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method.

(b) If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent.

(c) The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on the loans.

78626. (a) All principal and interest payments received pursuant to loan contracts ered into pursuant to this article shall be deposited in the subaccount for additional loans ler subdivision (b) of Section 78621, and shall not be transferred to the General Fund.

(b) The board may transfer any unallocated funds in the subaccount to the Water Reclamation Account in the 1984 State Clean Water Bond Fund for the purposes set forth in Section 13999.10.

78627. All interest earned by assets in the subaccount shall be deposited in the subaccount.

78628. The board may make grants to public agencies for facility planning studies for water reclamation projects. The amount of the grants may not exceed seventy-five thousand dollars ($75,000) per study.

78629. The board may, by contract or otherwise, undertake plans, surveys, research, development, and studies necessary, convenient, or desirable to carry out the purposes of this article, and may prepare recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on water recycling and the collection, treatment, disposal, and distribution of wastewater under a comprehensive cooperative plan.

78630. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay for both of the following purposes:

(a) To pay the costs incurred in connection with the administration of this article.

(b) For the purposes of Section 78629.

Article 4. Drainage Management

78640. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) (1) "Drainage water management units" means land and facilities for the treatment, storage, conveyance, reduction, or disposal of agricultural drainage water which, if discharged untreated, would pollute or threaten to pollute the waters of the state.

(2) Drainage water management units shall include one or more of the following:

(A) A surface impoundment that is designed to hold an accumulation of drainage water, including, but not limited to, holding, storage, settling, and aeration pits, and lagoons. A surface impoundment does not include a landfill, a land farm, a pile, an emergency containment dike, tank, injection well, evaporation pond, or percolation pond.

(B) Conveyance facilities to the treatment or storage site, including devices for flow regulation.

(C) Facilities or works to treat agricultural drainage water to remove or substantially reduce the level of constituents which pollute or threaten to pollute the waters of the state, including, but not limited to, processes utilizing ion exchange, desalting technologies such as reverse osmosis, and biological treatment.

(D) Facilities or works to reduce the amount of agricultural drainage water discharged, luding, but not limited to, source control projects.

(E) Diked areas or cells that are (i) used for the purpose of water conservation, water management, or environmental mitigation and (ii) located within inland bodies of saline water in Imperial and Riverside Counties.

(3) Any or all of the drainage water management units, including the land under the unit, may consist of separable features, or an appropriate share of multipurpose features, of a larger system, or both.

(4) Drainage water management units do not include facilities for the direct discharge of agricultural drainage water to the bay-delta or Pacific Ocean.

(b) "Local agency" or "agency" means any city, county, district, joint powers authority, or other political subdivision of the state involved with water management.

(c) "Project" means drainage water management units.

(d) "Subaccount" means the Drainage Management Subaccount created by Section 78641.

78641. There is hereby created in the account the Drainage Management Subaccount. The sum of thirty million dollars ($30,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78642. (a) Notwithstanding Section 13340 of the Government Code, the sum of twenty-seven million five hundred thousand dollars ($27,500,000) in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the board, for loans to local agencies to aid in the construction of drainage water management units for the treatment, storage, or disposal of agricultural drainage water, and for the purposes described in Section 78644. Priority shall be given to funding source reduction projects and programs.

(b) Notwithstanding Section 13340 of the Government Code, the sum of two million five hundred thousand dollars ($2,500,000) in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the board, for grants to local agencies for the purpose of providing the nonfederal share of the costs specified in Section 1101 of Public Law 102-575.

78643. (a) The board may loan an agency up to 100 percent of the total eligible costs of design and construction of an eligible project.

(b) Any contract for an eligible project entered into pursuant to this article may include provisions as determined by the board to be necessary and shall include, but not be limited to, all of the following provisions:

(1) An estimate of the reasonable cost of the eligible project.

(2) An agreement by the agency to do all of the following:

(A) Proceed expeditiously with, and complete, the eligible project.

(B) Commence operation of the containment structures or treatment works upon completion and to properly operate and maintain the works in accordance with applicable provisions of law.

(C) Provide for payment of the agency's share of the cost of the project, including principal and interest on any state loan made pursuant to this article.

(D) If appropriate, apply for, and make reasonable efforts to secure, federal assistance for the state-assisted project.

(c) All loans made pursuant to this article are subject to all of the following provisions:

(1) Agencies seeking a loan shall demonstrate, to the satisfaction of the board, that an adequate opportunity for public participation regarding the loan has been provided.

(2) Any election held with respect to the loan shall include the voters of the entire agency except where the agency proposes to accept the loan on behalf of a specified portion, or portions, of the agency, in which case the election shall be held in that portion or portions of the agency only.

(3) Loan contracts may not provide a moratorium on payment of principal or interest.

(4) Loans shall be for a period of not more than 20 years. The interest rate for the loans shall be set at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method. If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent. The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on loans.

(5) No single project may receive more than five million dollars ($5,000,000) in loan proceeds from the board under this act and the Water Conservation and Water Quality Bond Law of 1986 (Chapter 6.1 (commencing with Section 13450) of Division 7).

(d) The board may make loans to local agencies, at the interest rates authorized under this article and under any terms and conditions as may be determined necessary by the board, for purposes of financing feasibility studies of projects potentially eligible for funding under this article. No single project shall be eligible to receive more than one hundred thousand dollars ($100,000), and not more than 3 percent of the total amount of bonds authorized to be expended for the purposes of this article may be expended for loans to finance feasibility studies. A loan for a feasibility study shall not decrease the maximum amount of any other loan which may be made under this article.

78644. The board may, by contract or otherwise, undertake plans, surveys, research, development, and studies necessary, convenient, or desirable to carry out subdivision (a) of Section 78642.

78645. (a) Any unallocated funds remaining in the Agricultural Drainage Water Account in the 1986 Water Conservation and Water Quality Bond Fund on November 6, 1996, shall be transferred to the subaccount.

(b) Notwithstanding Section 13340 of the Government Code, any funds that are transferred pursuant to subdivision (a) to the subaccount are hereby continuously appropriated, without regard to fiscal years, to the Department of Food and Agriculture for programs to develop methods of using drainage water and reducing toxic materials in drainage water through reuse of the water and the use of the remaining salts. Priority shall be given to source reduction projects and programs.

78645.5. Not more than 3 percent of the total amount deposited in the subaccount for the use of the board may be used to pay for both of the following purposes:

(a) To pay the costs incurred by the board in connection with the administration of this article.

(b) For the purposes of Section 78644.

78645.7. Not more than 3 percent of the total amount deposited in the subaccount for the use of the Department of Food and Agriculture may be used to pay the costs incurred by that department in connection with the administration of this article.

Article 5. Delta Tributary Watershed Program

78647. (a) (1) There is hereby created in the account the Delta Tributary Watershed Subaccount.

(2) For the purposes of this article, "subaccount" means the Delta Tributary Watershed Subaccount created by paragraph (1).

(3) The sum of fifteen million dollars ($15,000,000) is hereby transferred from the account to the subaccount for the purposes of implementing this article.

(b) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal year, to the board for grants for eligible projects in accordance with this article, and for the administration of this article.

78647.2. (a) The board shall administer a program under which a county, or a joint powers authority in which a county is a participant, may submit an application to the board for an eligible project requesting financial or technical assistance for the purpose of developing a voluntary, incentive-based watershed rehabilitation project. The board shall consult with other federal and state resource agencies, including, but not limited to, the Department of Fish and Game and the Department of Forestry and Fire Protection, in the administration of the program. The Resources Agency shall make a written recommendation to the board regarding each application. The board shall consider the recommendations of the Resources Agency and include, when appropriate, the recommendation in the board's final decision.

(b) Notwithstanding subdivision (a), if a county, or a joint powers authority in which a county is a participant, after a request to do so by a local public agency, declines to submit an application for an eligible project for a watershed that is all or in part within the boundaries of the county, a local public agency other than the county or that joint powers agency may submit an application in accordance with subdivision (a).

78647.4. (a) "Eligible project" means a watershed rehabilitation project undertaken on lands owned or operated by the federal, state, or a local government, or a private person or entity within the delta tributary watershed.

(b) For the purposes of this article, "delta tributary watershed" means a watershed which drains into the delta or the Trinity River.

78647.5. An eligible project shall include one or more of the following purposes:

(a) A reduction in the presence of contaminants in drinking water by addressing the origins of the contaminants, including, to the maximum extent practicable, the specific activities that affect the drinking water supply of a community or communities. A project with a purpose described in this subdivision shall address contaminants, including those that are pathogenic organisms, for which a national primary drinking water regulation has been established, and that are detected in the community water system for which the application is submitted at levels above the maximum contaminant level or that are detected by adequate monitoring methods at levels that are not reliably and consistently below the maximum contaminant level.

(b) An increase in the yield of water available from, and water retention capabilities of, the watershed, including projects to reduce dense forest understory, restore upland meadows, and repair stream channels.

(c) The improvement, restoration, or enhancement of fisheries habitat, including riparian habitat, in and along streams and watercourses in the watershed. Projects may address factors which increase sedimentation in streams and watercourses in the watershed.

(d) The improvement of overall forest health, including the reduction of factors which may contribute to the severity of wildfires in the watershed.

78647.6. (a) Every project funded under this article shall comply with state and federal law, regulations, and policies, and shall not degrade the quality of any waters of the state.

(b) An application submitted to the board under this article shall include all of the following information:

(1) An identification of any deficiencies in information that may impair the development or implementation of a project.

(2) A discussion of the efforts undertaken to implement the project and to obtain the participation of both of the following:

(A) Public agencies with relevant responsibilities in the watershed.

(B) Persons and entities in the watershed who may be affected by recommendations of the project and whose participation is essential to the success of the project.

(3) Evidence in the form of a statement from a private person or entity that that person or entity consents to the inclusion of private property in the project, as appropriate.

(4) A monitoring plan to determine whether project purposes are satisfied.

(5) An outline of the way in which project participants will, during the development and implementation of the project, identify and take into account any activities being undertaken by persons or entities in the watershed under federal or state law to rehabilitate the watershed. A project shall include voluntary and incentive-based strategies for the long-term rehabilitation of the watershed.

(6) An identification of the technical, financial, or other assistance that the applicant will request to develop or implement the project.

(7) When feasible, an identification of quantifiable, innovative, and cost-effective methods for achieving project purposes.

78647.7. An application submitted to the board under Section 78647.6 shall also include the following information:

(a) A delineation of the watershed area or areas critical for project purposes using available hydrogeologic or other pertinent information. If no information is available, the project shall conduct, to the extent practicable, vulnerability assessments in the watershed area, including identification of risks to drinking water, a project may use delineations and vulnerability assessments undertaken to identify groundwater sources under a wellhead protection program, surface or groundwater sources under a pesticide management plan, or surface water sources under a state or local watershed initiative, or undertaken in accordance with Subpart H (commencing with Section 141.70) of Part 141 of Title 40 of the Code of Federal Regulations.

(b) An identification, to the maximum extent practicable, of the origins of drinking water contaminants that may be addressed by a project, including, to the maximum extent practicable, a description of the specific activities contributing to the presence of the contaminants in the watershed.

78647.8. The board may approve a grant for an eligible project to develop or implement a project, not to exceed one million dollars ($1,000,000) per project. A grant shall not exceed 50 percent of the administrative costs incurred, or estimated to be incurred, by the applicant in connection with carrying out the project.

78647.10. (a) After providing notice and an opportunity for public comment with regard to an application submitted under Section 78647.6, the board shall approve or disapprove the application, in whole or in part, not later than 120 days after the date of submission of the application. The board shall prepare, and transmit to the Resources Agency and the applicant, written findings with regard to the recommendations of the Resources Agency.

(b) The board may approve an application if the application meets the requirements established under this article. The notice of approval shall include all of the following:

(1) The identification of technical, financial, or other assistance that the board agrees provide to assist in the development or implementation of a project.

(2) Any necessary coordination that the board will perform.

(3) A description of any funds available for the purpose of developing and implementing the project, including any funds in a water pollution control revolving fund established in connection with Subchapter VI (commencing with Section 1381) of the Clean Water Act.

(4) A description of other technical or financial assistance that is available under state or federal law for the purpose of developing or implementing the project.

(5) A description of activities that are undertaken, or will be undertaken, to coordinate federal and state programs which are relevant to the watershed that is the subject of the application.

(c) If the board disapproves an application submitted under Section 78647.6, the board shall notify the entity submitting the application in writing of the reasons for disapproval. An application may be resubmitted under either of the following circumstances:

(1) New information becomes available.

(2) Conditions affecting the watershed that is the subject of the application change.

78647.12. The board may adopt regulations to implement this article. The regulations shall include all of the following:

(a) Criteria for the assessment of watershed areas.

(b) Procedures for the submission of applications.

(c) Procedures for the approval or disapproval of an application submitted under Section 78647.6.

78647.14. Grant recipients shall submit a report on completion of the project to the board indicating whether the purposes of the project have been met. The board shall make the report available to interested federal, state, and local agencies.

78647.16. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 6. Seawater Intrusion Control

78648. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) (1) "Eligible seawater intrusion control project" means a project which is all of the following:

(A) Necessary to protect groundwater that is (i) within a basin that is subject to a local groundwater management plan for which a review is completed pursuant to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and (ii) is threatened by seawater intrusion in an area where restrictions on groundwater pumping, a physical solution, or both, are necessary to prevent the destruction of, or irreparable injury to, groundwater quality.

(B) Is cost-effective. In the case of a project to provide a substitute water supply, a project shall be cost-effective as compared to the development of other new sources of water and shall include requirements or measures adequate to ensure that the substitute supply will be used in lieu of previously established extractions or diversions of groundwater.

(C) Complies with applicable water quality standards, policies, and plans.

(2) Eligible projects may include, but are not limited to, water conservation, freshwater well injection, and substitution of groundwater pumping from local surface supplies.

(b) "Local agency" means any city, county, district, joint powers authority, or other political subdivision of the state involved in water management.

(c) "Subaccount" means the Seawater Intrusion Control Subaccount created by Section 78648.2.

78648.2. (a) There is hereby created in the account the Seawater Intrusion Control Subaccount. The sum of ten million dollars ($10,000,000) is hereby transferred from the account to the subaccount for the purposes of implementing this article.

(b) Notwithstanding Section 11340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal year, to the board for loans to local agencies to carry out eligible seawater intrusion control projects and for the purposes described in this article, and for the administration of this article.

78648.4. The board may enter into contracts to make loans to local agencies for the purposes set forth in this article.

78648.6. Any contract for a loan entered into pursuant to Section 78648.4 may include those provisions determined by the board to be necessary for purposes of this article and shall include both of the following provisions:

(a) An estimate of the reasonable cost of the eligible seawater intrusion control project.

(b) An agreement by the local agency to proceed expeditiously with, and complete, the eligible seawater intrusion control project, commence operation of the project in accordance with applicable provisions of law, and provide for the payment of the local agency's share of the cost of the project, including the principal of, and interest on, the loan.

78648.8. (a) A contract for a loan may not provide for a moratorium on the payment of the principal of, or interest on, the loan.

(b) Any loan made pursuant to Section 78648.4 shall be for a period not to exceed 20 years.

(c) The board may enter into a contract for a loan up to 100 percent of the total eligible cost of design and construction of an eligible seawater intrusion control project.

78648.10. (a) The board shall establish the interest rate for a loan made pursuant to this article at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method.

(b) If the interest rate so determined is not a multiple of one-tenth of 1 percent, the inte rate shall be set at the next higher multiple of one-tenth of 1 percent.

(c) The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on the loans.

78648.12. All principal and interest payments received pursuant to loan contracts entered into pursuant to this article shall be deposited in the subaccount.

78648.14. The board may, by contract or otherwise, undertake plans, surveys, research, development, and studies necessary, convenient, or desirable to carry out the purposes of this article.

78648.16. Not more than 3 percent of the total amount deposited in the subaccount may used to pay for both of the following:

(a) To pay the costs incurred in connection with the administration of this article.

(b) For the purposes of Section 78648.14.

Article 7. Lake Tahoe Water Quality

78650. Unless the context otherwise requires, as used in this article, "subaccount" means the Lake Tahoe Water Quality Subaccount created by Section 78650.2.

78650.2. (a) There is hereby created in the account the Lake Tahoe Water Quality Subaccount. The sum of ten million dollars ($10,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

(b) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the California Tahoe Conservancy for the purposes of directly undertaking, or for grants to public agencies for, land acquisition and improvement programs which control soil erosion, restore watersheds, or preserve environmentally sensitive lands and the natural environment, and related implementation costs, pursuant to Title 7.42 (commencing with Section 66905) of the Government Code.

78650.4. Any acquisition pursuant to this article shall be from willing sellers.

Chapter 6. Water Supply Reliability

Article 1. General Provisions

78651. Unless the context otherwise requires, as used in this chapter, "account" means the Water Supply Reliability Account created by Section 78652.

78652. The Water Supply Reliability Account is hereby created in the fund. The sum of one hundred seventeen million dollars ($117,000,000) is hereby transferred from the fund to the account.

Article 2. Feasibility Projects

78655. (a) (1) There is hereby created in the account the Feasibility Projects Subaccount.

(2) For the purposes of this article, "subaccount" means the Feasibility Projects Subaccount created by paragraph (1).

(b) The sum of ten million dollars ($10,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78656. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal year, to the department, for the administration of this article and for feasibility and environmental investigations for any of the following projects:

(a) Off-stream storage upstream of the delta that will provide storage and flood control benefits in an environmentally sensitive and cost-effective manner.

(b) Regional water recycling that may include partnerships or other cooperative efforts undertaken by water agencies, wastewater dischargers, or other public agencies to collect and reuse treated municipal wastewater for agricultural, industrial, residential, and environmental purposes.

(c) Water transfer facilities in a county of the third class that would increase capacity for delivering Colorado River water for use in the southern California coastal plain and reduce demands on the bay-delta.

(d) Desalination.

78657. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 3. Water Conservation and Groundwater Recharge

78670. Unless the context otherwise requires, the following definitions govern the construction of this article:

(a) (1) "Groundwater recharge facilities" means land and facilities for artificial groundwater recharge through methods which include, but are not limited to, percolation using basins, pits, ditches and furrows, modified streambed, flooding, and well injection and in-lieu recharge. "Groundwater recharge facilities" also means capital outlay expenditures to expand, renovate, or restructure land and facilities already in use for the purpose of groundwater recharge and to acquire additional land for retention and detention basins.

(2) Groundwater recharge facilities may include any of the following:

(A) Instream facilities for regulation of water levels, but not regulation of streamflow to accomplish diversion from the waterway.

(B) Agency-owned facilities for extraction.

(C) Conveyance facilities to the recharge site, including devices for flow regulation and measurement of recharge waters.

(3) Any part or all of the project facilities, including the land under the facilities, may consist of the separable features, or an appropriate share of multipurpose features, of a larger system, or both.

(b) "In-lieu recharge" means accomplishing increased storage of groundwater by providing interruptible surface water to a user who relies on groundwater as a primary supply, to accomplish groundwater storage through the direct use of that surface water in lieu of pumping groundwater. In-lieu recharge is used instead of continuing pumping while artificially recharging with the interruptible surface waters. However, bond proceeds may not be used to purchase surface water for use in lieu of pumping groundwater.

(c) "Local agency" or "agency" means any city, county, district, joint powers authority, or other political subdivision of the state involved with water management.

(d) "Project" means both of the following:

(1) Groundwater recharge facilities.

(2) Voluntary, cost-effective capital outlay water conservation programs.

(e) "Subaccount" means the Water Conservation and Groundwater Recharge Subaccount created by Section 78671.

(f) (1) "Voluntary, cost-effective capital outlay water conservation programs" mean those feasible capital outlay measures to improve the efficiency of water use through programs, the benefits of which exceed their costs.

(2) (A) The programs include, but are not limited to, all of the following:

(i) The lining or piping of ditches.

(ii) Improvements in water distribution system controls such as automated canal control, construction of small reservoirs within distribution systems that conserve water that has already been captured for use, and related physical improvements.

(iii) Tailwater pumpback recovery systems.

(iv) Major improvements or replacements of distribution systems to reduce leakage.

(v) Capital changes in on-farm irrigation systems which improve irrigation efficiency such as sprinkler or subsurface drip.

(vi) Capital outlay features of urban water conservation programs identified in the "Memorandum of Understanding Regarding Urban Water Conservation in California," as amended on March 9, 1994.

(vii) Conveyance facilities in a county of the third class, including appurtenances, necessary to implement a long-term conservation program to transfer conserved water from areas not directly receiving water from the bay-delta to areas that receive water from the bay-delta and whose demands on the bay-delta would be reduced as a result of the transfer.

(B) In each case, the department shall determine if there is a net savings of water as a result of each proposed project and the project is cost-effective.

78671. (a) There is hereby created in the account the Water Conservation and Groundwater Recharge Subaccount. The sum of thirty million dollars ($30,000,000) is hereby transferred from the account to the subaccount.

(b) Notwithstanding Section 13340 of the Government Code, the sum of twenty-five million dollars ($25,000,000) is hereby continuously appropriated, without regard to fiscal years, to the department, for loans to local agencies to aid in the acquisition and construction of voluntary, cost-effective capital outlay water conservation programs and groundwater recharge facilities.

78672. Any loan contract entered into pursuant to this article may include provisions determined to be necessary by the department.

78672.5. (a) Any loan contract concerning an eligible, voluntary, cost-effective capital outlay water conservation program shall be supported by, or shall include, all of the following:

(1) An estimate of the reasonable cost and benefit of the program.

(2) An agreement by the local agency to proceed expeditiously with, and complete, the program.

(3) A provision that there shall be no moratorium or deferment on payments of principal or interest.

(4) A loan period of not more than 20 years with an interest rate set at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method. If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent. The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on the loans.

(5) A provision that the project shall not receive any more than five million dollars ($5,000,000) in loan proceeds from the department.

(b) The department shall give preference for loans under this section on the basis of the cost-effectiveness of the proposed project, with the most cost-effective projects receiving the highest preference.

78673. (a) Any loan contract concerning an eligible project for groundwater recharge shall be supported by, or shall include, all of the following:

(1) A finding by the department that the agency has the ability to repay the requested loan, that the project is economically justified, and that the project is feasible from an engineering and hydrogeologic viewpoint.

(2) An estimate of the reasonable cost and benefit of the project, including a feasibility report which shall set forth the economic justification and the engineering, hydrogeologic, and financial feasibility of the project, and shall include explanations of the proposed facilities and their relation to other water-related facilities in the basin or region.

(3) An agreement by the agency to proceed expeditiously to complete the project in conformance with the approved plans and specifications and the feasibility report and to operate and maintain the project properly upon completion throughout the repayment period.

(4) A provision that there shall be no moratorium or deferment on payment of principal or interest.

(5) A loan period of not more than 20 years with an interest rate set at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method. If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent. The interest rate set for each contract shall be applied throughout the repayment period of the contract. There shall be a level annual repayment of principal and interest on the loans.

(6) A provision that the project shall not receive more than five million dollars ($5,000,000) in loan proceeds from the department.

(b) The department shall give preference under this section to projects for groundwater recharge that are located in overdrafted groundwater basins and those projects of critical need, to projects whose feasibility studies show the greatest economic justification and the greatest engineering and hydrogeologic feasibility as determined by the department, and to projects located in areas which have existing water management programs.

78674. The department may make loans to local agencies, at the interest rates authorized under this article and under any terms and conditions as may be determined necessary by the department, for the purposes of financing feasibility studies of projects potentially eligible for funding under this article. No single project shall be eligible to receive more than one hundred thousand dollars ($100,000), and not more than 3 percent of the total amount of bonds authorized to be expended for purposes of this article may be expended for the purposes of financing feasibility studies. A loan for a feasibility study shall not decrease the maximum amount of any other loan which may be made under this article.

78675. Any repayments of loans made pursuant to this article, including interest payments, and all interest earned on, or accruing to, any money in the subaccount, shall be

deposited in the subaccount and shall be available for the uses described in this article.

78675.5. Notwithstanding Section 13340 of the Government Code, the sum of five million dollars ($5,000,000) in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the department for a grant to a local agency for the development of supplemental water sources, distribution systems, and recharge facilities in a watershed that is in a state of overdraft and whose ability to locally finance the facilities has been adversely affected by the Base Closure and Realignment Act of 1990 (P.L. 101-510).

78676. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 4. Local Projects

78680. (a) (1) There is hereby created in the account the Local Projects Subaccount.

(2) For the purposes of this article "subaccount" means the Local Projects Subaccount created by paragraph (1).

(3) The sum of twenty-five million dollars ($25,000,000) is hereby transferred from the account to the subaccount for the purposes of implementing this article.

(b) Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the department, for grants and loans in accordance with this article, and for the administration of this article.

78680.2. It is the intent of this article to finance a program to further the development, control, and conservation of the water resources of the state by assisting public agencies in the construction of eligible projects undertaken to meet local requirements in which there is a statewide interest.

78680.4. The following definitions govern the construction of this article:

(a) "Feasibility study" means a report on the feasibility of a project, dam, or reservoir. A feasibility study may include an environmental impact report prepared pursuant to Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) "Project" means any of the following:

(1) The construction of a conveyance facility, pumping facility, groundwater extraction facility, clear or ranney well, or facility for diversion from existing storage or conveyance facilities undertaken by a public agency for the diversion, storage, or distribution of water primarily for domestic, municipal, agricultural, industrial, recreation, or fish and wildlife mitigation and enhancement purposes.

(2) Fish and wildlife mitigation and enhancement measures undertaken by a public agency, including the acquisition of lands which may be necessary for the mitigation of significant impact on fish and wildlife resources resulting from the implementation of a project undertaken pursuant to paragraph (1).

(c) "Public agency" means any city, county, city and county, special district or other political subdivision of the state, including a joint powers entity created pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, in a county of the 22nd class or any county having a smaller population than a county of the 22nd class on the date on which this division becomes effective.

78680.6. The department shall carry out this article and shall give preference to projects undertaken to develop new water supplies and to mitigate significant environmental impacts resulting from those projects.

78680.8. Applications for grants or loans for financial assistance under this article shall be made to the department in the form and with those supporting materials that are prescribed by the department.

78680.10. (a) The department may make grants to public agencies for feasibility studies.

(b) The amount of the grants may not exceed five hundred thousand dollars ($500,000).

78680.12. (a) The department may make loans to public agencies for projects. Loans for a single project may not exceed five million dollars ($5,000,000).

(b) All loan applications shall include information relating to the public necessity of the project, the urgency of need, the engineering feasibility, the economic justification, and the financial feasibility of the project, as well as other information that the department may require.

(c) All loans made pursuant to this section are subject to all of the following requirements:

(1) Public agencies requesting a loan shall demonstrate, to the satisfaction of the department, that an adequate opportunity for public participation regarding the loan has been provided.

(2) Any election held with respect to the loan shall include the voters of the entire agency except where the agency proposes to accept the loan on behalf of a specified portion, or portions, of the agency, in which case the election shall be held only in that portion or portions of the agency.

(3) Loan contracts may not provide for a moratorium on payment of principal or interest.

(4) Loans shall be for a period of up to 20 years. The interest rate for the loans shall be set at a rate of equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, to be computed according to the true interest cost method. If the interest rate so determined is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent. The interest rate set for each contract shall be applied throughout the contract's repayment period. There shall be a level annual repayment of principal and the interest on the loans.

78680.14. (a) The department may also make loans to public agencies for the acquisition of interest in lands that are necessary for the construction, operation, or maintenance of a project.

(b) Loans granted pursuant to this section shall be subject to all of the following conditions:

(1) The loan may be made for all or any part of the costs of acquiring interests in lands for a project that has been identified as the preferred alternative in an environmental impact report or an environmental impact statement, and the lands may become unavailable to the public agency for the purposes of developing that project.

(2) The loans shall not exceed one million dollars ($1,000,000) for each acquisition under this section.

(3) Each loan granted pursuant to this section is subject to subdivision (c) of Section 78680.12.

78680.16. Each contract which the department enters into for a loan pursuant to Section 78680.14 shall require the sale of the interests in lands that are acquired with the loan funds if, in the department's determination, the construction of the project has not commenced within a period of two years from the date of the first disbursement of loan funds under the contract or within any extension of such period that is granted by the department. In that event, the contract shall require that the interests in lands be offered for sale within six months from the expiration of the two-year period, or any extension thereof, and shall require that the proceeds of the sale be applied toward the repayment of the principal amount of th loan and toward the payment of the accrued interest thereon. Any remaining proceeds, aft deducting the administrative costs of the public agency identified in connection with the purchase and sale of the interests in lands, shall be repaid to the department.

78680.18. Notwithstanding any provision of law, any land acquired with the use of loan funds made available pursuant to Section 78680.14, that is located outside the boundaries of the public agency acquiring the land and which was subject to taxation at the time of acquisition thereof, shall remain subject to taxation.

78680.20. (a) The department may adopt regulations to carry out this article. Notwithstanding any provisions of law, regulations adopted by the department pursuant to Chapter 2.3 (commencing with Section 450.1) of Division 2 of Title 23 of the California Code of Regulations that are in effect on November 6, 1996, may be used to carry out this article.

(b) Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

Article 5. Sacramento Valley Water Management and Habitat Protection Measures

78681. (a) There is hereby created in the account the Sacramento Valley Water Management and Habitat Protection Subaccount.

(b) For the purposes of this article, "subaccount" means the Sacramento Valley Water Management and Habitat Protection Subaccount created by subdivision (a).

78681.2. The sum of twenty-five million dollars ($25,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78681.4. Notwithstanding Section 13340 of the Government Code, the money in the subaccount is hereby continuously appropriated, without regard to fiscal years, to the department, for programs or projects in the Sacramento Valley to assist in the implementation of the Water Quality Control Plan for the Bay-Delta adopted by the board in Resolution No. 95-24 on May 22, 1995, and as it may be amended.

78681.8. The board shall provide adequate public review for proposed programs or projects and shall determine that those programs or projects are consistent with the requirements of Section 78681.4.

78681.9. Only the programs or projects that are not the obligation of the federal Central Valley Project or the State Water Project may be funded under this article.

78681.10. Not more than 3 percent of the total amount deposited in the subaccount for the use of the department may be used to pay the costs incurred in connection with the administration of this article by the department.

Article 6. River Parkway Program

78682. (a) (1) There is hereby created in the account the River Parkway Subaccount.

(2) For the purposes of this article, "subaccount" means the River Parkway Subaccou created by paragraph (1).

(b) The sum of twenty-seven million dollars ($27,000,000) is hereby transferred from the account to the subaccount for the purpose of implementing this article.

78682.2. The money in the subaccount shall be made available, upon appropriation by the Legislature, for the acquisition and restoration of riparian habitat, riverine aquatic habitat, and other lands in close proximity to rivers and streams and for river and stream trail projects undertaken in accordance with any of the following provisions:

(a) Chapter 4 (commencing with Section 1300) and Chapter 4.1 (commencing with Section 1385) of Division 2 of the Fish and Game Code.

(b) Chapter 5 (commencing with Section 31200), Chapter 6 (commencing with Section 31251), and Chapter 9 (commencing with Section 31400), of Division 21 of the Public Resources Code.

(c) Division 22.5 (commencing with Section 32500) of the Public Resources Code.

(d) Urban river park acquisition and restoration projects undertaken pursuant to Division 23 (commencing with Section 33000) of the Public Resources Code.

(e) River parkway projects undertaken by a state agency, city, county, city and county, or pursuant to a joint powers agreement between two or more of these entities.

78682.4. At least 50 percent of the funds in the subaccount shall be used for projects that are located in, or in close proximity to, major metropolitan areas.

78682.6. Not more than 3 percent of the total amount deposited in the subaccount may be used to pay the costs incurred in connection with the administration of this article.

CHAPTER 7. CALFED BAY-DELTA ECOSYSTEM RESTORATION PROGRAM

78684. Unless the context otherwise requires, all of the following definitions govern the construction of this chapter.

(a) "Account" means the Bay-Delta Ecosystem Restoration Account created by Section 78684.6.

(b) "Bay-delta ecosystem" means the bay-delta and its tributary watersheds.

(c) "CALFED Bay-Delta Program" or "program" means the undertaking by CALFED to develop, by means of the programmatic EIS/EIR, a preferred alternative of programs, actions, projects, and related activities which will provide solutions to identified problem areas related to the bay-delta ecosystem.

(d) (1) "Eligible project" means a project or program, or an element of a project or program, identified in the final programmatic EIS/EIR, that is intended to improve and increase aquatic and terrestrial habitats and improve ecological functions in the bay-delta ecosystem.

(2) Eligible projects may include, but are not limited to, projects or programs with any of the following purposes:

(A) The protection and enhancement of existing habitat.

(B) The restoration of tidal, shallow water, riparian, riverine, wetlands, and oth habitats.

(C) The expansion of wetlands protection programs.

(D) The acquisition of water for instream flow improvements.

(E) Improved habitat management.

(F) Improved management of introduced species.

(G) Improved fish protection and management.

(3) Eligible projects shall not include any of the following:

(A) Any water conveyance facilities.

(B) Any component of the CALFED Bay-Delta Program that is not identified in the final programmatic EIS/EIR as a component of the ecosystem restoration element.

(C) Any programs or projects undertaken to offset or avoid adverse environmental conditions which the final programmatic EIS/EIR determines would be caused by the construction, operation, or implementation of any element of the CALFED Bay-Delta Program other than the ecosystem restoration element.

(e) "Programmatic EIS/EIR" means the programmatic environmental impact statement/environmental impact report that is prepared by CALFED for the CALFED Bay-Delta Program.

78684.2. The Legislature hereby finds and declares all of the following:

(a) CALFED is in the process of preparing a programmatic EIS/EIR for a long-term comprehensive plan that will resolve problems related to ecosystem restoration, water quality, water supplies, and water management for beneficial uses of the bay-delta ecosystem, and system integrity.

(b) The CALFED Bay-Delta Program, to the extent that it relates to restoration in the bay-delta ecosystem, is of statewide and national importance. The state should participate in the funding of eligible projects as a part of its ongoing program to improve environmental conditions in the bay-delta ecosystem.

(c) The programmatic EIS/EIR will include a schedule for funding and implementing all elements of the long-term comprehensive plan.

(d) The CALFED Bay-Delta Program elements will achieve balanced solutions in all identified problem areas, including the ecosystem, water supply, water quality, and system integrity.

78684.4. This chapter does not authorize implementation of the CALFED Bay-Delta Program or any element of the program. The implementation of the CALFED Bay-Delta Program, or any element of the program, shall only be undertaken pursuant to authority provided by law other than this division.

78684.6. (a) The Bay-Delta Ecosystem Restoration Account is hereby created in the fund for the purpose of funding eligible projects. The sum of three hundred ninety million dollars ($390,000,000) is hereby transferred from the fund to the account.

(b) Notwithstanding Section 13340 of the Government Code, the money in the account is hereby continuously appropriated, without regard to fiscal years, to the Resources Agency for the purposes set forth in this chapter, and for the administration of this chapter.

78684.8. The Secretary of the Resources Agency shall carry out this chapter in accordance with procedures established by CALFED for the purposes of ecosystem restoration until the Legislature, by statute, authorizes another entity, that is recommended by CALFED, to carry out this chapter.

78684.10. No funds in the account may be expended until all of the following conditions have been met:

(a) The final programmatic EIS/EIR has been certified by the state lead agency and a notice of determination has been issued as required by Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) The identical final programmatic EIS/EIR has been filed by the federal lead agencies with the Environmental Protection Agency, the required notice has been published in the Federal Register, and there has been federal approval of the identical program approved by the state.

(c) A cost-sharing agreement has been entered into by the State of California and the United States, pursuant to which the United States agrees to share in the costs of eligible projects.

78684.12. Due to the importance of issuing permits and otherwise expediting all elements of the CALFED Bay-Delta Program in a timely and balanced manner, the following procedures apply to the use of funds authorized by this chapter:

(a) After the requirements set forth in Section 78684.10 are met, funds in the account shall become available for use in accordance with the schedule for eligible projects set forth in the final programmatic EIS/EIR, unless and until the Secretary of the Resources Agency determines that the schedule established in the final programmatic EIS/EIR has not been substantially adhered to.

(b) Prior to November 15 of each year, the Secretary of the Resources Agency, in consultation with state and federal CALFED representatives and other interested persons and agencies, shall review adherence to the schedule.

(c) The absence of funding from nonfederal or nonstate sources shall not be a basis for a determination that the schedule has not been adhered to.

(d) If, at the conclusion of each annual review, the Secretary of the Resources Agency determines that the schedule established in the final programmatic EIS/EIR, or a revised schedule prepared pursuant to this subdivision, has not been substantially adhered to, the secretary, after notice to, and consultation with, state and federal CALFED representatives and other interested persons and agencies, shall prepare a revised schedule that ensures that balanced solutions in all identified problem areas, including ecosystem restoration, water supply, water quality, and system integrity are achieved, consistent with the intent of the final programmatic EIS/EIR. Funds shall be available for expenditure unless a revised schedule has not been developed within six months from the date on which the secretary determines that the prior schedule has not been substantially adhered to. Upon the preparation of any revised schedule under this subdivision, funds shall be expended in accordance with that revised schedule.

(e) Specific project and program decisions involving the expenditure of funds in the account shall be made in accordance with the procedures established by CALFED for the ecosystem restoration program.

78684.13. On or before December 15 of each year, the Secretary of the Resources Agency shall submit an annual report to the Legislature that describes the status of the implementation of all elements of the CALFED Bay-Delta Program, any determinations made by the secretary pursuant to subdivisions (b) and (d) of Section 74684.12, and other significant scheduling issues. The report also shall include a detailed accounting of expenditures, descriptions of programs for which expenditures have been made, and a schedule of anticipated expenditures for the next year.

78684.14. Not more than 3 percent of the total amount deposited in the account may be used to pay the costs incurred in connection with the administration of this chapter.

CHAPTER 8. FLOOD CONTROL AND PREVENTION PROGRAM

Article 1. Definitions

78686. Unless the context otherwise requires, as used in this chapter, "account" means the Flood Control and Prevention Account created by Section 78686.10.

Article 2. Flood Control and Prevention Program

78686.10. The Flood Control and Prevention Account is hereby created in the fund. The sum of sixty million dollars ($60,000,000) is hereby transferred from the fund to the account.

78686.12. (a) Notwithstanding Section 13340 of the Government Code, the money in the account is hereby continuously appropriated, without regard to fiscal years, to the department for the purposes set forth in subdivision (b).

(b) (1) The money in the account shall be used to pay for the state's share of the nonfederal costs of flood control and flood prevention projects that have been adopted and authorized in accordance with one or more of the following provisions of law:

(A) The State Water Resources Law of 1945 (Chapter 1 (commencing with Section 12570) and Chapter 2 (commencing with Section 12630) of Part 6 of Division 6).

(B) The Flood Control Law of 1946 (Chapter 3 (commencing with Section 12800) of Part 6 of Division 6).

(C) The California Watershed Protection and Flood Prevention Law (Chapter 4 (commencing with Section 12850) of Part 6 of Division 6).

(2) The money in the account may only be used to pay for costs for which valid written claims have been submitted to the department on or before June 30, 1996. Funds which are made available under this chapter shall be allocated on a pro rata basis to projects in the Counties of Contra Costa, Fresno, Kern, Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Santa Clara, based on the amount of available funds relative to the total eligible claims.

CHAPTER 9. MISCELLANEOUS

78688. Nothing in this division diminishes, or otherwise affects, the requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or the National Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et seq.).

CHAPTER 10. FISCAL PROVISIONS

78690. The proceeds of bonds issued and sold pursuant to this division shall be deposited in the State Treasury to the credit of the Safe, Clean, Reliable Water Supply Fund, created by Section 78505.

78691. Bonds in the total amount of nine hundred ninety-five million dollars ($995,000,000), not including the amount of any refunding bonds issued in accordance with Section 78700, or as much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this division and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

78692. (a) The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division.

(b) For purposes of the State General Obligation Bond Law, the State Water Resources Control Board is designated the "board."

78693. Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Safe, Clean, Reliable Water Supply Finance Committee is hereby created. For purposes of this division, the Safe, Clean, Reliable Water Supply Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. A majority of the committee may act for the committee.

78694. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

78695. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

78696. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this division, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this division, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 78697, appropriated without regard to fiscal years.

78697. For the purposes of carrying out this division, the Director of Finance may authorize the withdrawal from the General Fund of an amount not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold for the purpose of carrying out this division. Any amount withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest that the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this division.

78698. All money deposited in the fund that is derived from premium and accrued interest

on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

78699. The State Water Resources Control Board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account in accordance with Section 16312 of the Government Code for the purposes of carrying out this division. The amount of the request shall not exceed the amount of the unsold bonds which the committee, by resolution, has authorized to be sold for the purpose of carrying out this division. The State Water Resources Control Board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the State Water Resources Control Board in accordance with this division.

78700. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this division includes the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

78701. Notwithstanding any provision of this division or the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this division that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or to take any other action with respect to the investment and use of bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

78702. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 2. Section 13459.5 is added to the Water Code, to read:

13459.5. Unallocated funds remaining in the Agricultural Drainage Water Account in the 1986 Water Conservation and Water Quality Bond Fund on November 6, 1996, shall be transferred to the Drainage Management Subaccount, created by Section 78641, of the Clean Water and Water Recycling Account in the Safe, Clean, Reliable Water Supply Fund for the purposes of subdivision (b) of Section 78645.

SEC. 3. Section 14058 of the Water Code is amended to read:

14058. (a) The sum of thirty million dollars ($30,000,000) of the money in the fu shall be deposited in the Water Reclamation Account and, notwithstanding Section 1334(the Government Code, is hereby continuously appropriated to the board for the purposes o this section.

(b) The board may enter into contracts with local public agencies having authority to construct, operate, and maintain water reclamation projects, for loans to aid in the design and construction of eligible water reclamation projects. The board may loan up to 100 percent of the total eligible cost of design and construction of an eligible reclamation project.

(c) Any contract for an eligible water reclamation project entered into pursuant to this section may include such provisions as determined by the board and shall include both of the following provisions:

(1) An estimate of the reasonable cost of the eligible water reclamation project.

(2) An agreement by the local public agency to proceed expeditiously with, and complete, the eligible water reclamation project; commence operation of the project in accordance with applicable provisions of law, and provide for the payment of the local public agency's share of the cost of the project, including principal and interest on any state loan made pursuant to this section.

(d) Loan contracts may not provide for a moratorium on payments of principal or interest.

(e) Any loans made from the fund may be for a period of up to 20 years. The interest rate for the loans shall be set at a rate equal to 50 percent of the interest rate paid by the state on the most recent sale of state general obligation bonds, with that rate to be computed according to the true interest cost method. When the interest rate so determined, is not a multiple of one-tenth of 1 percent, the interest rate shall be set at the next higher multiple of one-tenth of 1 percent.

(f) All money repaid to the state pursuant to any contract executed under this chapter shall be deposited in the ~~General Fund as reimbursement for the payment of principal and interest on bonds authorized to be issued under this chapter.~~ *Water Recycling Subaccount, created by Section 78621, of the Clean Water and Water Recycling Account in the Safe, Clean, Reliable Water Supply Fund, for the purposes set forth in subdivision (b) of Section 78621.*

Proposition 205: Text of Proposed Law

This law proposed by Assembly Bill 3116 (Statutes of 1996, Chapter 160) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Penal Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title 4.95 (commencing with Section 4498) is added to Part 3 of the Penal Code, to read:

TITLE 4.95. YOUTHFUL AND ADULT OFFENDER LOCAL FACILITIES BOND ACT OF 1996

CHAPTER 1. GENERAL PROVISIONS

4498. This title shall be known and may be cited as the Youthful and Adult Offender Local Facilities Bond Act of 1996.

4498.1. The Legislature finds and declares all of the following:

(a) It is the intent of the Legislature to provide funding for the capital construction of local facilities for the treatment, rehabilitation, and punishment of juvenile offenders. Counties do not have sufficient options for providing a continuum of care for juvenile offenders that provides for all of the following:

(1) Effecting swift, certain, and effective correctional treatment and penalties for all juvenile offenders.

(2) Treating offenders whose criminality results from substance abuse or mental disorders.

(3) Requiring community service when appropriate.

(4) Ensuring appropriate supervision in secure and nonsecure settings.

(5) Promoting integrated service provisions for governmental and community-based organizations.

(6) Providing alternatives to commitment to the Youth Authority.

(b) Public safety is a primary function and consideration of government. As evidenced by the overwhelming support for Proposition 184, the "Three Strikes Initiative," on the November 8, 1994, general election ballot, the people of the State of California are demanding that violent, serious, and repeat felons be incarcerated with longer sentences. The passage of Proposition 184 is expected to adversely impact the capacity of local correctional facilities, creating a serious safety risk.

(c) Numerous county adult and juvenile facilities throughout California are dilapidated and overcrowded, and expansion of available bed capacity is critical. Capital improvements are necessary to protect the life and safety of persons confined or employed in these facilities, and to upgrade health and sanitary conditions to avoid threatened closures or the imposition of court-ordered sanctions.

4498.2. As used in this title, the following terms have the following meanings:

(a) "Committee" means the 1996 Youthful and Adult Offender Local Facilities Bond Finance Committee created pursuant to Section 4499.

(b) "Fund" means the 1996 Youthful Offender Local Facilities Bond Fund or the 1996 Adult Offender Local Facilities Bond Fund, created pursuant to Section 4498.3.

CHAPTER 2. PROGRAM

4498.3. Of the proceeds of bonds issued and sold pursuant to this title, three hundred fifty million dollars ($350,000,000) shall be deposited in the 1996 Youthful Offender Local Facilities Bond Fund, which is hereby created, and three hundred fifty million dollars ($350,000,000) shall be deposited in the 1996 Adult Offender Local Facilities Bond Fund, which is hereby created.

4498.4. (a) Moneys in the 1996 Youthful Offender Local Facilities Bond Fund shall be used for the construction, renovation to increase or maintain capacity, remodeling, and replacement of local facilities for the treatment, rehabilitation, and punishment of juvenile offenders, and may be used for capital improvements, rehabilitation, or renovation performed by local juvenile community service work crews. Up to 1½ percent of moneys in the fund m be used by the Board of Corrections for administration of this title.

(b) In order to be eligible to receive money for the purposes specified in this section, a county shall apply in the manner and form prescribed by the Board of Corrections.

(c) Allocation of funds shall be subject to future appropriation by the Legislature, and shall be made based on the following criteria:

(1) County matching funds of at least 25 percent are provided as determined by the Legislature, except that this requirement may be modified or waived by the Legislature by statute where it determines that it is necessary to facilitate the expeditious and equitable construction of local correctional facilities. The greater the percentage of matching funds that a county provides, the higher priority the county shall be given for allocation of moneys.

(2) The county, or a group of counties acting together, has developed a plan that identifies the county continuum of care model for prevention, intervention, supervision, treatment, and detention of juvenile offenders. The plan shall identify how the county will maximize all funding sources (local criminal justice, local social services, federal and state programs, and education) for providing appropriate services for juvenile offenders. The plan shall demonstrate that the county has utilized, to the greatest extent practicable, alternatives to detention. The plan also shall identify the capital needs for fully providing the services outlined in the county model.

(d) Counties that have begun to plan, construct, or renovate facilities after January 1, 1995, but prior to the enactment of this title, remain eligible to receive state matching funds.

(e) Counties that contract with private providers for treatment or other services for offenders are eligible to apply for moneys from the fund.

4498.5. (a) Moneys in the 1996 Adult Offender Local Facilities Bond Fund shall be used for the construction, renovation to increase or maintain capacity, remodeling, and replacement of local facilities for the treatment, rehabilitation, and punishment of adult offenders. Up to 1½ percent of moneys in the fund may be used by the Board of Corrections for administration of this title.

(b) In order to be eligible to receive money for the purposes specified in this section, a county shall apply in the manner and form prescribed by the Board of Corrections.

(c) Allocation of funds shall be subject to future appropriation by the Legislature, and shall be made based on the following criteria:

(1) County matching funds of at least 25 percent are provided as determined by the Legislature, except that this requirement may be modified or waived by the Legislature by statute where it determines that it is necessary to facilitate the expeditious and equitable construction of local correctional facilities. The greater the percentage of matching funds that a county provides, the higher priority the county shall be given for allocation of moneys.

(2) The county, or a group of counties acting together, has developed a plan that identifies the county continuum of care model for prevention, intervention, supervision, treatment, and incarceration of adult offenders. The plan shall identify how the county will maximize funding sources (local criminal justice, local social services, federal and state programs, education) for providing appropriate services for adult offenders. The plan shall demonstrate that the county has utilized, to the greatest extent practicable, alternatives to jail incarceration. The plan also shall identify the capital needs for fully providing the services outlined in the county model.

(d) Counties that have begun to plan, construct, or renovate facilities after January 1,

1995, but prior to the enactment of this title, remain eligible to receive state matching funds.

(e) Counties that contract with private providers for treatment or other services for offenders are eligible to apply for moneys from the fund.

4498.6. (a) The Youthful and Adult Offender Local Facilities Financing Authority is hereby created in the Board of Corrections. The composition of the authority shall be identified in future legislation. The authority shall evaluate plans prepared pursuant to paragraph (2) of subdivision (c) of Section 4498.4 and paragraph (2) of subdivision (c) of Section 4498.5, approve funding, and administer funds appropriated as specified in subdivision (c) of Section 4498.4 and subdivision (c) of Section 4498.5. Staff support to the authority shall be performed by existing Board of Corrections staff. In addition, the authority may allocate any state and federal juvenile justice grant funds that are appropriated to it by the Legislature.

(b) The Board of Corrections shall not be deemed a responsible agency, as defined in Section 21069 of the Public Resources Code, or otherwise be subject to the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities undertaken or funded pursuant to this title. This subdivision does not exempt any local agency from the requirements of the California Environmental Quality Act.

4498.7. Money in the funds may only be expended for projects specified in this title as allocated in appropriations made by the Legislature.

CHAPTER 3. FISCAL PROVISIONS

4498.8. Bonds in the total amount of seven hundred million dollars ($700,000,000), exclusive of refunding bonds, or so much thereof as is necessary, may be issued and sold to provide funds to be used for carrying out the purposes expressed in this title and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

4498.9. The bonds authorized by this title shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this title and are hereby incorporated in this title as though set forth in full in this title.

4499. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this title, the 1996 Youthful and Adult Offender Local Facilities Bond Finance Committee is hereby created. For purposes of this title, the 1996 Youthful and Adult Offender Local Facilities Bond Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, the Treasurer, the Director of Finance, and the Chair of the Board of Corrections, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Youthful and Adult Offender Local Facilities Financing Authority in the Board of Corrections is designated the "board."

4499.1. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this title in order to carry out the actions specified in Sections 4498.4 and 4498.5 and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

4499.2. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

4499.3. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this title, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this title, as the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 4499.4, appropriated without regard to fiscal years.

4499.4. For the purposes of carrying out this title, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized by the committee to be sold for the purpose of carrying out this title. Any amounts withdrawn shall be deposited in the funds created in Section 4498.3. Any money made available under this section shall be returned to the General Fund, plus an amount equal to the interest the money would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this title.

4499.5. All money deposited in the funds that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

4499.6. The bonds may be refunded in accordance with Article 6 of the State General Obligation Bond Law.

4499.7. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purpose of carrying out this title. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this title. The board shall execute those documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this title.

4499.8. Notwithstanding any other provision of this title, or of the State General Obligation Bond Law, if the Treasurer sells bonds that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes subject to designated conditions, the Treasurer may maintain separate accounts for the bond proceeds invested and for the investment earnings on those proceeds, and may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds that is required or desirable under federal law in order to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

4499.9. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this title are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

Proposition 206: Text of Proposed Law

This law proposed by Senate Bill 852 (Statutes of 1996, Chapter 161) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Military and Veterans Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 2. Article 5v (commencing with Section 998.200) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5v. Veterans' Bond Act of 1996

998.200. This article may be cited as the Veterans' Bond Act of 1996.

998.201. (a) The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" refer both to this article and that law.

(b) For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the board.

998.202. As used herein, the following words have the following meanings:

(a) "Board" means the Department of Veterans Affairs.

(b) "Bond" means veterans' bond, a state general obligation bond, issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(c) "Bond act" means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

(d) "Committee" means the Veterans' Finance Committee of 1943, established by Section 991.

(e) "Fund" means the Veterans' Farm and Home Building Fund of 1943, established by Section 988.

998.203. For the purpose of establishing a fund to provide farm and home aid for veterans in accordance with the Veterans' Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than four hundred million dollars ($400,000,000) exclusive of refunding bonds, in the manner provided herein.

998.204. (a) All bonds authorized by this article, when duly sold and delivered as provided herein, constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

(b) There shall be collected annually in the same manner and at the same time as other state revenue is collected a sum of money, in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, these bonds as provided herein, and all officers required by law to perform any duty in regard to the collection of state revenues shall collect this additional sum.

(c) On the dates on which funds are to be remitted pursuant to Section 16676 of the Government Code for the payment of debt service on the bonds in each fiscal year, there shall be transferred to the General Fund to pay the debt service all of the money in the fund, not in excess of the amount of debt service then due and payable. If the money so transferred on the remittance dates is less than the debt service then due and payable, the balance remaining unpaid shall be transferred to the General Fund out of the fund as soon as it shall become available, together with interest thereon from the remittance date until paid, at the same rate of interest as borne by the bonds, compounded semiannually. Notwithstanding any other provision of law to the contrary, this subdivision shall apply to all veterans farm and home purchase bond acts pursuant to this chapter. This subdivision does not grant any lien on the fund or the moneys therein to the holders of any bonds issued under this article. For the purposes of the subdivision, "debt service" means the principal (whether due at maturity, by redemption, or acceleration), premium, if any, or interest payable on any date with respect to any series of bonds. This subdivision shall not apply, however, in the case of any debt service that is payable from the proceeds of any refunding bonds.

998.205. There is hereby appropriated from the General Fund, for purposes of this article, a sum of money that will equal both of the following:

(a) That sum annually necessary to pay the principal of, and the interest on, the bonds issued and sold as provided herein, as that principal and interest become due and payable.

(b) That sum necessary to carry out Section 998.206, appropriated without regard to fiscal years.

998.206. For purposes of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of a sum of money not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold pursuant to this

article. Any sums withdrawn shall be deposited in the fund. All money made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this article.

998.207. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this article. The amount of the request shall not exceed the amount of unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this article. The board shall execute whatever documents are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this article.

998.208. Upon request of the board, supported by a statement of its plans and projects approved by the Governor, the committee shall determine whether to issue any bonds authorized under this article in order to carry out the board's plans and projects, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out these plans and projects progressively, and it is not necessary that all the bonds be issued or sold at any one time.

998.209. So long as any bonds authorized under this article are outstanding, the Director of Veterans Affairs shall, at the close of each fiscal year, require a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, to be made by an independent public accountant of recognized standing. The results of each survey and projection shall be reported in writing by the public accountant to the Director of Veterans Affairs, the California Veterans Board, and the committee.

The Division of Farm and Home Purchases shall reimburse the public accountant for these services out of any money which the division may have available on deposit with the Treasurer.

998.210. The committee may authorize the Treasurer to sell all or any part of the bonds authorized by this article at the time or times established by the Treasurer.

Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

998.211. Out of the first money realized from the sale of bonds as provided herein, there shall be redeposited in the General Obligation Bond Expense Revolving Fund, established by Section 16724.5 of the Government Code, the amount of all expenditures made for t purposes specified in that section, and this money may be used for the same purpose a. repaid in the same manner whenever additional bond sales are made.

998.212. Any bonds issued and sold pursuant to this article may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. The approval of the voters for the issuance of bonds under this article includes approval for the issuance of bonds issued to refund bonds originally issued or any previously issued refunding bonds.

998.213. Notwithstanding any provision of the bond act, if the Treasurer sells bonds under this article for which bond counsel has issued an opinion to the effect that the interest on the bonds is excludable from gross income for purposes of federal income tax, subject to any conditions which may be designated, the Treasurer may establish separate accounts for the investment of bond proceeds and for the earnings on those proceeds, and may use those proceeds or earnings to pay any rebate, penalty, or other payment required by federal law or take any other action with respect to the investment and use of bond proceeds required or permitted under federal law necessary to maintain the tax-exempt status of the bonds or to obtain any other advantage under federal law on behalf of the funds of this state.

998.214. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this article are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by Article XIII B.

998.215. Notwithstanding any other provision of law, any bonds issued and sold under the Veterans Bond Act of 1974, the Veterans Bond Act of 1976, the Veterans Bond Act of 1978, the Veterans Bond Act of 1980 or the Veterans Bond Act of 1986 may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, without regard to the first sentence of Section 16786 of the Government Code.

Proposition 207: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends and adds sections to various codes; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

FRIVOLOUS LAWSUIT LIMITATION ACT

SECTION 1. TITLE

This initiative shall be known and may be cited as the "Frivolous Lawsuit Limitation Act."

SECTION 2. FINDINGS AND DECLARATIONS

The People of the State of California find and declare:

(a) Frivolous lawsuits and frivolous defenses clog our courts, cost taxpayers money, and delay the legal process.

(b) Lawyers who file frivolous lawsuits or frivolous defenses violate their ethical obligations as officers of the court and should be punished.

(c) Lawyers who file frivolous lawsuits or defenses should not be paid.

(d) Injured people who have legitimate legal claims have the same right to contract freely with the attorney of their choice as do corporations and wealthy individuals.

(e) People with legitimate claims need to be protected against some attorneys who are able to manipulate the system so that they collect enormous fees for almost no work.

(f) The most effective way to preserve the rights of consumers, corporations, and small businesses to contract freely while at the same time protecting them from unscrupulous attorneys is to allow clients to ask the courts to decide whether an attorney's fee is excessive.

THEREFORE, THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 3. SANCTIONS AND DISCIPLINE FOR FRIVOLOUS LAWSUITS AND FRIVOLOUS DEFENSES

Section 6089.5 is added to the Business and Professions Code, to read:

6089.5. (a) If, after using the notice and procedures contained in Section 128.7 of the Code of Civil Procedure, a court determines that an attorney or law firm has filed a frivolous lawsuit or a frivolous answer or other responsive pleading to a lawsuit, the court shall impose appropriate sanctions upon the attorney or law firm.

(b) (1) For purposes of this section, a frivolous lawsuit or frivolous answer or other responsive pleading to a lawsuit is one that is either (A) totally and completely without merit, or (B) filed for the sole purpose of harassing an opposing party.

(2) For purposes of this section, an appropriate sanction is one that is sufficient to deter repetition of this conduct or comparable conduct by others similarly situated.

(c) No attorney against whom sanctions have been imposed pursuant to subdivision (a) shall collect or retain any fee for services performed in connection with a lawsuit in which the court has imposed sanctions under this section and a final judgment has been entered and all appeals have been exhausted, unless the attorney can demonstrate that he or she has been misled by the misrepresentation or mistake of the client with regard to one or more facts material to the case.

(d) After a final judgment has been entered and all appeals have been exhausted, a court that has imposed sanctions upon an attorney or law firm pursuant to subdivision (a) shall notify the State Bar. The notification shall include the sanctions order, any written findings related thereto, including the name or names of the attorneys involved, and those portions of the record relevant to the order. The attorney or law firm against whom sanctions have been imposed shall reimburse the court for all expenses incurred in reporting to the State Bar pursuant to this section.

(e) Upon notification from the court that sanctions have been imposed and the matter has been referred to the State Bar, the attorney and his or her law firm shall immediately notify the client or clients in writing that sanctions have been imposed for the attorney's conduct of the case.

(f) If the State Bar determines that it has received three notifications of sanctions agai. the same attorney pursuant to subdivision (a) within the past five years, after considering a.. relevant circumstances, the State Bar shall recommend appropriate discipline, including, but not limited to, suspension or disbarment, to the Supreme Court.

(g) Reprovals and other disciplinary measures taken by the State Bar pursuant to this section shall be a matter of public record.

Code of Civil Procedure Section 128.7 is amended as follows:

128.7. (a) Every pleading, petition, written notice of motion, or other similar paper shall be signed by at least one attorney of record in the attorney's individual name, or, if the party is not represented by an attorney, shall be signed by the party. Each paper shall state the signer's address and telephone number, if any. Except when otherwise provided by law, pleadings need not be verified or accompanied by affidavit. An unsigned paper shall be stricken unless omission of the signature is corrected promptly after being called to the attention of the attorney or party.

(b) By presenting to the court, whether by signing, filing, submitting, or later advocating, a pleading, petition, written notice of motion, or other similar paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances, all of the following conditions are met:

(1) It is not being presented primarily for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

(2) The claims, defenses, and other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law.

(3) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery.

(4) The denials of factual contentions are warranted on the evidence or, if specifically so identified, are reasonably based on a lack of information or belief.

(c) If, after notice and a reasonable opportunity to respond, the court determines that subdivision (b) has been violated, the court may, subject to the conditions stated below, impose an appropriate sanction upon the attorneys, law firms, or parties that have violated subdivision (b) or are responsible for the violation. In determining what sanctions, if any, should be ordered, the court shall consider whether a party seeking sanctions has exercised due diligence.

(1) A motion for sanctions under this section shall be made separately from other motions or requests and shall describe the specific conduct alleged to violate subdivision (b). Notice of motion shall be served as provided in Section 1010, but shall not be filed with or presented to the court unless, within 30 days after service of the motion, or such other period as the co may prescribe, the challenged paper, claim, defense, contention, allegation, or denial is . withdrawn or appropriately corrected. If warranted, the court may award to the party prevailing on the motion the reasonable expenses and attorney's fees incurred in presenting or opposing the motion. Absent exceptional circumstances, a law firm shall be held jointly responsible for violations committed by its partners, associates, and employees.

(2) On its own motion, the court may enter an order describing the specific conduct that

appears to violate subdivision (b) and directing an attorney, law firm, or party to show cause why it has not violated subdivision (b), unless, within 30 days of service of the order to show cause, the challenged paper, claim, defense, contention, allegation, or denial is withdrawn or appropriately corrected.

(d) A sanction imposed for violation of subdivision (b) shall be limited to what is sufficient to deter repetition of this conduct or comparable conduct by others similarly situated. Subject to the limitations in paragraphs (1) and (2), the sanction may consist of, or include, directives of a nonmonetary nature, an order to pay a penalty into court, or, if imposed on motion and warranted for effective deterrence, an order directing payment to the movant of some or all of the reasonable attorney's fees and other expenses incurred as a direct result of the violation.

(1) Monetary sanctions may not be awarded against a represented party for a violation of paragraph (2) of subdivision (b).

(2) Monetary sanctions may not be awarded on the court's motion unless the court issues its order to show cause before a voluntary dismissal or settlement of the claims made by or against the party that is, or whose attorneys are, to be sanctioned.

(e) When imposing sanctions, the court shall describe the conduct determined to constitute a violation of this section and explain the basis for the sanction imposed.

(f) In addition to any award pursuant to this section for conduct described in subdivision (b), the court may assess punitive damages against the plaintiff upon a determination by the court that the plaintiff's action was an action maintained by a person convicted of a felony against the person's victim, or the victim's heirs, relatives, estate, or personal representative, for injuries arising from the acts for which the person was convicted of a felony, and that the plaintiff is guilty of fraud, oppression, or malice in maintaining the action.

(g) This section shall not apply to disclosures and discovery requests, responses, objections, and motions.

(h) A motion for sanctions brought by a party or a party's attorney primarily for an improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation, shall itself be subject to a motion for sanctions. It is the intent of the Legislature that ~~courts~~ *a court* shall vigorously use its sanctions authority to deter such improper conduct or comparable conduct by others similarly situated.

(i) This section shall apply to a complaint or petition filed on or after January 1, 1995, and any other pleading, written notice of motion, or other similar paper filed in such a matter.

(j) ~~This section shall remain in effect only until January 1, 1999, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 1999, deletes or extends that date.~~ *If a court imposes sanctions on an attorney or law firm pursuant to this section, it shall notify the State Bar if the sanctions were imposed for filing a frivolous lawsuit or a frivolous answer or other responsive pleading to a lawsuit pursuant to Section 6089.5 of the Business and Professions Code. The notification shall include the sanctions order, any written findings related thereto, and those portions of the record relevant to the order. The attorney or law firm against whom sanctions have been imposed shall reimburse the court for all expenses incurred in reporting to the State Bar pursuant to this subdivision.*

SECTION 4. CLIENTS' RIGHT TO HIRE AND FIRE ATTORNEY

Section 6146.5 is added to the Business and Professions Code, to read:

6146.5. (a) Except as otherwise provided by law in effect on January 1, 1995 or by the provisions of the act adding this section, the right of a client or a client's representative to choose and contract with the attorney of his or her choice shall not be restricted, nor shall the right of a client or the client's representative to negotiate the amount of an attorney's fee, whether fixed, hourly, or contingent, be restricted or the validity of those contracts be impaired.

(b) A client shall have the right to discharge his or her attorney at any time during the course of the representation.

(c) Notwithstanding the terms of any contract entered into pursuant to Section 6146, 6147, or 6148, attorneys who are discharged before a case is finally concluded shall be entitled to compensation only as set forth below:

(1) Attorneys who have entered into contingency fee contracts pursuant to Section 6146 or 6147 shall be entitled to compensation only in the event the client recovers an award or settlement in the matter for which the attorney had been retained. In the event of such an award or settlement, the attorney shall be entitled to any unreimbursed expenses advanced or incurred by the attorney during the course of the representation and to the reasonable value of the attorney's services rendered to the time of discharge.

(2) Attorneys who have entered into hourly rate contracts for services pursuant to Section 6148 shall be entitled to payment at the agreed-upon rate for reasonable services rendered and expenses advanced or incurred during the course of the representation to the time of discharge. Attorneys who have contracted for a flat fee or any other method of compensation not subject to Section 6146 or 6147 shall be entitled to any unreimbursed expenses advanced or incurred and the reasonable value of their services to the time of discharge.

(d) Nothing in this section shall limit or otherwise affect any law in effect on January 1, 1995, with regard to attorney's fees, or impair the inherent authority of the courts to regulate the practice of law or to prohibit illegal or unconscionable fees, or the authority of a court in a particular case to find that a fee is excessive pursuant to Section 6146.1.

SECTION 5. RELIEF FROM EXCESSIVE ATTORNEYS' FEES

Section 6146.1 is added to the Business and Professions Code, to read:

6146.1. (a) No attorney shall enter into an agreement for, charge, or collect an excessive fee.

(b) In addition to any other remedies at law, a client may bring an action against an attorney to seek declaratory relief that a fee agreement or a portion of the fee required by that agreement is excessive, or to recover that portion of a fee collected or withheld that is excessive.

(c) In addition to any other remedies at law, in an action brought by an attorney against a client for breach of a fee agreement, the client may file a cross-complaint or assert an affirmative defense alleging that the fee agreement or a portion of the fee required by that agreement is excessive.

(d) For purposes of the act adding this section, an excessive fee is defined as one that is unconscionable. In determining whether a fee or a fee agreement is unconscionable, the court shall consider the following factors, in light of all the facts and circumstances:

(1) The amount of the fee in proportion to the value of the services performed.

(2) The relative sophistication of the attorney and the client.

(3) The novelty and difficulty of the questions involved and the skill requisite to perform the legal service properly.

(4) The fact or likelihood that the acceptance of the particular employment would or did preclude other employment by the attorney.

(5) The amount involved and the results obtained.

(6) The time limitations imposed by the client or by circumstances.

(7) The nature and length of the professional relationship with the client.

(8) The experience, reputation, and ability of the attorney performing the services, including his or her capacity because of that reputation or ability to secure a better result for the client.

(9) Whether the fee is fixed, hourly, or contingent, including whether the fee reflects the risk that the representation could result in little or no recovery.

(10) The time and labor required.

(11) The informed consent of the client to the fee agreement.

(12) Whether the attorney has advanced costs in furtherance of the representation, and the amount thereof.

(13) Any other fact or circumstance relevant to the conscionability of the fee.

(e) Nothing in this section shall affect the right of the attorney to be reimbursed for actual costs advanced or incurred.

SECTION 6. RELATIONSHIP TO OTHER INITIATIVES

The people recognize that more than one measure dealing with the general matters set forth in this measure may be on the ballot at the same time. It is the intent of the voters in passing this measure that it be considered, for purposes of subdivision (b) of Section 10 of Article II of the California Constitution, to be in conflict with the "Lawyer Contingency Fee Limitation Act" and any other similar measure attempting to limit the right of a client and an attorney to contract with each other for legal services and to enforce those contracts.

SECTION 7. SEVERABILITY

If any provision of this act or its application to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SECTION 8. AMENDMENT

The provisions of this act may be amended by a statute that becomes effective upon approval by the electorate or by a statute to further the act's purposes passed by a two-thirds vote of each house of the Legislature and signed by the Governor.

Proposition 208: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends, repeals, and adds sections to various codes; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

CALIFORNIA POLITICAL REFORM ACT OF 1996

SECTION 1. Article 1 (commencing with Section 85100) of Chapter 5 of Title 9 of the Government Code is repealed.

SEC. 2. Article I (commencing with Section 85100) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 1. Findings and Purposes

85100. This chapter shall be known as the California Political Reform Act of 1996.

85101. The people find and declare each of the following:

(a) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of individuals or organizations should not permit them to exercise a controlling influence on the election of candidates.

(b) The rapidly increasing costs of political campaigns have forced many candidates to raise larger and larger percentages of money from interest groups with a specific financial stake in matters before state and local government.

85102. The people enact this law to accomplish the following separate but related purposes:

(a) To ensure that individuals and interest groups in our society have a fair and equitable opportunity to participate in the elective and governmental processes.

(b) To minimize the potentially corrupting influence and appearance of corruption caused by excessive contributions and expenditures in campaigns by providing for reasonable contribution and spending limits for candidates.

(c) To reduce the influence of large contributors with a specific financial stake in matters before government by severing the link between lobbying and campaign fundraising.

(d) To lessen the potentially corrupting pressures on candidates and officeholders for fundraising by establishing sensible time periods for soliciting and accepting campaign contributions.

(e) To limit overall expenditures in campaigns, thereby allowing candidates and officeholders to spend a lesser proportion of their time on fundraising and a greater proportion of their time communicating issues of importance to voters and constituents.

(f) To provide impartial and noncoercive incentives that encourage candidates to voluntarily limit campaign expenditures.

(g) To meet the citizens' right to know the sources of campaign contributions, expenditures, and political advertising.

(h) To enact tough penalties that will deter persons from violating this chapter and the Political Reform Act of 1974.

SEC. 3. Article 2 (commencing with Section 85202) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 2. Applicability of the Political Reform Act of 1974

85202. Unless specifically superseded by this act, the definitions and provisions of this title shall govern the interpretation of this law.

85203. "Small contributor committee" means any committee which meets all of the following criteria:

(a) It has a membership of at least 100 individuals.

(b) All the contributions it receives from any person in a calendar year total fifty dollars ($50) or less.

(c) It has been in existence at least six months.

(d) It is not a candidate-controlled committee.

85204. "Two-year period" means the period commencing with January 1 of an odd-numbered year and ending with December 31 of the next even-numbered year.

85205. "Political party committee" means the state central committee or county central committee of an organization that meets the requirements for recognition as a political party pursuant to Section 5100 of the Elections Code.

85206. "Public moneys" has the same meaning as defined in Section 426 of the Penal Code.

SEC. 4. Section 85301 of the Government Code is repealed.

~~85301. (a) No person shall make, and no candidate for elective office, or campaign treasurer, shall solicit or accept any contribution or loan which would cause the total amount contributed or loaned by that person to that candidate, including contributions or loans to all committees controlled by the candidate, to exceed one thousand dollars ($1,000) in any fiscal year.~~

~~(b) The provisions of this section shall not apply to a candidate's contribution of his or her personal funds to his or her own campaign contribution account.~~

SEC. 5. Section 85301 is added to the Government Code, to read:

85301. (a) Except as provided in subdivision (a) of Section 85402 and Section 85706, no person, other than small contributor committees and political party committees, shall make to any candidate or the candidate's controlled committee for local office in districts with fewer than 100,000 residents, and no such candidate or the candidate's controlled committee shall accept from any person a contribution or contributions totaling more than one hundred dollars ($100) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(b) Except as provided in subdivision (b) of Section 85402 and Section 85706, no person, other than small contributor committees and political party committees, shall make to any candidate or the candidate's controlled committee campaigning for office in districts of 100,000 or more residents, and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than two hundred fifty dollars ($250) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(c) Except as provided in subdivision (c) of Section 85402, no person, other than small contributor committees and political party committees, shall make to any candidate or the candidate's controlled committee for statewide office, and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than five hundred dollars ($500) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(d) No person shall make to any committee that contributes to any candidate and no such committee shall accept from each such person a contribution or contributions totaling more than five hundred dollars ($500) per calendar year. This subdivision shall not apply to candidate-controlled committees, political party committees, and independent expenditure committees.

(e) The provisions of this section shall not apply to a candidate's contribution of his or her personal funds to his or her own campaign committee, but shall apply to contributions from a spouse.

SEC. 6. Section 85302 of the Government Code is repealed.

~~85302. No person shall make and no political committee, broad based political committee, or political party shall solicit or accept, any contribution or loan from a person which would cause the total amount contributed or loaned by that person to the same political committee, broad based political committee, or political party to exceed two thousand five hundred dollars ($2,500) in any fiscal year to make contributions to candidates for elective office.~~

SEC. 7. Section 85302 is added to the Government Code, to read:

85302. No small contributor committee shall make to any candidate or the controlled committee of such a candidate, and no such candidate or the candidate's controlled committee shall accept from a small contributor committee, a contribution or contributions totaling more than two times the applicable contribution limit for persons prescribed in Section 85301 or 85402, whichever is applicable.

SEC. 8. Section 85303 of the Government Code is repealed.

~~85303. (a) No political committee shall make, and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee to that candidate for elective office or any committee controlled by that candidate to exceed two thousand five hundred dollars ($2,500) in any fiscal year.~~

~~(b) No broad based political committee or political party shall make and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee or political party to that candidate or any committee controlled by that candidate to exceed five thousand dollars ($5,000) in any fiscal year.~~

~~(c) Nothing in this Chapter shall limit a person's ability to provide financial or other support to one or more political committees or broad based political committees provided the support is used for purposes other than making contributions directly to candidates for elective office.~~

SEC. 9. Section 85303 is added to the Government Code, to read:

85303. No person shall give in the aggregate to political party committees of the same political party, and no such party committees combined shall accept from any person, a contribution or contributions totaling more than five thousand dollars ($5,000) per calendar year; except a candidate may distribute any surplus, residual, or unexpended campaign fun[illegible] to a political party committee.

SEC. 10. Section 85304 of the Government Code is repealed.

~~85304. No candidate for elective office or committee controlled by that candidate or candidates for elective office shall transfer any contribution to any other candidate for elective office. Transfers of funds between candidates or their controlled committees are prohibited.~~

SEC. 11. Section 85304 is added to the Government Code, to read:

85304. No more than 25 percent of the recommended expenditure limits specified in this act at the time of adoption by the voters, subject to cost of living adjustments as specified in Section 83124, shall be accepted in cumulative contributions for any election from all political party committees by any candidate or the controlled committee of such a candidate. Any expenditures made by a political party committee in support of a candidate shall be considered contributions to the candidate.

SEC. 12. Section 85305 of the Government Code is repealed.

~~85305. (a) This Section shall only apply to candidates who seek elective office during a special election or a special runoff election.~~

~~(b) As used in this Section, the following terms have the following meanings.~~

~~(1) "Special election cycle" means the day on which the office becomes vacant until the day of the special election.~~

~~(2) "Special runoff election cycle" means the day after the special election until the day of the special runoff election.~~

~~(c) Notwithstanding Section 85301 or 85303 the following contribution limitations shall apply during special election cycles and special runoff election cycles.~~

~~(1) No person shall make, and no candidate for elective office, or campaign treasurer, shall solicit or accept any contribution or loan which would cause the total amount contributed or loaned by that person to that candidate, including contributions or loans to all committees controlled by the candidate, to exceed one thousand dollars ($1,000) during any special election cycle or special runoff election cycle.~~

~~(2) No political committee shall make, and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee to that candidate for elective office or any committee controlled by that candidate to exceed two thousand five hundred dollars ($2,500) during any special election cycle or special runoff election cycle.~~

~~(3) No broad based political committee or political party shall make and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee or political party to that candidate or any committee controlled by that candidate to exceed five thousand dollars ($5,000) during any special election cycle or special runoff election cycle.~~

SEC. 13. Section 85305 is added to the Government Code, to read:

85305. (a) In districts of fewer than 1,000,000 residents, no candidate or the candidat[illegible] controlled committee shall accept contributions more than six months before any primary or special primary election or, in the event there is no primary or special primary election, any regular election or special election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(b) In districts of 1,000,000 residents or more and for statewide elective office, no candidate or the candidate's controlled committee shall accept contributions more than 12 months before any primary or special primary election or, in the event there is no primary or special primary election, any regular election or special election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(c) No candidate or the controlled committee of such candidate shall accept contributions more than 90 days after the date of withdrawal, defeat, or election to office. Contributions accepted immediately following such an election or withdrawal and up to 90 days after that date shall be used only to pay outstanding bills or debts owed by the candidate or controlled committee. This section shall not apply to retiring debts incurred with respect to any election held prior to the effective date of this act, provided such funds are collected pursuant to the contribution limits specified in Article 3 (commencing with Section 85300) of this act, applied separately for each prior election for which debts are being retired, and such funds raised shall not count against the contribution limitations applicable for any election following the effective date of this act.

(d) Notwithstanding subdivision (c), funds may be collected at any time to pay for attorney's fees for litigation or administrative action which arises directly out of a candidate's or elected officer's alleged violation of state or local campaign, disclosure, or election laws or for a fine or assessment imposed by any governmental agency for violations of this act or this title, or for a recount or contest of the validity of an election, or for any expense directly associated with an external audit or unresolved tax liability of the campaign by the candidate or the candidate's controlled committee; provided such funds are collected pursuant to the contribution limits of this act.

(e) Contributions pursuant to subdivisions (c) and (d) of this provision shall be considered contributions raised for the election in which the debts, fines, assessments, recounts, contests, audits, or tax liabilities were incurred and shall be subject to the contribution limits of that election.

SEC. 14. Section 85306 of the Government Code is repealed.

~~85306. Any person who possesses campaign funds on the effective date of this chapter may expend these funds for any lawful purpose other than to support or oppose a candidacy for elective office.~~

SEC. 15. Section 85306 is added to the Government Code, to read:

85306. No candidate and no committee controlled by a candidate or officeholder, other than a political party committee, shall make any contribution to any other candidate runni[illegible] for office or his or her controlled committee. This section shall not prohibit a candidate fr[illegible] making a contribution from his or her own personal funds to his or her own candidacy or to the candidacy of any other candidate for elective office.

SEC. 16. Section 85307 of the Government Code is repealed.

~~85307. The provisions of this article regarding loans shall apply to extensions of credit, but shall not apply to loans made to the candidate by a commercial lending institution in the~~

~~lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.~~

SEC. 17. Section 85307 is added to the Government Code, to read:

85307. (a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to all contribution limitations.

(b) Extensions of credit for a period of more than 30 days, other than loans from financial institutions given in the normal course of business, are subject to all contribution limitations.

(c) No candidate shall personally make outstanding loans to his or her campaign or campaign committee that total at any one point in time more than twenty thousand dollars ($20,000) in the case of any candidate, except for candidates for governor, or fifty thousand dollars ($50,000) in the case of candidates for governor. Nothing in this chapter shall prohibit a candidate from making unlimited contributions to his or her own campaign.

SEC. 18. Section 85308 is added to the Government Code, to read:

85308. (a) Contributions by a husband and wife shall not be aggregated.

(b) Contributions by children under 18 shall be treated as contributions attributed equally to each parent or guardian.

SEC. 19. Section 85309 is added to the Government Code, to read:

85309. No more than 25 percent of the recommended voluntary expenditure limits specified in this act at the time of adoption by the voters, subject to cost-of-living adjustments as specified in Section 83124, for any election shall be accepted in contributions from other than individuals, small contributor committees, and political party committees in the aggregate by any candidate or the controlled committee of such a candidate. The limitation in this section shall apply whether or not the candidate agrees to the expenditure ceilings specified in Section 85400.

SEC. 20. Section 85310 is added to the Government Code, to read:

85310. No person shall contribute in the aggregate more than twenty-five thousand dollars ($25,000) to all state candidates and the state candidates' controlled committees and political party committees in any two-year period. Contributions from political parties shall be exempt from this provision.

SEC. 21. Section 85311 is added to the Government Code, to read:

85311. All payments made by a person established, financed, maintained, or controlled by any business entity, labor organization, association, political party, or any other person or group of such persons shall be considered to be made by a single person.

SEC. 22. Section 85312 is added to the Government Code, to read:

85312. The costs of internal communications to members, employees, or shareholders of an organization, other than a political party, for the purpose of supporting or opposing a candidate or candidates for elective office or a ballot measure or measures shall not be considered a contribution or independent expenditure under the provisions of this act, provided such payments are not for the costs of campaign materials or activities used in connection with broadcasting, newspaper, billboard, or similar type of general public communication.

SEC. 23. Section 85313 is added to the Government Code, to read:

85313. (a) Each elected officer may be permitted to establish one segregated officerholder expense fund for expenses related to assisting, serving, or communicating with constituents, or with carrying out the official duties of the elected officer, provided aggregate contributions to such a fund do not exceed ten thousand dollars ($10,000) within any calendar year and that the expenditures are not made in connection with any campaign for elective office or ballot measure.

(b) No person shall make, and no elected officer or officeholder account shall solicit or accept from any person, a contribution or contributions to the officerholder account totaling more than two hundred fifty dollars ($250) during any calendar year. Contributions to an officeholder account shall not be considered campaign contributions.

(c) No elected officeholder or officeholder account shall solicit or accept a contribution to the officeholder account from, through, or arranged by a registered state or local lobbyist or a state or local lobbyist employer if that lobbyist or lobbyist employer finances, engages, or is authorized to engage in lobbying the governmental agency of the officeholder.

(d) All expenditures from, and contributions to, an officeholder account are subject to the campaign disclosure and reporting requirements of this title.

(e) Any funds in an officeholder account remaining after leaving office shall be turned over to the General Fund.

SEC. 24. Article 4 (commencing with Section 85400) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 4. Voluntary Expenditure Ceilings

85400. (a) No candidate for legislative office, Board of Equalization, or statewide office who voluntarily accepts expenditure ceilings and any controlled committee of such a candidate shall make campaign expenditures above the following amount:

(1) For an Assembly candidate, one hundred thousand dollars ($100,000) in the primary or special primary election and two hundred thousand dollars ($200,000) in the general, special, or special runoff election.

(2) For a Senate candidate and candidate for Board of Equalization, two hundred thousand dollars ($200,000) in the primary or special primary election and four hundred thousand dollars ($400,000) in the general, special, or special runoff election.

(3) For statewide candidates, other than governor, one million dollars ($1,000,000) in the primary election and two million dollars ($2,000,000) in the general, special, or special runoff election.

(4) For governor, four million dollars ($4,000,000) in the primary election and eight million dollars ($8,000,000) in the general, special, or special runoff election.

(b) In the event that the state adopts an open primary system, the voluntary expenditure ceilings for all state candidates in the primary election shall be increased by 50 percent.

(c) Any local jurisdiction, municipality, or county may establish voluntary expenditure ceilings for candidates and controlled committees of such candidates for elective office not to exceed one dollar ($1) per resident for each election in the district in which the candidate is seeking elective office. Voluntary expenditure ceilings may be set at lower levels by the local governing body.

85401. (a) Each candidate for office shall file a statement of acceptance or rejection of the voluntary expenditure ceilings in Section 85400 before accepting any contributions. If he or she agrees to accept the expenditure ceilings, the candidate shall not be subject to the contribution limitations in Section 85301, but shall be subject to the contribution limitations in Section 85402.

(b) If a candidate declines to accept the voluntary expenditure ceilings in Section 85400, the candidate shall be subject to the contribution limitations in Section 85301.

(c) Any candidate who declined to accept the voluntary expenditure ceilings but who nevertheless did not exceed the recommended spending limits in the primary, special primary, or special election, may file a statement of acceptance of the spending limits for a general or special runoff election within 14 days following the primary, special primary, or special election and receive all the benefits accompanying such an agreement specified in this act.

85402. (a) Notwithstanding subdivision (a) of Section 85301, if a candidate accepts the expenditure ceilings set by local ordinance pursuant to subdivision (c) of Section 85400, no person, other than small contributor committees and political party committees, shall make to any such candidate or the candidate's controlled committee for elective office in districts of fewer than 100,000 residents and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than two hundred fifty dollars ($250) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(b) Notwithstanding subdivision (b) of Section 85301, if a candidate accepts the expenditure ceilings in paragraph (1) or (2) of subdivision (a) of Section 85400 or set by local ordinance pursuant to subdivision (c) of Section 85400, no person, other than small contributor committees and political party committees, shall make to any such candidate or the candidate's controlled committee for elective office in districts of 100,000 residents or more and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than five hundred dollars ($500) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

(c) Notwithstanding subdivision (c) of Section 85301, if a candidate accepts the expenditure ceilings in paragraph (3) or (4) of subdivision (a) of Section 85400, no person, other than small contributor committees and political party committees, shall make to any such candidate or the candidate's controlled committee for statewide office and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than one thousand dollars ($1,000) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.

85403. For purposes of the expenditure ceilings, qualified campaign expenditures made at any time up to the date of the primary, special primary, or special election shall be considered expenditures for that election, and qualified campaign expenditures made after the date of such election shall be considered expenditures for the general or runoff election. However, in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period in which the goods or services are used. Payments for goods and services used in both periods shall be prorated.

85404. (a) If a candidate declines to accept voluntary expenditure ceilings and receives contributions, has cash on hand, or makes qualified expenditures equal to 75 percent or more of the recommended expenditure ceiling for that office, the voluntary expenditure ceiling shall be three times the limit specified in Section 85400 for any candidate running for the same nonstatewide office, and two times the limit specified in Section 85400 for any candidate running for the same statewide office. Any candidate running for that office who originally accepted voluntary expenditure ceilings shall be exempt from the limits that political party committees may contribute to a candidate in Section 85304, and such candidates shall be permitted to continue receiving contributions at the amounts set forth in Section 85402.

(b) If an independent expenditure committee or committees in the aggregate spend in support or opposition to a candidate for nonstatewide office more than 50 percent of the applicable voluntary expenditure ceiling, the voluntary expenditure ceiling shall be three times the limit specified in Section 85400 for any candidate running for the same elective office. Any candidate running for that office who originally accepted voluntary expenditure ceilings shall be exempt from the limits that political party committees may contribute to a candidate in Section 85304, and such candidates shall be permitted to continue receiving contributions at the amounts set forth in subdivision (a) or (b) of Section 85402.

(c) If an independent expenditure committee or committees in the aggregate spend in support or opposition to a candidate for statewide office more than 25 percent of the applicable voluntary expenditure ceiling, the voluntary expenditure ceiling shall be increased two times the limit specified in Section 85400 for any candidate running for the same statewide office. Any candidate running for that office who originally accepted voluntary expenditure ceilings shall be exempt from the limits that political party committees may contribute to a candidate in Section 85304, and such candidates shall be permitted to continue receiving contributions at the amounts set forth in subdivision (c) of Section 85402.

(d) The commission shall require candidates and independent committees to provide sufficient notice to the commission and to all candidates for the same office that they are approaching and exceeding the thresholds set forth in this section.

SEC. 25. Article 5 (commencing with Section 85500) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 5. Independent Expenditures

85500. (a) Any committee that makes independent expenditures of more than one thousand dollars ($1,000) in support of or in opposition to any candidate shall notify the filing officer and all candidates running for the same seat within 24 hours by facsimile transmission or overnight delivery each time this threshold is met. The commission shall determine the disclosure requirements for this subdivision and shall establish guidelines permitting persons to file reports indicating ongoing independent expenditures.

(b) Notwithstanding subdivision (d) of Section 85301, any committee that makes independent expenditures of one thousand dollars ($1,000) or more supporting or opposing a candidate shall not accept any contribution in excess of two hundred fifty dollars ($250) per election.

(c) Any contributor that makes a contribution of one hundred dollars ($100) or more per election to a candidate for elective office shall be considered to be acting in concert with that candidate and shall not make independent expenditures and contributions which in combination exceed the amounts set forth in Section 85301 in support of that candidate or in opposition to that candidate's opponent or opponents.

(d) An expenditure shall not be considered independent, and shall be treated as a contribution from the person making the expenditure to the candidate on whose behalf, or for whose benefit, the expenditure is made either:

(1) With the cooperation of, or in consultation with, any candidate or any authorized committee or agent of the candidate.

(2) In concert with, or at the request or suggestion of, any candidate or any authorized committee or agent of the candidate.

(3) Under any arrangement, coordination, or direction with respect to the candidate or the candidate's agent and the person making the expenditure.

(4) By a candidate or officeholder supporting another candidate or officeholder of the same political party running for a seat in the same legislative body of the candidate or officeholder.

For purposes of this section, the person making the expenditure shall include any officer, director, employee, or agent of that person.

SEC. 26. Article 6 (commencing with Section 85600) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 6. Ballot Pamphlet and Sample Ballot

85600. The Secretary of State shall provide to all candidates for statewide office, who voluntarily choose to limit their campaign expenditures in accordance with the provisions of this act, a campaign statement in the state ballot pamphlet of 100 words in primary and special elections, and 200 words in general elections, free of charge. Candidates for statewide office not choosing to limit their campaign expenditures in accordance to provisions of this act may also publish a campaign statement of similar length and format in the state ballot pamphlet, but shall be charged the pro rata cost of printing, handling, translating, and mailing the campaign statement. Such candidate statements shall not include any references to a candidate's opponent or opponents and may include a photograph of the candidate.

85601. (a) The clerk of each county shall provide to candidates for offices of the State Assembly, State Senate, and Board of Equalization, who voluntarily choose to limit their campaign expenditures in accordance with this act, a campaign statement with the county sample ballot materials of 100 words in primary and special elections, and 200 words in general elections, free of charge, the add-on cost of which is to be reimbursed from the state General Fund. Candidates for the offices of State Assembly, State Senate, and Board of Equalization not choosing to limit their campaign expenditures in accordance to this act may also publish a campaign statement of similar length and format with the county sample ballot materials, but shall be charged the pro rata cost of printing, handling, translating, and mailing the campaign statement. Such candidate statements shall not include any references to a candidate's opponent or opponents and may include a photograph of the candidate.

(b) The statements of candidates for State Assembly, State Senate, and Board of Equalization may be included in the state ballot pamphlet instead of with the county sample ballot materials if the Secretary of State determines that inclusion in the state ballot pamphlet is less expensive and more convenient for the voters.

85602. The Secretary of State and local elections officers shall prominently designate on the ballot and in the ballot phamplet and sample ballot those candidates who have voluntarily agreed to expenditure ceilings. The commission shall prescribe by regulation the method or methods for such designation.

SEC. 27. Article 7 (commencing with Section 85700) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 7. Additional Contribution Requirements

85700. No contribution of one hundred dollars ($100) or more shall be deposited into a campaign checking account unless the name, address, occupation, and employer of the contributor is on file in the records of the recipient of the contribution.

85701. Any person who accepts a contribution which is not from the person listed on the check or subsequent campaign disclosure statement shall be liable to pay the state the entire amount of the laundered contribution. The statute of limitations shall not apply to this provision, and repayments to the state shall be made as long as the person or any committee controlled by such a person has any funds sufficient to pay the state.

85702. Contributions made directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit shall be treated as contributions from the contributor and the intermediary or conduit to the candidate for the purposes of this limitation unless the intermediary or conduit is one of the following:

(a) The candidate or representative of the candidate receiving contributions on behalf of the candidate. However, the representative shall not include the following persons:

(1) A committee other than the candidate's campaign committee.

(2) An officer, employee, or agent of a committee other than the candidate's campaign committee.

(3) A person registered as a lobbyist with the governmental agency for which the candidate is running or is an officeholder.

(4) An officer, employee, or agent of a corporation or labor organization acting on behalf of the corporation or organization.

(b) A volunteer, who otherwise does not fall under paragraphs (1) through (4) of subdivision (a) of this provision, hosting a fundraising event outside the volunteer's place of business.

85703. No person shall make and no person, other than a candidate or the candidate's controlled committee, shall accept any contribution on the condition or with the agreement that it will be contributed to any particular candidate. The expenditure of funds received by a person shall be made at the sole discretion of the recipient person.

85704. No elected officeholder, candidate, or the candidate's controlled committee may solicit or accept a campaign contribution or contribution to an officeholder account from, through, or arranged by a registered state or local lobbyist if that lobbyist finances, engages, or is authorized to engage in lobbying the governmental agency for which the candidate is seeking election or the governmental agency of the officeholder.

85705. No person appointed to a public board or commission or as Trustee of the California State University or Regent of the University of California during tenure in office shall donate to, or solicit or accept any campaign contribution for, any committee controlled by the person who made the appointment to that office or any other entity with the intent that the recipient of the donation be any committee controlled by such person who made the appointment.

85706. (a) Nothing in this act shall nullify contribution limitations or other campaign disclosures or prohibitions of any local jurisdiction that are as or more stringent than set forth in this act.

(b) The governing body of a local jurisdiction may impose lower contribution limitat. or other campaign disclosures or prohibitions that are as or more stringent than set forth ... this act. A local jurisdiction may impose higher contribution or expenditure limitations only by a vote of the people.

(c) Any charter municipality which chooses to establish a voluntary spending limit program involving matching funds, consistent with sudivision (c) of Section 85400, may set a uniform contribution ceiling from any person to any candidate or the candidate's controlled committee of a contribution or contributions totaling no more than five hundred dollars ($500) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate, provided that the program offers a matching fund ratio of at least one dollar ($1) to each three matchable private contributions.

ENFORCEMENT

SEC. 28. Section 83116 of the Government Code is amended to read:

83116. When the Commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if such a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 5, Sections 11500 et seq.). The Commission shall have all the powers granted by that chapter.

When the Commission determines on the basis of the hearing that a violation has occurred, it shall issue an order which may require the violator to:

(a) Cease and desist violation of this title;

(b) File any reports, statements or other documents or information required by this title;

(c) Pay a monetary penalty of up to ~~two thousand dollars ($2,000)~~ *five thousand dollars ($5,000) per violation* to the General Fund of the state.

When the Commission determines that no violation has occurred, it shall publish a declaration so stating.

SEC. 29. Section 83116.5 of the Government Code is amended to read:

83116.5. Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter *and Chapter 11 (commencing with Section 91000).* ~~Provided, however, that this section shall apply only to persons who have filing or reporting obligations under this title, or who are compensated for services involving the planning, organizing, or directing any activity regulated or required by this title, and that a violation of this section shall not constitute an additional violation under Chapter 11.~~

SEC. 30. Section 91000 of the Government Code is amended to read:

91000. (a) Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.

(b) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars ($10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction for each violation.

(c) Prosecution for violation of this title must be commenced within four years after the date on which the violation occurred.

(d) The commission has concurrent jurisdiction in enforcing the criminal misdemeanor provisions of this title.

SEC. 31. Section 91004 of the Government Code is amended to read:

91004. Any person who intentionally or negligently violates any of the reporting requirements of this act, *or who aids and abets any person who violates any of the reporting requirements of this act,* shall be liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount not more than the amount or value not properly reported.

SEC. 32. Section 91005.5 of the Government Code is amended to read:

91005.5. Any person who violates any provision of this title, except Sections 84305, 84307, and 89001, for which no specific civil penalty is provided, shall be liable in a civil action brought by the commission or the district attorney pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to ~~two thousand dollars ($2,000)~~ *five thousand dollars ($5,000) per violation* .

No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.

The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.

SEC. 33. Section 91006 of the Government Code is amended to read:

91006. *Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter and Chapter 3 (commencing with Section 83100) of this title.* If two or more persons are responsible for any violation, they shall be jointly and severally liable.

SEC. 34. Section 91015 of the Government Code is repealed.

~~91015. The provisions of this chapter shall not apply to violations of Section 83116.5.~~

DISCLOSURE

SEC. 35. Section 84201 is added to the Government Code, to read:

84201. The threshold for contributions and expenditures reported in the campaign statements designated in Sections 84203.5, 84211, and 84219, except for subdivision (i) of Section 84219, and for cash contributions and anonymous contributions designated Sections 84300 and 84304, shall be set at no more than one hundred dollars ($1 notwithstanding any other provision of law or any legislative amendment to such sections.

SEC. 36. Section 84305.5 of the Government Code is amended to read:

84305.5. (a) No slate mailer organization or committee primarily formed to support or oppose one or more ballot measures shall send a slate mailer unless:

(1) The name, street address, and city of the slate mailer organization or committee

primarily formed to support or oppose one or more ballot measures are shown on the outside of each piece of slate mail and on ~~at least one of the inserts~~ *every insert* included with each piece of slate mail in no less than 8-point roman type which shall be in a color or print which contrasts with the background so as to be easily legible. A post office box may be stated in lieu of a street address if the street address of the slate mailer organization or the committee narily formed to support or oppose one or more ballot measure is a matter of public record n the Secretary of State's Political Reform Division.

(2) At the top ~~or bottom of the front~~ *of each* side or surface ~~of at least one insert~~ *of a slate mailer* or at the top ~~or bottom~~ of ~~one~~ *each* side or surface of a postcard or other self-mailer, there is a notice in at least 8-point roman boldface type, which shall be in a color or print which contrasts with the background so as to be easily legible, and in a printed or drawn box and set apart from any other printed matter. The notice shall consist of the following statement:

NOTICE TO VOTERS

THIS DOCUMENT WAS PREPARED BY (name of slate mailer organization or committee primarily formed to support or oppose one or more ballot measures), NOT AN OFFICIAL POLITICAL PARTY ORGANIZATION. ~~Appearance in this mailer does not necessarily imply endorsement of others appearing in this mailer, not does it imply endorsement of, or opposition to, any issues set forth in this mailer. Appearance is paid for and authorized by each candidate~~ *All candidates* and ballot ~~measures which is~~ *measures* designated by ~~an *~~ *$$$ have paid for their listing in this mailer. A listing in this mailer does not necessarily imply endorsement of other candidates or measures listed in this mailer.*

(3) ~~The name, street address, and city of the slate mailer organization or committee primarily formed to support or oppose one or more ballot measures as required by paragraph (1) and the notice required by paragraph (2) may appear on the same side or surface of an insert.~~ *Any reference to a ballot measure that has paid to be included on the slate mailer shall also comply with the provisions of Section 84503 et seq.*

(4) Each candidate and each ballot measure that has paid to appear in the slate mailer is designated by ~~an *~~ *$$$*. Any candidate or ballot measure that has not paid to appear in the slate mailer is not designated by ~~an *~~ *$$$*.

The * *$$$* required by this subdivision shall be of the same type size, type style, color or contrast, and legibility as is used for the name of the candidate or the ballot measure name or number and position advocated to which the * *$$$* designation applies except that in no case shall the * *$$$* be required to be larger than 10-point boldface type. The designation shall immediately follow the name of the candidate, or the name or number and position advocated on the ballot measure where the designation appears in the slate of candidates and measures. If there is no slate listing, the designation shall appear at least once in at least 8-point boldface type, immediately following the name of the candidate, or the name or number and position advocated on the ballot measure.

(5) The name of any candidate appearing in the slate mailer who is a member of a political ty differing from the political party which the mailer appears by representation or indicia represent is accompanied, immediately below the name, by the party designation of the candidate, in no less than 9-point roman type which shall be in a color or print that contrasts with the background so as to be easily legible. The designation shall not be required in the case of candidates for nonpartisan office.

(b) For purposes of the designations required by paragraph (4) of subdivision (a), the payment of any sum made reportable by subdivision (c) of Section 84219 by or at the behest of a candidate or committee, whose name or position appears in the mailer, to the slate mailer organization or committee primarily formed to support or oppose one or more ballot measures, shall constitute a payment to appear, requiring the * *$$$* designation. The payment shall also be deemed to constitute authorization to appear in the mailer.

(c) A slate mailer that complies with this section shall be deemed to satisfy the requirements of Sections 20003 and 20004 of the Elections Code.

SEC. 37. Article 5 (commencing with Section 84501) is added to Chapter 4 of Title 9 of the Government Code, to read:

Article 5. Disclosure in Advertisements

84501. (a) "Advertisement" means any general or public advertisement which is authorized and paid for by a person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot measure or ballot measures.

(b) "Advertisement" does not include a communication from an organization other than a political party to its members, a campaign button smaller than 10 inches in diameter, a bumper sticker smaller than 60 square inches, or other advertisement as determined by regulations of the commission.

84502. "Cumulative contributions" means the cumulative contributions to a committee beginning the first day the statement of organization is filed under Section 84101 and ending within seven days of the time the advertisement is sent to the printer or broadcast station.

84503. (a) Any advertisement for or against any ballot measure shall include a disclosure statement identifying any person whose cumulative contributions are fifty thousand dollars ($50,000) or more.

(b) If there are more than two donors of fifty thousand dollars ($50,000) or more, the committee is only required to disclose the highest and second highest in that order. In the event that more than two donors meet this disclosure threshold at identical contribution levels, the highest and second highest shall be selected according to chronological sequence.

84504. (a) Any committee that supports or opposes one or more ballot measures shall name and identify itself using a name or phrase that clearly identifies the economic or other special interest of its major donors of fifty thousand dollars ($50,000) or more in any reference to the committee required by law, including, but not limited, to its statement of organization filed pursuant to Section 84101.

(b) If the major donors of fifty thousand dollars ($50,000) or more share a common employer, the identity of the employer shall also be disclosed.

(c) Any committee which supports or opposes a ballot measure, shall print or broadcast its name as provided in this section as part of any advertisement or other paid public statement.

(d) If candidates or their controlled committees, as a group or individually, meet the contribution thresholds for a person, they shall be identified by the controlling candidate's name.

84505. In addition to the requirements of Sections 84503, 84504, and 84506, the committee placing the advertisement or persons acting in concert with that committee shall be prohibited from creating or using a noncandidate controlled committee or a nonsponsored committee to avoid, or that results in the avoidance of, the disclosure of any individual, industry, business entity, controlled committee, or sponsored committee as a major funding source.

84506. If the expenditure for a broadcast or mass mailing advertisement that expressly advocates the election or defeat of any candidate or any ballot measure is an independent expenditure, the committee, consistent with any disclosures required by Sections 84503 and 84504, shall include on the advertisement the names of the two persons making the largest contributions to the committee making the independent expenditure. If an acronym is used to specify any committee names required by this section, the names of any sponsoring organization of the committee shall be printed on print advertisements or spoken in broadcast advertisements. For the purposes of determining the two contributors to be disclosed, the contributions of each person to the committee making the independent expenditure during the one-year period before the election shall be aggregated.

84507. Any disclosure statement required by this article shall be printed clearly and legibly in no less than 10-point type and in a conspicuous manner as defined by the commission or, if the communication is broadcast, the information shall be spoken so as to be clearly audible and understood by the intended public and otherwise appropriately conveyed for the hearing impaired.

84508. If disclosure of two major donors is required by Sections 84503 and 84506, the committee shall be required to disclose, in addition to the committee name, only its highest major contributor in any advertisement which is:

(a) An electronic broadcast of 15 seconds or less, or

(b) A newspaper, magazine, or other public print media advertisement which is 20 square inches or less.

84509. When a committee files an amended campaign statement pursuant to Section 81004.5, the committee shall change its advertisements to reflect the changed disclosure information.

84510. (a) In addition to the remedies provided for in Chapter 11 (commencing with Section 91000) of this title, any person who violates this article is liable in a civil or administrative action brought by the commission or any person for a fine up to three times the cost of the advertisement, including placement costs.

(b) The remedies provided in subdivision (a) shall also apply to any person who purposely causes any other person to violate any provision of this article or who aids and abets any other person in a violation.

(c) If a judgment is entered against the defendant or defendants in an action brought under this section, the plaintiff shall receive 50 percent of the amount recovered. The remaining 50 percent shall be deposited in the General Fund of the state. In an action brought by a local civil prosecutor, 50 percent shall be deposited in the account of the agency bringing the action and 50 percent shall be paid to the General Fund of the state.

MISCELLANEOUS PROVISIONS

SEC. 38. Section 82039 of the Government Code is amended to read:

82039. "Lobbyist" means any individual who ~~is employed or contracts for~~ *receives two thousand dollars ($2,000) or more in* economic consideration *in a calendar month*, other than reimbursement for reasonable travel expenses, *or whose principal duties as an employee are,* to communicate directly or through his or her agents with any elective state official, agency official, or legislative official for the purpose of influencing legislative or administrative action ; ~~if a substantial or regular portion of the activities for which he or she receives consideration is for the purpose of influencing legislative or administrative action~~ . No individual is a lobbyist by reason of activities described in Section 86300.

SEC. 39. Section 83124 is added to the Government Code, to read:

83124. The commission shall adjust the contribution limitations and expenditure limitations provisions in Sections 85100 et seq. in January of every even-numbered year to reflect any increase or decrease in the California Consumer Price Index. Such adjustments shall be rounded to the nearest 50 for the limitations on contributions and the nearest 1,000 for the limitations on expenditures.

SEC. 40. Section 85802 is added to the Government Code, to read:

85802. There is hereby appropriated from the General Fund of the state to the Fair Political Practices Commission the sum of five hundred thousand dollars ($500,000) annually above and beyond the appropriations established for the commission in the fiscal year immediately prior to the effective date of this act, adjusted for cost-of-living changes, for expenditures to support the operations of the commission pursuant to this act. If any provision of this act is successfully challenged, any attorney's fees and costs shall be paid from the General Fund and the commission's budget shall not be reduced accordingly.

SEC. 41. Section 20300 of the Elections Code is repealed.

~~20300. Upon leaving any elective office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, surplus campaign funds raised prior to January 1, 1989, under the control of the former candidate or officeholder or his or her controlled committee shall be used or held only for the following purposes:~~

~~(a) (1) The repayment of personal or committee loans or other obligations if there is a reasonable relationship to a political, legislative, or governmental activity.~~

~~(2) For purposes of this subdivision, the payment for, or the reimbursement to the state of, the costs of installing and monitoring an electronic security system in the home or office, or both, of a candidate or elected officer who has received threats to his or her physical safety shall be deemed to have a reasonable relationship to a political, legislative, or governmental activity, provided that the threats arise from his or her activities, duties, or status as a candidate or elected officer and that the threats have been reported to and verified by an appropriate law enforcement agency. Verification shall be determined solely by the law enforcement agency to which the threat was reported. The candidate or elected officer shall report any expenditure of campaign funds made pursuant to this section to the commission. The report to the commission shall include the date that the candidate or elected officer informed the law enforcement agency of the threat, the name and phone number of the law~~

~~enforcement agency; and a brief description of the threat. No more than five thousand dollars ($5,000) in surplus campaign funds may be used, cumulatively, by a candidate or elected officer pursuant to this subdivision. Payments made pursuant to this subdivision shall be made during the two years immediately following the date upon which the campaign funds became surplus campaign funds. The candidate or elected officer shall reimburse the surplus campaign fund account for the fair market value of the security system no later than two years immediately following the date upon which the campaign funds become surplus campaign funds, upon sale of the property on which the system is installed, or prior to the closing of the surplus campaign fund account, whichever comes first. The electronic security system shall be the property of the campaign committee of the candidate or elected officer.~~

~~(b) The payment of the outstanding campaign expenses.~~

~~(c) Contributions to any candidate, committee, or political party, except where otherwise prohibited by law.~~

~~(d) The pro rata repayment of contributors.~~

~~(e) Donations to any religious, scientific, educational, social welfare, civic, or fraternal organization no part of the net earnings of which inures to the benefit of any private shareholder or individual or to any charitable or nonprofit organization which is exempt from taxation under subsection (c) of Section 501 of the Internal Revenue Code or Section 17214 or Sections 23701a to 23701j, inclusive, or Section 23701l, 23701n, 23701p, or 23701s of the Revenue and Taxation Code.~~

~~(f) Except where otherwise prohibited by law, held in a segregated fund for future political campaigns, not to be expended except for political activity reasonably related to preparing for future candidacy for elective office.~~

SEC. 42. Section 89519 of the Government Code is repealed.

~~89519. Upon leaving any elected office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, campaign funds raised after January 1, 1989, under the control of the former candidate or elected officer shall be considered surplus campaign funds and shall be disclosed pursuant to Chapter 4 (commencing with Section 84100) and shall be used only for the following purposes:~~

~~(a) (1) The payment of outstanding campaign debts or elected officer's expenses.~~

~~(2) For purposes of this subdivision, the payment for, or the reimbursement to the state of, the costs of installing and monitoring an electronic security system in the home or office, or both, of a candidate or elected officer who has received threats to his or her physical safety shall be deemed an outstanding campaign debt or elected officer's expense, provided that the threats arise from his or her activities, duties, or status as a candidate or elected officer and that the threats have been reported to and verified by an appropriate law enforcement agency. Verification shall be determined solely by the law enforcement agency to which the threat was reported. The candidate or elected officer shall report any expenditure of campaign funds made pursuant to this section to the commission. The report to the commission shall include the date that the candidate or elected officer informed the law enforcement agency of the threat, the name and phone number of the law enforcement agency, and a brief description of the threat. No more than five thousand dollars ($5,000) in surplus campaign funds may be used, cumulatively, by a candidate or elected officer pursuant to this subdivision. Payments made pursuant to this subdivision shall be made during the two years immediately following the date upon which the campaign funds became surplus campaign funds. The candidate or elected officer shall reimburse the surplus campaign fund account for the fair market value of the security system no later than two years immediately following the date upon which the campaign funds become surplus campaign funds, upon sale of the property on which the system is installed, or prior to the closing of the surplus campaign fund account, whichever comes first. The electronic security system shall be the property of the campaign committee of the candidate or elected officer.~~

~~(b) The pro rata repayment of contributions.~~

~~(c) Donations to any bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer.~~

~~(d) Contributions to a political party or committee so long as the funds are not used to make contributions in support of or opposition to a candidate for elective office.~~

~~(e) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure.~~

~~(f) The payment for professional services reasonably required by the committee to assi in the performance of its administrative functions, including payment for attorney's fees litigation which arises directly out of a candidate's or elected officer's activities, duties, status as a candidate or elected officer, including, but not limited to, an action to enjoin defamation, defense of an action brought of a violation of state or local campaign, disclosure, or election laws, and an action arising from an election contest or recount.~~

SEC. 43. Section 89519 is added to the Government Code, to read:

89519. Any campaign funds in excess of expenses incurred for the campaign or for expenses specified in subdivision (d) of Section 85305, received by or on behalf of an individual who seeks nomination for election, or election to office, shall be deemed to be surplus campaign funds and shall be distributed within 90 days after withdrawal, defeat, or election to office in the following manner:

(a) No more than ten thousand dollars ($10,000) may be deposited in the candidate's officeholder account; except such surplus from a campaign fund for the general election shall not be deposited into the officeholder account within 60 days immediately following the election.

(b) Any remaining surplus funds shall be distributed to any political party, returned to contributors on a pro rata basis, or turned over to the General Fund.

CONSTRUCTION

SEC. 44. This act shall be liberally construed to accomplish its purposes.

LEGISLATIVE AMENDMENTS

SEC. 45. The provisions of Section 81012 of the Government Code which allow legislative amendments to the Political Reform Act of 1974 shall apply to all the provisions of this act except for Sections 84201, 85301, 85303, 85313, 85400, and 85402.

APPLICABILITY OF OTHER LAWS

SEC. 46. Nothing in this law shall exempt any person from applicable provisions of any other laws of this state.

SEVERABILITY

SEC. 47. (a) If any provision of this law, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this law to the extent it can be given effect, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby, and to this extent the provisions of this law are severable.

(b) If the expenditure limitations of Section 85400 of this law shall be held invalid, the contribution limitations specified in Sections 85301 through 85313 shall apply.

CONFLICTING BALLOT MEASURES

SEC. 48. If this act is approved by voters but superseded by any other conflicting ballot measure approved by more voters at the same election, and the conflicting ballot measure is later held invalid, it is the intent of the voters that this act shall be self-executing and given full force of the law.

EFFECTIVE DATE

SEC. 49. This law shall become effective January 1, 1997.

AMENDMENT TO POLITICAL REFORM ACT

SEC. 50. This chapter shall amend the Political Reform Act of 1974 as amended and all of its provisions which do not conflict with this chapter shall apply to the provisions of this chapter.

Proposition 209: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE I

Section 31 is added to Article I of the California Constitution as follows:

SEC. 31. (a) The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.

(b) This section shall apply only to action taken after the section's effective date.

(c) Nothing in this section shall be interpreted as prohibiting bona fide qualifications based on sex which are reasonably necessary to the normal operation of public employment, public education, or public contracting.

(d) Nothing in this section shall be interpreted as invalidating any court order or consent decree which is in force as of the effective date of this section.

(e) Nothing in this section shall be interpreted as prohibiting action which must be taken to establish or maintain eligibility for any federal program, where ineligibility would result in a loss of federal funds to the state.

(f) For the purposes of this section, "state" shall include, but not necessarily be limited to, the state itself, any city, county, city and county, public university system, including the University of California, community college district, school district, special district, or any other political subdivision or governmental instrumentality of or within the state.

(g) The remedies available for violations of this section shall be the same, regardless of the injured party's race, sex, color, ethnicity, or national origin, as are otherwise available for violations of then-existing California antidiscrimination law.

(h) This section shall be self-executing. If any part or parts of this section are found to be in conflict with federal law or the United States Constitution, the section shall be implemented to the maximum extent that federal law and the United States Constitution permit. Any provision held invalid shall be severable from the remaining portions of this section.

Proposition 210: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds a section to the Labor Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

LIVING WAGE ACT OF 1996

Section 1. The People of California find and declare that:

Because of inflation, Californians who earn the minimum wage can buy less today than at any time in the past 40 years;

At $4.25 per hour, the current minimum wage punishes hard work. It is so low th minimum wage workers often make less than people on welfare;

Increasing the minimum wage will reward work by making it pay more than welfare;

Because good paying jobs are becoming so hard to find, it is more important than ever that California has a living minimum wage;

The purpose of the Living Wage Act of 1996 is to restore the purchasing power of the

minimum wage and to help minimum wage workers lift themselves out of poverty;

To achieve that purpose, the Living Wage Act of 1996 will increase the minimum wage to $5.00 per hour in 1997 and $5.75 per hour in 1998.

Section 2. Section 1182.11 is added to the Labor Code to read:

1182.11. Notwithstanding any other provision of this part, on and after March 1, 1997, minimum wage for all industries shall not be less than five dollars ($5.00) per hour; on after March 1, 1998, the minimum wage for all industries shall not be less than five dollars and seventy-five cents ($5.75) per hour. The Industrial Welfare Commission shall, at a public meeting, adopt minimum wage orders consistent with this section without convening wage boards, which wage orders shall be final and conclusive for all purposes.

Section 3. Name of Act.

This statute shall be known as the Living Wage Act of 1996.

Section 4. Severability.

It is the intent of the People that the provisions of this act are severable and that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act which can be given effect without the invalid provision or application.

Proposition 211: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to various codes; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. TITLE

This initiative statute shall be known and may be cited as the "Retirement Savings and Consumer Protection Act."

SECTION 2. FINDINGS AND DECLARATIONS

The people of the State of California find and declare as follows:

(a) Millions of Californians work hard, pay their taxes, and save their money in order to provide for their economic security upon retirement. In doing so, they help support their state and local governments as taxpayers and insure that they do not become responsibilities of the state once they leave the workforce.

(b) Many Californians are members of or have contributed to private and public pension and retirement funds that invest in securities of corporations that are publicly traded or sold and other for-profit business entities. Many others invest their retirement savings themselves in such securities.

(c) Financial disasters like the collapse of many savings and loan institutions or the bankruptcy of Orange County result in devastating harm to the pensions and retirement savings of working people.

(d) Full and complete disclosure of material information affecting the value of securities is necessary to protect the millions of Californians who invest in them for their retirement. Existing laws inadequately protect pension and retirement investments in these securities from losses resulting from deceptive activities, including the misrepresentation or concealment of material information affecting the true value of these securities.

(e) An individual's retirement savings can also be threatened by an unexpected accident or ıry. Unless victims of such accidents or injuries are able to obtain full compensation for r losses, they are often forced to use up their retirement savings to pay for medical bills or ıving expenses after their injury.

(f) Consumers, pension investors, and victims of injuries need access to the civil justice system to insure that they are fully compensated for their losses and damages. Ordinary working people are often denied such access because they cannot afford to hire an attorney to represent them. Proposals are being put forward daily that would limit people's right to contract with the attorney of their choice and make it more difficult for all but the very wealthy to obtain legal representation. These proposals include, but are not limited to, efforts to make it harder for people to find representation to protect their retirement savings and investments.

(g) In order to protect the retirement savings of all Californians, it is necessary to require full disclosure of material information that affects the value of securities or individual savings and to insure that the right to contract with an attorney to obtain compensation for injury or loss shall not be impaired, or subject to interference by the government.

SECTION 3. PROHIBITED CONDUCT

Section 25400.1 is added to the Corporations Code, to read:

25400.1. It shall be unlawful, in connection with the purchase or sale of securities, for any person, for-profit corporation, or other for-profit business entity, directly or indirectly, to willfully, knowingly, or recklessly do any of the following that results in loss to any pension fund, retirement fund, or retirement savings:

(a) Make or cause to be made untrue statements of material facts.

(b) Omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

(c) Participate or assist in any deceptive practice, statement, course of conduct, or scheme.

This section shall not apply to any government entity or to any government official acting in his or her official capacity.

SECTION 4. CIVIL LIABILITY

Section 25500.1 is added to the Corporations Code, to read:

25500.1. (a) In addition to any other provision of law, any person, for-profit corporation, or other for-profit business entity that willfully, knowingly, or recklessly engages in conduct prohibited by Section 25400.1 shall be liable for the losses caused by that violation, as determined in an action brought in a court of competent jurisdiction by or on behalf of any person or entity, including any government entity, whose pension funds or retirement funds or savings have suffered a loss as a result of that violation.

(b) To remedy harm to the public and to deter willful, outrageous, or despicable conduct in violation of Section 25400.1 that causes loss to pension funds, retirement funds, or ~etirement savings, any person who engages in such conduct shall be liable for additional 'l damages in such amount as the finder of fact shall determine is necessary to punish the wrongdoer and deter similar conduct by others, which civil penalty shall be paid, less fees and expenses, to the General Fund of the Treasury of the State of California.

(c) Any action under this section or under Section 1709 or 1710 of the Civil Code, in connection with the purchase or sale of securities may be brought as a class action; the fraud on the market doctrine shall apply; and it shall be presumed that the market value of a security reflected the impact of any prohibited conduct, and reliance upon any material misrepresentation or omission shall be presumed, subject to rebuttal by defendant establishing that the security would have been purchased or sold even if plaintiff had known of the misconduct. Any action under this section may also be brought derivatively, without regard to any limitations or requirements currently imposed on derivative actions.

(d) For purposes of this section and Section 25400.1, "retirement savings" means and includes:

(1) any tax advantaged retirement account or plan, whether group, individual, or joint, or

(2) any other form of retirement savings, however denominated and in whatever form, of a person over 40 years of age, if it had been in existence for over one year or had a value of one thousand dollars ($1,000), or more before suffering any loss sought to be recovered under this title.

(e) Except as otherwise provided by law in effect on January 1, 1995:

(1) In any individual, class, or derivative action brought pursuant to this or any other section of the Corporations Code, including Section 800, or under Section 1709 or 1710 of the Civil Code, each party shall bear his, her, or its own fees and costs, provided, however, that:

(A) the power of the parties to agree to, or a court to award, fees and costs for plaintiffs' counsel in any class or derivative action shall not be restricted or impaired; and

(B) a party shall be entitled to recover his, her, or its reasonable attorneys' fees and costs incurred in the defense or prosecution of the action in the event the court finds that the opposing party's claims or defenses were frivolous.

(2) For purposes of this section, a frivolous claim or defense is one that is either (A) totally and completely without merit, or (B) filed for the sole purpose of harassing an opposing party.

(3) The right of any person, corporation, or other entity to contract with and pay counsel to pursue or defend any action, whether brought under this section or otherwise, shall not be restricted or the validity of such contracts be impaired.

Nothing in this section shall impair the authority of the courts to regulate the practice of law or to prohibit illegal or unconscionable fees.

SECTION 5. ATTORNEY'S FEES

Section 6146.6 is added to the Business and Professions Code, to read:

6146.6. Except as otherwise provided by law in effect on January 1, 1995, the right of any person, corporation, or other entity to contract with and pay counsel to pursue or defend any action shall not be restricted or the validity of such contracts be impaired. Nothing in this section shall impair the authority of the courts to regulate the practice of law or to prohibit illegal or unconscionable fees.

SECTION 6. INDEMNIFICATION

Section 25505.1 is added to the Corporations Code, to read:

25505.1. Notwithstanding any other provision of law, any principal executive officer, director, or controlling person of a corporation or other for-profit business entity who is found individually liable for knowingly or recklessly engaging in deceptive conduct, as prohibited by Section 25400.1, shall not be indemnified by the corporation or other for-profit business entity for any costs of defense or amounts paid in settlement or judgment against that person. Nothing in this section shall prohibit a corporation or other for-profit business entity from purchasing insurance on behalf of its directors, officers, employees, or agents to cover liability under this section.

SECTION 7. RELATIONSHIP TO OTHER INITIATIVES

The people recognize that more than one initiative measure dealing with the general matters set forth in this measure may be on the ballot at the same time. It is the intent of the voters that the provisions in this measure be considered, for purposes of Section 10 of Article II of the California Constitution, to be in conflict with any other measure that would either restrict the right to bring securities fraud or misrepresentation actions or the procedures by which such actions are prosecuted, or which would restrict the right of a client and an attorney to contract freely with each other and to enforce such contracts.

SECTION 8. SEVERABILITY

If any provision of this act or its application to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SECTION 9. AMENDMENT

The provisions of this act may be amended by a statute that becomes effective upon approval by the electorate.

Proposition 212: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends, repeals, and adds sections to various codes; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

The people of the State of California do enact as follows:

SECTION 1. Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code is repealed.

SEC. 2. Chapter 5 (commencing with Section 85100) is added to the Government Code, to read:

CHAPTER 5. ANTI-CORRUPTION ACT OF 1996

Article 1. Applicability, Definitions, and Amendment

85100. This chapter shall be known and may be cited as the Anti-Corruption Act of 1996.

85101. The people find and declare as follows:

(a) Our representative system of democracy has been distorted by the increasing role of money in the process. The interests of average voters are not represented in a process which favors candidates who can raise and spend huge sums of money from narrow interests rather than those candidates who represent a broad base of community support.

(b) Politicians have failed to impose rules which are sufficient to govern campaign spending, contributions, and lobbyists to prevent corruption. In the past seven years, the people have witnessed many Members of the Legislature, their staffs, and lobbyists convicted of bribery and other forms of corruption in which campaign contributions have been linked to official actions. Past and current laws did not and do not prevent corruption, therefore the people need the strictest measures possible to prevent corruption in the future.

(c) Large contributions to political committees and political campaigns have a corrupting or potentially corrupting influence on the policymaking and electoral process, resulting in an elections process that distances voters from candidates. Over 90 percent of the money raised by California candidates for public offices comes in contributions of one hundred dollars ($100) or more.

(d) Candidates generally do not seek financial support from people in the district that the candidates seek to represent. State legislators raise over 90 percent of their contributions from people and interests who live outside their district.

(e) Candidates are increasingly reliant on campaign contributions from groups and individuals with a specific financial stake in matters before state and local governments.

(f) While spending on political campaigns has escalated, citizen participation in the political process has declined, and the people know too little about the issues or the particular positions of candidates for elective office. Limits on campaign spending will relieve candidates and officeholders from the need for fundraising. The conduct of both political campaigns and governance thereby will be improved. Campaign expenditures have risen by 4,000 percent since 1958. The increase has consisted principally of contributions from special interests.

(g) The United States Supreme Court based its decision in Buckley v. Valeo, 46 L. Ed. 2d 659, on a concern that spending limits could restrict political speech, "by reducing the number of issues discussed, the depth of their exploration, and the size of the audience reached." The People's experience with the electoral process is otherwise. In California elections, unlimited spending has not increased the reach of issues to more voters. Instead, money has drowned and distorted political discourse.

(h) Current campaign financing arrangements, with the actual and perceived preferential access to lawmakers for special interests capable of contributing sizeable sums to lawmakers' campaigns, have provoked public disaffection with elective government.

(i) Lobbyists have a specific financial stake in legislation and policy and have a corrupting or potentially corrupting effect on elections when they make contributions to candidates for elective office in an executive or legislative body in which they also lobby.

(j) Political parties are increasingly controlled by large special interest contributors. Political parties respond less to average voters' needs and deter voter participation in political organization.

85102. The people enact this chapter to accomplish the following purposes:

(a) To restore trust and integrity in the state's elections and governing institutions.

(b) To eliminate corruption and the perception of corruption by reducing the influence of large contributions from individuals and groups with a specific financial stake in matters before state and local governments.

(c) To ensure, by severing the link between lobbying and campaign fundraising, that individuals and interest groups have an opportunity to participate in elections and governing.

(d) To improve the disclosure of contribution sources in reasonable and effective ways in order to prevent corruption and the appearance of corruption of elections and candidates.

(e) To improve citizen participation in elections by making elected officials and political parties more accountable to constituents than to special interest groups, thereby fostering competition and encouraging greater grassroots participation in political organization.

(f) To relieve candidates for elective office and elected officers from the burdens of excessive fundraising, thereby providing greater opportunity for public debate and political discourse.

85103. Unless the term is defined specifically in this chapter or the contrary is stated or clearly applies from the context, the definitions set forth in this title shall govern the interpretation of this chapter. This chapter shall be construed liberally to achieve its purposes. Nothing in this chapter shall exempt any person from the applicable provisions of this title or of any other law. Nothing in this chapter shall be construed to apply to the activities of any candidate, or committee, or to any election that is specifically subject to the Federal Election Campaign Act of 1971, as amended.

85104. The following terms as used in this chapter have the following meanings:

(a) "Candidate" means that term as defined in Section 82007.

(b) "Committee" means that term as defined in subdivision (a) or (c) of Section 82013, but shall not include a candidate, as defined in subdivision (a) of this section, and shall not include a committee that does not make contributions to candidates. For purposes of this chapter, a political party is a committee unless specific provisions applicable to political parties indicate otherwise.

(c) "Citizen Contribution Committee" means a committee whose membership is compri solely of 25 or more individuals who each make a contribution or contributions which in th aggregate total twenty-five dollars ($25) or less per calendar year per individual member. Such a committee shall be in existence for at least six months prior to making any contribution to any candidate or committee and shall not be controlled by any candidate. Nothing in this section shall prohibit a political party from establishing Citizen Contribution Committees.

(d) "Individual" means one human being.

(e) "Statewide elective office" means the office of Governor, Lieutenant Governor, Attorney General, Controller, Treasurer, Secretary of State, Superintendent of Public Instruction, Justices of the Supreme Court, and Insurance Commissioner, and any other office for which all registered voters of the state are entitled to vote in a general election.

(f) "Voting age population" means the population of the state, city, county, or other electoral district aged 18 years or over as determined by the United States Secretary of Commerce. If for any reason no such determination is made, the commission shall from time to time determine the voting age population from the best readily available sources of information.

Article 2. Candidacy

85200. (a) Prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective office shall file with the commission and with the local filing officer, if any, with whom he or she is required to file campaign statements pursuant to Section 84215, a statement signed under penalty of perjury of the intention to be a candidate for office and identifying that specific office.

(b) A candidate shall establish one campaign contribution account at an office of a financial institution located in the state. Within 10 calendar days of establishing this account, the name and address of the financial institution and the account number shall be filed with the commission and with the local filing officer, if any, with whom he or she is required to file campaign statements pursuant to Section 84215.

(c) All contributions or loans made to the candidate, or to the candidate's controlled committee, shall be deposited into the account established pursuant to subdivision (b). Any personal funds of the candidate that will be used to promote the election of the candidate shall be deposited into the account. All campaign expenditures shall be made from the account.

Article 3. Contribution Limitations

85301. (a) No person, except a Citizen Contribution Committee, shall make to a candidate, and no candidate shall accept, a contribution or contributions with an aggregate value in excess of the following:

(1) One hundred dollars ($100) per election per candidate other than candidates statewide elective office and the Board of Equalization.

(2) Two hundred dollars ($200) per election per candidate for statewide elective office and the Board of Equalization.

(b) No person shall make one or more contributions to any other person for the purpose of contributing to a specific candidate, which when added together, or when added together with contributions made directly to the candidate by the first person, will have an aggregate value in excess of the limits stated in this section.

(c) Nothing in this chapter shall prohibit independent expenditures by a person.

(d) Nothing in this chapter shall prohibit a candidate from making a contribution or contributions of his or her personal funds to his or her own controlled committee in excess of the limits in this section, except that a candidate's expenditure of personal funds in the aggregate shall not exceed the limitations set forth in Section 85401 to the extent that section is in effect.

(e) This chapter shall not prohibit the state or a local jurisdiction from establishing lower contribution limitations than those set forth in this chapter.

(f) For purposes of this section, primary, general, special, and runoff elections are separate elections.

85302. A Citizen Contribution Committee shall be permitted to make a contribution or contributions to a candidate, and a candidate shall be permitted to accept contributions from a Citizen Contribution Committee to the extent that such contributions do not exceed the maximum amount of what 100 individuals can contribute to a candidate, as set forth in Section 85301.

85303. No person shall make to any committee, and no committee shall accept from any person, one or more contributions with an aggregate value in excess of two hundred dollars ($200) in any calendar year per committee. This provision shall not apply to contributions to candidates, Citizen Contribution Committees, or political parties or to contributions which are otherwise prohibited by law.

85304. (a) No person, except a Citizen Contribution Committee, shall make to a state or local political party organized under the laws of this state for the purpose of making contributions directly or indirectly in connection with state or local elections in California, one or more contributions with an aggregate value in excess of six hundred dollars ($600) per calendar year per political party. No state or local political party organized under the laws of this state shall accept from a person, except a Citizen Contribution Committee, for the purpose of making contributions directly or indirectly in connection with state or local elections in California, one or more contributions with an aggregate value in excess of six hundred dollars ($600) in any calendar year per political party. The limitations of this subdivision shall apply to contributions for generic activities which do not identify a specif candidate as well as to get-out-the-vote, voter file maintenance and all other activities of political party in connection with state or local elections in California. Nothing in th subdivision shall be read to prohibit a Citizen Contribution Committee from making contributions to a political party to the extent that such contributions do not exceed the maximum amount of what 100 persons can contribute to a political party, as set forth above. The limitations of this subdivision shall not apply to contributions to the Voter Registration

Fund of a state or local political party established under subdivision (b).

(b) A state or local political party shall be permitted to establish a Voter Registration Fund for the exclusive purpose of conducting non-candidate-specific, partisan voter registration activities in California. No person shall be permitted to make, nor shall a state or local political party organized under the laws of this state accept, contributions which when aggregated total more than five thousand dollars ($5,000) per person in any calendar year to the Voter Registration Fund. Any administrative or other costs associated with a communication to solicit or otherwise direct contributions to the Voter Registration Fund shall be permitted to be paid through the Voter Registration Fund to the extent that the communication has as its principal purpose to register voters in California.

85305. The following shall apply to limit the amount of aggregate contributions:

(a) No individual shall make contributions with an aggregate value of more than two thousand dollars ($2,000) per calendar year to all state and local candidates, committees, and state or local political parties organized under the laws of this state for the purpose of making contributions directly or indirectly in connection to state or local elections in California. Of this aggregate amount, an individual shall contribute no more than one thousand dollars ($1,000) per calendar year to committees other than political party committees. The limitations of this subdivision shall not apply to contributions to the Voter Registration Fund established by a state or local political party.

(b) No person shall make contributions with an aggregate value of more than ten thousand dollars ($10,000) per calendar year to all state and local candidates, committees, and state and local political parties organized under the laws of this state for the purpose of making contributions directly or indirectly in connection with state or local elections in California. The limitations of this subdivision shall not apply to individuals or Citizen Contribution Committees.

85306. (a) For purposes of seeking elective office, a candidate may not accept more than 25 percent of his or her total dollar value in contributions from individuals who at the time of their contribution were not of the voting age population of the electoral district of the elective office sought by the candidate. The limitations of this subdivision shall not apply to funding provided by federal, state, or local government for purposes of campaigning for an elective office.

(b) Contributions to candidates from persons, other than individuals, shall be treated as contributions from individuals who are not of the voting age population of the electoral district of the elective office sought by the candidate. When aggregated with contributions from individuals who are not of the voting age population of the electoral district as described in subdivision (a), such contributions from persons, other than individuals, shall not total more than 25 percent of the total dollar value of the candidate's contributions. This subdivision shall not apply to contributions from a Citizen Contribution Committee established and maintained within the electoral district of the candidate and 100 percent of whose membership comprises individuals who at the time of their contribution were of the voting age population of the electoral district of the elective office sought by the candidate. For the purposes of this subdivision only, membership less than 100 percent shall not constitute a violation of this provision to the extent that such membership meets the de minimis requirements for membership as set forth in this subdivision.

(c) The percentage of contributions from individuals in subdivision (a) and persons in subdivision (b) shall be reported by the candidate on any campaign statement required to be filed by the candidate pursuant to Chapter 4 (commencing with Section 84100). If any campaign statement filed by a candidate pursuant to Chapter 4 (commencing with Section 84100) indicates, or should indicate, that more than 25 percent of the candidate's total dollar value in contributions is from persons who at the time of their contribution were not, pursuant to subdivisions (a) and (b), individuals of the voting age population of the electoral district of the elective office sought by the candidate, there shall be a violation of this title.

(1) When contributions to a candidate exceed the limits of this section by 10 percent or less of the maximum permissible dollar value, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for this violation, the amount of the monetary penalty shall be equal to the amount by which the contributions exceeded the limit.

(2) When contributions to a candidate exceed the limits of this section by more than 10 percent of the maximum permissible dollar value, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for this violation, the amount of the monetary penalty shall be three times the amount by which the contributions exceeded the limit, or ten thousand dollars ($10,000), whichever is greater.

(3) The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into this fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

85307. (a) No candidate shall accept or solicit contributions more than nine months before the election for the office for which the candidate has filed his or her statement of intention to be a candidate for elective office pursuant to Section 85200. The commission, or local elections authority designated by the commission in the case of local elections, shall for each election designate the date on which a candidate may begin to accept or solicit contributions.

(b) No candidate shall solicit contributions after the date of the general or runoff election for the office to which the candidate sought election. No candidate shall accept contributions more than 30 calendar days after the date of the general or runoff election for the office to which the candidate sought election.

(c) For purposes of this chapter, all contributions shall be deposited in the candidate's campaign account within 10 calendar days after they are received or, in the alternative, shall be returned to the contributor. Contributions so deposited shall be deemed to have been accepted by the candidate.

85308. (a) No candidate may make any contribution to any other candidate who has established a candidate account pursuant to Section 85200.

(b) This section shall not prohibit a candidate from making a contribution from his or her own personal funds either to his or her own candidacy, to the controlled committee of any other candidate for elective office, or to a recall or ballot measure committee.

(c) This section shall not prohibit a candidate from transferring contributions among his or her own controlled committees, so long as each transfer complies with both of the following:

(1) The transferring committee makes each transfer on a per-contribution basis in reverse chronological order of the contributions it received, beginning with the most recent contributor to the transferring committee.

(2) No transfer, either by itself, or when added to any contribution made by the same contributor to the committee receiving the contribution, shall exceed the amount the same contributor is otherwise permitted, pursuant to this chapter, to contribute to the committee receiving the transferred contribution.

85309. (a) A loan to a candidate or a candidate's controlled committee for the purpose of seeking elective office by a commercial lending institution in the normal course of business shall not be subject to this chapter and shall be made by written instrument from the maker of the loan. A loan by a commercial lending institution shall be made to a candidate bearing the usual and customary interest rate of the lending institution. If the loan is made other than by a commercial lending institution in the normal course of business, then the terms of the loan shall be in writing and provide for payment of at least 80 percent of the prevailing commercial market rate of interest on the loan. All loans shall provide for satisfaction of the loan not later than 30 days after the election for which the candidate has filed or declared.

(b) Extensions of credit for a period of more than 30 calendar days, other than by loans, are considered to be contributions and are subject to the contribution limitations of this chapter.

(c) No candidate shall personally loan to his or her campaign money, goods, or services that have an aggregate value at any one point in time of more than ten thousand dollars ($10,000) or more than twenty-five thousand dollars ($25,000) in the case of a candidate for Governor. Nothing in this section shall prohibit or restrict a candidate from making contributions, other than loans, to his or her own campaign from the personal funds of the candidate.

85310. (a) For purposes of this chapter, a contribution made by a married person shall not also be considered a contribution by that person's spouse.

(b) Contributions by children under the age of 18 years shall be treated as contributions by their parents or guardians.

85311. Any candidate or committee that accepts a contribution made in violation of Section 85301, 85302, 85303, or 85304 shall, not later than 30 days after knowing or having reason to know of that violation, deposit an amount equivalent to the value of that contribution into the Anti-Corruption Act of 1996 Enforcement Fund established by the commission to enforce the provisions of this chapter. If a candidate or committee fails to make this payment within the 30-day period, the candidate or committee shall have violated this section. The remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section, except that when the commission or a court of law assesses a monetary penalty in an administrative or civil action for a violation of this section the amount of the monetary penalty shall be three times the value of the contribution the candidate or committee failed to pay to the commission as required by this section. The statute of limitations shall not apply to this provision. The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

85312. No candidate shall solicit or accept a contribution from, or arranged or transmitted by, a lobbyist or lobbying firm and no lobbyist or lobbying firm shall make, arrange, or transmit in any way a contribution to a candidate if that lobbyist or lobbying firm is required to register as a lobbyist or lobbying firm either pursuant to Chapter 6 (commencing with Section 86100) or under any other provision of state or local law for the governmental agency or body in which that candidate holds office or to which that candidate is seeking election.

85313. (a) Within 90 days after a candidate withdraws from, is defeated in an election for, or is elected to, an office for which the candidate has filed a statement of intention to be a candidate for elective office pursuant to Section 85200, the candidate shall distribute the balance of campaign funds raised for that election that is in excess of the expenses for the election on a pro rata basis to the candidate's contributors or turn over the excess to the Anti-Corruption Act of 1996 Enforcement Fund for the purposes of enforcing this title.

(b) Any excess campaign funds may be used to pay reasonable attorney's fees and other costs in connection with enforcement proceedings against the candidate or legal challenge to election results. All funds so expended shall be publicly disclosed pursuant to the requirements of Chapter 4 (commencing with Section 84100) and shall be exempt from the attorney-client or any other privilege for nondisclosure.

(c) No contributions may be solicited for the purpose of paying attorney's fees as provided in subdivision (a), except to the extent that the contributions have been raised within the limitations and restrictions of this chapter.

85314. (a) It shall be unlawful for:

(1) Any business entity, labor organization, state or national bank, or nonprofit corporation organized by authority of any law of Congress or any state to make a contribution for the purpose of influencing an election to any elective office or for the purpose of influencing any primary election or political convention or caucus held to select candidates for any elective office.

(2) Any candidate or person knowingly to accept or receive any contribution prohibited by this section.

(3) Any officer or any director of any business entity, labor organization, state or national bank, or nonprofit corporation organized by authority of any law of Congress or any state to consent to any contribution by any business entity, labor organization, state or national bank, or nonprofit corporation prohibited by this section.

(b) The remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to any business entity, labor organization, state or national bank, or nonprofit corporation that violates this section, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for a violation of this section, the amount of the monetary penalty shall be three times the amount contributed or expended in violation of this section or ten thousand dollars ($10,000), whichever is greater.

(c) In addition to any other administrative or civil remedy applicable under this title, any

officer, director, attorney, accountant, or other agent of the business entity, labor organization, state or national bank, or nonprofit corporation violating any provision of this section or authorizing the violation of this section, or any person who violates or in any way knowingly aids or abets the violation thereof, is guilty of a misdemeanor and, in addition to any other criminal penalties provided by law, a fine of not more than ten thousand dollars ($10,000) may be imposed upon conviction for each violation.

(d) Nothing in this section shall prohibit the employees, shareholders, or members of any business entity, labor organization, state or national bank, or nonprofit corporation organized under the authority of Congress or the laws of any state from establishing a committee that operates free of any support from any business entity, labor organization, state or national bank, or nonprofit corporation organized under the authority of Congress or the laws of any state, subject to the limitations otherwise provided in this chapter.

(e) Nothing in this section shall prohibit a business entity, labor organization, state or national bank, or nonprofit corporation organized under the authority of Congress or the laws of any state from providing indirect support to any Citizen Contribution Committee which receives contributions totaling five thousand dollars ($5,000) or less per calendar year.

(f) Nothing in this section shall prohibit a business entity, labor organization, state or national bank, or nonprofit corporation organized under the authority of Congress or the laws of any state from providing indirect support to any committee, except a political party or candidate, for administration and compliance. Such support shall not include fundraising or related activity, except as provided in subdivision (g).

(g) Nothing in this section shall prohibit a business entity, labor organization, state or national bank, or nonprofit organization organized under the authority of Congress or the laws of any state from providing indirect support to any committee, except a political party or candidate, for fundraising or related activity to the extent that such support is in the aggregate 20 percent or less of the contributions received by that committee per calendar year.

(h) Nothing in this section shall prohibit a business entity, labor organization, state or national bank, or nonprofit corporation organized under the authority of Congress or the laws of this state, which sponsors a committee, from making an expenditure that qualifies as a contribution under this act so long as the business entity, labor organization, state or national bank, or nonprofit corporation is reimbursed by its sponsored committee within 30 days of making the payment.

(i) This section shall not apply to elections to federal office under the jurisdiction of the Federal Election Campaign Act of 1971, as amended.

85315. Nothing in this act shall prohibit a labor organization, state or national bank, business entity, nonprofit corporation, or committee from paying the costs of internal communications with its members, employees, or shareholders for the purpose of supporting or opposing a candidate or candidates for elective office or a ballot measure. Such expenditures shall not be considered a contribution or independent expenditure under the provisions of this act, provided such payments are not for the costs of campaign materials used in connection with broadcasting, newspaper, billboard, or similar type of general public communication.

85316. Contributions made directly or indirectly to or on behalf of a particular candidate through an intermediary or conduit shall be treated as contributions from the contributor and the intermediary or conduit to the candidate for the purposes of this limitation unless the intermediary or conduit is one of the following:

(a) The candidate or representative of the candidate receiving contributions on behalf of the candidate; provided, however, that the representative shall not include the following persons:

(1) A committee other than the candidate's campaign committee.

(2) An officer, employee, or agent of a committee other than the candidate's campaign committee.

(3) A person registered as a lobbyist with the governmental agency for which the candidate is running or is an officeholder.

(4) An officer, employee, or agent of a labor organization, business entity, or other organization acting on behalf of the labor organization, business entity, or other organization.

(b) A volunteer, who otherwise does not fall under subdivision (a), hosting a fundraising event outside and away from the volunteer's place of business.

(c) A professional fundraiser.

85317. No person appointed to a public board or commission or as Trustee of the California State University or Regent of the University of California during tenure in office shall donate to, or solicit or accept any campaign contribution for, any committee controlled by the person who made the appointment to that office or any other entity with the intent that the recipient of the donation is the committee controlled by the person who made the appointment.

Article 4. Expenditure Limitations

85401. (a) A candidate for State Assembly shall not make expenditures for the primary or special primary election which exceed an amount equal to seventy-five thousand dollars ($75,000) and for the general, special, or special runoff election which exceed one hundred fifty thousand dollars ($150,000).

(b) A candidate for State Senate and Board of Equalization shall not make expenditures for the primary or special primary election which exceed an amount equal to one hundred fifteen thousand dollars ($115,000) and for the general, special, or special runoff election which exceed two hundred thirty-five thousand dollars ($235,000).

(c) A candidate for statewide office, other than Governor, shall not make expenditures for the primary or special primary election which exceed an amount equal to one million two hundred fifty thousand dollars ($1,250,000) and for the general, special, or special runoff election which exceed one million seven hundred fifty thousand dollars ($1,750,000).

(d) A candidate for Governor shall not make expenditures for the primary or special primary election which exceed an amount equal to two million dollars ($2,000,000) and for the general, special, or special runoff election which exceed five million dollars ($5,000,000).

(e) Any local jurisdiction, municipality, or county shall establish expenditure limitations for candidates and controlled committees of such candidates for elective office not to exceed forty cents ($0.40) per election per individual of the voting age population of the local jurisdiction, municipality, or county.

(f) A candidate who exceeds the limitations in subdivisions (a) through (d) by 10 percent or less of the expenditure limit shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this subdivision, except that, when t' commission or a court of law assesses a monetary penalty in an administrative or civil act. for such a violation, the amount of the monetary penalty shall be three times the amount by which the candidate exceeded the expenditure limit. The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(g) A candidate who exceeds the limitations in subdivisions (a) through (d) by greater than 10 percent of the expenditure limit shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this subdivision, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be three times the amount by which the candidate exceeds the expenditure limit or twenty thousand dollars ($20,000), whichever is greater. The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(h) In the event that the expenditure limitations set forth in this section are not in effect, Sections 85402 through 85404 shall apply.

85402. (a) Each candidate for elective office shall file, with the Secretary of State and the commission or the local elections authority designated by the commission for local elections, a statement as to whether or not the candidate will abide by the voluntary expenditure limitations set forth in Section 85403 before accepting any contributions or loans for his or her campaign.

(b) The declaration of intent to abide by or reject the voluntary expenditure limitations filed pursuant to this section shall be under penalty of perjury and certify that, with respect to the election for the office sought by the candidate, the candidate will or will not incur expenditures in excess of the applicable expenditure limitation.

(c) The Secretary of State shall prescribe the form for filing the information required by this section, which shall include, but not be limited to, all of the following:

(1) The name of the candidate by which he or she is commonly known and by which he or she transacts private or official business.

(2) The mailing address of the residence of the candidate.

(3) A signed declaration by the candidate, under penalty of perjury, stating whether or not he or she will abide by the voluntary expenditure limitations set forth in Section 85403.

(4) The applicable voluntary expenditure limitation for that office.

(5) Other information as may be determined by the commission.

(d) A candidate for elective office who files the statement of acceptance of the voluntary expenditure limitations prescribed in Section 85403 and who, subsequent to filing the statement of acceptance, exceeds the prescribed limits shall be subject to the following:

(1) If the amount by which the candidate exceeds the prescribed limits is less than 5 percent of the expenditure limit, the candidate or his or her controlled committee shall be required to repay the excess amounts to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. No further administrative, civil, or criminal penalty shall be imposed against a candidate who complies with this paragraph. Otherwise, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this paragraph.

(2) If the amount by which the candidate exceeds the prescribed limits is 5 percent to less than 10 percent of the expenditure limit, the candidate shall be in violation of this section and required to repay the excess amounts to contributors on a pro rata basis or deposit the amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this paragraph, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be equal to two times the amount by which the candidate exceeds the expenditure limit. The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title.

(3) If the amount by which the candidate exceeds the prescribed limits is 10 percent or more of the expenditure limit, the candidate shall be in violation of this section and required to repay the excess amount to contributors on a pro rata basis or pay the excess amount to the Anti-Corruption Act of 1996 Enforcement Fund not later than 10 days after the election. In addition, the remedies set forth in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to violations of this section covered by this paragraph, except that, when the commission or a court of law assesses a monetary penalty in an administrative or civil action for such a violation, the amount of the monetary penalty shall be equal to three times the amount by which the candidate exceeds the expenditure limit. The monetary penalty shall be distributed in accordance with Section 91009. Notwithstanding Section 13340, the moneys deposited into the Anti-Corruption Act of 1996 Enforcement Fund are hereby appropriated to the commission for the purpose of enforcing the provisions of this title. In addition, the candidate, in the manner prescribed by the commission but at no cost to the public, shall notify all eligible voters for that election that he or she exceeded t expenditure limit.

(e) The provisions of this section shall apply only in the event that Section 85401 is not in effect.

85403. A candidate for elective office may file a voluntary declaration with the Secretary of State and the commission stating that he or she agrees to abide by voluntary spending limits as follows:

(a) A candidate for State Assembly agrees not to make expenditures for the primary or special primary election which exceed an amount equal to seventy-five thousand dollars ($75,000) and for the general, special, or special runoff election which exceed one hundred fifty thousand dollars ($150,000).

(b) A candidate for State Senate and Board of Equalization agrees not to make expenditures for the primary or special election which exceed an amount equal to one hundred fifteen thousand dollars ($115,000) and for the general, special, or special runoff election which exceed two hundred thirty-five thousand dollars ($235,000).

(c) A candidate for statewide office, other than Governor, agrees not to make expenditures for the primary election which exceed an amount equal to one million two hundred fifty thousand dollars ($1,250,000) and for the general election which exceed one million seven hundred fifty thousand dollars ($1,750,000).

(d) A candidate for Governor agrees not to make expenditures for the primary election which exceed an amount equal to two million dollars ($2,000,000) and for the general, special, or special runoff election which exceed five million dollars ($5,000,000).

(e) Any local jurisdiction, municipality, or county may establish voluntary expenditure limitations for candidates and controlled committees of such candidates for elective office not to exceed forty cents ($0.40) per election per individual of the voting age population of the local jurisdiction, municipality, or county.

(f) The provisions of this section shall apply only in the event that Section 85401 is not in effect.

85404. (a) For each candidate for statewide elective office who, pursuant to Section 85402, has agreed to abide by the voluntary expenditure limitations in Section 85403, the Secretary of State shall publish, at no charge to the candidate, the information set forth in subdivision (e). Publication shall be made in the state ballot pamphlet.

(b) For each candidate for state legislative office or Board of Equalization who, pursuant to Section 85402, has agreed to abide by the voluntary expenditure limitations in Section 85403, the Secretary of State shall publish, at no charge to the candidate, the information set forth in subdivision (e). In conjunction with the applicable local elections official, publication shall be made in the local ballot pamphlet, unless, but for this subdivision, no local ballot pamphlet will be issued in conjunction with that election, in which case this subdivision shall not apply. The Secretary of State shall bear the pro rata cost of printing, handling, translating, and mailing the local ballot pamphlet for state legislative office or Board of Equalization.

(c) For each candidate for local office who, pursuant to Section 85402, has agreed to abide by the voluntary expenditure limitations in Section 85403, the local elections official shall publish, at no charge to the candidate, the information set forth in subdivision (e). Publication shall be made in the local ballot pamphlet, unless, but for this subdivision, no local ballot pamphlet will be issued in conjunction with that election, in which case this subdivision shall not apply.

(d) For each candidate who does not agree to comply with the voluntary expenditure limitations in Section 85403, the Secretary of State or local elections official, as applicable, shall only publish the information set forth in subdivision (e) on behalf of that candidate if the candidate pays, in a timely manner prescribed by the Secretary of State or local elections official, an amount equal to the pro rata or incremental costs of printing, handling, translating, mailing, and related costs in providing the information in the applicable ballot pamphlet. However, if pursuant to subdivision (b) or (c) no ballot pamphlet otherwise will be mailed in conjunction with that election, this subdivision shall not apply.

(e) The information to be published pursuant to subdivisions (a), (b), (c), and (d) shall be as follows:

(1) The candidate's name, address, and the elective office sought by the candidate.

(2) A statement of not more than 200 words submitted by the candidate, setting forth the candidate's background, qualifications, and priorities. The statement may also include a photograph of the candidate.

(3) A list submitted by the candidate of not more than a total of five individuals, candidates, or organizations who have endorsed the candidate. The candidate shall provide to the Secretary of State or local elections official, as applicable, a statement of endorsement on the letterhead or with the authorized signature of each endorser to be listed.

(4) A statement, in boldface type equal in size to that used for the candidate's name, as follows: "Candidate accepted voluntary spending limits approved by the voters in 1996"; or in the case of a candidate who does not accept the voluntary spending limits as follows: "Candidate did not accept voluntary spending limits approved by the voters in 1996."

*(f) The local elections official shall, in consultation with and in a manner prescribed by the Secretary of State, designate on the ballot those candidates who, pursuant to Section 85402, have agreed to comply with the voluntary expenditure limitations in Section 85403. These candidates shall be identified by placing an asterisk (*) next to their names on the ballot, and each page of the ballot shall contain the following statement: " * Candidate accepted voluntary spending limits approved by the voters in 1996." Alternatively, candidates who do not accept the voluntary spending limits shall be identified by placing a double asterisk (**) next to their names on the ballot and each page of the ballot shall contain the following statement: " ** Candidate did not accept voluntary spending limits approved by the voters in 1996."*

(g) The provisions of this section shall apply only in the event that Section 85401 is not in effect.

85405. The commission shall adjust the expenditure limitations set forth in Section 85401, or Section 85403 if Section 85401 is not in effect, to reflect changes in the Consumer Price Index for California rounded to the nearest one dollar ($1) in January of every odd-numbered year after this chapter becomes operative.

85406. A candidate who uses his or her personal funds to seek election shall report expenditures of personal funds to the commission at the first instance that the aggregate expenditure or obligation for expenditures of personal funds is 10 percent or more of the expenditure limitations set forth in Section 85401 or 85403, whichever is in effect. Thereafter, aggregate expenditures or obligations for expenditures of personal funds of a candidate shall be reported to the commission on the candidate's campaign statement at each subsequent reporting period. A candidate who makes expenditures of personal funds of 10 percent or more of the expenditure limitations set forth in Section 85401 or 85403, whichever is in effect, during the 10-day period before the day of the election shall notify, by personal delivery, facsimile, or other electronic means, the commission and all candidates for election to the office sought by the candidate making expenditures or obligations for expenditures of personal funds. Such notification shall be made at each expenditure of 10 percent of the expenditure limitations set forth in Section 85401 or 85403, whichever is in effect. The notification shall occur within 12 hours of expenditures or obligations for expenditures under this subdivision.

85407. (a) For purposes of this chapter, "independent expenditure" means an expenditure for an advertisement or other communication that: (1) contains express advocacy; and (2) is not made at the behest of a candidate or a candidate's agent or arranged, coordinated, or directed by the candidate or the candidate's agent.

(b) For purposes of this chapter, the following expenditures are not independent expenditures and, unless an exception is otherwise set forth in this title, shall be considered contributions to a candidate if they result in communications that expressly advocate that candidate's election or the defeat of that candidate's opponent:

(1) An expenditure made by a political party.

(2) An expenditure in which there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate's agent and the person making the expenditure.

(3) An expenditure in which, in the calendar year in which the election is to be held, the person making the expenditure is or has been: (A) authorized to raise or expend funds on behalf of the candidate or the candidate's controlled committee; or (B) serving as a member, employee, or agent of the candidate's controlled committee in an executive or policymaking position.

(4) An expenditure in which the person making the expenditure retains the professional services of any individual or other person who is also providing professional services in the same election to the candidate in connection with the candidate's pursuit of nomination for election, or election, to office, including any services relating to the candidate's decision to seek office. "Professional services" shall include any services in support of any candidate's pursuit of nomination for election, or election, to office.

(c) For purposes of this section, the person making the expenditure shall include any officer, director, employee, or individual involved in making the expenditure for purposes of this subdivision.

(d) For purposes of this chapter, "express advocacy" means a communication which when taken as a whole and with limited reference to external events is an expression of support for, or opposition to, the election of a clearly identified candidate, a specific group of candidates, or candidates of a particular political party.

(e) Any independent expenditure is not considered a contribution to or an expenditure by or on behalf of the candidate with whom it is identified for the purposes of the limitations specified in this chapter.

(f) Any person who violates this section shall be strictly liable under Chapter 11 (commencing with Section 91000).

85408. (a) Any person who makes independent expenditures in support of or in opposition to a clearly identified candidate in the aggregate amount of one thousand dollars ($1,000) or more per election shall notify the filing officer and all candidates running for the same office within 24 hours by facsimile transmission or other electronic medium prescribed by the commission or local elections authority designated by the commission, and by overnight delivery for each subsequent independent expenditure that is five thousand dollars ($5,000) or more.

(b) No person, except a Citizen Contribution Committee, shall contribute more than two hundred dollars ($200) to any committee which makes independent expenditures greater than one thousand dollars ($1,000) per election in support of or in opposition to a clearly identified candidate. A Citizen Contribution Committee shall be limited to contributing to any committee which makes independent expenditures greater than one thousand dollars ($1,000) per election in support of or in opposition to a clearly identified candidate no more than the maximum amount that can be contributed by 100 individuals to such committee.

85409. Upon filing a statement of organization under Section 84101, a committee shall be charged a registration fee of one hundred dollars ($100) per calendar year. This registration fee shall be paid to the Secretary of State for the purpose of administering this chapter.

LOBBYIST PROVISIONS

SEC. 3. Section 82039 of the Government Code is repealed.

~~82039. "Lobbyist" means any individual who is employed or contracts for economic consideration, other than reimbursement for reasonable travel expenses, to communicate directly or through his or her agents with any elective state official, agency official or legislative official for the purpose of influencing legislative or administrative action, if a substantial or regular portion of the activities for which he or she receives consideration is for the purpose of influencing legislative or administrative action. No individual is a lobbyist by reason of activities described in Section 86300.~~

SEC. 4. Section 82039 is added to the Government Code, to read:

82039. "Lobbyist" means any individual who either receives five hundred dollars ($500) or more in any calendar month per calendar year in economic consideration from another person, or who, regardless of any economic consideration, is an employee, professional, or agent, and whose principal and substantial duties in that capacity are, to communicate directly with any elective state official, agency official, or designated employee as defined in Section 82019 for the purpose of influencing legislative or administrative action. No individual is a lobbyist by reason of activities described in Section 86300. For purposes of this section, reimbursement solely for reasonable travel expenses is not economic consideration. For purposes of this section, neither the rule preventing disclosure of an attorney's work product nor any privilege against disclosure based on the attorney-client relationship shall apply to any required report or disclosure under this title, unless expressly required by the United States Constitution or the California Constitution.

SEC. 5. Section 86102 of the Government Code is amended to read:

86102. Each lobbying firm and lobbyist employer required to file a registration statement under this chapter ~~may~~ *shall* be charged ~~not more than twenty-five dollars ($25)~~ *one hundred dollars ($100)* per year for each lobbyist required to be listed on its registration statement.

SEC. 6. Section 86203 of the Government Code is amended to read:

86203. It shall be unlawful for a lobbyist, or lobbying firm, to make ~~gifts to one person aggregating more than ten dollars ($10) in a calendar month, or to act as an agent or~~

~~intermediary in the making of any gift, or to arrange for the making of any gift by any other person~~ *a gift, to act as an agent or intermediary in the making of a gift, or to arrange for the making of a gift by any other person .*

SEC. 7. Section 17221 is added to the Revenue and Taxation Code, to read:

17221. (a) Notwithstanding Section 17201, no deduction shall be allowed for any expenses paid or incurred during the taxable year as described in Section 162(e)(1) of the Internal Revenue Code, relating to appearances before, submission of statements to, or sending communications to, any employee or officer of the legislative branch or the executive branch of the state, or any political subdivision thereof, with respect to any rulemaking or any quasi-legislative function of the executive branch of the state or any political subdivision thereof.

(b) For purposes of this section, the expenses described by Section 162(e)(1) of the Internal Revenue Code shall include "lobbying expenditures" as defined in Section 4911(c)(1) of the Internal Revenue Code, and shall also include as a "lobbying expenditure" any expenditure incurred in attempting to influence any action of the legislative branch or executive branch of any government by communication with any employee, officer, member, or agency of the executive branch of federal, state, or local government, or any other similar governing body.

SEC. 8. Section 24335 is added to the Revenue and Taxation Code, to read:

24335. (a) No deduction shall be allowed for any expenses paid or incurred in the taxable year as described in Section 162(e)(1) of the Internal Revenue Code, relating to appearances before, submission of statements to, or sending communications to, any employee or officer of the legislative branch or the executive branch of the state, or any political subdivision thereof, with respect to any rulemaking or any quasi-legislative function of the executive branch of the state or any political subdivision thereof.

(b) For purposes of this section, the expenses described by Section 162(e)(1) of the Internal Revenue Code shall include "lobbying expenditures" as defined in Section 4911(c)(1) of the Internal Revenue Code, and shall also include as a "lobbying expenditure" any expenditure incurred in attempting to influence any action of the legislative branch or executive branch of any government by communication with any employee, officer, member, or agency of the executive branch of the federal, state, or local government, or any other similar governing body.

DISCLOSURE IN CAMPAIGN ADVERTISEMENTS

SEC. 9. Article 5 (commencing with Section 84501) is added to Chapter 4 of Title 9 of the Government Code, to read:

Article 5. Disclosure in Campaign Advertisements

84501. (a) "Advertisement" means any general or public advertisement which is authorized and paid for by a person or committee for the purpose of supporting or opposing one or more ballot measures or an independent expenditure supporting or opposing one or more candidates for office.

(b) "Advertisement" does not include a communication from an organization to its members, electronic broadcasts of less than 15 seconds, or other small advertisements as determined by regulations of the commission.

(c) "Advertisement" includes phone banks where the caller is paid; but not where the caller is a volunteer, even if the phone charges are paid by the committee.

(d) "Cumulative contributions" means the cumulative contributions to a committee beginning the first day the statement of organization is filed under Section 84101 and ending within seven days of the time the advertisement is sent to the printer, broadcast station, or other person doing the advertising.

84502. (a) Any advertisement as defined in Section 84501 shall include a disclosure statement identifying any person whose cumulative contributions are fifty thousand dollars ($50,000) or more in a statewide campaign, or twenty-five thousand dollars ($25,000) or more in nonstatewide campaigns to the committee placing the advertisement.

(b) The disclosure for individuals shall read "major funding by: (name and occupation)." The disclosure for nonindividuals shall read "major funding by: (name and business interest)." The commission shall issue regulations defining "occupation" and "business interest," including regulations regarding the omission of the business interest disclosure when the name of a nonindividual fully describes the business interest.

(c) If there are more than three donors of twenty-five thousand dollars ($25,000) or more, the committee is only required to disclose the highest, second highest, and third highest in that order. If more than three donors contribute twenty-five thousand dollars ($25,000) or more in equal amounts, the committee is required to disclose those contributors in chronological order.

(d) If the committee has received at least one quarter of its cumulative contributions from outside the jurisdiction where the election is being held, the disclosure shall state "major funding from out-of-state (city, county, or district, etc.) contributors."

84503. (a) Any committee which supports or opposes one or more ballot measures shall name and identify itself using a name or phrase that clearly identifies the economic or other special interest of its major donors of twenty-five thousand dollars ($25,000) or more in any reference to the committee required by law, including, but not limited to, its statement of organization pursuant to Section 84101.

(b) If the major donors of twenty-five thousand dollars ($25,000) or more share a common employer, the identity of the employer shall also be disclosed.

(c) Any committee which supports or opposes a ballot measure shall print or broadcast its name as provided in this section as part of any advertisement.

(d) If candidates or their controlled committees, as a group or individually, meet the contribution thresholds for a person, they shall be identified by the candidate's name.

84504. Any disclosure statement required by this article shall be printed clearly and legibly and in a conspicuous manner as defined by the commission, prominently on the front page of any written advertisement (including outdoor advertisements) or, if the communication is broadcast or spoken, the information shall be spoken so as to be clearly audible and understood by the intended public. The commission shall issue regulations to ensure that all disclosures required by this article shall stand alone, that is, they shall not have any other words or materials mixed in with them.

CONFLICT OF INTEREST

SEC. 10. Section 83116.5 of the Government Code is amended to read:

83116.5. Any person ~~who violates any provision of this title,~~ who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this ~~chapter~~ *title* . ~~Provided, however, that~~ *However, unless specified otherwise in this title,* this section shall apply only to persons who have filing or reporting obligations under this title, or who are compensated for services involving the planning, organizing, directing *of* any activity regulated or required by this title ; ~~and that a violation of this section shall not constitute an additional violation under Chapter 11~~ .

SEC. 11. Section 84308 of the Government Code is amended to read:

84308. (a) The definitions set forth in this subdivision shall govern the interpretation of this section.

(1) "Party" means any person who files an application for, or is the subject of, a proceeding involving a license, permit, or other entitlement for use.

(2) "Participant" means any person who is not a party but who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision, as described in Article 1 (commencing with Section 87100) of Chapter 7. A person actively supports or opposes a particular decision in a proceeding if he or she lobbies in person the officers or employees of the agency, testifies in person before the agency, or otherwise acts to influence officers of the agency.

(3) "Agency" means an agency as defined in Section 82003 except that it does not include the courts or any agency in the judicial branch of government, local governmental agencies whose members are directly elected by the voters, the Legislature, the Board of Equalization, or *elected* constitutional officers. However, this section applies to any person who is a member of an exempted agency but is acting as a voting member of another agency.

(4) "Officer" means any elected or appointed officer of an agency, any alternate to an elected or appointed officer of an agency, and any candidate for elective office in an agency.

(5) "License, permit, or other entitlement for use" means all business, professional, trade and land use licenses and permits and all other entitlements for use, including all entitlements for land use, all contracts (other than competitively bid, labor, or personal employment contracts), and all franchises *and includes any proceedings affecting a rate, price, or premium that a licensee, permittee, or person may charge .*

(6) "Contribution" includes contributions to candidates and committees in federal, state, or local elections.

(b) No officer of an agency shall accept, solicit, or direct a contribution ~~of more than two hundred fifty dollars ($250)~~ from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for three months following the date a final decision is rendered in the proceeding if the officer knows or has reason to know that the participant has a financial interest, as that term is used in Article 1 (commencing with Section 87100) of Chapter 7. This prohibition shall apply regardless of whether the officer accepts, solicits, or directs the contribution for himself or herself, or on behalf of any other officer, or on behalf of any candidate for office or on behalf of any committee.

(c) Prior to rendering any decision in a proceeding involving a license, permit or other entitlement for use pending before an agency, each officer of the agency who received a contribution within the preceding 12 months in an amount of more than ~~two hundred fifty dollars ($250)~~ *one hundred dollars ($100)* from a party or from any participant shall disclose that fact on the record of the proceeding. No officer of an agency shall make, participate in making, or in any way attempt to use his or her official position to influence the decision in a proceeding involving a license, permit, or other entitlement for use pending before the agency if the officer has willfully or knowingly received a contribution in an amount of more than ~~two hundred fifty dollars ($250)~~ *two hundred dollars ($200)* within the preceding 12 months from a party or his or her agent, or from any participant, or his or her agent if the officer knows or has reason to know that the participant has a financial interest in the decision, as that term is described with respect to public officials in Article 1 (commencing with Section 87100) of Chapter 7.

If an officer receives a contribution which would otherwise require disqualification under this section, returns the contribution within 30 days from the time he or she knows, or should have known, about the contribution and the proceeding involving a license, permit, or other entitlement for use, he or she shall be permitted to participate in the proceeding.

(d) A party to a proceeding before an agency involving a license, permit, or other entitlement for use shall disclose on the record of the proceeding any contribution in an amount of more than ~~two hundred fifty dollars ($250)~~ *one hundred dollars ($100)* made within the preceding 12 months by the party, or his or her agent, to any officer of the agency. No party, or his or her agent, to a proceeding involving a license, permit, or other entitlement for use pending before any agency and no participant, or his or her agent, in the proceeding shall make a contribution ~~of more than two hundred fifty dollars ($250)~~ to any officer of that agency during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. When a closed corporation is a party to, or a participant in, a proceeding involving a license, permit, or other entitlement for use pending before an agency, the majority shareholder is subject to the disclosure and prohibition requirements specified in subdivisions (b), (c), and this subdivision.

(e) Nothing in this section shall be construed to imply that any contribution subject to being reported under this title shall not be so reported. *In addition, nothing in this section shall be construed to authorize the making or acceptance of any contribution in excess of any contribution limitation set forth in this title. Any violation of the disclosure provisions of either subdivision (c) or (d) creates a rebuttable presumption that the action shall be void in an action brought pursuant to Chapter 11 (commencing with Section 91000).*

SEC. 12. Section 87102 of the Government Code is amended to read:

87102. The requirements of Section 87100 are in addition to the requirements of Articles 2 (commencing with Section 87200) and 3 (commencing with Section 87300) and any Conflict of Interest Code adopted thereunder. ~~Except as provided in Section 87102.5, the~~ remedies provided in Chapters 3 (commencing with Section 83100) and 11 (commencing with Section 91000) shall ~~not~~ be applicable to elected state officers for violations or threatened violations of ~~this article~~ *Section 87100 only under the conditions set forth in Sections 87102.5, 87102.6, and 87102.8, as applicable .*

SEC. 13. Article 1 (commencing with Section 89500) of Chapter 9.5 of Title 9 of the Government Code is repealed.

SEC. 14. Article 2 (commencing with Section 89504) of Chapter 9.5 of Title 9 of the Government Code is repealed.

SEC. 15. Article 3 (commencing with Section 89506) of Chapter 9.5 of Title 9 of the Government Code is repealed.

DISPOSITION OF CAMPAIGN FUNDS

SEC. 16. The heading of Article 4 (commencing with Section 89510) of Chapter 9.5 of Title 9 of the Government Code is amended to read:

Article ~~4~~ 2. Campaign Funds

SEC. 17. Section 89519 of the Government Code is repealed.

~~89519. Upon leaving any elected office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, campaign funds raised after January 1, 1989, under the control of the former candidate or elected officer shall be considered surplus campaign funds and shall be disclosed pursuant to Chapter 4 (commencing with Section 84100) and shall be used only for the following purposes:~~

~~(a) (1) The payment of outstanding campaign debts or elected officer's expenses.~~

~~(2) For purposes of this subdivision, the payment for, or the reimbursement to the state of, the costs of installing and monitoring an electronic security system in the home or office, or both, of a candidate or elected officer who has received threats to his or her physical safety shall be deemed an outstanding campaign debt or elected officer's expense, provided that the threats arise from his or her activities, duties, or status as a candidate or elected officer and that the threats have been reported to and verified by an appropriate law enforcement agency. Verification shall be determined solely by the law enforcement agency to which the threat was reported. The candidate or elected officer shall report any expenditure of campaign funds made pursuant to this section to the commission. The report to the commission shall include the date that the candidate or elected officer informed the law enforcement agency of the threat, the name and phone number of the law enforcement agency, and a brief description of the threat. No more than five thousand dollars ($5,000) in surplus campaign funds may be used, cumulatively, by a candidate or elected officer pursuant to this subdivision. Payments made pursuant to this subdivision shall be made during the two years immediately following the date upon which the campaign funds became surplus campaign funds. The candidate or elected officer shall reimburse the surplus campaign fund account for the fair market value of the security system no later than two years immediately following the date upon which the campaign funds become surplus campaign funds, upon sale of the property on which the system is installed, or prior to the closing of the surplus campaign fund account, whichever comes first. The electronic security system shall be the property of the campaign committee of the candidate or elected officer.~~

~~(b) The pro rata repayment of contributions.~~

~~(c) Donations to any bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer.~~

~~(d) Contributions to a political party or committee so long as the funds are not used to contributions in support of or opposition to a candidate for elective office.~~

~~(e) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure.~~

~~(f) The payment for professional services reasonably required by the committee to assist in the performance of its administrative functions, including payment for attorney's fees for litigation which arises directly out of a candidate's or elected officer's activities, duties, or status as a candidate or elected officer, including, but not limited to, an action to enjoin defamation, defense of an action brought of a violation of state or local campaign, disclosure, or election laws, and an action arising from an election contest or recount.~~

SEC. 18. Section 89519 is added to the Government Code, to read:

89519. After a candidate withdraws from or is defeated in an election for, or is elected to, an office for which he or she has filed a statement of intention to be a candidate for elective office pursuant to Section 85200, Section 85313 shall govern the disposition of his or her campaign funds raised for that election.

ENFORCEMENT

SEC. 19. Section 91002 of the Government Code is amended to read:

91002. *(a)* No person convicted of a misdemeanor under this title shall be a candidate for any elective office or act as a lobbyist for a period of four years following the date of the conviction unless the court at the time of sentencing specifically determines that this provision shall not be applicable. A plea of nolo contendere shall be deemed a conviction for purposes of this section. Any person violating this section is guilty of a felony.

(b) Any person, having previously been convicted of a misdemeanor under this title and subject to Section 91002, may, in the discretion of the criminal prosecutor, be charged for any subsequent violation with a misdemeanor or a felony.

(c) Any person who has previously been fined twice under any provision or provisions of this title shall immediately upon entry of a final judgment or issuance of an order imposing a fine in the third such action, be removed from any public office held in the state pursuant to Section 1770, have their name stricken from the registration list maintained under Article 1 (commencing with Section 86100) of Chapter 6, and thereafter may not be a candidate for any elective office or act as a lobbyist, lobbying firm, or lobbyist employer.

SEC. 20. Section 91003 of the Government Code is amended to read:

91003. ~~(a) Any person residing in the jurisdiction may sue for injunctive relief to enjoin violations or to compel compliance with the provisions of this title.~~ The court may in its discretion require any plaintiff other than the commission to file a complaint with the commission prior to seeking injunctive relief. The court may award to a plaintiff or defendant who prevails his *or her* costs of litigation, including reasonable attorney's fees.

(a) Any resident registered to vote in the jurisdiction may sue for injunctive relief or a temporary restraining order to enjoin violations or to compel compliance with the provisions of this title. The matter shall be given priority on the court's calendar and shall be heard at the earliest possible time with the purpose that any action, conduct, misconduct, or failure to act, report, disclose, or take any other action required by this title be remedied so as not to in any way prejudice the voters or the election. The court may in its discretion require any plaintiff other than the commission to file a complaint with the commission but that decision shall in no way divest the court of jurisdiction to hear the matter or delay the issuance of any appropriate relief. In any action to enforce this title, the court shall award to a plaintiff who prevails his or her costs of litigation, including reasonable attorney's fees. The court may award to a defendant who prevails his or her costs of litigation, including reasonable attorney's fees, only if the court finds, on the record, that the matter was frivolous, or brought in bad faith or for some other improper purpose. The provisions of Section 425.16 of the Code of Civil Procedure shall not apply to any action filed pursuant to this section.

(b) Upon a preliminary showing in an action brought ~~by a person residing in the jurisdiction~~ *pursuant to this section* that a violation of Article 1 (commencing with Section 87100), Article 4 (commencing with Section 87400), or Article 4.5 (commencing with Section 87450) of Chapter 7 of this title or of a disqualification provision of a Conflict of Interest Code has occurred, the court may restrain the execution of any official action in relation to which such a violation occurred, pending final adjudication. If it is ultimately determined that a violation has occurred and that the official action might not otherwise have been taken or approved, the court may set the official action aside as void. The official actions covered by this ~~subsection~~ *subdivision* include, but are not limited to orders, permits, resolutions and contracts, but do not include the enactment of any state legislation. In considering the granting of preliminary or permanent relief under this ~~subsection~~ *subdivision*, the court shall accord due weight to any injury that may be suffered by innocent persons relying on the official action.

SEC. 21. Section 91004 of the Government Code is amended to read:

91004. ~~Any~~ *Unless specifically provided otherwise in this title, any* person who intentionally or negligently violates any of the reporting requirements of this ~~act~~ *title* shall be liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ *registered voter* within the jurisdiction for an amount not more than *three times* the amount or value not properly reported.

SEC. 22. Section 91005 of the Government Code is amended to read:

91005. (a) ~~Any~~ *Unless specifically provided otherwise in this title, any* person who makes ~~or~~, receives, *or fails to properly disclose or report* a contribution, gift, or expenditure in violation of ~~Section 84300, 84304, 86202, 86203, or 86204~~ *this title* is liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ *registered voter* within the jurisdiction for an amount up to five hundred dollars ($500) or three times the amount of the unlawful contribution, gift ~~or~~, expenditure, *or failure to disclose or report,* whichever is greater.

(b) Any designated employee or public official specified in Section 87200 ~~, other than an elected state officer,~~ who realizes an economic benefit as a result of a violation of Section 87100 or of a disqualification provision of a Conflict of Interest Code is liable in a civil action brought by the civil prosecutor or by a ~~person residing~~ *registered voter* within the jurisdiction for an amount up to three times the value of the benefit.

SEC. 23. Section 91005.5 of the Government Code is amended to read:

91005.5. Any person who violates any provision of this title ~~, except Sections 84305, 84307, and 89001~~, for which no specific civil penalty is provided, shall be liable in a civil action brought by the commission ~~or the~~, district attorney, *or a registered voter* pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to two thousand dollars ($2,000), *to be distributed pursuant to Section 91009*.

No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.

The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.

SEC. 24. Section 91006 of the Government Code is amended to read:

91006. *Any person who aids and abets any person who violates any of the requirements of this title shall also be liable under Sections 91004, 91005, and 91005.5.* If two or more persons are responsible for any violation, they shall be jointly and severally liable. *In addition, for any violation of any campaign reporting, contribution, or expenditure requirement, the candidate shall also be liable for the violation unless someone other than the candidate was responsible for the violation and acted without the candidate's, treasurer's, and campaign manager's knowledge or consent, and acted wholly outside the scope of the person's duties and authorization.*

SEC. 25. Section 91007 of the Government Code is amended to read:

91007. (a) Any person, before filing a civil action pursuant to ~~Sections~~ *Section* 91004 ~~and~~, 91005, ~~must first~~ *or 91005.5, may also* file with the civil prosecutor a written request for the civil prosecutor to commence the action. The request shall include a statement of the grounds for believing a cause of action exists. The civil prosecutor shall respond within ~~forty~~ *40* days after receipt of the request, indicating whether he intends to file a civil action. If the civil prosecutor indicates in the affirmative, and files suit within ~~forty~~ *40* days thereafter, *the action shall be consolidated with an action brought by the registered voter and* no other action may be brought unless the ~~action brought by the civil prosecutor is~~ *actions are* dismissed without prejudice as provided ~~for~~ in Section 91008.

(b) Any person filing a complaint, cross-complaint or other initial pleading in a civil action pursuant to Sections 91003, 91004, 91005, or 91005.5 shall, within 10 days of filing the complaint, cross-complaint, or initial pleading, serve on the Fair Political Practices Commission a copy of the complaint, cross-complaint, or initial pleading or a notice containing all of the following:

(1) The full title and number of the case.

(2) The court in which the case is pending.

(3) The name and address of the attorney for the person filing the complaint, cross-complaint, or other initial pleading.

(4) A statement that the case raises issues under the Political Reform Act.

(c) No complaint, cross-complaint, or other initial pleading shall be dismissed for failure to comply with subdivision (b).

(d) No civil action, once filed under Section 91004, 91005, or 91005.5, may be dismissed without leave of court upon a showing of either of the following:

(1) The plaintiff has determined, in good faith, that the matter is without substantial merit or it is otherwise not in the public interest to continue the action, and that the plaintiff has neither received nor agreed to any payment, inducement, consideration, or any act or forbearance by any defendant or his or her agent, other than payment of costs of litigation and reasonable attorney's fees.

(2) The parties have determined to compromise and enter into a settlement of some or all of the disputed claims and the court, after hearing, determines that the settlement is in the public interest. Any settlement or compromise approved by the court shall be deemed to be a finding of violation for purposes of subdivision (c) of Section 91002 and Section 91009.

SEC. 26. Section 91012 of the Government Code is amended to read:

91012. The court ~~may~~ *shall* award to a plaintiff ~~or defendant other than an agency,~~ who prevails in any action authorized by this title his *or her* costs of litigation, including reasonable attorney's fees. ~~On motion of any party, a court shall require a private plaintiff to post a bond in a reasonable amount at any stage of the litigation to guarantee payment of costs.~~ *The court may award to a defendant other than an agency who prevails in any action authorized by this title his or her costs of litigation, including reasonable attorney's fees, only if the court finds, on the record, that the matter was frivolous, or brought in bad faith or for some other improper purpose. The provisions of Section 425.16 of the Code of Civil Procedure shall not apply to any action filed pursuant to Section 91004, 91005, or 91005.5.*

SEC. 27. Section 91015 of the Government Code is repealed.

~~91015. The provisions of this chapter shall not apply to violations of Section 83116.5.~~

MISCELLANEOUS PROVISIONS

SEC. 28. There is hereby appropriated annually from the General Fund the sum of three cents ($0.03) per individual of the voting age population in the state, to be adjusted to reflect changes in the Cost of Living Index in January of each even-numbered year after the operative date of this act, for expenditures to support the operations of the Fair Political Practices Commission in administering and enforcing this title. The Franchise Tax Board shall, as soon as possible after the end of the first calendar year in which Sections 17221 and 24335 of the Revenue and Taxation Code have been in effect, calculate the amount of the increased tax revenues to the state as a result of these sections. From the amount so calculated, the Controller shall, for each fiscal year, transfer to the commission, from the General Fund, the amount necessary to meet the appropriation to the commission set forth above. In any event, regardless of whether the increased revenue from Sections 17221 and 24335 of the Revenue and Taxation Code is sufficient, the Legislature shall provide the appropriation to the commission set forth above. To the extent the Legislature provides budgetary support for local agencies for administration and enforcement of this title, the amount of increased tax revenues to the state as a result of Section 86102 of the Government Code shall also be provided for this purpose. If any provision of this title is challenged successfully in court, any attorney's fees and costs awarded shall be paid from the General Fund and shall not be assessed or otherwise offset against the Fair Political Practices Commission budget. Any savings or revenues derived from this title shall be applied to the Anti-Corruption Act of 1996 Enforcement Fund to pay costs related to the administration and enforcement of the title, with the remainder to be placed in the General Fund for general purposes.

SEC. 29. If any provision of this law, or the application of that provision to any person or circumstances, shall be held invalid, the remainder of this law to the extent that it can be given effect, or the application of that provision to persons or circumstances other than those as to which it was held invalid, shall not be affected thereby, and to this extent the provisions of this law are severable. In addition, if the expenditure limitations of Section 85401 of act shall not be in effect, the contribution limits of Sections 85301, 85302, 85303, and 85 shall remain in effect.

SEC. 30. This law shall become effective November 6, 1996. In the event that this measure and another measure or measures relating to campaign finance reform in this state shall appear on the statewide general election ballot on November 5, 1996, the provisions of these other measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void in their entirety. In the event that the other measure or measures shall receive a greater number of affirmative votes, the provisions of this measure shall take effect to the extent permitted by law.

SEC. 31. It is the sense of the people of California that candidates for the United States House of Representatives and the United States Senate seeking to represent the people in the Congress of the United States should comply with the contribution limits and expenditure limits, prescribed herein for candidates for the State Senate and Governor, respectively. The people recognize that the limitations prescribed in this law may not be mandated by the people for candidates for federal office. However, it is the sense of the people that these limitations are necessary to prevent corruption and the appearance thereof and to preserve the fairness and integrity of the electoral process in California. The people, therefore, suggest that candidates for federal office seeking to represent the people in the Congress of the United States comply voluntarily with the limitations prescribed herein until such time as comparable limitations are adopted by the Congress of the United States or through a constitutional amendment.

It is also the sense of the people of California that the broadcast licensees, as public trustees, have a special obligation to present voter information broadcasts. For the privilege of using scarce radio and television frequencies, the broadcasters are public trustees with an obligation to provide at no cost and no profit time for candidates to appear and use the station, whether radio or television, for the presentation of candidates' views for some brief period during prime viewing or listening time in the 30-day period prior to an election. The people of California recognize that the federal government has jurisdiction for such a mandate, and strongly urge the Congress of the United States to require the Federal Communications Commission to enforce these requirements upon broadcasters as a condition of holding a public broadcast license and fulfilling the broadcaster's public service obligation.

Proposition 213: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Civil Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title

This measure shall be known and may be cited as "The Personal Responsibility Act of 1996."

SECTION 2. Findings and Declaration of Purpose

(a) Insurance costs have skyrocketed for those Californians who have taken responsibility for their actions. Uninsured motorists, drunk drivers, and criminal felons are law breakers, and should not be rewarded for their irresponsibility and law breaking. However, under current laws, uninsured motorists and drunk drivers are able to recover unreasonable damages from law-abiding citizens as a result of drunk driving and other accidents, and criminals have been able to recover damages from law-abiding citizens for injuries suffered during the commission of their crimes.

(b) Californians must change the system that rewards individuals who fail to take essential personal responsibility to prevent them from seeking unreasonable damages or from suing law-abiding citizens.

(c) Therefore, the People of the State of California do hereby enact this measure to restore balance to our justice system by limiting the right to sue of criminals, drunk drivers, and uninsured motorists.

SECTION 3. Civil Justice Reform

Section 3333.3 is added to the Civil Code, to read:

3333.3. In any action for damages based on negligence, a person may not recover any damages if the plaintiff's injuries were in any way proximately caused by the plaintiff's commission of any felony, or immediate flight therefrom, and the plaintiff has been duly convicted of that felony.

Section 3333.4 is added to the Civil Code, to read:

3333.4. (a) Except as provided in subdivision (c), in any action to recover damages arising out of the operation or use of a motor vehicle, a person shall not recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if any of the following applies:

(1) The injured person was at the time of the accident operating the vehicle in violatio Section 23152 or 23153 of the Vehicle Code, and was convicted of that offense.

(2) The injured person was the owner of a vehicle involved in the accident and the vehicle was not insured as required by the financial responsibility laws of this state.

(3) The injured person was the operator of a vehicle involved in the accident and the operator can not establish his or her financial responsibility as required by the financial responsibility laws of this state.

(b) Except as provided in subdivision (c), an insurer shall not be liable, directly or indirectly, under a policy of liability or uninsured motorist insurance to indemnify for non-economic losses of a person injured as described in subdivision (a).

(c) In the event a person described in paragraph (2) of subdivision (a) was injured by a motorist who at the time of the accident was operating his or her vehicle in violation of Section 23152 or 23153 of the Vehicle Code, and was convicted of that offense, the injured person shall not be barred from recovering non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages.

SECTION 4. Effective Date

This act shall be effective immediately upon its adoption by the voters. Its provisions shall apply to all actions in which the initial trial has not commenced prior to January 1, 1997.

SECTION 5. Severability

If any provision of this measure, or the application to any person or circumstances is held invalid or void, such invalidity or voidness shall not affect other provisions or applications that can be given effect without the invalid or void provision or application, and to this end, all of the provisions of this measure are declared to be severable.

SECTION 6. Conflicting Measures

In the event another measure to be voted on by the voters at the same election as this measure, and which constitutes a comprehensive regulatory scheme, receives more affirmative votes than this measure, the electors intend that any provision or provisions of this measure not in direct and apparent conflict with any provision or provisions of that other measure shall not be deemed to be in conflict therewith, and shall be severed from any other provision or provisions of this measure that are in direct and apparent conflict with the provision or provisions of the other measure. In that event, the provision or provisions not deemed in conflict shall be severed according to Section 5 of this measure upon application to any court of competent jurisdiction.

Proposition 214: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 2.25 (commencing with Section 1399.900) is added to Division 2 of the Health and Safety Code, to read:

CHAPTER 2.25. THE HEALTH CARE PATIENT PROTECTION ACT OF 1996

Article 1. Purpose and Intent

1399.900. (a) This chapter shall be known as the "Health Care Patient Protection Act of 1996." The people of California find and declare all of the following:

(1) No health maintenance organization (HMO) or other health care business should be

able to prevent physicians, nurses, and other health caregivers from informing patients of any information that is relevant to their health care.

(2) Doctors, nurses, and other health caregivers should be able to advocate for patients without fear of retaliation from HMOs and other health care businesses.

(3) Health care businesses should not create conflicts of interest that force doctors and er caregivers to choose between increasing their pay or giving their patients medically appropriate care.

(4) Patients should not be denied the medical care their doctor recommends just because their HMO or health insurer thinks it will cost too much.

(5) HMOs and other health insurers should establish publicly available criteria for authorizing or denying care that are determined by appropriately qualified health professionals.

(6) No HMO or other health insurer should be able to deny a treatment recommended by a patient's physician unless the decision to deny is made by an appropriately qualified health professional who has physically examined the patient.

(7) All doctors and health care professionals who are responsible for determining in any way the medical care that a health plan provides to patients should be subject to the same professional standards and disciplinary procedures as similarly licensed health professionals who provide direct care for patients.

(8) No hospital, nursing home, or other health facility should be allowed to operate unless it maintains minimum levels of safe staffing by doctors, nurses, and other health caregivers.

(9) The quality of health care available to California consumers will suffer if health care becomes a big business that cares more about making money than it cares about taking good care of patients.

(10) It is not fair to consumers when health care executives are paid millions of dollars in salaries and bonuses while consumers are being forced to accept more and more restrictions on their health care coverage.

(11) The premiums paid to health insurers should be spent on the health care services to which patients are entitled, not on big corporate salaries, expensive advertising, and other excessive administrative overhead.

(12) The people of California should not be forced to rely only upon politicians and their political appointees to enforce this chapter. The people themselves should have standing with administrative agencies and the courts to make sure that the provisions, purposes, and intent of this chapter are carried out.

(b) This chapter contains reforms based upon these findings. It is the purpose and intent of each section of this chapter to protect the health, safety, and welfare of the people of California by ensuring the quality of health services provided to consumers and patients and by requiring health care businesses to provide the services to which consumers and patients are entitled in a safe and appropriate manner.

Article 2. Full Disclosure of Medical Information to Patients

1399.901. No health care business shall attempt to prevent in any way a physician, nurse, or other licensed or certified caregiver, from disclosing to a patient any information that the egiver determines to be relevant to the patient's health care.

Article 3. Physicians Must Be Able to Advocate for Their Patients

1399.905. (a) No health care business shall discharge, demote, terminate a contract with, deny privileges to, or otherwise sanction, a physician, nurse, or other licensed or certified caregiver, for advocating in private or in public on behalf of patients or for reporting any violation of law to appropriate authorities.

(b) No physician, nurse, or other licensed or certified caregiver, shall be discharged, demoted, have a contract terminated, be denied privileges, or otherwise sanctioned, except for just cause. Examples of just cause include, but are not limited to, proven malpractice, patient endangerment, substance abuse, sexual abuse of patients, or economic necessity.

Article 4. Ban on Financial Conflicts of Interest

1399.910. No health care business shall offer or pay bonuses, incentives, or other financial compensation, directly or indirectly, to any physician, nurse, or other licensed or certified caregiver, for the denial, withholding, or delay, of medically appropriate care to which patients or enrollees are entitled. This section shall not prohibit a health care business from using capitated rates.

Article 5. Written Criteria for the Denial of Care

1399.915. Health insurers shall establish criteria for authorizing or denying payment for care and for assuring quality of care. The criteria shall comply with all of the following:

(a) Be determined by physicians, nurses, or other appropriately licensed health professionals, acting within their existing scope of practice and actively providing direct care to patients.

(b) Use sound clinical principles and processes.

(c) Be updated at least annually.

(d) Be publicly available.

Article 6. Patients Must Be Examined Before Care is Denied

1399.920. In arranging for medical care and in providing direct care to patients, no health care business shall refuse to authorize the health care services to which a patient is entitled and which have been recommended by a patient's physician, or other appropriately licensed health care professional, acting within their existing scope of practice, unless all of the following conditions are met:

(a) The employee or contractor who authorizes the denial on behalf of the health care business has physically examined the patient in a timely manner.

(b) That employee or contractor is an appropriately licensed health care professional with the education, training, and relevant expertise that is appropriate for evaluating the specific nical issues involved in the denial.

(c) Any denial and the reasons for it have been communicated by that employee or contractor in a timely manner in writing to the patient and the physician or other licensed health care professional responsible for the care of the patient.

Article 7. Physicians Determine Medical Care

1399.925. A physician, nurse, or other licensed caregiver, who is an employee or contractor of a health care business and who is responsible for establishing procedures for assuring quality of care, or in any way determining what care will be provided to patients, shall be subject to the same standards and disciplinary procedures as all other physicians, nurses, or other licensed caregivers providing direct patient care in California.

Article 8. Safe Physician and Nursing Levels in Health Facilities

1399.930. (a) All health facilities shall provide minimum safe and adequate staffing of physicians, nurses, and other licensed and certified caregivers.

(b) The Director of Health Services shall periodically update staffing standards designed to assure minimum safe and adequate levels of patient care in facilities licensed by the State Department of Health Services. Those standards shall be based upon all of the following:

(1) The severity of patient illness.

(2) Factors affecting the period and quality of patient recovery.

(3) Any other factor substantially related to the condition and health care needs of patients.

(c) For those health services that are provided by health care service plans licensed by the Department of Corporations and provided in organized medical clinics not licensed by the State Department of Health Services, the Commissioner of Corporations shall periodically update staffing standards designed to assure minimum safe and adequate levels of patient care.

(d) Licensed health facilities shall make available for public inspection reports of the daily staffing patterns utilized by the facility and a written plan for assuring compliance with the staffing standards required by law.

Article 9. Disclosure of Excessive Overhead of Health Insurers

1399.935. (a) Health care insurers shall disclose to all purchasers of health insurance coverage the amount of the total premiums, fees, and other periodic payments received by the insurer spent providing for health care services to its subscribers or enrollees and the amount spent on administrative costs. For the purposes of this chapter, administrative costs are defined to include all of the following:

(1) Marketing and advertising, including sales costs and commissions.

(2) Total compensation, including bonuses, incentives, and stock options for officers and directors of the corporation.

(3) Dividends, shares of profit, or any other compensation received by shareholders, if any, or any other revenue in excess of expenditures for the direct provision of health care.

(4) All other expenses not related to the provision of direct health care services.

(b) If the amount of administrative costs exceeds ten percent (10%) of the total premiums, fees, and other periodic payments received by the insurer, the insurer shall further disclose to all its purchasers of health insurance the specific amounts spent on marketing and advertising, on total compensation, dividends, profits or excess revenues, and on other expenses not related to the provision of direct health care services.

(c) The disclosures required by this section also shall be filed with the appropriate state agency and be made available for public inspection.

Article 10. Protection of Patient Privacy

1399.940. The confidentiality of patients' medical records shall be fully protected as provided by law. No section of this chapter shall be interpreted as changing those protections, except that no health care business shall sell a patient's medical records to any third party without the express written authorization of the patient.

Article 11. Public Disclosure

1399.945. (a) The appropriate agencies shall collect and review any information as is necessary to assure compliance with this chapter.

(b) Each private health care business and its affiliated enterprises with more than 100 employees in the aggregate shall file annually with the responsible agency all of the following:

(1) Data or studies used to determine the quality, scope or staffing of health care services, including modifications in such services.

(2) Financial reports substantially similar to the reports required of nonprofit health care businesses under existing law.

(3) Copies of all state and federal tax and securities reports and filings.

(4) A description of the subject and outcome of all complaints, lawsuits, arbitrations, or other legal proceedings brought against the business or any affiliated enterprise, unless disclosure is prohibited by court order or applicable law.

(c) Any information collected or filed in order to comply with this section shall be available for public inspection.

Article 12. Interpretation

1399.950. (a) This law is written in plain language so that people who are not lawyers can read and understand it. When any question of interpretation arises it is the intent of the people that this chapter shall be interpreted in a manner that is consistent with its findings, purpose, and intent and, to the greatest extent possible, advances and safeguards the rights of patients, enhances the quality of health care services to which consumers are entitled, and furthers the application of the reforms contained in this chapter.

(b) If any provision of this chapter conflicts with any other provision of California statute or legal precedent, this chapter shall prevail.

Article 13. Implementation and Enforcement

1399.955. (a) This chapter shall be administered and enforced by the appropriate state agencies, which shall issue regulations, hold hearings, and take any other administrative actions that are necessary to carry out the purposes and enforce the provisions of this chapter.

(b) Health care consumers shall have standing to intervene in any administrative matter arising from this chapter. Health care consumers also may go directly to court to enforce any provision of this chapter individually or in the public interest, and any successful enforcement of the provisions of this chapter by consumers confers a substantial benefit upon the general public. Conduct in violation of this chapter is wrongful and in violation of public policy.

(c) Any private health care business found by a court in either a private or governmental enforcement action to have engaged in a pattern and practice of deliberate or willful violation of the provisions of this chapter shall for a period of five years be prohibited from

asserting as a defense or otherwise relying on any of the antitrust law exemptions contained in Section 16770 of the Business and Professions Code, Section 1342.6 of the Health and Safety Code, or Section 10133.6 of the Insurance Code, in any civil or criminal action against it for restraint of trade, unfair trading practices, unfair competition or other violations of Part 2 (commencing with Section 16600) of Division 7 of the Business and Professions Code.

(d) The remedies contained in this chapter are in addition and cumulative to any other remedies provided by statute or common law.

Article 14. Severability

1399.960. (a) If any provision, sentence, phrase, word, or group of words in this chapter, or their application to any person or circumstance, is held to be invalid, that invalidity shall not affect other provisions, sentences, phrases, words, groups of words or applications of this chapter. To this end, the provisions, sentences, phrases, words and groups of words in this chapter are severable.

(b) Whenever a provision, sentence, phrase, word, or group of words is held to be in conflict with federal law, that provision, sentence, phrase, word, or group of words shall remain in full force and effect to the maximum extent permitted by federal law.

Article 15. Amendment

1399.965. (a) This chapter may be amended only by the Legislature in ways that further its purposes. Any other change in the provisions of this chapter shall be approved by vote of the people. In any judicial proceeding concerning a legislative amendment to this chapter, the court shall exercise its independent judgment as to whether or not the amendment satisfies the requirements of this chapter.

(b) No amendment shall be deemed to further the purposes of this chapter unless it furthers the purpose of the specific provision of this chapter that is being amended.

Article 16. Definitions

1399.970. The following definitions shall apply to this chapter:

(a) "Affiliated enterprise" means any entity of any form that is wholly owned, controlled, or managed by a health care business, or in which a health care business holds a beneficial interest of at least twenty-five percent (25%) either through ownership of shares or control of memberships.

(b) "Available for public inspection" means available at the facility or agency during regular business hours to any person for inspection or copying, or both, with any charges for the copying limited to the reasonable cost of reproduction and, when applicable, postage.

(c) "Caregiver" or "licensed or certified caregiver" means health personnel licensed or certified under Division 2 (commencing with Section 500) of the Business and Professions Code, including a person licensed under any initiative act referred to therein, health personnel regulated by the State Department of Health Services, and health personnel regulated by the Emergency Medical Services Authority.

(d) "Health care business" means any health facility, organization, or institution of any kind that provides, or arranges for the provision of, health services, regardless of business form and whether or not organized and operating as a profit or nonprofit, tax-exempt enterprise, including all of the following:

(1) Any health facility defined herein.

(2) Any health care service plan as defined in subdivision (f) of Section 1345 of the He and Safety Code.

(3) Any nonprofit hospital service plan as governed by Chapter 11a (commencing with Section 11491) of Part 2 of Division 2 of the Insurance Code.

(4) Any disability insurer providing hospital, medical, or surgical coverage as governed by Section 11012.5 and following of the Insurance Code.

(5) Any provider of emergency ambulance services, limited advanced life support, or advanced life support services.

(6) Any preferred provider organization, independent practice association, or other organized group of health professionals with 50 or more employees in the aggregate contracting for the provision or arrangement of health services.

(e) "Health care consumer" or "patient" means any person who is an actual or potential recipient of health services.

(f) "Health care services" or "health services" means health services of any kind, including, but not limited to, diagnostic tests or procedures, medical treatments, nursing care, mental health, and other health care services as defined in subdivision (b) of Section 1345 of the Health and Safety Code.

(g) "Health facility" means any licensed facility of any kind at which health services are provided, including, but not limited to, those facilities defined in Sections 1250, 1200, 1200.1, and 1204, and home health agencies, as defined in Section 1374.10, regardless of business form, and whether or not organized and operating as a profit or nonprofit, tax-exempt or non-exempt enterprise, and including facilities owned, operated, or controlled, by governmental entities, hospital districts, or other public entities.

(h) "Private health care business" means any health care business as defined herein except governmental entities, including hospital districts and other public entities. "Private health care business" shall include any joint venture, partnership, or any other arrangement or enterprise involving a private entity or person in combination or alliance with a public entity.

(i) "Health insurer" means any of the following:

(1) Any health care service plan as defined in subdivision (f) of Section 1345 of the Health and Safety Code.

(2) Any nonprofit hospital service plan as governed by Chapter 11a (commencing with Section 11491) of Part 2 of Division 2 of the Insurance Code.

(3) Any disability insurer providing hospital, medical, or surgical coverage as governed by Section 11012.5 and following of the Insurance Code.

Proposition 215: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds a section to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Section 11362.5 is added to the Health and Safety Code, to read:

11362.5. (a) This section shall be known and may be cited as the Compassionate Use Act of 1996.

(b)(1) The people of the State of California hereby find and declare that the purposes of the Compassionate Use Act of 1996 are as follows:

(A) To ensure that seriously ill Californians have the right to obtain and use marijuana for medical purposes where that medical use is deemed appropriate and has been recommended by a physician who has determined that the person's health would benefit from the use of marijuana in the treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

(B) To ensure that patients and their primary caregivers who obtain and use marijuana for medical purposes upon the recommendation of a physician are not subject to criminal prosecution or sanction.

(C) To encourage the federal and state governments to implement a plan to provide for . safe and affordable distribution of marijuana to all patients in medical need of marijuana.

(2) Nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, nor to condone the diversion of marijuana for nonmedical purposes.

(c) Notwithstanding any other provision of law, no physician in this state shall be punished, or denied any right or privilege, for having recommended marijuana to a patient for medical purposes.

(d) Section 11357, relating to the possession of marijuana, and Section 11358, relating to the cultivation of marijuana, shall not apply to a patient, or to a patient's primary caregiver, who possesses or cultivates marijuana for the personal medical purposes of the patient upon the written or oral recommendation or approval of a physician.

(e) For the purposes of this section, "primary caregiver" means the individual designated by the person exempted under this section who has consistently assumed responsibility for the housing, health, or safety of that person.

SEC. 2. If any provision of this measure or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the measure that can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

Proposition 216: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Division 2.4 (commencing with Section 1796.01) is added to the Health and Safety Code to read:

DIVISION 2.4. THE PATIENT PROTECTION ACT

CHAPTER 1. PURPOSE AND INTENT

1796.01. This division shall be known as the "Patient Protection Act." The people of California find and declare all of the following:

(a) No health maintenance organization (HMO) or other health care business should be able to prevent doctors, registered nurses, and other health care professionals from informing patients of any information that is relevant to their health care.

(b) Doctors, registered nurses, and other health care professionals should be able to advocate for patients without fear of retaliation from HMOs and other health care businesses.

(c) Health care businesses should not create conflicts of interest that force doctors to choose between increasing their pay or giving their patients medically appropriate care.

(d) Patients should not be denied the medical care their doctor recommends just because their HMO or health insurer thinks it will cost too much.

(e) HMOs and other health insurers should establish publicly available criteria for authorizing or denying care that are determined by appropriately qualified health professionals.

(f) No HMO or other health insurer should be able to deny a treatment recommended by a patient's physician unless the decision to deny is made by an appropriately qualified health professional who has physically examined the patient.

(g) All doctors and health care professionals who are responsible for determining in any way the medical care that a health plan provides to patients should be subject to the same professional standards and disciplinary procedures as similarly licensed health professionals who provide direct care for patients.

(h) No hospital, nursing home, or other health facility should be allowed to operate unless it maintains minimum levels of safe staffing by doctors, registered nurses, and other health professionals.

(i) The quality of health care available to California consumers will suffer if health becomes a big business that cares more about making money than it cares about taking g care of patients.

(j) It is not fair to consumers when health care executives are paid millions of dollars in salaries and bonuses while consumers are being forced to accept more and more restrictions on their health care coverage.

(k) The premiums paid to health insurers should be spent on health care services for

patients, not on big corporate salaries, expensive advertising, and other excessive administrative overhead.

(l) The people of California should not be forced to rely on politicians and their political appointees to enforce this division. The people themselves should have standing with ministrative agencies and the courts to make sure that the provisions, purposes, and intent is division are carried out.

(m) Health care businesses have a responsibility to provide consumers with a prompt, fair, and understandable means of resolving disputes.

(n) When decisions are made affecting their health care, patients and consumers' interests need to be better represented.

(o) A high quality, safe, and adequately funded public health care system is needed in California to maintain vital emergency and preventive services, to provide a safety net for seniors, and to protect against the threat and taxpayer costs of contagious diseases and other health dangers.

This division contains reforms based upon these findings. It is the purpose and intent of each section of this division to protect the health, safety, and welfare of the people of California by ensuring the quality of health services provided to consumers and patients and by requiring health care businesses to provide the services to which consumers and patients are entitled in a safe and appropriate manner.

Chapter 2. Full Disclosure of Medical Information to Patients

1796.02. No health care business shall attempt to prevent or discourage a physician, nurse, or other licensed or certified caregiver from disclosing to a patient any information that the caregiver determines to be relevant to the patient's health care.

Chapter 3. Doctors and Nurses Must Be Able to Advocate for Their Patients

1796.03. No health care business shall discharge, demote, terminate a contract with, deny privileges to, or otherwise sanction, a physician, nurse, or other licensed or certified caregiver for providing safe, adequate, and appropriate care, for advocating in private or in public on behalf of patients, or for reporting any violation of law to appropriate authorities.

Chapter 4. Ban on Financial Conflicts of Interest

1796.04. No health care business shall offer or pay bonuses, incentives, or other financial compensation directly or indirectly to any physician, nurse, or other licensed or certified caregiver for the denial, withholding, or delay of safe, adequate, and appropriate care to which patients are entitled. This section shall not prohibit a health care business from using capitated rates.

Chapter 5. Written Criteria for the Denial of Care

1796.05. Health care businesses shall establish criteria for denying payment for care and for assuring quality of care. The criteria shall comply with all of the following:

(a) Be determined by physicians, registered nurses, or other appropriately licensed health fessionals, acting within their existing scope of practice and actively providing direct care tients.

(b) Use sound clinical principles and processes.

(c) Be updated at least annually.

(d) Be publicly available.

Chapter 6. Patients Must Be Examined Before Care is Denied

1796.06. In arranging for medical care and in providing direct care to patients, no health care business shall refuse to authorize the health care services recommended by a patient's physician, registered nurse, or other appropriately licensed caregiver to which that patient is entitled unless the employee or contractor who authorizes the denial on behalf of the health care business has physically examined the patient in a timely manner, and unless that employee or contractor is an appropriately licensed health care professional with the education, training, and relevant expertise that is appropriate for evaluating the specific clinical issues involved in the denial. Any denial and the reasons for it shall be communicated in a timely manner in writing to the patient and to the caregiver whose recommendation is being denied.

Chapter 7. Doctors and Nurses Determine Medical Care

1796.07. A physician, registered nurse, or other licensed caregiver who is an employee or contractor of a health care business and who is responsible for establishing procedures for assuring quality of care or in any way determining what care will be provided to patients shall be subject to the same standards and disciplinary procedures as all other physicians, registered nurses, or other licensed caregivers providing direct patient care in California.

Chapter 8. Safe Physician and Nursing Levels in Health Facilities

1796.08. (a) All health care facilities shall provide safe and adequate staffing of physicians, registered nurses, and other licensed and certified caregivers. The skill, experience, and preparatory educational levels of those caregivers shall be in conformity with all requirements of professional, licensing, and certification standards adopted by regulatory and accreditation agencies.

(b) The State Department of Health Services shall issue emergency regulations within six months of the effective date of this division establishing standards to determine the numbers and classifications of licensed or certified direct caregivers necessary to ensure safe and adequate staffing at all health care facilities. The standards shall be based upon: (1) the severity of illness of each patient; (2) factors affecting the period and quality of recovery of each patient; and (3) any other factor substantially related to the condition and health care needs of each patient.

(c) All health care facilities shall be required as a condition of a license to file annually with the Department a statement of compliance certifying that the facility is maintaining safe adequate staffing levels, and has adopted and is maintaining uniform methods for ring safe staffing levels in accordance with this section.

(d) A written explanation of the current method for applying the standards in determining safe staffing levels, and daily reports of the staffing patterns utilized by the facility, shall be available for public inspection at the facility.

(e) Safe and adequate staffing levels shall be considered by courts as an element of the standard of reasonable care, skill, and diligence ordinarily used by health care facilities generally in the same or similar locality and under similar circumstances.

Chapter 9. Public Disclosure of Financial and Quality Reports

1796.09. All health care businesses and their affiliated enterprises shall file annually with the State Department of Health Services the following information:

(a) All quality health care indicators, criteria, data, or studies used to evaluate, assess, or determine the nature, scope, quality, and staffing of health care services, and for reductions in or modifications of the provision of health care services.

(b) With respect to private health care businesses with more than one hundred and fifty employees in the aggregate, both of the following:

(1) All financial reports and returns required by federal and state tax and securities laws, and statements of any financial interest greater than 5 percent or five thousand dollars ($5,000), whichever is lower, in any other health care business or ancillary health care service supplier.

(2) A description of the subject and outcome of all complaints, lawsuits, arbitrations, or other legal proceedings brought against the business or any affiliated enterprise, unless disclosure is prohibited by court order or applicable law.

(c) The filings required by this section shall also be available for public inspection after filing, and provided at the actual cost of reproduction and postage to the Health Care Consumer Association.

Chapter 10. Protection of Patient Privacy

1796.10. The confidentiality of patients' medical records shall be fully protected as provided by law. No section of this division shall be interpreted as changing those protections, except that no health care business shall sell a patient's medical records to any third parties without the express written authorization of the patient.

Chapter 11. Resolution of Disputes over Quality of Care

1796.11. When there is a dispute between a patient and a private health care business over the quality of care that the consumer has received, and the patient has been harmed in any way, the patient may not be required to give up the right to go directly to court to resolve the dispute unless the consumer has agreed to do so and the agreement for alternative resolution of disputes: (1) is written in a manner understandable by a lay person; (2) is not made a condition of the patient's coverage or entitlement to health care services; (3) provides the patient with at least twenty-one days in which to review the agreement; (4) allows the patient to revoke the agreement for a period of seven days after signing it, during which the agreement is unenforceable; and (5) informs the consumer of the protections provided by this section. Nothing in this section shall be construed to prohibit or limit the health care consumer's right to voluntarily utilize alternative dispute resolution options in accordance with this section.

Chapter 12. Health Care Consumer Association

1796.12. (a) No later than six months after the passage of this division, a consumer-based, not-for-profit, tax-exempt public corporation known as the Health Care Consumer Association (HCCA) shall be established to serve the essential public and governmental purposes of protecting and advocating the interests of health care consumers, including their interest in the quality and delivery of care, and to operate as a necessary element of California's regulation of the provision of health care services in order to ensure through education and advocacy safe and adequate care for the people of California.

(b) The duties of the HCCA shall include evaluating and issuing reports on the quality of health care services provided by health care businesses; advising other state agencies in their adoption of any standards and regulations related to this division, and advocating legislation to protect and promote the interests of health care consumers; and by initiating or intervening by right in any administrative or legal proceeding to implement or enforce this division, on behalf of the public interest. The HCCA shall not sponsor, endorse, or oppose any candidate for any elected office.

(c) The HCCA shall be governed by a board of directors composed of public members, six of whom are appointed by the Governor and confirmed by the Senate for two year terms, and seven public members, elected by the members of the HCCA, who shall serve two year terms, the first election occurring within one year of the establishment of the HCCA. The board shall hire officers and establish procedures governing board elections. No member of the board may vote on any matter in which the member has a conflict of interest, and members may be removed by a vote of the board for malfeasance or inability to fulfill their duties. All meetings of the board shall be open to the public.

(d) Membership in the organization shall be free to any California consumer who wishes to join. The organization shall be funded exclusively by voluntary membership contributions, which shall be kept confidential, grants, or donations. All the monies shall be deposited in the "Health Care Consumer Protection Fund" which shall be maintained as a trust by the State Treasurer. Monies in this fund shall be automatically and continuously appropriated for expenditure by the HCCA's board in the fulfillment of the duties set forth in this section. The Legislature shall make no other appropriation for this section, nor shall it have any right to appropriate the trust funds monies for other purposes.

(e) Every private health care business with more than fifty employees in the aggregate shall enclose a notice in every insurance policy, contract, renewal, bill, or explanation of benefits or services informing health care consumers of the opportunity to become a member of the HCCA and to make a voluntary contribution to the organization. The State Director of Health Services shall review the content of the notice and ensure that it is content-neutral and neither false nor misleading. The HCCA shall proportionately reimburse the health care business for any costs incurred by inclusion of the enclosure.

(f) The HCCA shall file an annual report of its activities and finances with the State Department of Health Services, which shall have the right to reasonable, periodic audits of its records. No law restricting or prescribing a mode of procedure for the exercise of the powers of state bodies or state agencies shall be applicable to the HCCA unless the Legislature expressly so declares pursuant to Section 1796.19.

Chapter 13. Protection of Public Health and Safety Fund

1796.13. (a) A "Public Health and Preventive Services Fund" is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, the monies in the fund are continuously appropriated to the State Department of Health Services for

expenditure, without regard to fiscal years, which shall administer them solely for the purposes of this division.

(b) All monies collected and deposited into the fund shall first be used to pay any costs associated with implementation of this division. Any remaining monies in the fund shall be distributed by the State Department of Health Services and used for purposes of: (1) assisting in the maintenance of essential community public health services, including trauma care, communicable disease control, and preventive services; (2) assuring the maintenance of health services for seniors whose access to safe and adequate care is jeopardized by cuts in Medicare and other benefits; and (3) ensuring adequate access to public health services and facilities, including access by individuals and families who suffer loss of health benefits due to job loss or their employer's decision to curtail or discontinue health benefits.

(c) The Board of Equalization shall assess and collect the following fees for deposit to the fund:

(1) The following quality care and public health fees are imposed on private health care businesses and ancillary health care service suppliers that have one hundred and fifty or more employees in the aggregate:

(A) Community Health Service Disinvestment Fee. An annual fee is imposed for any action involving the reorganization, restructuring, downsizing, or closing of health care facilities in a community undertaken by the private health care business or in concert with any other person or entity, or both, that results in a reduction of health care services for the community. The annual health service disinvestment fee shall be assessed on the basis of the following:

(i) For each inpatient care facility at which a reduction of licensed patient care beds occurs, the fee shall be determined according to the following formula: the bed reduction percentage (divide the number of licensed beds eliminated during the year by the total number of licensed beds at beginning of year), multiplied by the facility gross patient revenue for the year, multiplied by one percent. The disinvestment fee shall be applicable to the elimination of licensed inpatient care beds from health care facilities of any kind, including but not limited to, acute care, sub-acute care, and long-term nursing care facilities.

(ii) The fee determined by subparagraph (A) above shall be assessed for each of five consecutive years beginning with the year in which the elimination of licensed patient care beds occurs. A separate fee shall be assessed in each year in which additional licensed patient care beds are eliminated from any inpatient facility. Any health facility that restores patient-care beds that were eliminated and subject to fees under this section shall be entitled to a proportionate offset of fees based on the number of beds restored.

(B) Fee on Conversion to For Profit Health Care. A conversion fee shall be imposed on each of the following transactions:

(i) Any change in status of a private health care business or ancillary health care service supplier from a California Public Benefit Corporation to any other form of business entity.

(ii) Any sale, lease, conveyance, exchange, transfer, or encumbrance of the assets of a private health care business or ancillary health care service supplier that is a California Public Benefit Corporation to any person or entity that is not a California Public Benefit Corporation which constitutes ten percent or more of the corporation's assets.

(iii) Any sale, lease, conveyance, exchange, transfer, or encumbrance of the assets of health facilities owned by any governmental or public entity including any hospital district to any private person or entity.

(iv) The conversion fee under clauses (i) and (ii) shall be assessed on the resulting entity after a change in status under clause (i) and on the transferee of assets under clause (ii), and shall be in the amount of ten percent of the total value of all assets involved in the transaction and shall constitute a dedication of assets to charitable purposes within the meaning of applicable law. The conversion fee under clause (iii) shall be assessed on the transferee of assets in the amount of one percent of the total value of all assets involved in the transaction.

(C) Excessive Compensation Fee. Every officer, director, executive, management official, employee, agent, or consultant for a private health care business or ancillary health care service supplier who personally, or together with family members, holds stock or securities of any kind in the health care business or supplier, and/or its affiliated enterprises, valued at more than two million dollars ($2,000,000) shall be assessed a fee in the amount of 2.5 percent on the value of any new stock or securities received as compensation for services. This fee shall be assessed in the year the stock or securities are received, or in the year the compensation is otherwise taxable under applicable provisions of the California Revenue and Taxation Code and the United States Internal Revenue Code.

(D) Merger, Acquisition, and Monopolization Fee. A merger, acquisition, and monopolization fee shall be imposed in each of the following transactions:

(i) On the surviving entity in any merger of a private health care business with any other private health care business, or with any person or entity engaging in any business of any kind.

(ii) On the acquiring entity in any acquisition of any health care business by any private health care business, or by any person or entity engaging in any business of any kind.

(iii) On the participating entities in the establishment of any multiprovider network(s) by private health care businesses that jointly market or provide, or both, their health care services to purchasers of health care services with respect to the revenue obtained by each from the network.

(iv) The fee imposed by clauses (i) and (ii) shall be assessed in the amount of one percent of all assets within the State of California involved in the transaction. No private health care business that is required to pay a conversion fee for a transaction subject to subparagraph (B) shall be required to pay a fee under this clause for the same transaction.

(v) The fee imposed by clause (iii) shall be an annual fee assessed for each of five consecutive years in which the multiprovider network operates in the amount of three percent of the gross annual revenue derived from services provided by the network in the State of California.

(2) For purposes of this section, "ancillary health care service supplier" includes, but is not limited to, health facilities, health care businesses, as well as suppliers of pharmaceutical, laboratory, optometry, prosthetic, or orthopedic supplies or services, suppliers of durable medical equipment, and those businesses that supply care or treatment models, staffing methodologies, quality assurance, or measurement systems and methodologies.

(3) This section does not apply to governmental entities, hospital districts, or other public entities. However, this section shall apply to any joint venture, partnership, affiliated entities, or any other arrangement or enterprise involving a private entity or person in combination or alliance, or both, with a public entity to the extent assets are received or revenues are earned and reported to any governmental entity as assets or revenues of the joint venture or private entity. Notwithstanding Sections 213 to 214, inclusive, and Section 23701 of the Revenue and Taxation Code, this section shall apply to all private health care businesses regardless of whether the business was organized and operates as a nonprofit or tax-exempt enterprise. provision of this section is intended to impose any fee on insurers that is not permitte. Section 28 of Article XIII of the California Constitution. The Board of Equalization shall adopt all necessary regulations to implement this section.

Chapter 14. No Unnecessary Increases in Premiums, Co-Payments, Deductibles or Charges

1796.14. After the effective date of this division, no private health care business shall increase premiums, co-payments, deductibles, or charges for health services unless it first files a statement with the State Department of Health Services that certifies under penalty of perjury that the increases are necessary and that discloses for public inspection the following information: (1) total amounts of additional annual revenue that will result from the increases; (2) a description of the anticipated uses of the revenue; and (3) the amounts of total revenue and total expenses of the health care business for each of the previous three years.

Chapter 15. Definitions

1796.15. The following definitions shall apply to this division:

(a) "Affiliated enterprise" means any entity of any form that is wholly owned, controlled, or managed by a health care business, or in which a health care business holds a beneficial interest of at least twenty-five percent either through ownership of shares or control of memberships.

(b) "Available for public inspection" means available at the facility during regular business hours to any person for inspection or copying, or both, at a charge for the reasonable costs of reproduction.

(c) "Caregiver" or "licensed or certified caregiver" means a person licensed under, or licensed under any initiative act referred to in, Division 2 (commencing with Section 500) of the Business and Professions Code.

(d) "Health care business" means any health facility, organization, or institution of any kind, with more than 25 employees in the aggregate, that provides or arranges for the provision of health services, including any "health facility" as defined herein, any "health care service plan" as defined in Section 1345, any health care insurer or nonprofit hospital service plan as defined in the Insurance Code that issues or administers individual or group insurance policies providing health services, and any medical groups, preferred provider organizations, or independent practice organizations, regardless of business form, and whether or not organized and operating as a profit or nonprofit, tax-exempt, or non-exempt enterprise.

(e) "Health care consumer" or "patient" means any person who is an actual or potential recipient of health services.

(f) "Health care services" or "health services" means health care services of any k including, but not limited to, diagnostic tests or procedures, medical or surgical treatm nursing care, and other health care services as defined in subdivision (b) of Section 1345.

(g) "Health facility" means any facility of any kind at which health services are provided, including, but not limited to, those facilities defined in Sections 1200, 1200.1, 1204, 1250, clinics, and home health agencies as defined in Section 1374.10, regardless of business form, and whether or not organized and operating as a profit or nonprofit, tax-exempt or non-exempt enterprise, and including facilities owned, operated, or controlled by governmental entities, hospital districts, or other public entities.

(h) "Private health care business" means any "health care business" as defined herein except governmental entities, hospital districts, or other public entities. "Private health care business" shall include any joint venture, partnership, or any other arrangement or enterprise involving a private entity or person in combination or alliance, or both, with a public entity.

Chapter 16. Interpretation

1796.16. This division is written in plain language so that people who are not lawyers can read and understand it. When any question of interpretation arises it is the intent of the people that this division shall be interpreted in a manner that is consistent with its purpose, findings, and intent and, to the greatest extent possible, advances and safeguards the rights of patients, enhances the quality of health care services to which consumers and patients are entitled, and furthers the application of the reforms contained in this division. If any provision of this division conflicts with any other provision of statute or legal precedent, this division shall prevail.

Chapter 17. Implementation and Enforcement

1796.17. (a) The provisions of this division shall be administered and enforced by the appropriate state agencies, which shall issue regulations, hold hearings, and take any other administrative actions that are necessary to carry out the purposes and enforce the provisions of this division. Health care consumers shall have standing to intervene in any proceeding arising from this division. Any person may also go directly to court to enforce any provision of this division, individually, or on behalf of the public interest. In any successful action by health care consumers to enforce this division on behalf of the public interest, a substantial benefit will be conferred upon the general public. Conduct in violation of this division is wrongful and in violation of public policy. These remedies are in addition and cumulative to any other remedies provided by statute or common law.

(b) Any private health care business found by a court in either a private or governmental enforcement action to have engaged in a pattern and practice of deliberate or willful violation of this division shall, for a period of five years, be prohibited from asserting as a defense, or otherwise relying on, in any civil or criminal action against it for restraint of trade, unfair trade practices, unfair competition or other violations of Part 2 (commenc with Section 16600) of Division 7 of the Business and Professions Code, any of the anti law exemptions contained in Section 16770 of the Business and Professions Code, Sect 1342.6 of the Health and Safety Code, or Section 10133.6 of the Insurance Code.

Chapter 18. Severability

1796.18. If any provision, sentence, phrase, word, or group of words in this division, or their application to any person or circumstance, is held to be invalid, that invalidity shall not

affect other provisions, sentences, phrases, words, groups of words or applications of this division. To this end, the provisions, sentences, phrases, words, and groups of words in this division are severable.

CHAPTER 19. AMENDMENT

'96.19. No provision of this division may be amended by the Legislature except to .ner the purposes of that provision by a statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring, or by a statute that becomes effective only when approved by the electorate. No amendment by the Legislature shall be deemed to further the purposes of this division unless it furthers the purpose of the specific provision of this division that is being amended. In any judicial action with respect to any legislative amendment, the court shall exercise its independent judgment as to whether or not the amendment satisfies the requirements of this section.

Proposition 217: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends and adds sections to various codes; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Local Control and Fiscal Responsibility Act

Section 1. The people of the State of California do hereby find and declare all of the following:

(a) Local taxpayers have the right to see their property tax dollars controlled locally and spent for the local services they need. But every year since 1992, against the wishes of local government and taxpayers, the state government has taken at least three billion six hundred million dollars ($3,600,000,000) of property taxes from the cities and counties to cover the state's budget deficit.

(b) This property tax shift from local government control to state government has severely damaged the ability of local governments to provide basic local services such as police, sheriffs, fire, parks, libraries, emergency medical services, and child protection.

(c) To replace the funds taken by the state government, ordinary taxpayers have been burdened with increased sales taxes and other taxes and increased fees at the local level even as local services have been cut.

(d) Instead of reversing this tax shift from the state back to local control, the state Legislature gave an eight hundred million dollars ($800,000,000) tax break to the wealthiest 1.2% of Californians by reducing the top income tax brackets in 1996. These wealthiest 1.2% of taxpayers will receive at least four billion dollars ($4,000,000,000) in tax breaks over the next 5 years while local services will suffer and average taxpayers get no relief.

(e) When tax measures which fall on ordinary citizens, such as sales tax increases, were due to end, the state Legislature has continued them or provided for a vote of the people on their continuation. But when income tax rates on only the very wealthiest 1.2% of taxpayers were due to expire, the state Legislature refused to even allow a vote of the people on continuing the top income tax brackets.

(f) Reversing these two actions of the Legislature—the property tax shift and the tax cut for the wealthy—will help restore stability to city and county services, will relieve the burden on local taxpayers, and will improve the fiscal and economic condition of the entire state of California.

(g) Thus, the people of the State of California enact the "Local Control and Fiscal Responsibility Act" to provide cities and counties with fiscal relief and restoration in proportion to the revenue loss that each local agency sustains as a result of the continued financing of the state budget at the expense of local government, and to pay for the amount of fiscal relief and restoration as can be financed by continuing those top income tax rates on the wealthiest taxpayers that would otherwise expire in 1996.

(h) It is the intent of the people of the State of California to restore the historical connection of basic local government services to the local property tax. In view of the complexity of both the method by which the Legislature transferred property tax revenues from local agencies and of reversing this transfer by the initiative process, the people hereby call upon the Legislature and Governor to take those actions that are necessary to reverse the property tax shift from cities, counties, and special districts in a manner that maintains and is consistent with the funding and allocation levels resulting from this measure.

Section 2. Chapter 6.6 (commencing with Section 30061) is added to Part 6 of Division 3 of Title 3 of the Government Code, to read:

CHAPTER 6.6. LOCAL FISCAL RELIEF

30061. (a) Upon receipt by a county of an apportionment made pursuant to subdivision (b) of Section 19603, the county treasurer shall deposit that apportionment in a Fiscal Relief and Restoration Fund in the county treasury and shall notify the auditor of the amount of that deposit. For each fiscal year immediately following a fiscal year in which a deposit is made into a county's Fiscal Relief and Restoration Fund pursuant to this section, the auditor shall allocate the amount of the deposit, including any interest accrued thereon, among the local agencies in the county in accordance with each local agency's proportionate share of the total amount of property tax revenue that is required to be shifted from all local agencies in the county for that fiscal year as a result of Sections 97.2 and 97.3 of the Revenue and Taxation Code. For purposes of determining proportionate shares pursuant to the preceding sentence, the auditor shall reduce the shift amount determined for each local agency by the amount of money allocated to that agency pursuant to Section 35 of Article XIII of the California Constitution, and shall also reduce the shift amount determined for all local agencies in the county pursuant to that same constitutional provision. For purposes of this subdivision, "local agency" does not include a redevelopment agency or an enterprise special district, and an "enterprise special district" means a special district that engages in an enterprise activity as identified in the 1989–90 edition of the State Controller's Report on Financial Transactions of Special Districts in California.

(b) It is the intent of the people of the State of California in enacting this section to provide basic fiscal relief to local agencies in proportion to the amounts of property tax revenue that state law diverted from local agencies commencing with the 1992–93 and 1993–94 fiscal years, but reduced by the additional revenue allocated to those agencies pursuant to the sales and use tax currently imposed by Proposition 172, which was approved by statewide voters at the November 2, 1993, special statewide election.

Section 3. Limit on future property tax shifts.

Section 97.42 is added to the Revenue and Taxation Code, to read:

97.42. (a) Notwithstanding any other provision of law, for each fiscal year commencing with the 1996–97 fiscal year, the auditor shall not reduce the proportionate share of total property tax revenues collected in the county that is allocated to local agencies below the corresponding proportionate share for those local agencies for the 1995–96 fiscal year.

(b) It is the intent of the people of the State of California in enacting this section that the amount of fiscal relief provided by the statutory initiative adding this section not be offset by an additional diversion of local property tax revenues by the state. It is further the intent of the people that the amount of fiscal relief provided by this statutory initiative not be offset by any other diversions of local revenue by the state.

Section 4. Continuation of the top income tax brackets.

Section 17041 of the Revenue and Taxation Code is amended to read:

17041. (a) (1) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state, except the head of a household as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income:

If the taxable income is:	the tax is:
Not over $3,650	1% of the taxable income
Over $3,650 but not over $8,650	$36.50 plus 2% of the excess over $3,650
Over $8,650 but not over $13,650	$136.50 plus 4% of the excess over $8,650
Over $13,650 but not over $18,950	$336.50 plus 6% of the excess over $13,650
Over $18,950 but not over $23,950	$654.50 plus 8% of the excess over $18,950
Over $23,950	$1,054.50 plus 9.3% of the excess over $23,950

(2) (A) For any taxable year beginning on or after January 1, 1991 ~~, and before January 1, 1996~~ , the income tax brackets and rates set forth in paragraph (1) shall be modified by each of the following:

(i) For that portion of taxable income that is over one hundred thousand dollars ($100,000) but not over two hundred thousand dollars ($200,000), the tax rate is 10 percent of the excess over one hundred thousand dollars ($100,000).

(ii) For that portion of taxable income that is over two hundred thousand dollars ($200,000), the tax rate is 11 percent of the excess over two hundred thousand dollars ($200,000).

(B) The income tax brackets specified in this paragraph shall be recomputed, as otherwise provided in subdivision (h), only for taxable years beginning on and after January 1, 1992.

(b) There shall be imposed for each taxable year upon the entire taxable income of every nonresident or part-year resident which is derived from sources in this state, except the head of a household as defined in Section 17042, a tax which shall be equal to the tax computed under subdivision (a) as if the nonresident or part-year resident were a resident multiplied by the ratio of California adjusted gross income to total adjusted gross income from all sources. For purposes of computing the tax under subdivision (a) and gross income from all sources, the net operating loss deduction provided in Section 172 of the Internal Revenue Code, as modified by Section 17276, shall be computed as if the taxpayer was a resident for all prior years.

(c) (1) There shall be imposed for each taxable year upon the entire taxable income of every resident of this state, when the resident is the head of a household, as defined in Section 17042, taxes in the following amounts and at the following rates upon the amount of taxable income:

If the taxable income is:	the tax is:
Not over $7,300	1% of the taxable income
Over $7,300 but not over $17,300	$73 plus 2% of the excess over $7,300
Over $17,300 but not over $22,300	$273 plus 4% of the excess over $17,300
Over $22,300 but not over $27,600	$473 plus 6% of the excess over $22,300
Over $27,600 but not over $32,600	$791 plus 8% of the excess over $27,600
Over $32,600	$1,191 plus 9.3% of the excess over $32,600

(2) (A) For any taxable year beginning on or after January 1, 1991 ~~, and before January 1, 1996~~ , the income tax brackets and rates set forth in paragraph (1) shall be modified by each of the following:

(i) For that portion of taxable income that is over one hundred thirty-six thousand one hundred fifteen dollars ($136,115) but not over two hundred seventy-two thousand two hundred thirty dollars ($272,230), the tax rate is 10 percent of the excess over one hundred thirty-six thousand one hundred fifteen dollars ($136,115).

(ii) For that portion of taxable income that is over two hundred seventy-two thousand two hundred thirty dollars ($272,230), the tax rate is 11 percent of the excess over two hundred seventy-two thousand two hundred thirty dollars ($272,230).

(B) The income tax brackets specified in this paragraph shall be recomputed, as otherwise provided in subdivision (h), only for taxable years beginning on and after January 1, 1992.

(d) There shall be imposed for each taxable year upon the entire taxable income of every nonresident or part-year resident which is derived from sources within this state when the nonresident or part-year resident is the head of a household, as defined in Section 17042, a tax which shall be equal to the tax computed under subdivision (c) as if the nonresident or part-year resident were a resident multiplied by the ratio of California adjusted gross income to total adjusted gross income from all sources. For purposes of computing the tax under subdivision (c) and gross income from all sources, the net operating loss deduction provided in Section 172 of the Internal Revenue Code, as modified by Section 17276, shall be

computed as if the taxpayer was a resident for all prior years.

(e) There shall be imposed for each taxable year upon the taxable income of every estate, trust, or common trust fund taxes equal to the amount computed under subdivision (a) for an individual having the same amount of taxable income.

(f) The tax imposed by this part is not a surtax.

(g) (1) Section 1 (g) of the Internal Revenue Code, relating to certain unearned income of minor children taxed as if the parent's income, shall apply, except as otherwise provided.

(2) Section 1(g)(7)(B)(ii)(II) of the Internal Revenue Code, relating to income included on parent's return, is modified, for purposes of this part, by substituting "five dollars ($5)" for "seventy-five dollars ($75)" and "1 percent" for "15 percent."

(h) For each taxable year beginning on or after January 1, 1988, the Franchise Tax Board shall recompute the income tax brackets prescribed in subdivisions (a) and (c). That computation shall be made as follows:

(1) The California Department of Industrial Relations shall transmit annually to the Franchise Tax Board the percentage change in the California Consumer Price Index for all items from June of the prior calendar year to June of the current calendar year, no later than August 1 of the current calendar year.

(2) The Franchise Tax Board shall do both of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding taxable year income tax brackets by the inflation adjustment factor determined in subparagraph (A) and round off the resulting products to the nearest one dollar ($1).

(i) (1) For purposes of this section, the term "California adjusted gross income" includes each of the following:

(A) For any part of the taxable year during which the taxpayer was a resident of this state (as defined by Section 17014), all items of adjusted gross income, regardless of source.

(B) For any part of the taxable year during which the taxpayer was not a resident of this state, only those items of adjusted gross income which were derived from sources within this state, determined in accordance with Chapter 11 (commencing with Section 17951).

(2) For purposes of computing "California adjusted gross income" under paragraph (1), the amount of any net operating loss sustained in any taxable year during any part of which the taxpayer was not a resident of this state shall be limited to the sum of the following:

(A) The amount of the loss attributable to the part of the taxable year in which the taxpayer was a resident.

(B) The amount of the loss which, during the part of the taxable year the taxpayer is not a resident, is attributable to California source income and deductions allowable in arriving at adjusted gross income.

(j) It is the intent of the people of the State of California in enacting the amendments to this section made by the statutory initiative adding this subdivision to continue those marginal income tax rates that affect only the very highest income taxpayers and would otherwise expire in 1996, in order to generate those revenues necessary to provide a basic level of local fiscal relief and maintain the state's ability to fulfill its other obligations. It is the intent of the people of the State of California that any future enactment that alters the rate, base, or burden of the state personal income tax at least maintain the level and proportionate share of revenues derived from the marginal income tax rates provided for by the statutory initiative adding this subdivision.

Section 5. Allocation of revenues from state to local government.

Section 19603 of the Revenue and Taxation Code is amended to read:

19603. ~~The~~ *(a) Except as provided in subdivision (b), the* balance of the moneys in the Personal Income Tax Fund shall, upon order of the Controller, be drawn therefrom for the purpose of making refunds under this part or be transferred to the General Fund undelivered refund warrants shall be redeposited in the Personal Income Tax Fund receipt by the Controller.

(b) (1) (A) Subject to any reduction required by subparagraph (B), on December 1 of each fiscal year, there is hereby deposited in the Local Agency Fiscal Restoration Account, which is hereby created in the General Fund, that additional amount of personal income tax revenue that is collected for the immediately preceding taxable year as a result of the amendments to Section 17041 made by the statutory initiative adding this subdivision, which continue in existence the two highest personal income tax rates.

(B) Notwithstanding any other provision of law, any increase resulting from the statutory initiative adding this subdivision in the amount of state educational funding required by Section 8 of Article XVI of the California Constitution and any implementing statute shall be funded from a reduction in the amount of the deposit otherwise required by subparagraph (A). In no event shall the statutory initiative adding this subdivision result in a level of state educational funding that is less than the level of state education funding that would occur in the absence of that measure.

(2) In each fiscal year, the full amount of revenues that is deposited in the Local Agency Fiscal Restoration Account pursuant to paragraph (1) is hereby appropriated to the Controller for apportionment among all counties in the state. Based upon information provided by the Department of Finance, the Controller shall make an apportionment to each county in accordance with the proportion that the total amount of revenue, required to be shifted for the prior fiscal year from all local agencies in the county as a result of Sections 97.2 and 97.3, bears to the total amount required to be shifted for the prior fiscal year as a result of those same sections for all local agencies in the state. For purposes of determining proportionate shares pursuant to the preceding sentence, the Controller shall reduce the total amount of shift revenue determined for all local agencies of a county by the total amount of revenue allocated in that county pursuant to Section 35 of Article XIII of the California Constitution, and shall also reduce the total amount of shift revenues determined for all local agencies in the state by the total amount of revenue allocated in the state pursuant to that same constitutional provision. Each apportionment received by a county pursuant to this section shall be deposited by the county treasurer as provided in Section 30061 of the Government Code. For purposes of this subdivision, "local agency" has the same meaning as that same term is used in Section 30061 of the Government Code.

(c) It is the intent of the people of the State of California in enacting subdivision (b) to make those personal income tax revenues, derived from the tax rates imposed upon only the very highest income taxpayers, available to relieve local agencies that have been required by state law to assume a portion of the state's funding burden, and thereby allow those agencies to better fund essential public services.

Section 6. The Legislature may amend this measure only by a statute, passed in each house of the Legislature by a two-thirds vote, that is consistent with and furthers the purpose of this measure. However, the Legislature may enact a statute to implement subdivision (h) of Section 1 of this measure with the approval of only a majority of each house of the Legislature.

Proposition 218: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by adding articles thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII C AND ARTICLE XIII D

RIGHT TO VOTE ON TAXES ACT

SECTION 1. TITLE. This act shall be known and may be cited as the "Right to Vote on Taxes Act."

SECTION 2. FINDINGS AND DECLARATIONS. The people of the State of California hereby find and declare that Proposition 13 was intended to provide effective tax relief and to require voter approval of tax increases. However, local governments have subjected taxpayers to excessive tax, assessment, fee and charge increases that not only frustrate the purposes of voter approval for tax increases, but also threaten the economic security of all Californians and the California economy itself. This measure protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent.

SECTION 3. VOTER APPROVAL FOR LOCAL TAX LEVIES. Article XIII C is added to the California Constitution to read:

ARTICLE XIII C

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the state, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

SEC. 2. Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges. Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

SECTION 4. ASSESSMENT AND PROPERTY RELATED FEE REFORM. Article XIII D is added to the California Constitution to read:

ARTICLE XIII D

SECTION 1. Application. Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XI shall be construed to:

(a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.

(b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.

(c) Affect existing laws relating to the imposition of timber yield taxes.

SEC. 2. Definitions. As used in this article:

(a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C.

(b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."

(c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.

(d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.

(e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.

(f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.

(g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.

(h) "Property-related service" means a public service having a direct relationship to property ownership.

(i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited. (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

SEC. 4. Procedures and Requirements for All Assessments. (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.

(b) All assessments shall be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California.

(c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owner's particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.

(d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (c) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.

(e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.

(f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.

(g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

SEC. 5. Effective Date. Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.

(c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.

(d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

SEC. 6. Property Related Fees and Charges. (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:

(1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.

(2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.

(b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:

(1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.

(2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.

(3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

(4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.

(5) No fee or charge may be imposed for general governmental services including, but not limited to, police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners.

Reliance by an agency on any parcel map, including, but not limited to, an assessor's parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

(c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.

(d) Beginning July 1, 1997, all fees or charges shall comply with this section.

SECTION 5. LIBERAL CONSTRUCTION. The provisions of this act shall be liberally construed to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent.

SECTION 6. SEVERABILITY. If any provision of this act, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

Political Party Statements of Purpose

Republican Party

If you have ever wanted to lower taxes so you can keep more of what you earn, you should vote Republican. If you have ever thought that career criminals should be taken off our streets and locked away forever, you should vote Republican. If you have ever thought that we must put an end to illegal immigration once and for all, you should vote Republican.

The California Republican Party will fight for:

- *Tougher penalties for career criminals.* We will fight the liberals who killed the "Three Strikes and You're Out" law.
- *An end to runaway illegal immigration.* Help the Republican Party fight to stop the enormous burden illegal immigration puts on California's economy, schools, and hospitals.
- *A balanced federal budget.* It's high-time the bloated federal government lived within its means. American families have to balance their budgets—why shouldn't the government?
- *A middle-class tax cut.* Americans deserve to keep more of what they earn. The Republican Party is committed to cutting taxes for America's middle class.
- *A truly colorblind society* by working to end special preferences and quotas based upon race. All Americans must be judged on personal merit—not upon arbitrary quotas.

JOHN S. HERRINGTON, *Chairman*
California Republican Party
1903 West Magnolia Boulevard
Burbank, CA 91506
(818) 841-5210
Web Site: http://www.greenlake.com/cagop/

Natural Law Party

The Natural Law Party is America's fastest growing political party—on target to make history as the first third party ever to run 1,000 candidates on the ballot in all 50 states.

The Natural Law Party stands for prevention-oriented government, conflict-free politics, and proven solutions designed to bring national life into harmony with natural law, including:

- Cutting taxes deeply and responsibly through cost-effective solutions to America's problems, rather than by eliminating essential services
- Natural health care programs to prevent disease, promote health, and cut health care costs by 50%
- Proven educational initiatives and curriculum innovations that develop the inner creative genius of the student and boost educational outcomes
- Effective, field-tested crime prevention and rehabilitation programs that significantly reduce crime, recidivism, and the pervasive stress and tension plaguing society
- Sustainable agriculture practices to increase crop yields and boost profitability without hazardous chemical fertilizers and pesticides
- Renewable energy production and energy conservation to reduce pollution and create national energy self-sufficiency
- Reducing government waste and special-interest control of politics

The application of these proven solutions will save America hundreds of billions of dollars, thus allowing the Natural Law Party to balance the budget and lower taxes simultaneously.

JOHN BLACK, *Party Chair for California*
P.O. Box 50843
Palo Alto, CA 94303
(415) 323-0331 or 1-800-515-1008
E-Mail: garden@batnet.com
Web Site: http://www.natural-law.org

Democratic Party

President Clinton and the Democratic Party are working to revitalize the economy and support American families—by reducing crime, improving public education, protecting our nation's senior citizens, and protecting a woman's right to choose.

Revitalized the economy by

- *Cutting the deficit in half.*
- *Lowering unemployment* to the lowest rate in years.
- *Creating over ten million new jobs,* with over 90% of job growth in the private sector, and ensuring equal opportunity in employment.
- *Providing new tax cuts for 90% of small businesses.*
- *Supporting an increase in the minimum wage.*

Reduced crime by

- *Putting 100,000 more cops on the street.*
- *Banning assault weapons.*
- *Signing the Brady Bill* to require a 5-day waiting period to buy a handgun.
- *Fighting domestic violence* with the Violence Against Women Act.

Improved education by

- *Signing the Goals 2000,* which sets education standards and provides increased education funding for public schools.
- *Increasing Head Start funding,* allowing 130,000 more preschoolers to participate.
- *Supporting school uniform policies* to reduce gang activity.
- *Creating the Direct Student Loan Program,* lowering the cost of college loans.

Protected Senior Citizens by

- *Safeguarding Medicare/Medicaid and Social Security from extreme cuts.*
- *Maintaining tough federal standards on nursing homes.*

Revitalizing the economy, supporting families. Vote Democratic in 1996.

ART TORRES, *Chairman*
The California Democratic Party
911 20th Street
Sacramento, CA 95814
(916) 442-5707
E-Mail: info@ca-dem.org
Web Site: http://www.ca-democratic-party.org

Reform Party

The Reform Party is the newest national political party whose birth was started in California in September of 1995. In just 18 days, the Reform Party qualified for the ballot, registering over 120,000 members statewide, the fastest qualification effort in California history!

The Reform Party is the new political party for the 21st century. We believe that every vote counts and seek to include all citizens in the political process. Supporters of the Reform Party are voters who no longer believe either political party is representing their concerns and that the parties are too indebted to narrow interests to change the course of politics today. Restoring America's confidence in her government, which is at an all time low, is our highest priority.

The Reform Party stands for:

- Setting the highest ethical standards for the White House and Congress
- Balancing the federal budget as a top priority
- Meaningful campaign finance reform
- Term limits on Members of Congress
- Creating a new, fair, paperless tax system that pays our nation's bills
- Developing plans to deal with Medicare, Medicaid, and Social Security
- Restricting abuses of foreign and domestic lobbying

REFORM PARTY OF CALIFORNIA
11677 National Boulevard
Los Angeles, CA 90064
(310) 826-5224

The order of the statements was determined by lot.
Statements were compiled by political parties and have not been checked for accuracy by any official agency.

American Independent Party

The American Independent Party, California affiliate of the U.S. Taxpayers Party, supports:

- Improved quality of public education as well as encouragement of private and home school alternatives;
- Control of crime; stiff penalties for repeat offenders, with capital punishment where appropriate; putting criminals behind bars, rather than taking away the citizens' right to own firearms;
- Protection of American jobs from the unfair foreign competition of the NAFTA and GATT/WTO agreements;
- Control of immigration, legal and illegal, and denial of all tax funded benefits to illegal aliens;
- A balanced budget now, along with tax relief to encourage private enterprise job creation;
- Laws to protect the sanctity of human life, including the life of the unborn;
- A debt free money system, and a non-interventionist foreign policy.

We oppose proposed revisions in the California Constitution which would limit your right to vote, impair the people's right of initiative, frustrate voter-adopted term limits, make it easier for government to tax and spend, and create non-responsive, bureaucrat dominated regional governments.

We oppose government speculation with Social Security trust funds, and affirmative action programs which substitute racial favoritism for ability.

Support these principles by voting American Independent. End "politics as usual."

MERTON D. SHORT, *State Chairman*
American Independent Party
P. O. Box 180
Durham, CA 95938
(916) 345-4224

Libertarian Party

The Libertarian Party of California believes in economic freedom and personal liberties. You have the right to do whatever you want—as long as you take responsibility for your actions and don't violate the rights of other people. From gun regulations . . . to seatbelt and motorcycle helmet laws . . . to civil asset forfeiture . . . to new regulations of the Internet, the Libertarian Party of California says NO! We need to cut government back—way back. Governments exist to protect our lives, liberty and property from criminals and foreign invaders. Allow Americans to live their lives and help one another in peace and prosperity. There is a Libertarian Party candidate on your ballot. Register and vote Libertarian. For answers to any questions, please call us toll-free at 1-800-637-1776.

GAIL LIGHTFOOT, LPC Chair
P.O. Box 598
Pismo Beach, CA 93448
(805) 481-3434
Fax: (805) 481-9083
E-Mail: LPCChair@aol.com
Web Site: http://www.lp.org/lp/ca/lpc.html

Peace and Freedom Party

The Peace and Freedom Party stands for democracy, ecology, feminism and socialism. We work for a world where cooperation replaces competition; where all people are well fed, clothed and housed; where all women and men have equal status; a world of freedom and peace where every community retains its cultural integrity and lives with others in harmony. Our vision includes:

- Full employment with a shorter work week; $10 minimum wage with indexing.
- Defend affirmative action.
- Abolish NAFTA and GATT.
- Self determination for all nations and peoples.
- Conversion from a military to a peace economy.
- Social ownership and democratic management of industry and natural resources.
- End homelessness; abolish vagrancy laws; provide decent affordable housing for all.
- Quality health care, education and transportation.
- Free birth control; abortion on demand; no forced sterilization.
- Restore and protect clean air, water, land and ecosystems; develop renewable energy.
- End discrimination based on race, sex, sexual orientation, age or disability.
- Democratic elections through proportional representation.
- Defend and extend the Bill of Rights; oppose the phony drug war; legalize marijuana; decriminalize and treat drug use.
- Abolish the death penalty and laws against victimless acts.
- Tax the rich to meet human needs.

Peace and Freedom Party, P.O. Box 2325, Aptos, California 95001. (408) 688-4268.

C. T. WEBER, *Chair*
Peace and Freedom Party
P.O. Box 741270
Los Angeles, CA 90004
(213) PFP-1998
Web Site: http://www.cruzio.com/~pfparty

Green Party

The Green Party is a new party that has arisen in response to the need for a new political vision free of the failed ideologies of both the right and the left.

The Green Party promotes an ecological vision which understands that all life on our planet is interconnected; that cooperation is more essential to our well-being than competition; and that all people are connected to and dependent upon one another and upon the natural systems of our world. Politics must come to reflect this understanding, and political structures and processes must be based upon it if humanity is to continue to develop and prosper.

The Green Party was founded upon ten key values: Ecological Wisdom, Grassroots Democracy, Social Justice, Nonviolence, Decentralization, Community-based Economics, Feminism, Respect for Diversity, Personal and Global Responsibility and Sustainable Future Focus.

GREEN PARTY OF CALIFORNIA
1008 10th Street, #482
Sacramento, CA 95814
(916) 448-3437
Web Site: http://www.greens.org

The order of the statements was determined by lot.
Statements were supplied by the political parties and have not been checked for accuracy by any official agency.

Secretary of State
1500 11th Street
Sacramento, CA 95814

BULK RATE
U.S.
POSTAGE
PAID
Secretary of
State

This artwork was chosen as the winner in the 1996 "You've Got The Power Logo Contest". The artist is David Castillo, Jr. of Coachella Valley High School in Coachella, California.

IMPORTANT NOTICE

The State produces a cassette-recorded version of this ballot pamphlet. These tape recordings are available from most public libraries. If you have a family member or friend who is *visually impaired*, please inform him or her of this service. Cassettes can be obtained by calling your local public library or your county elections official.

In an effort to reduce election costs, the State Legislature has authorized the State and counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county elections official.

ELECTION MATERIAL

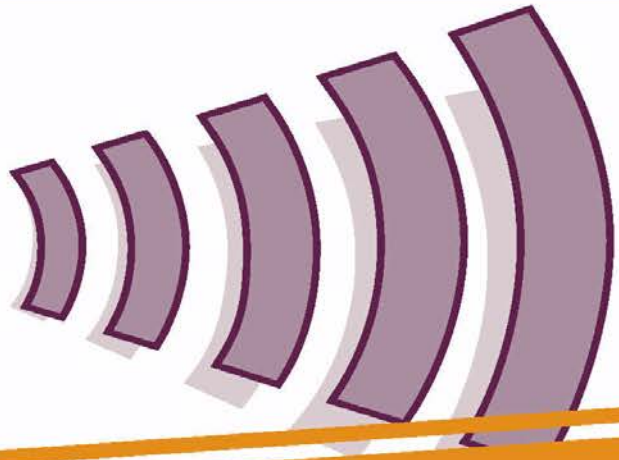
EXHIBIT F

OFFICIAL VOTER INFORMATION GUIDE, CALIFORNIA GENERAL ELECTION, NOVEMBER 2, 2004 [CONTAINING PROPOSITION 1A]

OFFICIAL
VOTER INFORMATION GUIDE

CALIFORNIA GENERAL ELECTION — NOVEMBER 2, 2004

MAKE YOUR VOICE HEARD



SUPPLEMENTAL

REGISTER
LEARN
VOTE

▸ **MAKE YOUR VOTE COUNT**
Register as a Permanent Absentee Voter
To receive your ballot in the mail each election, sign up at **www.MyVoteCounts.org.**

▸ **MAKE AN INFORMED CHOICE**
Read inside about the statewide issues on the ballot.

▸ **MAKE YOUR VOICE HEARD**
Vote on Tuesday, November 2, 2004
The polls are open from 7 a.m. to 8 p.m. on Election Day.

CERTIFICATE OF CORRECTNESS

I, Kevin Shelley, Secretary of State of the State of California, do hereby certify that the measures included herein will be submitted to the electors of the State of California at the General Election to be held throughout the State on November 2, 2004, and that this guide has been correctly prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 28th day of August, 2004.

Kevin Shelley

Kevin Shelley
Secretary of State

SECRETARY OF STATE

Dear Fellow Voter:

This is the "Supplemental" Voter Information Guide. It contains important information on measures that were placed on the ballot too late to be included in the regular Voter Information Guide. Please make sure you have both Guides.

This will be one of the most significant elections in many years and your vote could make the difference. We all know that many recent elections have been decided by just a handful of votes. Be sure to make your voice heard by voting on November 2nd.

One of the easiest ways to make certain your vote will be cast is to vote by mail. This year, you can also become a Permanent Absentee Voter. By applying for a permanent absentee ballot you will be able to automatically vote by mail in every election. You can apply for an absentee ballot right now by visiting our website at **www.MyVoteCounts.org** or by contacting your local elections official. Don't delay. The last day to apply for an absentee ballot is October 26th, but to make sure you receive your ballot in time you should apply as soon as possible.

Remember, you're a Californian—your vote counts!

myVOTE counts

TABLE OF CONTENTS

VOTER BILL OF RIGHTS

1. You have the right to cast a ballot if you are a valid registered voter.
   A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.
2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.
   If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Absentee voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on Election Day.
6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed absentee ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the elections process.
   You have the right to ask questions of the precinct board and election officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

If you believe you have been denied any of these rights, or if you are aware of any election fraud or misconduct, please call the Secretary of State's confidential toll-free

VOTER PROTECTION HOTLINE
1-800-345-VOTE (8683)

Secretary of State | State of California

BALLOT MEASURE SUMMARY

PROP 1A — Protection of Local Government Revenues

Summary

Ensures local property tax and sales tax revenues remain with local government thereby safeguarding funding for public safety, health, libraries, parks, and other local services. Provisions can only be suspended if the Governor declares a fiscal necessity and two-thirds of the Legislature concur. Fiscal Impact: Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

What Your Vote Means

Yes

A **YES** vote on this measure means: State authority over local government finances would be significantly restricted.

No

A **NO** vote on this measure means: The state's current authority over local government finances would not be affected.

Arguments

Pro

Prop. 1A is a historic, bipartisan agreement that prevents the State from taking and using local tax dollars, which local governments use for fire and paramedic response, law enforcement, health care, and other vital services. Join Governor Schwarzenegger, firefighters, law enforcement. PROTECT LOCAL TAXPAYERS AND PUBLIC SAFETY. YES on 1A.

Con

Proposition 1A gives local politicians a spending guarantee without fiscal oversight. It allows the State to permanently raid the property taxes of school districts, but not the property taxes of cities and counties. It locks in the local sales tax rate in the Constitution, preventing the Legislature from ever lowering it.

For Additional Information

For

Yes on 1A Californians to Protect Local Taxpayers and Public Safety
1121 L Street, Suite 803
Sacramento, CA 95814
800-827-9086
info@yesonprop1A.com
www.yesonprop1A.com

Against

Carole Migden, Chairwoman
State Board of Equalization
601 Van Ness Ave., #E3-611
San Francisco, CA 94102

PROP 65 — Local Government Funds, Revenues. State Mandates. Initiative Constitutional Amendment.

Summary

Requires voter approval for reduction of local fee/tax revenues. Permits suspension of state mandate if no state reimbursement to local government within 180 days after obligation determined. Fiscal Impact: Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

What Your Vote Means

Yes

A **YES** vote on this measure means: State authority over local government finances would be significantly restricted. In many cases, the state could not change local governmental finances without approval by the voters at a statewide election.

No

A **NO** vote on this measure means: The state could continue to make changes in local government finances without voter approval at a statewide election.

Arguments

Pro

Con

Our coalition submitted Prop. 65 to the voters, but we are now supporting Prop. 1A—a better, more flexible alternative to protect funding for local taxpayers and local public safety services. Join Governor Schwarzenegger, police, fire, health care, and local government leaders. Yes on Prop. 1A. NO on Prop. 65.

For Additional Information

For

No contact information available.

Against

No contact information available.

PROPOSITION

1A

PROTECTION OF LOCAL GOVERNMENT REVENUES

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Protection of Local Government Revenues

- Protects local funding for public safety, health, libraries, parks, and other locally delivered services.
- Prohibits the State from reducing local governments' property tax proceeds.
- Allows the provisions to be suspended only if the Governor declares a fiscal necessity and two-thirds of the Legislature approve the suspension. Suspended funds must be repaid within three years.
- Also requires local sales tax revenues to remain with local government and be spent for local purposes.
- Requires the State to fund legislative mandates on local governments or suspend their operation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Significant changes to state authority over local finances. Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

Final Votes Cast by the Legislature on SCA 4 (Proposition 1A)

Assembly:	Ayes 64	Noes 13
Senate:	Ayes 34	Noes 5

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Local Government Funding

California cities, counties, and special districts provide services such as fire and police protection, water, libraries, and parks and recreation programs. Local governments pay for these programs and services with money from local taxes, fees, and user charges; state and federal aid; and other sources. Three taxes play a major role in local finance because they raise significant sums of general-purpose revenues that local governments may use to pay for a variety of programs and services. These three taxes are the property tax, the uniform local sales tax, and the vehicle license fee (VLF). Many local governments also impose optional local sales taxes and use these revenues to support specific programs, such as transportation. Figure 1 provides information on these major revenue sources.

State Authority Over Local Finance

The State Constitution and existing statutes give the Legislature authority over the taxes described in Figure 1. For example, the Legislature has some authority to change tax rates; items subject to taxation; and the distribution of tax revenues among local governments, schools, and community college districts. The state has used this authority for many purposes, including increasing funding for local services, reducing state costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance. Figure 2 describes some of these past actions the Legislature has taken.

Requirement to Reimburse for State Mandates

The State Constitution generally requires the state to reimburse local governments, schools, and community college districts when the state

ANALYSIS BY THE LEGISLATIVE ANALYST

FIGURE 1

LOCAL GOVERNMENT TAXES

Property Tax

- Local governments receive general-purpose revenues from a 1 percent property tax levied on real property.
- During the 2003–04 fiscal year, local governments received approximately $15 billion in property tax revenues. (An additional $16 billion in property taxes went to schools and community colleges.)
- There is wide variation in the share of property taxes received by individual local governments. This variation largely reflects differences among local agency property tax

"mandates" a new local program or higher level of service. For example, the state requires local agencies to post agendas for their hearings. As a mandate, the state must pay local governments, schools, and community college districts for their costs to post these agendas. Because of the state's budget difficulties, the state has not provided in recent years reimbursements for many mandated costs. Currently, the state owes these local agencies about $2 billion for the prior-year costs of state-mandated programs. In other cases, the state has "suspended" state mandates, eliminating both local government responsibility for complying

ow property tax revenues [illegible] for reimbursing cities, counties, and special [illegible] that any change in h

bursements.

PROPOSAL

Limitations on Legislature's Authority to Change Local Revenues

This measure amends the State Constitution to significantly reduce the state's authority over

FIGURE 2

MAJOR STATE ACTIONS AFFECTING LOCAL FINANCE

Increasing Funding for Local Services. In 1979, the state shifted an ongoing share of the property tax from schools and community colleges to local governments (cities, counties, and special districts). This shift limited local government program reductions after the revenue losses resulting from the passage of Proposition 13, but increased state costs to backfill schools' and community colleges' property tax losses.

Reducing State Costs. In 1992 and 1993, the state shifted an ongoing share of property taxes from local governments to schools and community colleges. In 2004, the state enacted a similar two-year shift of property taxes ($1.3 billion annually) from local governments to schools and community colleges. These shifts had the effect of reducing local government resources and reducing state costs. The state also reduced its costs by deferring payments to local governments for state mandate reimbursements (most notably in 2002, 2003, and 2004) and for a portion of the vehicle license fee (VLF) "backfill" (2003), described below.

Reducing Taxation. Beginning in 1999, the state reduced the VLF rate to provide tax relief. The state backfilled the resulting city and county revenue losses.

Addressing Concerns Regarding Funding for Specific Local Governments. In the past, the state has at various times adjusted the annual allocation of property taxes and VLF revenues to assist cities that received very low shares of the local property tax.

Restructuring Local Finance. In 2004, the state replaced city and county VLF backfill revenues with property taxes shifted from schools and community colleges.

property tax allocation laws are based.

Vehicle License Fee (VLF)

- The VLF is a tax levied annually on the value of vehicles registered in the state.
- For about a half century, the VLF rate was 2 percent of vehicle value. In 1999, the Legislature began reducing t rate charged to vehicle owners, with the state "backfill the resulting city and county revenue losses.
- During 2003–04, the VLF (set at a rate of 0.65 percent vehicle value) and the VLF backfill would have provided about $5.9 billion to cities and counties. The state, however, deferred payment of part of the backfill to 20
- Under current law, most VLF revenues are allocated to counties for health and social services programs. Some revenues are allocated to cities for general purposes.

Local Sales Tax (Uniform)

- Cities and counties receive revenues from a uniform loc sales tax levied on the purchase price of most goods—s as clothing, automobiles, and restaurant meals. This t sometimes called the "Bradley-Burns" sales tax.
- During 2003–04, this tax was levied at a rate of 1.25 percent and generated about $5.9 billion.
- Under current law, 80 percent of sales tax revenues is distributed to local governments based on where sales occur—to a city if the sale occurs within its boundaries to a county if the sale occurs in an unincorporated are The remaining 20 percent of local sales tax revenues is allocated to counties for transportation purposes.
- Beginning in 2004–05, local governments will receive additional property taxes to replace some local sales t revenues that are pledged to pay debt service on state deficit-related bonds, approved by voters in March 200

Local Sales Tax (Optional)

- Cities and counties can impose certain additional sales taxes for local purposes.
- During 2003–04, 40 jurisdictions levied these optional taxes and generated about $3.1 billion.
- Most revenues are used for transportation purposes.

For text of Proposition 1A see page 16.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

major local government revenue sources. Under the measure the state could not:

- ***Reduce Local Sales Tax Rates or Alter the Method of Allocation.*** The measure prohibits the state from: reducing any local sales tax rate, limiting existing local government authority to levy a sales tax rate, or changing the allocation of local sales tax revenues. For example, the state could not reduce a city's uniform or optional sales tax rate, or enact laws that shift sales taxes from a city to the county in which it is located.
- ***Shift Property Taxes From Local Governments to Schools or Community Colleges.*** The measure generally prohibits the state from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year under the laws in effect as of November 3, 2004. The measure also specifies that any change in how property tax revenues are shared among local governments within a county must be approved by two-thirds of both houses of the Legislature (instead of by majority votes). For example, state actions that shifted a share of property tax revenues from one local special district to another, or from a city to the county, would require approval by two-thirds of both houses of the Legislature. Finally, the measure prohibits the state from reducing the property tax revenues provided to cities and counties as replacement for the local sales tax revenues redirected to the state and pledged to pay debt service on state deficit-related bonds approved by voters in March 2004.
- ***Decrease VLF Revenues Without Providing Replacement Funding.*** If the state reduces the VLF rate below its current level, the measure requires the state to provide local governments with equal replacement revenues. The measure also requires the state to allocate VLF revenues to county health and social services programs and local governments.

The measure provides two significant exceptions to the above restrictions regarding sales and property taxes. First, beginning in 2008–09, the state may shift to schools and community colleges a limited amount of local government property tax revenues if: the Governor proclaims that the shift is needed due to a severe state financial hardship, the Legislature approves the shift with a two-thirds vote of both houses, and certain other conditions are met. The state must repay local governments for their property tax losses, with interest, within three years. Second, the measure allows the state to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county.

State Mandates

The measure amends the State Constitution to require the state to suspend certain state laws creating mandates in any year that the state does not fully reimburse local governments for their costs to comply with the mandates. Specifically, beginning July 1, 2005, the measure requires the state to either fully fund each mandate affecting cities, counties, and special districts or suspend the mandate's requirements for the fiscal year. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

The measure also appears to expand the circumstances under which the state would be responsible for reimbursing cities, counties, and special districts for carrying out new state requirements. Specifically, the measure defines as a mandate state actions that transfer to local governments financial responsibility for a required program for which the state previously had complete or partial financial responsibility. Under current law, some such transfers of financial responsibilities may not be considered a state mandate.

Related Provisions in Proposition 65

Proposition 65 on this ballot contains similar provisions affecting local government finance and mandates. (The nearby box provides information on the major similarities and differences between these measures.) Proposition 1A specifically states that if it and Proposition 65 are approved and Proposition 1A receives more yes votes, none of the provisions of Proposition 65 will go into effect.

FISCAL EFFECTS

Proposition 1A would reduce state authority over local finances. Over time, it could have significant fiscal impacts on state and local governments, as described below.

Long-Term Effect on Local and State Finance

Higher and More Stable Local Government Revenues. Given the number and magnitude of past state actions affecting local taxes, this measure's restrictions on state authority to enact such measures in the future would have potentially major fiscal effects on local governments. For example, the state could not enact measures that permanently shift property taxes from local governments to schools in order to reduce state costs for education programs. In these cases, this measure

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

PROPOSITIONS 1A AND 65

Propositions 1A and 65 both amend the State Constitution to achieve three general objectives regarding state and local government finance. The similarities and differences between the two measures are highlighted below.

Limits State Authority to Reduce Major Local Tax Revenues

Effect on 2004–05 State Budget.

- *Proposition 65's* restrictions apply to state actions taken over the last year, and thus would prevent a major component of the 2004–05 budget plan (a $1.3 billion property tax shift in 2004–05 and again in 2005–06) from taking effect unless approved by the state's voters at the subsequent statewide election.
- *Proposition 1A's* restrictions apply to future state actions only, and would allow the planned $1.3 billion property tax shift to occur in both years.

Effect on Future State Budgets.

- *Proposition 65* allows the state to modify major local tax revenues for the fiscal benefit of the state, but only with the approval of the state's voters.
- *Proposition 1A* prohibits such state changes, except for limited, short-term shifting of local property taxes. The state must repay local governments for these property tax losses within three years.

Reduces State Authority to Reallocate Tax Revenues Among Local Governments

Effect on Revenue Allocation.

- *Proposition 65* generally requires state voter approval before the state can reduce any individual local government's revenues from the property tax, uniform local sales tax, or vehicle license fee (VLF).
- *Proposition 1A* prohibits the state from reducing any local government's revenues from local sales taxes, but maintains some state authority to alter the allocation of property tax revenues, VLF revenues, and other taxes. Proposition 1A does not include a state voter approval requirement.

Local Governments Affected.

- *Proposition 65's* restrictions apply to cities, counties, special districts, and redevelopment agencies.
- *Proposition 1A's* restrictions do not apply to redevelopment agencies.

Restricts State Authority to Impose Mandates on Local Governments Without Reimbursement

- *Proposition 65* authorizes local governments, schools, and community college districts to decide whether or not to comply with a state requirement if the state does not fully reimburse local costs.
- *Proposition 1A's* mandate provisions do not apply to schools and community colleges. If the state does not fund a mandate in any year, the state must eliminate local government's duty to implement it for that same time period.

would result in local government revenues being more stable—and higher—than otherwise would be the case. The magnitude of increased local revenues is unknown and would depend on future actions by the state. Given past actions by the state, however, this increase in local government revenues could be in the billions of dollars annually. These increased local revenues could result in higher spending on local programs or decreased local fees or taxes.

Lower Resources for State Programs. In general, the measure's effect on state finances would be the *opposite* of its effect on local finances. That is, this measure could result in decreased resources being available for state programs than otherwise would be the case. This reduction, in turn, would affect state spending and/or taxes. For example, because the state could not use local government property taxes permanently as part of the state's budget solution, the Legislature would need to take *alternative* actions to resolve the state's budget difficulties—such as increasing state taxes or decreasing spending on other state programs. As with the local impact, the total fiscal effect also could be in the billions of dollars annually.

Less Change to the Revenue of Individual Local Governments. Proposition 1A restricts the state's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the state could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the Members of each house of the Legislature (rather than majority votes). As a result, this measure would result in fewer changes to local government revenues than otherwise would have been the case.

Effect on Local Programs and State Reimbursements

Because the measure appears to expand the circumstances under which the state is required to reimburse local agencies, the measure may increase future state costs or alter future state actions regarding local or jointly funded state-local programs. While it is not possible to determine the cost to reimburse local agencies for potential future state actions, our review of state measures enacted in the past suggests that, over time, increased state reimbursement costs may exceed a hundred million dollars annually.

For text of Proposition 1A see page 16.

PROP 1A

PROTECTION OF LOCAL GOVERNMENT REVENUES

ARGUMENT in Favor of Proposition 1A

PROPOSITION 1A—A HISTORIC AGREEMENT TO PROTECT LOCAL TAXPAYERS AND VITAL LOCAL GOVERNMENT SERVICES.

Proposition 1A is a historic bipartisan agreement among local governments, public safety leaders, the State Legislature, Republican Governor Arnold Schwarzenegger, and is authored by Democratic State Senator Tom Torlakson.

Proposition 1A prevents the State from taking and using funding that local governments need to provide services like fire and paramedic response, law enforcement, health care, parks, and libraries.

These individuals and groups urge a YES vote:

- Governor Schwarzenegger
- State Controller Steve Westly
- California Professional Firefighters
- California Fire Chiefs Association
- California Police Chiefs Association
- California State Sheriffs' Association
- California Association of Public Hospitals and Health Systems
- League of California Cities
- California Special Districts Association
- California State Association of Counties

PROPOSITION 1A IS NEEDED TO STOP THE STATE FROM TAKING LOCAL GOVERNMENT FUNDING.

For more than a dozen years, the State has been taking local tax dollars that local governments use to provide essential services—more than $40 billion in the last 12 years. Even in years with state budget surpluses, the State has taken billions of local tax dollars.

These State raids result in fewer firefighters, fewer law enforcement officers, longer waits in emergency rooms—or higher local taxes and fees.

PROPOSITION 1A PROTECTS PUBLIC SAFETY, EMERGENCY HEALTH CARE, AND OTHER LOCAL SERVICES.

Local governments spend a vast majority of their budgets providing critical services, including:

- Fire protection
- Paramedic response
- Law enforcement
- Emergency medical
- Health care
- Parks and libraries

Cities and counties also revitalize downtowns and create jobs and affordable housing using redevelopment agency funding. Redevelopment agency tax increment revenues are already protected by the State Constitution and do not need to be further protected by Proposition 1A.

PROPOSITION 1A PROTECTS LOCAL TAXPAYERS AND WON'T RAISE TAXES.

Proposition 1A will *not* raise taxes. It simply ensures that *existing* local tax dollars continue to be dedicated to local services. It also helps *ensure local governments aren't forced to raise taxes or fees to make up for revenue raided by the State.*

PROPOSITION 1A PROVIDES FLEXIBILITY IN A STATE BUDGET EMERGENCY—AND WON'T TAKE FUNDING FROM SCHOOLS OR OTHER STATE PROGRAMS.

Proposition 1A protects only *existing* levels of local funding. It does not reduce funding for schools or other state programs. And, 1A was carefully written to allow flexibility. It allows the State to *borrow* local government revenues—only in the event of a fiscal emergency—if funds are needed to support schools or other state programs.

PROPOSITION 1A IS A BETTER APPROACH THAT REPLACES THE NEED FOR PROPOSITION 65.

Proposition 65 was put on the ballot earlier this year before this historic agreement was reached. Proposition 1A is a better, more flexible approach to protect local services and tax dollars. That's why ALL of the official proponents of 65 are now ENDORSING PROPOSITION 1A AND OPPOSING PROPOSITION 65.

Join Governor Schwarzenegger, Senator Torlakson, firefighters, police officers, sheriffs, paramedics, health care leaders, taxpayers, business and labor leaders.

PROTECT LOCAL TAXPAYERS AND PUBLIC SAFETY. Vote YES on PROPOSITION 1A. Vote NO on PROPOSITION 65.

GOVERNOR ARNOLD SCHWARZENEGGER
CHIEF MICHAEL WARREN, *President*
California Fire Chiefs Association
SHERIFF ROBERT T. DOYLE, *President*
California State Sheriffs' Association

REBUTTAL to Argument in Favor of Proposition 1A

Proposition 1A was cooked up at the last minute as part of a bad budget deal.

There were no public hearings.

Proposition 1A protects local governments, but it hurts education by allowing the State to raid your property taxes that fund your local schools. And it puts that into the State Constitution!

Proposition 1A prevents the Legislature from lowering taxes by locking in the local sales tax rate. That goes into the State Constitution too!

Proposition 1A jeopardizes critical programs. As California's fiscal challenges continue, the State budget tax will fall even harder on funding for K–12 education, higher education, children's health care, programs for seniors, and public safety.

Proposition 1A gives local politicians a blank check without any scrutiny over how the money is spent.

We can do better. We deserve better.

Vote NO on Proposition 1A.

CAROLE MIGDEN, *Chairwoman*
State Board of Equalization

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

ARGUMENT Against Proposition 1A

We should protect local taxpayers, not irresponsible spending by local governments. Vote NO on Proposition 1A.

As Chairwoman of the State Board of Equalization, I know that too many branches of government waste too much money.

Proposition 1A gives local governments a spending guarantee without any fiscal accountability or oversight. It's a blank check for spending and turns a blind eye to waste.

Did you know that the City of Stockton is emptying its cash reserves to build a downtown arena, but at the same time they're trying to raise taxes to pay for police officers and firefighters? They've got their priorities backwards.

Did you know that the City of Los Angeles raised their water rates, but at the same time they're being audited for wasting millions on unnecessary public relations contracts?

California has a responsibility to help and support local governments. We are all in this together. But NO one should be exempt from fiscal oversight and accountability. Checks and balances are essential.

Public schools in California are funded by Proposition 98. But in 1988, California's teachers included specific language to hold school districts accountable for the money they spend.

There is NO fiscal accountability provision in Proposition 1A.

Every new school bond we've placed on the ballot contains specific accountability provisions to guarantee that the money is spent the way the voters intend.

There is NO fiscal accountability provision in Proposition 1A.

Every one of California's Water, Parks, and Wildlife bonds had strict accountability provisions.

There is NO fiscal accountability provision in Proposition 1A.

California is facing serious budget challenges. There have been great sacrifices made to meet those challenges . . . cuts in children's health care, nursing home care, and college admissions.

Why should local politicians get a blank check? I say NO they shouldn't. Why should local politicians get a guarantee that sick children don't get? I say NO they shouldn't.

This NO fiscal accountability Proposition deserves a NO vote!

Please join me in voting NO on Proposition 1A.

CAROLE MIGDEN, *Chairwoman*
State Board of Equalization

REBUTTAL to Argument Against Proposition 1A

Contrary to misleading claims made by the opponent of 1A, THIS MEASURE INCREASES FISCAL ACCOUNTABILITY.

Prop. 1A increases local budget accountability by keeping tax dollars close to home, where voters have more control.

Prop. 1A will also make the State more accountable by preventing it from taking and using local government funds —except in a fiscal emergency.

FOR YEARS, *THE STATE* HAS HAD A BLANK CHECK to take your local tax dollars. PROP. 1A TEARS UP THAT BLANK CHECK and requires the State to live within its means.

The opponent would have you believe the State is in a better position to manage your local tax dollars than your city or county leaders. In fact, over the past decade, cities and counties have tightened their belts, increased accountability, and prioritized spending for essential local services.

Prop. 1A does NOT increase local government funding and does not take one dime from schools, state health care services, or any other state program or service.

Prop. 1A does NOT increase taxes. The measure PROTECTS *EXISTING* LOCAL TAX DOLLARS—WHICH ARE USED TO PROVIDE FIREFIGHTING, LAW ENFORCEMENT, EMERGENCY ROOM CARE, PARAMEDIC RESPONSE, and other essential local services.

Prop. 1A supporters know it's time to end business as usual in Sacramento and stop the State from taking and using local government funds.

Join Governor Schwarzenegger, firefighters, law enforcement officers, paramedics, and taxpayer groups.

PROTECT LOCAL TAXPAYERS AND PUBLIC SAFETY SERVICES. VOTE YES on 1A.

SENATOR TOM TORLAKSON, *Chair*
Senate Committee on Local Government
LOU PAULSON, *President*
California Professional Firefighters
CAM SANCHEZ, *President*
California Police Chiefs Association

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PROPOSITION

65

LOCAL GOVERNMENT FUNDS, REVENUES. STATE MANDATES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY

Prepared by the Attorney General

Local Government Funds, Revenues. State Mandates. Initiative Constitutional Amendment.

- Requires voter approval for any legislation that provides for any reduction, based on January 1, 2003 levels, of local governments' vehicle license fee revenues, sales tax powers and revenues, and proportionate share of local property tax revenues.
- Permits local government to suspend performance of state mandate if state fails to reimburse local government within 180 days of final determination of state-mandated obligation; except mandates requiring local government to provide/modify: any protection, benefit or employment status to employee/retiree, or any procedural/substantive employment right for employee or employee organization.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Significant changes to state authority over local finances. Higher local government revenues than otherwise would have been the case, possibly in the billions of dollars annually over time. Any such local revenue impacts would result in decreased resources to the state of similar amounts.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Local Government Funding

California has over 5,000 local governments—cities, counties, special districts, and redevelopment agencies—that provide services such as fire and police protection, water, libraries, and parks and recreation programs. Local governments pay for these programs and services with money from local taxes, fees, and user charges; state and federal aid; and other sources. Three taxes play a major role in local finance because they raise significant sums of general-purpose revenues that local governments may use to pay for a variety of programs and services. These three taxes—the property tax, the local sales tax, and the vehicle license fee (VLF)—are described in Figure 1.

State Authority Over Local Finance

The State Constitution and existing statutes give the Legislature authority over the three major taxes described in Figure 1. For example, the Legislature has some authority to change tax rates; items subject to taxation; and the distribution of tax revenues among local governments, schools, and community college districts. The state has used this authority for many purposes, including increasing funding for local services, reducing state costs, reducing taxation, and addressing concerns regarding funding for particular local governments. Figure 2 describes some past actions the Legislature has taken, as well as actions that the state was considering during the summer of 2004 (at the time this analysis was prepared).

Requirement to Reimburse for State Mandates

The State Constitution generally requires the state to reimburse local governments, schools, and community college districts when the state "mandates" a new local program or higher level of service. For example, the state requires local agencies to post agendas for their hearings. As a mandate, the state must pay local governments, schools, and community college districts for their costs to post these agendas. Because of the state's budget difficulties, the state has not provided mandate reimbursements in recent years. Currently, the state owes these local agencies about $2 billion for prior-years' costs of state-mandated programs.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

FIGURE 1

THREE MAJOR LOCAL GOVERNMENT TAXES

Property Tax

- Local governments receive general-purpose revenues from a 1 percent property tax levied on real property.
- During the 2003–04 fiscal year, local governments received approximately $15 billion in property tax revenues. (An additional $16 billion in property taxes went to schools and community colleges.)
- There is wide variation in the share of property taxes received by individual local governments. This variation largely reflects differences among local agency property tax rates during the mid-1970s, the period on which the state's property tax allocation laws are based.

Vehicle License Fee (VLF)

- The VLF is a tax levied annually on the value of vehicles registered in the state.
- For about a half century, the VLF rate was 2 percent of vehicle value. In 1999, the Legislature began reducing the rate charged to vehicle owners, with the state "backfilling" the resulting city and county revenue losses.
- During 2003–04, the VLF (set at a rate of 0.65 percent of vehicle value) and the VLF backfill would have provided about $5.9 billion to cities and counties. The state, however, deferred payment of part of the backfill to 2006.
- State law generally requires that three-quarters of VLF revenues be allocated to cities and counties on a population basis for general-purpose uses and the remaining VLF revenues be allocated to counties for health and social services programs.

Local Sales Tax

- Cities and counties receive revenues from a uniform local sales tax levied on the purchase price of most goods—such as clothing, automobiles, and restaurant meals.
- During 2003–04, this tax was levied at a rate of 1.25 percent and generated about $5.9 billion.
- Under current law, 80 percent of sales tax revenues are distributed to local governments based on where sales occur—to a city if the sale occurs within its boundaries, or to a county if the sale occurs in an unincorporated area. The remaining 20 percent of local sales tax revenues are allocated to counties for transportation purposes.
- Beginning in 2004–05, local governments will receive additional property taxes to replace some local sales tax revenues that are pledged to pay debt service on state deficit-related bonds, approved by voters in March 2004.

PROPOSAL

Limitations on Legislature's Authority to Change Local Revenues

This measure amends the State Constitution to significantly reduce the Legislature's authority to make changes affecting any local government's revenues from the property tax, sales tax, and VLF. Specifically, the measure requires approval by the

FIGURE 2

MAJOR STATE ACTIONS AFFECTING LOCAL FINANCE

Past Actions

Increasing Funding for Local Services. In 1979, the state shifted an ongoing share of the property tax from schools and community colleges to local governments (cities, counties, and special districts). This shift limited local government program reductions after the revenue losses resulting from the passage of Proposition 13, but increased state costs to backfill schools' and community colleges' property tax losses.

Reducing State Costs. In 1992 and 1993, the state shifted an ongoing share of property taxes from local governments to schools and community colleges. This had the effect of reducing local government resources and reducing state costs. The state also reduced its costs by deferring payments to local governments for state mandate reimbursements (most notably, in 2002 and 2003) and for a portion of the VLF backfill (2003).

Reducing Taxation. Beginning in 1999, the state reduced the VLF rate to provide tax relief. The state "backfilled" the resulting city and county revenue losses.

Addressing Concerns Regarding Funding for Specific Local Governments. In the past, the state has at various times adjusted the annual allocation of property taxes and VLF revenues to assist cities that received very low shares of the local property tax.

Proposals Under Consideration in July 2004

Reducing State Costs. The state was considering shifting $1.3 billion of property taxes in 2004–05 and in 2005–06 from local governments to schools and community colleges to reduce state costs. The state also was considering deferring 2004–05 mandate payments to local governments.

Restructuring Local Finance. The state was considering replacing city and county VLF backfill revenues with property taxes shifted from schools and community colleges.

For text of Proposition 65 see page 17.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

state's voters before a legislative measure could take effect that reduced a local government's revenues below the amount or share it would have received based on laws in effect on January 1, 2003. For example, this measure would require statewide voter approval before a law took effect that:

- Shifted property taxes from local governments to schools and community colleges.
- Changed how sales taxes are distributed among cities and counties.
- Exchanged city sales taxes for increased property taxes.
- Revised the formulas used to distribute property taxes among local governments.

Proposition 65 also would suspend any law enacted after November 1, 2003, that would have required voter approval under the terms of this measure. Suspended laws would take effect only if they were approved by the state's voters at the next statewide election.

The measure provides two exceptions to these voter-approval requirements. The state could enact laws that (1) shift property taxes among consenting local governments or (2) replace VLF revenues with an equal amount of alternative funds.

This measure also places into the State Constitution two existing state statutes relating to local finance. These statutes require the state to pay deferred VLF backfill revenues to cities and counties ($1.2 billion) by August 2006 and reestablish the local sales tax rate at 1.25 percent after the state's deficit-related bonds are paid.

State Mandates

The measure amends the State Constitution to reduce the state's authority over local government, school, and community college programs. Specifically, if the state does not provide timely reimbursement for a mandate's costs (other than mandates related to employee rights), local agencies could choose not to comply with the state requirement. The measure also appears to expand the circumstances under which the state would be responsible for reimbursing local agencies for carrying out a new state requirement. For example, the measure may increase the state's responsibility to reimburse local governments when the state increases a local agency's share of cost for a jointly financed state-local program.

Fiscal Effects

Proposition 65 would reduce state authority over local finances. Over time, it could have significant fiscal impacts on state and local governments, as described below.

Long-Term Effect on Local and State Finance

Higher and More Stable Local Government Revenues. Given the number and magnitude of past state actions affecting local taxes, this measure's restrictions on the state's authority to enact such measures in the future would have potentially major fiscal effects on local governments. For example, a legislative measure that reduces local government revenues may not receive the necessary voter approval required under this measure. In addition, there may be other cases where the Legislature and Governor do not pursue legislation to reduce local revenues because of the perceived difficulty in obtaining voter approval. In these cases, this measure would result in local government revenues being more stable—and higher—than otherwise would be the case. The magnitude of increased local revenues is unknown and would depend on future actions by the Legislature, the Governor, and the state's voters. Given past actions by the state, however, this increase in local government revenues could be in the billions of dollars annually. These increased local revenues could result in higher spending on local programs or decreased local fees or taxes.

Lower Resources for State Programs. In general, the measure's effect on state finances would be the *opposite* of its effect on local finances. That is, this measure could result in decreased resources being available for state programs than otherwise would be the case. This reduction, in turn, would affect state spending and/or taxes. For example, if the state's voters rejected a proposal to use local government property taxes as part of the state's budget solution, the Legislature would need to take *alternative* actions to resolve the state's budget difficulties—such as increasing state taxes or decreasing spending on other state programs. As with the local impact, the total fiscal effect also could be in the billions of dollars annually.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONT.)

Less Change to the Revenue of Individual Local Governments. Proposition 65 restricts the state's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, measures that changed how local sales tax revenues are allocated to cities and counties, or that shifted property taxes from a water district to another special district, would not become effective until approved by voters at a statewide election. If the state's voters did not approve such reallocations, or if the Legislature and Governor did not pursue them because of the perceived difficulty in obtaining voter approval, this measure would result in fewer changes to local government revenues than otherwise would have been the case.

Potential Immediate Effect on Local and State Finance

This analysis was prepared in mid-July, before the state's budget for 2004–05 was adopted. At that time, the Legislature was considering the Governor's proposal to shift $1.3 billion of property taxes from local governments to schools and community colleges in 2004–05 and again in 2005–06. This shift would reduce local government resources by $1.3 billion in each of the two years. It would also decrease state costs by comparable amounts (because higher property taxes to schools and community colleges result in lower state education costs). This property tax shift, if adopted in the 2004–05 budget, would be affected by passage of Proposition 65. That is, the property tax shift would be suspended until voted upon at the subsequent statewide election (currently scheduled for March 2006). If voters approved the shift proposal, it would go into effect. If voters rejected the proposal, it would not go into effect, and the fiscal impacts described above would be reversed. That is:

- Local governments would retain the $1.3 billion in property tax revenues in 2004–05 and in 2005–06.
- The state would experience increased costs of comparable amounts.

Effect on Local Programs and State Reimbursements

Because the measure appears to expand the circumstances under which the state is required to reimburse local agencies, the measure may increase future state costs or alter future state actions regarding local or jointly funded state-local programs. While it is not possible to determine the cost to reimburse local agencies for potential future state actions, our review of state measures enacted in the past suggests that, over time, increased state reimbursement costs could exceed a hundred million dollars annually.

For text of Proposition 65 see page 17.

PROP 65

LOCAL GOVERNMENT FUNDS, REVENUES. STATE MANDATES. INITIATIVE CONSTITUTIONAL AMENDMENT.

ARGUMENT in Favor of Proposition 65

No argument in favor was provided for this measure.

ARGUMENT Against Proposition 65

VOTE NO on 65.

VOTE YES on 1A.

Our coalition of local governments submitted Prop. 65 to the voters in order to protect local revenues that are used to provide essential services, including fire protection, law enforcement, paramedic response, and emergency medical care. For years, state legislators have taken local government funds used to provide these essential local services.

HOWEVER, in the time since Prop. 65 was submitted, a new and better measure—Prop. 1A—has been placed on the ballot to prevent state raids on local government funding. Prop. 1A is supported by Governor Arnold Schwarzenegger, Democrats and Republicans, local government and public safety leaders because it is a better, more flexible approach to protect funding for vital local services. Please look in the ballot pamphlet at the official arguments and the diverse groups supporting Prop. 1A.

VOTE NO on 65.

VOTE YES on 1A.

CHRIS McKENZIE, *Executive Director*
League of California Cities

CATHERINE SMITH, *Executive Director*
California Special Districts Association

STEVEN SZALAY, *Executive Director*
California State Association of Counties

Proposition 1A

This amendment proposed by Senate Constitutional Amendment 4 of the 2003–2004 Regular Session (Resolution Chapter 133, Statutes of 2004) expressly amends the California Constitution by amending sections thereof and adding a section thereto; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLES XI, XIII, AND XIII B

First—That Section 15 of Article XI thereof is amended to read:

SEC. 15. (a) ~~All~~ *From the* revenues *derived* from taxes imposed pursuant to the Vehicle License Fee Law *(Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code)*, or its successor, other than fees on trailer coaches and mobilehomes, over and above the costs of collection and any refunds authorized by law, *those revenues derived from that portion of the vehicle license fee rate that does not exceed 0.65 percent of the market value of the vehicle* shall be allocated ~~to counties and cities according to statute.~~

~~(b) This section shall apply to those taxes imposed pursuant to that law on and after July 1 following the approval of this section by the voters.~~ *as follows:*

(1) An amount shall be specified in the Vehicle License Fee Law, or the successor to that law, for deposit in the State Treasury to the credit of the Local Revenue Fund established in Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code, or its successor, if any, for allocation to cities, counties, and cities and counties as otherwise provided by law.

(2) The balance shall be allocated to cities, counties, and cities and counties as otherwise provided by law.

(b) If a statute enacted by the Legislature reduces the annual vehicle license fee below 0.65 percent of the market value of a vehicle, the Legislature shall, for each fiscal year for which that reduced fee applies, provide by statute for the allocation of an additional amount of money that is equal to the decrease, resulting from the fee reduction, in the total amount of revenues that are otherwise required to be deposited and allocated under subdivision (a) for that same fiscal year. That amount shall be allocated to cities, counties, and cities and counties in the same pro rata amounts and for the same purposes as are revenues subject to subdivision (a).

Second—That Section 25.5 is added to Article XIII thereof, to read:

SEC. 25.5. (a) On or after November 3, 2004, the Legislature shall not enact a statute to do any of the following:

(1) (A) Except as otherwise provided in subparagraph (B), modify the manner in which ad valorem property tax revenues are allocated in accordance with subdivision (a) of Section 1 of Article XIII A so as to reduce for any fiscal year the percentage of the total amount of ad valorem property tax revenues in a county that is allocated among all of the local agencies in that county below the percentage of the total amount of those revenues that would be allocated among those agencies for the same fiscal year under the statutes in effect on November 3, 2004. For purposes of this subparagraph, "percentage" does not include any property tax revenues referenced in paragraph (2).

(B) Beginning with the 2008–09 fiscal year and except as otherwise provided in subparagraph (C), subparagraph (A) may be suspended for a fiscal year if all of the following conditions are met:

(i) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of subparagraph (A) is necessary.

(ii) The Legislature enacts an urgency statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, that contains a suspension of subparagraph (A) for that fiscal year and does not contain any other provision.

(iii) No later than the effective date of the statute described in clause (ii), a statute is enacted that provides for the full repayment to local agencies of the total amount of revenue losses, including interest as provided by law, resulting from the modification of ad valorem property tax revenue allocations to local agencies. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the modification applies.

(C) (i) Subparagraph (A) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year for which subparagraph (A) is suspended.

(ii) Subparagraph (A) shall not be suspended during any fiscal year if the full repayment required by a statute enacted in accordance with clause (iii) of subparagraph (B) has not yet been completed.

(iii) Subparagraph (A) shall not be suspended during any fiscal year if the amount that was required to be paid to cities, counties, and cities and counties under Section 10754.11 of the Revenue and Taxation Code, as that section read on November 3, 2004, has not been paid in full prior to the effective date of the statute providing for that suspension as described in clause (ii) of subparagraph (B).

(iv) A suspension of subparagraph (A) shall not result in a total ad valorem property tax revenue loss to all local agencies within a county that exceeds 8 percent of the total amount of ad valorem property tax revenues that were allocated among all local agencies within that county for the fiscal year immediately preceding the fiscal year for which subparagraph (A) is suspended.

(2) (A) Except as otherwise provided in subparagraphs (B) and (C), restrict the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley-Burns Uniform Local Sales and Use Tax Law set forth in Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, as that law read on November 3, 2004. The restriction imposed by this subparagraph also applies to the entitlement of a city, county, or city and county to the change in tax rate resulting from the end of the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004.

(B) The Legislature may change by statute the method of distributing the revenues derived under a use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to allow the State to participate in an interstate compact or to comply with federal law.

(C) The Legislature may authorize by statute two or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. The exchange under this subparagraph of revenues derived from a tax rate imposed under that law shall not require voter approval for the continued imposition of any portion of an existing tax rate from which those revenues are derived.

(3) Except as otherwise provided in subparagraph (C) of paragraph (2), change for any fiscal year the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county other than pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring.

(4) Extend beyond the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004, the suspension of the authority, set forth in that section on that date, of a city, county, or city and county to impose a sales and use tax rate under the Bradley-Burns Uniform Local Sales and Use Tax Law.

(5) Reduce, during any period in which the rate authority suspension described in paragraph (4) is operative, the payments to a city, county, or city and county that are required by Section 97.68 of the Revenue and Taxation Code, as that section read on November 3, 2004.

(6) Restrict the authority of a local entity to impose a transactions and use tax rate in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), or change the method for distributing revenues derived under a transaction and use tax rate imposed under that law, as it read on November 3, 2004.

(b) For purposes of this section, the following definitions apply:

(1) "Ad valorem property tax revenues" means all revenues derived from the tax collected by a county under subdivision (a) of Section 1 of Article XIII A, regardless of any of this revenue being otherwise classified by statute.

(2) "Local agency" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

Third—That Section 6 of Article XIII B thereof is amended to read:

SEC. 6. *(a)* Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse ~~such~~ *that* local government for the costs of ~~such~~ *the* program or increased level of service,

Proposition 1A *(cont.)*

except that the Legislature may, but need not, provide ~~such~~ *a* subvention of funds for the following mandates:

~~(a)~~

(1) Legislative mandates requested by the local agency affected~~;~~.

~~(b)~~

(2) Legislation defining a new crime or changing an existing definition of a crime~~; or~~.

~~(c)~~

(3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) (1) Except as provided in paragraph (2), for the 2005–06 fiscal year and every subsequent fiscal year, for a mandate for which the costs of a local government claimant have been determined in a preceding fiscal year to be payable by the State pursuant to law, the Legislature shall either appropriate, in the annual Budget Act, the full payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable in a manner prescribed by law.

(2) Payable claims for costs incurred prior to the 2004–05 fiscal year that have not been paid prior to the 2005–06 fiscal year may be paid over a term of years, as prescribed by law.

(3) Ad valorem property tax revenues shall not be used to reimburse a local government for the costs of a new program or higher level of service.

(4) This subdivision applies to a mandate only as it affects a city, county, city and county, or special district.

(5) This subdivision shall not apply to a requirement to provide or recognize any procedural or substantive protection, right, benefit, or employment status of any local government employee or retiree, or of any local government employee organization, that arises from, affects, or directly relates to future, current, or past local government employment and that constitutes a mandate subject to this section.

(c) A mandated new program or higher level of service includes a transfer by the Legislature from the State to cities, counties, cities and counties, or special districts of complete or partial financial responsibility for a required program for which the State previously had complete or partial financial responsibility.

Fourth—That the people find and declare that this measure and the Taxpayers and Public Safety Protection Act, which appears as Proposition 65 on the November 2, 2004, general election ballot (hereafter Proposition 65) both relate to local government, including matters concerning tax revenues and reimbursement for the cost of state mandates, in a comprehensive and substantively conflicting manner. Because this measure is intended to be a comprehensive and competing alternative to Proposition 65, it is the intent of the people that this measure supersede in its entirety Proposition 65, if this measure and Proposition 65 both are approved and this measure receives a higher number of affirmative votes than Proposition 65. Therefore, in the event that this measure and Proposition 65 both are approved and this measure receives a higher number of affirmative votes, none of the provisions of Proposition 65 shall take effect.

Proposition 65

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends an article of, and adds an article to, the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

SECTION 1. Short Title

These amendments to the California Constitution shall be known and may be cited as the Local Taxpayers and Public Safety Protection Act.

SECTION 2. Findings and Purposes

(a) The people of the State of California find that restoring local control over local tax dollars is vital to insure that local tax dollars are used to provide critical local services, including, but not limited to, police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance. Reliable funding for these services is essential for the security, well-being, and quality of life of all Californians.

(b) For many years, the Legislature has taken away local tax dollars used by local governments so that the state could control those local tax dollars. In fact, the Legislature has been taking away billions of local tax dollars each year, forcing local governments to either raise local fees or taxes to maintain services, or cut back on critically needed local services.

(c) The Legislature's diversion of local tax dollars from local governments harms local governments' ability to provide such specific services as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(d) In recognition of the harm caused by diversion of local tax dollars and the importance placed on voter control of major decisions concerning government finance, and consistent with existing provisions of the California Constitution that give the people the right to vote on fiscal changes, the people of the State of California want the right to vote upon actions by the state government that take local tax dollars from local governments.

(e) The Local Taxpayers and Public Safety Protection Act is designed to insure that the people of the State of California shall have the right to approve or reject the actions of state government to take away local revenues that fund vitally needed local services.

(f) The Local Taxpayers and Public Safety Protection Act strengthens the requirement that if the state mandates local governments to implement new or expanded programs, then the state shall reimburse local governments for the cost of those programs.

(g) The Local Taxpayers and Public Safety Protection Act does not amend or modify the School Funding Initiative, Proposition 98 (Section 8 of Article XVI of the California Constitution).

(h) Therefore, the people declare that the purposes of this act are to:

(1) Require voter approval before the Legislature removes local tax dollars from the control of local government, as described in this measure.

(2) Insure that local tax dollars are dedicated to local governments to fund local public services.

(3) Insure that the Legislature reimburses local governments when the state mandates local governments to assume more financial responsibility for new or existing programs.

(4) Prohibit the Legislature from deferring or delaying annual reimbursement to local governments for state-mandated programs.

SECTION 3. Article XIII E is added to the California Constitution, to read:

ARTICLE XIII E

LOCAL TAXPAYERS AND PUBLIC SAFETY PROTECTION ACT

SECTION 1. Statewide Voter Approval Required

(a) Approval by a majority vote of the electorate, as provided for in this section, shall be required before any act of the Legislature takes effect that removes the following funding sources, or portions thereof, from the control of any local government:

(1) Reduces, or suspends or delays the receipt of, any local government's proportionate share of the local property tax when the Legislature exercises its power to apportion the local property tax; or requires any local government to remit local property taxes to the State, a state-created fund, or, without the consent of the affected local governments, to another local government.

(2) Reduces, or delays or suspends the receipt of, the Local Government Base Year Fund to any local government, without appropriating funds to offset the reduction, delay, or suspension in an equal amount.

(3) Restricts the authority to impose, or changes the method of distributing, the local sales tax.

(4) Reduces, or suspends or delays the receipt of, the 2003 Local Government Payment Deferral.

(5) Fails to reinstate the suspended Bradley-Burns Uniform Local Sales and Use Tax rate in accordance with Section 97.68 of the Revenue

Proposition 65 *(cont.)*

and Taxation Code, as added by Chapter 162 of the Statutes of 2003; or reduces any local government's allocation of the property tax required by Section 97.68 of the Revenue and Taxation Code while the sales tax rate is suspended.

(b) Prior to its submission to the electorate, an act subject to voter approval under this section must be approved by the same vote of the Legislature as is required to enact a budget bill and shall not take effect until approved by a majority of those voting on the measure at the next statewide election in accordance with subdivision (c).

(c) When an election is required by this section, the Secretary of State shall present the following question to the electorate: "Shall that action taken by the Legislature in [Chapter ___ of the Statutes of ___], which affects local revenues, be approved?"

SEC. 2. Definitions

(a) "Local government" means any city, county, city and county, or special district.

(b) "Local Government Base Year Fund" means the amount of revenue appropriated in the 2002–03 fiscal year in accordance with Part 5 (commencing with Section 10701) of Division 2 of the Revenue and Taxation Code, adjusted annually based upon the change in assessed valuation of vehicles that are subject to those provisions of law. In the event that the fees imposed by those provisions of law are repealed, then the fund shall be adjusted annually on July 1 by an amount not less than the percentage change in per capita personal income and the change in population, as calculated pursuant to Article XIII B.

(c) "2003 Local Government Payment Deferral" means the amount of revenues required to be transferred to local government from the General Fund specified in subparagraph (D) of paragraph (3) of subdivision (a) of Section 10754 of the Revenue and Taxation Code in effect on August 11, 2003.

(d) "Local property tax" means any local government's January 1, 2003, proportionate share of ad valorem taxes on real property and tangible personal property apportioned pursuant to the Legislature's exercise of its power to apportion property taxes as specified in Section 1 of Article XIII A. "Local property tax" also means any local government's allocation of the ad valorem tax on real property and tangible personal property pursuant to Section 16 of Article XVI.

(e) "Local sales tax" means any sales and use tax imposed by any city, county, or city and county pursuant to the terms of the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code) in accordance with the law in effect on January 1, 2003.

(f) "Special district" means an agency of the State, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions with limited geographic boundaries, including redevelopment agencies, but not including school districts, community college districts, or county offices of education.

(g) "State" means the State of California.

SEC. 3. Interim Measures

(a) The operation and effect of any statute, or portion thereof, enacted between November 1, 2003, and the effective date of this article, that would have required voter approval pursuant to Section 1 if enacted on or after the effective date of this act (the "interim statute"), shall be suspended on that date and shall have no further force and effect until the date the interim statute is approved by the voters at the first statewide election following the effective date of this article in the manner specified in Section 1. If the interim statute is not approved by the voters, it shall have no further force and effect.

(b) If the interim statute is approved by the voters, it shall nonetheless have no further force and effect during the period of suspension; provided, however, that the statute shall have force and effect during the period of suspension if the interim statute or a separate act of the Legislature appropriates funds to affected local governments in an amount which is not less than the revenues affected by the interim statute.

(c) A statute or other measure that is enacted by the Legislature and approved by the voters between November 1, 2003, and the effective date of this article is not an interim statute within the meaning of this section.

SECTION 4. Section 6 of Article XIII B of the California Constitution is amended to read:

SEC. 6. *(a)* Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall *annually* provide a subvention of funds to reimburse such local government for the costs of such program or increased level of service, except that the Legislature may, but need not, provide such subvention of funds for the following mandates:

~~(a)~~ *(1)* Legislative mandates requested by the local agency affected~~;~~.

~~(b)~~ *(2)* Legislation defining a new crime or changing an existing definition of a crime ~~; or~~.

~~(c)~~ *(3)* Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

(b) The annual subvention of funds required by this section shall be transmitted to the local government within 180 days of the effective date of the statute or regulation or order by a state officer or agency that mandates a new program or higher level of service, or within 180 days of a final adjudication that a subvention of funds is required pursuant to this section. For purposes of this section, the Legislature or any state agency or officer mandates a new program or higher level of service when it creates a new program, requires services not previously required to be provided, increases the frequency or duration of required services, increases the number of persons eligible for services, or transfers to local government complete or partial financial responsibility for a program for which the State previously had complete or partial financial responsibility.

(c) If, during the fiscal year in which a claim for reimbursement is filed for a subvention of funds, the Legislature does not appropriate a subvention of funds that provides full reimbursement as required by subdivision (a), or does not appropriate a subvention of funds that provides full reimbursement as part of the state budget act in the fiscal year immediately following the filing of that claim for reimbursement, then a local government may elect one of the following options:

(1) Continue to perform the mandate. The local government shall receive reimbursement for its costs to perform the mandate through a subsequent appropriation and subvention of funds.

(2) Suspend performance of the mandate during all or a portion of the fiscal year in which the election permitted by this subdivision is made. The local government may continue to suspend performance of the mandate during all or a portion of subsequent fiscal years until the fiscal year in which the Legislature appropriates the subvention of funds to provide full reimbursement as required by subdivision (a). A local government shall receive reimbursement for its costs for that portion of the fiscal year during which it performed the mandate through a subsequent appropriation and subvention of funds.

The terms of this subdivision do not apply to, and a local government may not make the election provided for in this subdivision for, a mandate that either requires a local government to provide or modify any form of protection, right, benefit, or employment status for any local government employee or retiree, or provides or modifies any procedural or substantive right for any local government employee or employee organization, arising from, affecting, or directly relating to future, current, or past local government employment.

(d) For purposes of this section, "mandate" means a statute, or action or order of any state agency, which has been determined by the Legislature, any court, or the Commission on State Mandates or its designated successor, to require reimbursement pursuant to this section.

SECTION 5. Construction

(a) This measure shall be liberally construed to effectuate its purposes, which include providing adequate funds to local government for local services, including, but not limited to, such services as police, fire, emergency and trauma care, public health, libraries, criminal justice, and road and street maintenance.

(b) This measure shall not be construed either to alter the apportionment of the ad valorem tax on real property pursuant to Section 1 of Article XIII A of the California Constitution by any statute in effect prior to January 1, 2003, or to prevent the Legislature from altering that apportionment in compliance with the terms of this measure.

(c) Except as provided in Section 3 of Article XIII E of the California Constitution as added by Section 3 of this act, the provisions of Section 1 of Article XIII E of the California Constitution as added by Section 3 of this act apply to all statutes adopted on or after the effective date of this act.

SECTION 6. If any part of this measure or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications that reasonably can be given effect without the invalid provision or application.

DATES TO REMEMBER

October 4, 2004
First day to apply for an absentee ballot by mail

October 18, 2004
Last day to register to vote

October 26, 2004
Last day that county elections officials will accept any voter's application for an absentee ballot

OCTOBER

SU	M	TU	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Remember to Vote!

Polls are open from 7 a.m. to 8 p.m.

NOVEMBER

SU	M	TU	W	TH	F	SA
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

November 2, 2004
Last day to apply for an absentee ballot in person at the office of the county elections official

November 2, 2004
ELECTION DAY!

www.ss.ca.gov

CAN'T FIND YOUR POLLING PLACE?

We'll point you in the right direction.

www.ss.ca.gov

COME TO OUR WEBSITE TO:

- Find your polling place
- Research campaign contributions
- Watch live election results
- Obtain absentee ballot information
- View lists of candidates

THE PROCESS OF VOTING ABSENTEE

Any registered voter may vote by absentee ballot. Rather than go to the polls to cast a ballot on Election Day, you may apply for an absentee ballot, which you will need to complete and return to your elections official.

To apply for an absentee ballot, you may use the application printed on your Sample Ballot, which you will receive prior to every election, or apply in writing to your county elections official. You will need to submit a completed application or letter to your county elections official between 29 days and 7 days before the election. The application or letter must contain:

1. your name and residence address as stated on your registration card;
2. the address to which the absentee ballot should be sent (if different than your registered address);
3. the name and date of the election in which you would like to vote absentee; and
4. the date and your signature.

Once your application is processed by your county elections official, the proper ballot type/style will be sent to you. After you have voted, insert your ballot in the envelope provided for this purpose, making sure you complete all required information on the envelope. You may return your voted absentee ballot by:

1. mailing it to your county elections official;
2. returning it in person to a polling place or elections office within your county on Election Day; or
3. authorizing a legally allowable third party (relative or person residing in the same household as you) to return the ballot on your behalf.

Regardless of how the ballot is returned, it MUST be received by the time polls close (8 p.m.) on Election Day. Late-arriving absentee ballots are not counted.

Once your voted absentee ballot is received by your county elections official, your signature on the absentee ballot return envelope will be compared to the signature on your voter registration card to determine that you are the authorized voter. To preserve the secrecy of your ballot, the ballot will then be separated from the envelope and the ballot becomes as anonymous and secret as any other ballot.

Apply to Be a Permanent Vote-By-Mail Voter:

Any voter may apply for PERMANENT ABSENT VOTER STATUS (Elections Code § 3201). These voters are automatically sent a vote-by-mail ballot for every election without having to fill out an application every time. Please contact your county elections official to apply to become a permanent vote-by-mail voter if you wish to receive vote-by-mail ballots for all future elections. To find out who your county elections official is, go online at **www.ss.ca.gov/elections/elections_d.htm** to see a list of contact information for all county elections officials.

Secretary of State
1500 11th Street
Sacramento, CA 95814

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SECRETARY OF
STATE

my VOTE counts

General Election

For additional copies of the Voter Information Guide in any of the following languages, please call:

English: 1-800-345-VOTE (8683)
Español/Spanish: 1-800-232-VOTA (8682)
日本語 /Japanese: 1-800-339-2865
Việt ngữ/Vietnamese: 1-800-339-8163
Tagalog/Tagalog: 1-800-339-2957
中文/Chinese: 1-800-339-2857
한국어/Korean: 1-866-575-1558

www.voterguide.ss.ca.gov

Official Voter Information Guide

Supplemental

In an effort to reduce election costs, the State Legislature has authorized the State and counties to mail only one guide to addresses where more than one voter with the same surname resides. You may obtain additional copies by writing to your county elections official or by calling 1-800-345-VOTE.

EXHIBIT G

OFFICIAL VOTER INFORMATION GUIDE, CALIFORNIA GENERAL ELECTION, NOVEMBER 2, 2010 [CONTAINING PROPOSITION 26]

CALIFORNIA
GENERAL ELECTION
TUESDAY, NOVEMBER 2, 2010

★ OFFICIAL VOTER INFORMATION GUIDE ★

Certificate of Correctness

I, Debra Bowen, Secretary of State of the State of California, hereby certify that the measures included herein will be submitted to the electors at the General Election to be held on November 2, 2010, and that this guide has been prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 10th day of August, 2010.

Debra Bowen
Secretary of State

Secretary of State

Dear Fellow Voter:

By registering to vote, you have taken the first step in playing an active role in deciding California's future. Now, to help you make your decisions, my office has created this Official Voter Information Guide that contains titles and summaries prepared by Attorney General Edmund G. Brown Jr.; impartial analyses of the law and potential costs to taxpayers prepared by Legislative Analyst Mac Taylor; arguments in favor of and against ballot measures prepared by proponents and opponents; text of the proposed laws prepared/proofed by Legislative Counsel Diane F. Boyer-Vine; and other useful information. The printing of the guide was done under the supervision of Acting State Printer Kevin P. Hannah.

This guide to statewide candidates and measures is just one of the useful tools for learning more about what will be on your specific ballot. Information about non-statewide candidates and measures is available in your county sample ballot booklet. (See page 89 of this guide for more details.)

Voting is easy, and any registered voter may vote by mail, or in his or her local polling place. The last day to request a vote-by-mail ballot from your county elections office is October 26.

There are more ways to participate in the electoral process. You can:

- Be a poll worker on Election Day, helping to make voting easier for all eligible voters and protecting ballots until they are counted by elections officials;
- Spread the word about voter registration deadlines and voting rights through emails, phone calls, brochures, and posters; and
- Help educate other voters about the candidates and issues by organizing discussion groups or participating in debates with friends, family, and community leaders.

For more information about how and where to vote, as well as other ways you can participate in the electoral process, call (800) 345-VOTE or visit *www.sos.ca.gov.*

It is a wonderful privilege in a democracy to have a choice and the right to voice your opinion. As you know, some contests really do come down to a narrow margin of just a few votes. Whether you cast your ballot at a polling place or by mail, I encourage you to take the time to carefully read about each candidate and ballot measure—and to know your voting rights.

Thank you for taking your civic responsibility seriously and making your voice heard!

VISIT THE SECRETARY OF STATE'S WEBSITE TO:

- View information on statewide ballot measures *www.voterguide.sos.ca.gov*
- Research campaign contributions and lobbying activity *http://cal-access.sos.ca.gov/campaign*
- Find your polling place on Election Day *www.sos.ca.gov/elections/elections_ppl.htm*
- Obtain vote-by-mail ballot information *www.sos.ca.gov/elections/elections_m.htm*
- Watch live election results after polls close on Election Day *http://vote.sos.ca.gov*

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QUICK-REFERENCE GUIDE

On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use. Fiscal Impact: Depending on federal, state, and local government actions, potential increased tax and fee revenues in the hundreds of millions of dollars annually and potential correctional savings of several tens of millions of dollars annually.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Individuals age 21 or older could, under state law, possess and cultivate limited amounts of marijuana for personal use. In addition, the state and local governments could authorize, regulate, and tax commercial marijuana-related activities under certain conditions. These activities would remain illegal under federal law.

NO A NO vote on this measure means: The possession and cultivation of marijuana for personal use and commercial marijuana-related activities would remain illegal under state law, unless allowed under the state's existing medical marijuana law.

ARGUMENTS

PRO COMMON SENSE CONTROL OF MARIJUANA. Stops wasting taxpayer dollars on failed marijuana prohibition. Controls and taxes marijuana like alcohol. Makes marijuana available *only* to adults. Adds criminal penalties for giving it to anyone under 21. Weakens drug cartels. Enforces road and workplace safety. Generates billions in revenue. Saves taxpayers money.

CON Opposed by Mothers Against Drunk Driving (MADD) because allows drivers to smoke marijuana until the moment they climb behind the wheel. Endangers public safety. Jeopardizes $9,400,000,000.00 in school funding, billions in federal contracts, thousands of jobs. Opposed by California's Sheriffs, Police Chiefs, Firefighters and District Attorneys. Vote "No" on 19.

FOR ADDITIONAL INFORMATION

FOR

James Rigdon
Yes on Proposition 19
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info@taxcannabis.org
www.yeson19.com

AGAINST

No On Proposition 19—
Public Safety First
info@NoOnProposition19.com
www.NoOnProposition19.com

QUICK-REFERENCE GUIDE

PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY *Put on the Ballot by Petition Signatures*

Removes elected representatives from process of establishing congressional districts and transfers that authority to recently-authorized 14-member redistricting commission comprised of Democrats, Republicans, and representatives of neither party. Fiscal Impact: No significant net change in state redistricting costs.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The responsibility to determine the boundaries of California's districts in the U.S. House of Representatives would be moved to the Citizens Redistricting Commission, a commission established by Proposition 11 in 2008. (Proposition 27 on this ballot also concerns redistricting issues. If both Proposition 20 and Proposition 27 are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.)

NO A NO vote on this measure means: The responsibility to determine the boundaries of California's districts in the U.S. House of Representatives would remain with the Legislature.

ARGUMENTS

PRO TAXPAYER, GOOD GOVERNMENT GROUPS SUPPORT 20 so the voter-approved Citizens Redistricting Commission will draw fair districts for the Legislature AND Congress. POLITICIANS oppose 20 so they can keep power to draw "safe" Congressional districts. YES on 20 helps us vote politicians out of office for not doing their jobs.

CON Vote No on 20. Accountability to the people is the fundamental principle of our form of government. But 20 gives a non-accountable fourteen-person bureaucracy even more power. And this bureaucracy will cost you money! Our state is in crisis! Unemployment, crime, massive debt. Stop the nonsense. No on 20.

FOR ADDITIONAL INFORMATION

FOR

Yes on 20, No on 27—Hold Politicians Accountable, a coalition of taxpayers, seniors, good government groups, small business and community organizations.
925 University Ave.
Sacramento, CA 95825
(866) 395-6121
email@yes20no27.org
www.yesprop20.org

AGAINST

No on 20
6380 Wilshire Boulevard, Suite 1612
Los Angeles, CA 90048
(323) 655-4065
www.noprop20.org

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

SUMMARY *Put on the Ballot by Petition Signatures*

Exempts commercial vehicles, trailers and trailer coaches from the surcharge. Fiscal Impact: Annual increase to state revenues of $500 million from surcharge on vehicle registrations. After offsetting some existing funding sources, these revenues would provide at least $250 million more annually for state parks and wildlife conservation.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: An $18 annual surcharge would be added to the amount paid when a person registers a motor vehicle. The surcharge revenues would be used to provide funding for state park and wildlife conservation programs. Vehicles subject to the surcharge would have free admission and parking at all state parks.

NO A NO vote on this measure means: State park and wildlife conservation programs would continue to be funded through existing state and local funding sources. Admission and parking fees could continue to be charged for vehicles entering state parks.

ARGUMENTS

PRO California's state parks and beaches are in peril and face irreparable damage. Prop. 21 establishes vitally-needed Trust Fund to keep parks open, maintained, and safe. Protects economic benefits to California from parks-related tourism. Prohibits politicians' raids, and mandates Annual Audits and Citizens' Oversight.

CON Prop. 21 is a cynical plan to bring back the car tax. Politicians in Sacramento are already scheming to divert existing park funds to other wasteful programs so overall park funding doesn't increase but car taxes do. Say No to car taxes and wrong priorities. No on 21.

FOR ADDITIONAL INFORMATION

FOR

Yes on 21: Californians for State Parks and Wildlife Conservation
info@yesforstateparks.com
www.YesForStateParks.com

AGAINST

Rob Stutzman
Californians Against Car Taxes, No on Proposition 21
1415 L Street, Suite 430
Sacramento, CA 95814

QUICK-REFERENCE GUIDE

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Prohibits State, even during severe fiscal hardship, from delaying distribution of tax revenues for these purposes. Fiscal Impact: Decreased state General Fund spending and/or increased state revenues, probably in the range of $1 billion to several billions of dollars annually. Comparable increases in funding for state and local transportation programs and local redevelopment.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The state's authority to use or redirect state fuel tax and local property tax revenues would be significantly restricted.

NO A NO vote on this measure means: The state's current authority over state fuel tax and local property tax revenues would not be affected.

ARGUMENTS

PRO YES on 22 stops state politicians from taking local government funds. 22 stops the State from taking gas taxes voters have dedicated to transportation. 22 protects local services: 9-1-1 emergency response, police, fire, libraries, transit, road repairs. Supported by California Fire Chiefs Association, California Police Chiefs Association, California Library Association.

CON California's teachers, firefighters, nurses, and taxpayer advocates say NO on 22. If 22 passes, public schools stand to lose billions of dollars. 22 takes money firefighters use to fight fires and natural disasters while protecting redevelopment agencies and their developer friends. Another proposition that sounds good, but makes things worse.

FOR ADDITIONAL INFORMATION

FOR

Yes on 22, Californians to Protect Local Taxpayers & Vital Services
1121 L Street #803
Sacramento, CA 95814
(888) 562-5551
info@savelocalservices.com
www.SaveLocalServices.com

AGAINST

No on 22—Citizens Against Taxpayer Giveaways, sponsored by California Professional Firefighters.
Joshua Heller
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.votenoprop22.com

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Likely modest net increase in overall economic activity in the state from suspension of greenhouse gases regulatory activity, resulting in a potentially significant net increase in state and local revenues.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Certain existing and proposed regulations authorized under state law ("Assembly Bill 32") to address global warming would be suspended. These regulations would remain suspended until the state unemployment rate drops to 5.5 percent or lower for one year.

NO A NO vote on this measure means: The state could continue to implement the measures authorized under Assembly Bill 32 to address global warming.

ARGUMENTS

PRO Yes on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws. California can't afford self-imposed energy costs that don't reduce global warming. 2.3 million Californians are unemployed; Proposition 23 will save over a million jobs that would otherwise be destroyed.
www.yeson23.com

CON Texas oil companies designed 23 to kill clean energy and air pollution standards in California. 23 threatens public health with more air pollution, increases dependence on costly oil, and kills competition from job-creating California wind and solar companies. American Lung Association in California, California Professional Firefighters: NO on 23.

FOR ADDITIONAL INFORMATION

FOR

Yes on 23—A coalition of taxpayers, small business, firefighters, labor, agriculture, transportation, food producers, energy and forestry companies and air quality officials.
1215 K Street, Suite 2260
Sacramento, CA 95814
(866) 247-0911
info@yeson23.com
www.yeson23.com

AGAINST

No on 23: Californians to Stop the Dirty Energy Proposition
(888) 445-7880
info@factson23.com
Factson23.com

QUICK-REFERENCE GUIDE

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Increased state revenues of about $1.3 billion each year by 2012–13 from higher taxes paid by some businesses. Smaller increases in 2010–11 and 2011–12.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: Three business tax provisions will return to what they were before 2008 and 2009 law changes. As a result: (1) a business will be less able to deduct losses in one year against income in other years, (2) a multistate business will have its California income determined by a calculation using three factors, and (3) a business will not be able to share tax credits with related businesses.

NO A NO vote on this measure means: Three business tax provisions that were recently changed will not be affected. As a result of maintaining current law: (1) a business will be able to deduct losses in one year against income in more situations, (2) most multistate businesses could choose to have their California income determined based only on a single sales factor, and (3) a business will be able to share its tax credits with related businesses.

ARGUMENTS

PRO Prop. 24 stops $1.7 billion in new special tax breaks for wealthy, multi-state corporations. They get unfair tax loopholes without creating one new job while small businesses get virtually no benefit. Public schools, healthcare and public safety should come before tax loopholes. Vote YES on 24—the Tax Fairness Act.

CON CALIFORNIA NEEDS JOBS, NOT A JOBS TAX! Prop. 24 doesn't guarantee $1 for our classrooms and REDUCES long-term revenues for schools and vital services. It would hurt small businesses, tax job creation, send jobs OUT of California—costing us 144,000 jobs. Families can't afford 24's new taxes. No on 24!

FOR ADDITIONAL INFORMATION

FOR

Yes on 24, the Tax Fairness Act
sponsored by the California Teachers Association
Richard Stapler
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.YESPROP24.ORG

AGAINST

No on 24—Stop the Jobs Tax, a coalition of taxpayers, employers, small businesses, former educators and high tech and biotechnology organizations
111 Anza Boulevard, #406
Burlingame, CA 94010
(800) 610-4150
info@StopProp24.com
www.StopProp24.com

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Legislature pemanently forfeits daily salary and expenses until budget bill passes. Fiscal Impact: In some years, the contents of the state budget could be changed due to the lower legislative vote requirement in this measure. The extent of changes would depend on the Legislature's future actions.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The Legislature's vote requirement to send the annual budget bill to the Governor would be lowered from two-thirds to a majority of each house of the Legislature.

NO A NO vote on this measure means: The Legislature's vote requirement to send an annual budget bill to the Governor would remain unchanged at two-thirds of each house of the Legislature.

ARGUMENTS

PRO Prop. 25 reforms California's broken state budget process. Holds legislators accountable for late budgets by stopping their pay and benefits every day the budget is late. Ends budget gridlock by allowing a majority of legislators to pass the budget, but DOES NOT LOWER THE 2/3 vote required to raise taxes.

CON Politicians and special interests are promoting Prop. 25 to make it easier for politicians to raise taxes and restrict our constitutional right to reject bad laws. 25 doesn't punish politicians. They'll just increase their lavish expense accounts. NO on 25—Protect constitutional safeguards against higher taxes and wasteful spending.

FOR ADDITIONAL INFORMATION

FOR

Yes on 25, Citizens for an On-Time Budget sponsored by teachers, nurses, firefighters and other public employee groups
Andrea Landis
1510 J Street, Suite 210
Sacramento, CA 95814
(916) 443-7817
www.YESPROP25.ORG

AGAINST

Stop Hidden Taxes—No on 25/Yes on 26, a coalition of taxpayers, small businesses, environmental experts, good government groups, minorities, farmers, and vineyards.
(866) 218-4450
info@nomorehiddentaxes.com
www.no25yes26.com

QUICK-REFERENCE GUIDE

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

SUMMARY

Put on the Ballot by Petition Signatures

Fiscal Impact: Depending on decisions by governing bodies and voters, decreased state and local government revenues and spending (up to billions of dollars annually). Increased transportation spending and state General Fund costs ($1 billion annually).

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The definition of taxes would be broadened to include many payments currently considered to be fees or charges. As a result, more state and local proposals to increase revenues would require approval by two-thirds of each house of the Legislature or by local voters.

NO A NO vote on this measure means: Current constitutional requirements regarding fees and taxes would not be changed.

ARGUMENTS

PRO Yes on 26 stops state and local politicians from raising Hidden Taxes on goods like food and gas, by disguising taxes as "fees" and circumventing constitutional requirements for passing higher taxes. Don't be misled. 26 preserves California's strong environmental and consumer laws AND protects taxpayers and consumers from Hidden Taxes.

CON Big oil, tobacco, and alcohol corporations want you to pay for the damages they cause. Prop. 26 was written behind closed doors and without public input. Don't protect polluters. League of Women Voters of California, Firefighters, Police Officers, Nurses, and Sierra Club all say NO on 26.

FOR ADDITIONAL INFORMATION

FOR

Stop Hidden Taxes—No on 25/Yes on 26, a coalition of taxpayers, small businesses, environmental experts, good government groups, minorities, farmers, and vineyards.
(866) 218-4450
info@nomorehiddentaxes.com
www.no25yes26.com

AGAINST

Doug Linney
Taxpayers Against Protecting Polluters
1814 Franklin Street, Suite 510
Oakland, CA 94612
(510) 444-4710
stopprotectingpolluters@gmail.com
www.stoppolluterprotection.com

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

SUMMARY

Put on the Ballot by Petition Signatures

Eliminates 14-member redistricting commission. Consolidates authority for establishing state Assembly, Senate, and Board of Equalization districts with elected representatives who draw congressional districts. Fiscal Impact: Possible reduction of state redistricting costs of around $1 million over the next year. Likely reduction of these costs of a few million dollars once every ten years beginning in 2020.

WHAT YOUR VOTE MEANS

YES A YES vote on this measure means: The responsibility to determine the boundaries of State Legislature and Board of Equalization districts would be returned to the Legislature. The Citizens Redistricting Commission, established by Proposition 11 in 2008 to perform this function, would be eliminated. (Proposition 20 on this ballot also concerns redistricting issues. If both Proposition 27 and Proposition 20 are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.)

NO A NO vote on this measure means: The responsibility to determine the boundaries of Legislature and Board of Equalization districts would remain with the Citizens Redistricting Commission.

ARGUMENTS

PRO VOTE YES ON 27 TO SAVE TAXPAYER DOLLARS AND END NONSENSE REAPPORTIONMENT GAMES. California is in crisis. We are broke, deeply in debt, unemployment is far too high. Proposition 27 is the only chance for voters to say "Enough is enough! Stop wasting taxpayer dollars on nonsense." Yes on 27.

CON Politicians behind 27 want to repeal the voter-approved Citizens Redistricting Commission. They want the power to draw safe districts for themselves and will spend or say anything to get it back. Don't buy it. TAXPAYER GROUPS, GOOD GOVERNMENT GROUPS, SENIORS SAY STOP THE POWER GRAB: NO on 27.

FOR ADDITIONAL INFORMATION

FOR

Yes on 27
10940 Wilshire Boulevard, Suite 2000
Los Angeles, CA 90024
(310) 576-1233
www.yesprop27.org

AGAINST

Yes on 20, No on 27—Hold Politicians Accountable, a coalition of taxpayers, seniors, good government groups, small business and community organizations.
925 University Ave.
Sacramento, CA 95825
(866) 395-6121
email@yes20no27.org
www.noprop27.org

About Ballot Arguments

The Secretary of State's Office does not write ballot arguments. Arguments in favor of and against ballot measures are provided by the proponents and opponents of the ballot measures.

If multiple arguments are submitted for or against a measure, the law requires that first priority be given to arguments written by legislators in the case of legislative measures, and arguments written by the proponents of an initiative or referendum in the case of an initiative or referendum measure.

Subsequent priority for all measures goes to bona fide associations of citizens and then to individual voters. The submitted argument language cannot be verified for accuracy or changed in any way unless a court orders it to be changed.

Supplemental Voter Information

This Voter Information Guide is current as of the August date of printing. If any additional statewide measures qualify for the ballot, a supplemental Voter Information Guide will be prepared and mailed to you.

If you or someone you know does not receive a guide, you may view the information at *www.voterguide.sos.ca.gov* or request an additional copy by calling the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683). Copies are also available at your local library and county elections office. Copies of the state Voter Information Guide and your county sample ballot booklet also will be available at your polling place on Election Day.

About Initiatives

Often referred to as "direct democracy," the initiative process is the power of the people to place measures on a statewide ballot. These measures can either create or change laws and amend the constitution. If the initiative proposes to create or change California laws, proponents must gather petition signatures of registered voters equal in number to five percent of the votes cast for all candidates for Governor in the most recent gubernatorial election. If the initiative proposes to amend the California Constitution, proponents must gather petition signatures of registered voters equal in number to eight percent of the votes cast for all candidates for Governor in the most recent gubernatorial election. To be enacted, an initiative requires a simple majority of the total votes cast.

PROPOSITION
18

On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROP
18

On August 10, 2010, the State Legislature and Governor removed Proposition 18 from the ballot.

PROPOSITION **19** **LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.**

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

- Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use.
- Permits local governments to regulate and tax commercial production, distribution, and sale of marijuana to people 21 years old or older.
- Prohibits people from possessing marijuana on school grounds, using in public, or smoking it while minors are present.
- Maintains prohibitions against driving while impaired.
- Limits employers' ability to address marijuana use to situations where job performance is actually impaired.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The fiscal effects of this measure could vary substantially depending on: (1) the extent to which the federal government continues to enforce federal marijuana laws and (2) whether the state and local governments choose to authorize, regulate, and tax various marijuana-related activities.
- Savings of potentially several tens of millions of dollars annually to the state and local governments on the costs of incarcerating and supervising certain marijuana offenders.
- Increase in state and local government tax and fee revenues, potentially in the hundreds of millions of dollars annually.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Federal Law. Federal laws classify marijuana as an illegal substance and provide criminal penalties for various activities relating to its use. These laws are enforced by federal agencies that may act independently or in cooperation with state and local law enforcement agencies.

State Law and Proposition 215. Under current state law, the possession, cultivation, or distribution of marijuana generally is illegal in California. Penalties for marijuana-related activities vary depending on the offense. For example, possession of less than one ounce of marijuana is a misdemeanor punishable by a fine, while selling marijuana is a felony and may result in a prison sentence.

In November 1996, voters approved Proposition 215, which legalized the cultivation and possession of marijuana in California for medical purposes. The U.S. Supreme Court ruled in 2005, however, that federal authorities could continue to prosecute California patients and providers engaged in the cultivation and use of marijuana for medical purposes. Despite having this authority, the U.S. Department of Justice announced in March 2009 that the current administration would not prosecute marijuana patients and providers whose actions are consistent with state medical marijuana laws.

PROPOSAL

This measure changes state law to (1) legalize the possession and cultivation of limited amounts of marijuana for personal use by individuals age 21 or older, and (2) authorize various commercial marijuana-related activities under certain conditions. Despite these changes to state law, these marijuana-related activities would continue to be prohibited under federal law. These federal prohibitions could still be enforced by federal agencies. It is not known to what extent the

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

federal government would continue to enforce them. Currently, no other state permits commercial marijuana-related activities for non-medical purposes.

State Legalization of Marijuana Possession and Cultivation for Personal Use

Under the measure, persons age 21 or older generally may (1) possess, process, share or transport up to one ounce of marijuana; (2) cultivate marijuana on private property in an area up to 25 square feet per private residence or parcel; (3) possess harvested and living marijuana plants cultivated in such an area; and (4) possess any items or equipment associated with the above activities. The possession and cultivation of marijuana must be solely for an individual's personal consumption and not for sale to others, and consumption of marijuana would only be permitted in a residence or other "non-public place." (One exception is that marijuana could be sold and consumed in licensed establishments, as discussed below.) The state and local governments could also authorize the possession and cultivation of larger amounts of marijuana.

State and local law enforcement agencies could not seize or destroy marijuana from persons in compliance with the measure. In addition, the measure states that no individual could be punished, fined, or discriminated against for engaging in any conduct permitted by the measure. However, it does specify that employers would retain existing rights to address consumption of marijuana that impairs an employee's job performance.

This measure sets forth some limits on marijuana possession and cultivation for personal use. For example, the smoking of marijuana in the presence of minors is not permitted. In addition, the measure would not change existing laws that prohibit driving under the influence of drugs or that prohibit possessing marijuana on the grounds of elementary, middle, and high schools. Moreover, a person age 21 or older who knowingly gave marijuana to a person age 18 through 20 could be sent to county jail for up to six months and fined up to $1,000 per offense. (The measure does not change existing criminal laws which impose penalties for adults who furnish marijuana to minors under the age of 18.)

Authorization of Commercial Marijuana Activities

The measure allows local governments to authorize, regulate, and tax various commercial marijuana-related activities. As discussed below, the state also could authorize, regulate, and tax such activities.

Regulation. The measure allows local governments to adopt ordinances and regulations regarding commercial marijuana-related activities—including marijuana cultivation, processing, distribution, transportation, and retail sales. For example, local governments could license establishments that could sell marijuana to persons 21 and older. Local governments could regulate the location, size, hours of operation, and signs and displays of such establishments. Individuals could transport marijuana from a licensed marijuana establishment in one locality to a licensed establishment in another locality, regardless of whether any localities in between permitted the commercial production and sale of marijuana. However, the measure does not permit the transportation of marijuana between California and another state or country. An individual who was licensed to sell marijuana to others in a commercial establishment and who negligently provided marijuana to a person under 21 would be banned from owning, operating, being employed by, assisting, or entering a licensed marijuana establishment for one year. Local governments could also impose additional penalties or civil fines on certain marijuana-related activities, such as for violation of a local ordinance limiting the hours of operation of a licensed marijuana establishment.

Whether or not local governments engaged in this regulation, the state could, on a statewide basis, regulate the commercial production of marijuana. The state could also authorize the production of hemp, a type of marijuana plant

For text of Proposition 19, see page 92.

that can be used to make products such as fabric and paper.

Taxation. The measure requires that licensed marijuana establishments pay all applicable federal, state, and local taxes and fees currently imposed on other similar businesses. In addition, the measure permits local governments to impose new general, excise, or transfer taxes, as well as benefit assessments and fees, on authorized marijuana-related activities. The purpose of such charges would be to raise revenue for local governments and/or to offset any costs associated with marijuana regulation. In addition, the state could impose similar charges.

FISCAL EFFECTS

Many of the provisions in this measure permit, but do not require, the state and local governments to take certain actions related to the regulation and taxation of marijuana. Thus, it is uncertain to what extent the state and local governments would in fact undertake such actions. For example, it is unknown how many local governments would choose to license establishments that would grow or sell marijuana or impose an excise tax on such sales.

In addition, although the federal government announced in March 2009 that it would no longer prosecute medical marijuana patients and providers whose actions are consistent with Proposition 215, it has continued to enforce its prohibitions on non-medical marijuana-related activities. This means that the federal government could prosecute individuals for activities that would be permitted under this measure. To the extent that the federal government continued to enforce its prohibitions on marijuana, it would have the effect of impeding the activities permitted by this measure under state law.

Thus, the revenue and expenditure impacts of this measure are subject to significant uncertainty.

Impacts on State and Local Expenditures

Reduction in State and Local Correctional Costs. The measure could result in savings to the state and local governments by reducing the number of marijuana offenders incarcerated in state prisons and county jails, as well as the number placed under county probation or state parole supervision. These savings could reach several tens of millions of dollars annually. The county jail savings would be offset to the extent that jail beds no longer needed for marijuana offenders were used for other criminals who are now being released early because of a lack of jail space.

Reduction in Court and Law Enforcement Costs. The measure would result in a reduction in state and local costs for enforcement of marijuana-related offenses and the handling of related criminal cases in the court system. However, it is likely that the state and local governments would redirect their resources to other law enforcement and court activities.

Other Fiscal Effects on State and Local Programs. The measure could also have fiscal effects on various other state and local programs. For example, the measure could result in an increase in the consumption of marijuana, potentially resulting in an unknown increase in the number of individuals seeking publicly funded substance abuse treatment and other medical services. This measure could also have fiscal effects on state- and locally funded drug treatment programs for criminal offenders, such as drug courts. Moreover, the measure could potentially reduce both the costs and offsetting revenues of the state's Medical Marijuana Program, a patient registry that identifies those individuals eligible under state law to legally purchase and consume marijuana for medical purposes.

Impacts on State and Local Revenues

The state and local governments could receive additional revenues from taxes, assessments, and fees from marijuana-related activities allowed under this measure. If the commercial production and sale of marijuana occurred in California, the state and local governments could receive revenues from a variety of sources in the ways described below.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

- ***Existing Taxes.*** Businesses producing and selling marijuana would be subject to the same taxes as other businesses. For instance, the state and local governments would receive sales tax revenues from the sale of marijuana. Similarly, marijuana-related businesses with net income would pay income taxes to the state. To the extent that this business activity pulled in spending from persons in other states, the measure would result in a net increase in taxable economic activity in the state.
- ***New Taxes and Fees on Marijuana.*** As described above, local governments are allowed to impose taxes, fees, and assessments on marijuana-related activities. Similarly, the state could impose taxes and fees on these types of activities. (A portion of any new revenues from these sources would be offset by increased regulatory and enforcement costs related to the licensing and taxation of marijuana-related activities.)

As described earlier, both the enforcement decisions of the federal government and whether the state and local governments choose to regulate and tax marijuana would affect the impact of this measure. It is also unclear how the legalization of some marijuana-related activities would affect its overall level of usage and price, which in turn could affect the level of state or local revenues from these activities. Consequently, the magnitude of additional revenues is difficult to estimate. To the extent that a commercial marijuana industry developed in the state, however, we estimate that the state and local governments could eventually collect hundreds of millions of dollars annually in additional revenues.

For text of Proposition 19, see page 92.

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 19 ★

PROPOSITION 19: COMMON SENSE CONTROL OF MARIJUANA

Today, hundreds of millions of taxpayer dollars are spent enforcing the failed prohibition of marijuana (also known as "cannabis").

Currently, marijuana is easier for kids to get than alcohol, because dealers don't require ID.

Prohibition has created a violent criminal market run by international drug cartels.

Police waste millions of taxpayer dollars targeting non-violent marijuana consumers, while thousands of violent crimes go unsolved.

And there is $14 billion in marijuana sales every year in California, but our debt-ridden state gets nothing from it.

Marijuana prohibition has failed.

WE NEED A COMMON SENSE APPROACH TO CONTROL AND TAX MARIJUANA LIKE ALCOHOL.

Proposition 19 was carefully written to get marijuana under control.

Under Proposition 19, *only* adults 21 and over can possess up to one ounce of marijuana, to be consumed at home or licensed establishments. Medical marijuana patients' rights are preserved.

If we can control and tax alcohol, we can control and tax marijuana.

PUT STRICT SAFETY CONTROLS ON MARIJUANA

Proposition 19 maintains strict criminal penalties for driving under the influence, increases penalties for providing marijuana to minors, and bans smoking it in public, on school grounds, and around minors.

Proposition 19 keeps workplaces safe, by preserving the right of employers to maintain a drug-free workplace.

PUT POLICE PRIORITIES WHERE THEY BELONG

According to the FBI, in 2008 over 61,000 Californians were arrested for misdemeanor marijuana possession, while 60,000 violent crimes went unsolved. By ending arrests of non-violent marijuana consumers, police will save hundreds of millions of taxpayer dollars a year, and be able to focus on the real threat: violent crime.

Police, Sheriffs, and Judges support Proposition 19.

HELP FIGHT THE DRUG CARTELS

Marijuana prohibition has created vicious drug cartels across our border. In 2008 alone, cartels murdered 6,290 civilians in Mexico—more than all U.S. troops killed in Iraq and Afghanistan combined.

60 percent of drug cartel revenue comes from the illegal U.S. marijuana market.

By controlling marijuana, Proposition 19 will help cut off funding to the cartels.

GENERATE BILLIONS IN REVENUE TO FUND WHAT MATTERS

California faces historic deficits, which, if state government doesn't balance the budget, could lead to higher taxes and fees for the public, and more cuts to vital services. Meanwhile, there is $14 billion in marijuana transactions every year in California, but we see none of the revenue that would come from taxing it.

Proposition 19 enables state and local governments to tax marijuana, so we can preserve vital services.

The State's tax collector, the Board of Equalization, says taxing marijuana would generate $1.4 billion in annual revenue, which could fund jobs, healthcare, public safety, parks, roads, transportation, and more.

LET'S REFORM CALIFORNIA'S MARIJUANA LAWS

Outlawing marijuana hasn't stopped 100 million Americans from trying it. But we *can* control it, make it harder for kids to get, weaken the cartels, focus police resources on violent crime, and generate billions in revenue and savings.

We need a common sense approach to control marijuana.

YES on 19.

www.taxcannabis.org

JOSEPH D. McNAMARA, San Jose Police Chief (Ret.)
JAMES P. GRAY, Orange County Superior Court Judge (Ret.)
STEPHEN DOWNING, Deputy Chief (Ret.)
Los Angeles Police Department

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 19 ★

As California public safety leaders, we agree that Proposition 19 is flawed public policy and would compromise the safety of our roadways, workplaces, and communities. Before voting on this proposition, please take a few minutes to read it.

Proponents claim, "Proposition 19 maintains strict criminal penalties for driving under the influence." That statement is false. In fact, Proposition 19 gives drivers the "right" to use marijuana right up to the point when they climb behind the wheel, but unlike as with drunk driving, Proposition 19 fails to provide the Highway Patrol with any tests or objective standards for determining what constitutes "driving under the influence." That's why Mothers Against Drunk Driving (MADD) strongly opposes Proposition 19.

Proponents claim Proposition 19 is "preserving the right of employers to maintain a drug-free workplace." This is also false. According to the California Chamber of Commerce, the facts are that Proposition 19 creates special rights for employees to possess marijuana on the job, and that means no company in California can meet federal drug-free workplace standards, or qualify for federal contracts. The California State Firefighters Association warns this one drafting mistake alone could cost thousands of Californians to lose their jobs.

Again, contrary to what proponents say, the statewide organizations representing police, sheriffs and drug court judges are all urging you to vote "No" on Proposition 19. Passage of Proposition 19 seriously compromises the safety of our communities, roadways, and workplaces.

STEVE COOLEY, District Attorney
Los Angeles County
KAMALA HARRIS, District Attorney
San Francisco County
KEVIN NIDA, President
California State Firefighters Association

PROP 19 LEGALIZES MARIJUANA UNDER CALIFORNIA BUT NOT FEDERAL LAW. PERMITS LOCAL GOVERNMENTS TO REGULATE AND TAX COMMERCIAL PRODUCTION, DISTRIBUTION, AND SALE OF MARIJUANA. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 19 ★

Even if you support legalization of recreational marijuana, you should vote "No" on Proposition 19.

Why? Because the authors made several huge mistakes in writing this initiative which will have severe, unintended consequences.

For example, Mothers Against Drunk Driving (MADD) strongly opposes Proposition 19 because it will prevent bus and trucking companies from requiring their drivers to be drug-free. Companies won't be able to take action against a "stoned" driver until after he or she has a wreck, not before.

School districts may currently require school bus drivers to be drug-free, but if Proposition 19 passes, their hands will be tied—until after tragedy strikes. A school bus driver would be forbidden to smoke marijuana on schools grounds or while actually behind the wheel, but could arrive for work with marijuana in his or her system.

Public school superintendent John Snavely, Ed.D. warns that Proposition 19 could cost our K–12 schools as much as $9.4 billion in lost federal funding. Another error could potentially cost schools hundreds of millions of dollars in federal grants for our colleges and universities. Our schools have already experienced severe budget cuts due to the state budget crisis.

The California Chamber of Commerce found that "if passed, this initiative could result in employers losing public contracts and grants because they could no longer effectively enforce the drug-free workplace requirements outlined by the federal government."

Employers who permit employees to sell cosmetics or school candy bars to co-workers in the office, may now also be required to allow any employee with a "license" to sell marijuana in the office.

Under current law, if a worker shows up smelling of alcohol or marijuana, an employer may remove the employee from a dangerous or sensitive job, such as running medical lab tests in a hospital, or operating heavy equipment. But if Proposition 19 passes, the worker with marijuana in his or her system may not be removed from the job until after an accident occurs.

The California Police Chiefs Association opposes Proposition 19 because proponents "forgot" to include a standard for what constitutes "driving under the influence." Under Proposition 19, a driver may legally drive even if a blood test shows they have marijuana in their system.

Gubernatorial candidates Republican Meg Whitman and Democrat Jerry Brown have both studied Proposition 19 and are urging all Californians to vote "No," as are Democratic and Republican candidates for Attorney General, Kamala Harris and Steve Cooley.

Don't be fooled. The proponents are hoping you will think Proposition 19 is about "medical" marijuana. It is not. Proposition 19 makes no changes either way in the medical marijuana laws.

Proposition 19 is simply a jumbled legal nightmare that will make our highways, our workplaces and our communities less safe. We strongly urge you to vote "No" on Prop. 19.

DIANNE FEINSTEIN, United States Senator
LAURA DEAN-MOONEY, National President
Mothers Against Drunk Driving

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 19 ★

THE CHOICE IS CLEAR: REAL CONTROL OF MARIJUANA, OR MORE OF THE SAME

Let's be honest. Our marijuana laws have failed. Rather than accepting things as they are, we can control marijuana.

Like the prohibition of alcohol in the past, outlawing marijuana hasn't worked. It's created a criminal market run by violent drug cartels, wasted police resources, and drained our state and local budgets. Proposition 19 is a more honest policy, and a common sense solution to these problems. Proposition 19 will control marijuana like alcohol, making it available *only* to adults, enforce strong driving and workplace safety laws, put police priorities where they belong, and generate billions in needed revenue.

THE CHOICE IS CLEAR: REAL CONTROL OF MARIJUANA, OR MORE OF THE SAME

We can make it harder for kids to get marijuana, or we can accept the status quo, where marijuana is easier for kids to get than alcohol.

We can let police prevent violent crime, or we can accept the status quo, and keep wasting resources sending tens of thousands of non-violent marijuana consumers—a disproportionate number who are minorities—to jail.

We can control marijuana to weaken the drug cartels, or we can accept the status quo, and continue to fund violent gangs with illegal marijuana sales in California.

We can tax marijuana to generate billions for vital services, or we can accept the status quo, and turn our backs on this needed revenue.

THE CHOICE IS CLEAR

Vote Yes on 19.

JOYCELYN ELDERS, United States Surgeon General (Ret.)
ALICE A. HUFFMAN, President
California NAACP
DAVID DODDRIDGE, Narcotics Detective (Ret.)
Los Angeles Police Department

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PROPOSITION
20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Removes elected representatives from the process of establishing congressional districts and transfers that authority to the recently-authorized 14-member redistricting commission.
- Redistricting commission is comprised of five Democrats, five Republicans, and four voters registered with neither party.
- Requires that any newly-proposed district lines be approved by nine commissioners including three Democrats, three Republicans, and three from neither party.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- No significant net change in state redistricting costs.

ANALYSIS BY THE LEGISLATIVE ANALYST

This measure takes the responsibility to determine boundaries for California's congressional districts away from the State Legislature. Instead, the commission recently established by voters to draw district boundaries of state offices would determine the boundaries of congressional districts.

BACKGROUND

In a process known as "redistricting," the State Constitution requires that the state adjust the boundary lines of districts once every ten years following the federal census for the State Assembly, State Senate, State Board of Equalization (BOE), and California's congressional districts for the U.S. House of Representatives. To comply with federal law, redistricting must establish districts which are roughly equal in population.

Recent Changes to State Legislature and BOE Redistricting. In the past, district boundaries for all of the offices listed above were determined in bills that became law after they were approved by the Legislature and signed by the Governor. On some occasions, when the Legislature and the Governor were unable to agree on redistricting plans, the California Supreme Court performed the redistricting.

In November 2008, voters passed Proposition 11, which created the Citizens Redistricting Commission to establish new district boundaries for the State Assembly, State Senate, and BOE beginning after the 2010 census. To be established once every ten years, the commission will consist of 14 registered voters—5 Democrats, 5 Republicans, and 4 others—who apply for the position and are chosen according to specified rules.

When the commission sets district boundaries, it must meet the requirements of federal law and other requirements, such as not favoring or discriminating against political parties, incumbents, or political candidates. In addition, the commission is required, to the extent possible, to adopt district boundaries that:

- Maintain the geographic integrity of any city, county, neighborhood, and "community of interest" in a single district. (The commission is responsible for defining "communities of interest" for its redistricting activities.)
- Develop geographically compact districts.
- Place two Assembly districts together within one Senate district and place ten Senate districts together within one BOE district.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Current Congressional Redistricting Process. Currently, California is entitled to 53 of the 435 seats in the U.S. House of Representatives. Proposition 11 did not change the redistricting process for these 53 congressional seats. Currently, therefore, redistricting plans for congressional seats are included in bills that are approved by the Legislature.

Proposition 11, however, did make some changes to the requirements that the Legislature must meet in drawing congressional districts. The Legislature—like the commission—now must attempt to draw geographically compact districts and maintain geographic integrity of localities, neighborhoods, and communities of interest, as defined by the Legislature. Proposition 11, however, does not prohibit the Legislature from favoring or discriminating against political parties, incumbents, or political candidates when drawing congressional districts.

PROPOSAL

Proposed New Method for Congressional Redistricting. This measure amends the Constitution to change the redistricting process for California's districts in the U.S. House of Representatives. Specifically, the measure removes the authority for congressional redistricting from the Legislature and instead gives this authority to the Citizens Redistricting Commission. The commission would draw congressional districts essentially as it draws other district lines under Proposition 11. The commission, for example, could not draw congressional districts in order to favor incumbents, political candidates, or political parties. The commission also is to consider the geographic integrity of cities, counties, neighborhoods, and communities of interest. As under Proposition 11, compliance with federal law would be required.

"Community of Interest" Defined. In addition to adding similar criteria for congressional redistricting as those established in Proposition 11, the measure defines a "community of interest" for both congressional redistricting and redistricting of State Assembly, State Senate, and BOE seats. A community of interest is defined as "a contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation."

Two Redistricting-Related Measures on This Ballot. In addition to this measure, another measure on the November 2010 ballot—Proposition 27—concerns redistricting issues. Key provisions of these two propositions, as well as current law, are summarized in Figure 1. If both of these measures are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.

For text of Proposition 20, see page 95.

Figure 1

Comparing Key Provisions of Current Law and November 2010 Propositions on the Drawing of Political Districts

	Current Law	Proposition 20	Proposition 27
Entity that draws State Assembly, State Senate, and Board of Equalization (BOE) districts	Citizens Redistricting Commission[a]	Citizens Redistricting Commission	Legislature
Entity that draws California's congressional districts	Legislature	Citizens Redistricting Commission	Legislature
Definition of a "community of interest"[b]	Defined by Citizens Redistricting Commission/Legislature	"A contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation"	Determined by the Legislature

[a] The commission was established by Proposition 11 of 2008.

[b] Under current law and both Proposition 20 and Proposition 27, redistricting entities generally are charged with attempting to hold together a "community of interest" within a district.

FISCAL EFFECTS

Redistricting Costs Prior to Proposition 11 and Under Current Law. The Legislature spent about $3 million in 2001 from its own budget specifically for redistricting activities, such as the purchase of specialized redistricting software and equipment. In addition to these costs, some regular legislative staff members, facilities, and equipment (which are used to support other day-to-day activities of the Legislature) were used temporarily for redistricting efforts.

In 2009, under the Proposition 11 process, the Legislature approved $3 million from the state's General Fund for redistricting activities related to the 2010 census. In addition, about $3 million has been spent from another state fund to support the application and selection process for commission members. For future redistricting efforts, Proposition 11 requires the commission process to be funded at least at the prior decade's level grown for inflation. The Legislature currently funds congressional redistricting activities within its budget.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Redistricting Costs Under This Proposal. This measure would consolidate all redistricting activity under the Citizens Redistricting Commission process established by Proposition 11 in 2008. The commission would experience increased costs from handling congressional redistricting activities. These costs, however, would be offset by a reduction in the Legislature's redistricting costs. Any net change in future redistricting costs under this measure probably would not be significant.

For text of Proposition 20, see page 95.

PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 20 ★

Proposition 20 will put an end to legislators drawing election districts for their friends in Congress—districts that virtually guarantee Members of Congress get reelected even when they don't listen to voters.

Proposition 20 will create fair congressional districts that make our congressional representatives more accountable to voters and make it easier to vote them out of office when they don't do their jobs.

Proposition 20 simply extends the redistricting reforms voters passed in 2008 (Prop. 11) so the voter-approved independent Citizens Redistricting Commission, instead of politicians, draws California congressional districts in addition to drawing state legislative districts.

The Commission is already being organized to draw fair districts. Visit the official state site to see preparations for the Citizens Redistricting Commission's redistricting in 2011 (*www.wedrawthelines.ca.gov*).

Proposition 20 will:

- Create fair congressional districts.
- Help make our congressional representatives more accountable and responsive to voters.
- Make it easier to vote Members of Congress out of office if they're not doing their jobs.

YES ON PROPOSITION 20: STOP THE BACKROOM DEALS

Right now, legislators and their paid consultants draw districts behind closed doors to guarantee their friends in Congress are reelected. Sacramento politicians pick the voters for their friends in Congress, rather than voters choosing who will represent them.

The Los Angeles Times and Orange County Register revealed that in the last redistricting, 32 Members of Congress and other politicians paid one political consultant over ONE MILLION dollars to draw district boundaries to guarantee their reelection!

Proposition 20 puts an end to backroom deals by ensuring redistricting is completely open to the public and transparent. Proposition 20 means no secret meetings or payments are allowed and politicians can't divide communities just to get the political outcome they want.

YES ON PROPOSITION 20: HOLD POLITICIANS ACCOUNTABLE

When politicians are guaranteed reelection, they have little incentive to work together to solve the serious problems we all face.

Proposition 20 will create fair districts so politicians will actually have to work for our votes and respond to voter needs.

"When voters can finally hold politicians accountable, politicians will have to quit playing games and work to address the serious challenges Californians face."—Ruben Guerra, Latin Business Association

The choice is simple:

GOOD GOVERNMENT GROUPS ASK YOU TO VOTE "YES" ON PROPOSITION 20 to force politicians to compete in fair districts so we can hold them accountable.

POLITICIANS WANT YOU TO VOTE "NO" ON PROPOSITION 20 so they can stifle voters' voices so we can't hold them accountable.

It's time we stand up to the politicians and special interests and extend voter-approved redistricting reforms to include Congress.

Voters already created the Commission—it's common sense to have the Commission draw congressional as well as legislative districts.

"People from every walk of life support Proposition 20 to send a message to politicians that it's time to put voters in charge and get California back on track."—Joni Low, Asian Business Association of San Diego

JOIN US IN VOTING YES ON PROPOSITION 20.
YesProp20.org

DAVID PACHECO, California President
AARP

KATHAY FENG, Executive Director
California Common Cause

JOHN KABATECK, Executive Director
National Federation of Independent Business/California

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 20 ★

DON'T BE FOOLED—NO ON PROPOSITION 20—IT WASTES TAXPAYER DOLLARS

Perhaps Charles Munger, Junior, the sole bankroller of Prop. 20, has fooled well-meaning David Pacheco, Kathay Feng, and John Kabateck. But don't let him fool you.

Prop. 20 guarantees no level of fairness, guarantees no competitive districts, guarantees nothing—except that voters cannot hold those who draw congressional district lines accountable for what they do *AND THAT YOU, THE TAXPAYER, WILL FOOT THE BILL FOR MUNGER'S SCHEME.*

Accountability to the people is the fundamental principle of our form of government. But Prop. 20 gives a non-accountable 14-person bureaucracy even more power over the people. And, of course, this bureaucracy will cost you money.

Proponents have stated (unknowingly) the most obvious reason to vote No on 20: BELIEVE IT OR NOT, these people want to extend the travesty of the existing redistricting commission even further! Who, other than a handful of lobbyists, lawyers, and politicians has been able to figure out the incredibly complicated labyrinth for choosing the commission?

And the bureaucrats who emerge from this wasteful inscrutable process will have absolute power over our legislative districts. VOTERS WILL NEVER HAVE A CHANCE TO HOLD THEM RESPONSIBLE FOR WHAT THEY DO.

Our state is in crisis! Unemployment, crime, massive debt. It is time to stop nonsense political games of reapportionment.

Save taxpayer dollars, hold the power brokers accountable to the people. Vote No on Proposition 20. Vote Yes on its rival, Proposition 27.

MARK MURRAY, Executive Director
Californians Against Waste

HANK LACAYO, President
Congress of California Seniors

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

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PROP 20 REDISTRICTING OF CONGRESSIONAL DISTRICTS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 20 ★

NO ON 20—it wastes taxpayer dollars and it turns back the clock on redistricting law. Proposition 20 is a disaster . . . it must be defeated.

NO ON PROPOSITION 20—IT WASTES TAXPAYER DOLLARS:

20 is the brainchild of Charles Munger, Jr.—son of multi-billionaire Wall Street tycoon Charles Munger. MUNGER JUNIOR IS THE SOLE BANK-ROLLER OF 20. (Well, four other contributors have given all of $700.) But just for its qualification, MUNGER GAVE $3.3 MILLION, a figure that will probably multiply many times by Election Day.

But if Proposition 20 passes, the taxpayers will start paying the bills instead of Munger Junior. Prop. 20 will cost us millions of dollars. Compare Prop. 20 with its rival, Prop. 27.

First, non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: LIKELY DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

Second, Prop. 20 adds to the cascade of waste that Prop. 27 would avoid. Governor Schwarzenegger has already proposed going back to the well to *double* the redistricting budget, spending MILLIONS MORE DOLLARS to draw lines for politicians while the state is facing a $19 billion deficit.

AND NOW WITH PROP. 20, MUNGER JUNIOR WANTS TO MAKE THIS WASTEFUL BUREAUCRACY SPRAWL EVEN FURTHER AT THE EXTRA EXPENSE OF YOU, THE TAXPAYER.

NO ON PROPOSITION 20—IT MANDATES JIM CROW ECONOMIC DISTRICTS:

Proposition 20 turns back the clock on redistricting law. Inexplicably, Proposition 20 mandates that all districts (including Assembly, Senate, and Congress) must be segregated by income level. This pernicious Prop. 20 mandates that all districts be segregated according to "similar living standards" and that districts include only people "with similar work opportunities."

"Prop. 20 is insulting to all Californians. Jim Crow districts are a thing of the past. 20 sets back the clock on redistricting law. No on 20."—Julian Bond, Chairman Emeritus, NAACP

Jim Crow districts are a throwback to an awful bygone era. Districting by race, by class, by lifestyle or by wealth is unacceptable. Munger Junior may not want to live in the same district as his chauffeur, but Californians understand these code words. The days of "country club members only" districts or of "poor people only" districts are over. NO ON PROP. 20—all Californians MUST be treated equally.

OUR DEMOCRATIC REPUBLIC IS NOT A TOY TO BE PLAYED WITH FOR THE SELF-AGGRANDIZEMENT OF THE IDLE SECOND-GENERATION RICH.

NO ON 20, YES ON 27.

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission
AUBRY L. STONE, President
California Black Chamber of Commerce
CARL POPE, Chairman
Sierra Club

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 20 ★

The argument against Proposition 20 is one of the most angry and over-the-top you'll ever see in the Voter Guide.

THE POLITICIANS BEHIND IT SHOULD BE ASHAMED.

They're desperate because voters can pass Proposition 20 and stop Sacramento politicians from drawing election districts to ensure their friends in Congress are reelected, even when they don't listen to voters.

That's a threat to them. Politicians will say anything to protect their "safe" seats in Congress so they're not accountable to voters.

DON'T BE MISLED BY THE POLITICIANS' BOGUS "COST" ARGUMENT.

FACT: The non-partisan state Legislative Analyst found Prop. 20 will result in "probably no significant change in redistricting costs." Cal-Tax and other taxpayer groups support 20.

HERE'S WHY PASSING PROPOSITION 20 IS SO IMPORTANT:

FACT: In the last redistricting, Latino leaders sued after a California Congressman had 170,000 Latinos carved out of his district just to ensure he'd get reelected. Now he's leading the charge against 20!

FACT: Politicians want to defeat 20 so they can keep drawing districts that divide communities, cities and counties and dilute voters' voices—just to get safe seats.

FACT: 20 will finally put an end to the politicians' self-serving, backroom deals.

FACT: With 20, the voter-approved Citizens Redistricting Commission will draw fair congressional districts in a completely transparent manner, giving voters power to hold politicians accountable.

The California Black Chamber of Commerce, Latin Business Association, Asian Pacific Islander American Public Affairs Association all say YES on 20!

Check it out for yourself: www.YesProp20.org

ALICE HUFFMAN, President
California NAACP
JULIAN CANETE, Executive Director
California Hispanic Chambers of Commerce
RICHARD RIDER, Chairman
San Diego Tax Fighters

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PROPOSITION

21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

- Requires deposit of surcharge revenue in a new trust fund and requires that trust funds be used solely to operate, maintain and repair state parks and to protect wildlife and natural resources.
- Exempts commercial vehicles, trailers and trailer coaches from the surcharge.
- Requires annual audit by the State Auditor and review by a citizens oversight committee.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about $500 million annually from an annual surcharge on vehicle registrations.
- New revenues would be used to offset about $50 million loss of park day-use fee revenues, and could be used to replace up to $200 million annually from existing state funds currently spent on state parks and wildlife conservation programs.
- **Increased funding for state parks and wildlife conservation of at least $250 million annually.**

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

The State Park System and State Wildlife Conservation Agencies. California has 278 state parks, of which 246 are operated and maintained by the California Department of Parks and Recreation (DPR) and 32 by local entities. Other state departments, such as the Department of Fish and Game (DFG) and various state conservancies, own and maintain other lands for wildlife conservation purposes. The State Wildlife Conservation Board acquires property and provides grants for property acquisition to state and local entities for wildlife conservation purposes. The Ocean Protection Council is a state agency responsible for coordinating state activities to protect ocean resources.

Funding for State Parks and Wildlife Conservation. Over the last five years, state funding for the operation of state parks has been around $300 million annually. Of this amount, about $150 million has come from the General Fund, with the balance coming largely from park user fees (such as admission, camping, and other use fees) and state gasoline tax revenues. The development of new state parks and capital improvements to existing parks are largely funded from bond funds that have been approved in the past by voters. There is a significant backlog of maintenance projects in state parks, which have no dedicated annual funding source. The DPR also administers grant programs for local parks, funded largely through bond funds.

Wildlife conservation programs in various other state departments, such as DFG, are funded through a combination of the General Fund, regulatory fees, and bond funds. State funding for wildlife conservation program operations is around $100 million per year. Bond funds are the primary funding source for land acquisitions and other capital projects for wildlife conservation purposes.

Annual Vehicle Registration Fees. The state collects a number of charges annually when a person registers a vehicle. The Department of Motor Vehicles (DMV) collects these revenues on behalf of the state.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

PROPOSAL

Imposition of an $18 Surcharge on Vehicle Registrations. This measure places an $18 annual surcharge on all vehicles registered on or after January 1, 2011, except for commercial vehicles, trailers, and trailer coaches. The surcharge would be collected when annual vehicle registration fees are paid. These surcharge revenues would be deposited into the newly created State Parks and Wildlife Conservation Trust Fund. The measure expressly prohibits these funds from being used for purposes other than state parks and wildlife conservation.

Free Day-Use Entry to All State Parks for Surcharge Payers. Typically, most state parks charge a vehicle day-use fee that covers entry into the park and parking. Currently, this single fee is in the range of $5 to $15 per day depending on the park and the time of year. Under this measure, all California vehicles subject to the surcharge would have free vehicle admission, parking, and day-use at all units of the state parks system, including state parks currently operated by local entities, as well as to other specified state lands and wildlife areas. State parks would still be able to charge fees for camping, tours, and other activities.

Allocation of Funds. This measure allows up to 1 percent of the revenues deposited into the trust fund to be used for certain administrative and oversight activities, discussed further below. The remaining funds in the trust fund would be allocated each year, upon appropriation by the Legislature, to various park and wildlife conservation-related programmatic purposes. As shown in Figure 1, these surcharge revenues would be allocated as follows:

- ***Operations, Maintenance, and Development of State Parks.*** Eighty-five percent of the funds would be allocated to DPR for the operations, maintenance, and

Figure 1

Proposition 21: Allocation of Surcharge Revenues Among State Parks and Wildlife Programs

(In Millions)

Purpose	Allocation	Estimate of Annual Funding
Operations, Maintenance, and Development of State Parks:		
• General state park funding	76%	$375
• Grants to local agencies for lost fee revenue	5	25
• Grants for urban river parkways	4	20
Subtotals	(85%)	($420)
Wildlife Conservation Activities:		
• Management and operation of Department of Fish and Game lands	7%	$35
• Ocean Protection Council	4	20
• State land conservancies	2	10
• Wildlife Conservation Fund	2	10
Subtotals	(15%)	($75)
Totals, Allocations to State Parks and Wildlife Programs	**100%**	**$495**
Administration and Oversight[a]	—	$5
Total Allocations		**$500**

[a] One percent of total revenues from the surcharge would be allocated for administration costs in the Department of Motor Vehicles, the Bureau of State Audits, and the Natural Resources Agency.

For text of Proposition 21, see page 97.

development of the state parks system. From this amount, the department would award grants to local entities to replace the loss of day-use fees at locally operated state park units. (As we discuss below, some fee revenues would no longer be collected because this measure would now allow certain vehicles free access to these parks.) From this amount, the department would also provide grants to public agencies for urban river parkways to provide recreational benefits to underserved urban communities. The measure requires DPR to develop a strategic plan to improve access to the state parks system for underserved groups and regions of the state.

- ***Management and Operation of DFG Lands.*** Seven percent of the funds would be allocated to DFG for the management and operation of wildlife refuges, ecological reserves, and other DFG lands.
- ***Other Wildlife Conservation Activities.*** Additional funds would be allocated to other wildlife conservation activities, in some cases for state-operated programs but in other cases for grants to local agencies. Four percent would be allocated to the Ocean Protection Council, 2 percent to state conservancies, and 2 percent to the Wildlife Conservation Board.

Administration and Oversight. As discussed above, this measure allows for up to 1 percent of annual revenues to be used for collection, administration, auditing, and oversight of the trust fund. The DMV would collect the surcharge and would deposit it into the trust fund. The measure requires the State Auditor to conduct annual audits of expenditures from the fund to be reported to the Legislature and made publicly available. It also directs the Secretary for Natural Resources to establish a Citizens Oversight Committee that would review the audits and issue reports on how the measure is being implemented and its effectiveness in protecting state parks and natural resources.

FISCAL EFFECTS

New State Revenues. The $18 surcharge established by this measure would generate about $500 million in revenues annually for the trust fund. This amount would grow in line with any increases in the number of annual vehicle registrations.

Net Increase in Funding for State Parks and Wildlife Conservation. The $500 million in annual revenues from the $18 surcharge is a new source of funds for state parks and wildlife conservation. However, not all of these monies would have to be used to expand programs and carry out new projects. A portion of these new revenues could be used instead to take the place of existing funds, such as monies from the General Fund, currently used for the support of parks and wildlife conservation activities. The savings to the General Fund and other special funds could be as much as $200 million annually. Also, since all California vehicles subject to the surcharge would receive free day-use entry to state parks, revenues from day-use fees at state parks (including those operated by local governments) would decline by an estimated $50 million annually.

Accounting for all of these factors, the *net* increase in funding for state parks and wildlife conservation programs would probably be at least $250 million annually. A majority of this amount would go to state parks and could be used to address the significant deferred maintenance in state parks or to develop and enhance existing park programs. The remainder of the new funding would be available to enhance the management of state lands for wildlife conservation purposes and for new wildlife habitat restoration projects (for example, marine habitat protection).

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

In addition, state parks may receive additional revenues from other types of park fees, such as from tours, camping, and park concessions. That is because the elimination under this measure of day-use fees would result in a larger number of visits to park facilities.

For text of Proposition 21, see page 97.

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 21 ★

CALIFORNIA'S STATE PARKS AND BEACHES ARE IN PERIL.

Sacramento politicians have repeatedly cut funding for California's state parks and beaches in every region of our state. Parks and wildlife are now at immediate risk.

150 state parks were closed part-time or suffered deep service reductions during the past year. Our park facilities are poorly maintained, unsanitary and falling apart.

With no reliable funding, state parks have accumulated a backlog of more than $1 billion in maintenance and repairs. Cuts in ranger and lifeguard positions have reduced safety and increased crime. The National Trust for Historic Preservation named California state parks among the 11 most endangered places in America.

PROP. 21 KEEPS STATE PARKS AND BEACHES OPEN, WELL-MAINTAINED AND SAFE.

Prop. 21 gives California vehicles free day-use admission to state parks and beaches by establishing a new $18 vehicle license fee, paid just once a year, that's solely dedicated to state parks and wildlife conservation. This immediately-needed and dedicated funding source will prevent the shutdown of our parks and beaches and ensure they are properly maintained and safe for public use.

PROP. 21 PROTECTS JOBS AND BOOSTS CALIFORNIA'S ECONOMY.

California's state parks receive more than 80 million visits from residents and tourists every year, supporting tens of thousands of jobs and generating billions in business and tax revenues for nearby communities and our state. By keeping parks open, Prop. 21 preserves very important jobs and revenues.

PROP. 21 PROTECTS IRREPLACEABLE NATURAL AREAS, OCEAN AND WILDLIFE HABITATS.

In addition to keeping our state parks and beaches open and safe, Prop. 21 provides essential funding for wildlife and ocean conservation programs, helping preserve natural areas and improve the state's air and water quality.

PROP. 21 CREATES A TRUST FUND FOR PARKS THAT POLITICIANS CAN'T TOUCH.

Prop. 21 contains tough fiscal and accountability safeguards to protect the voters' investment, including a Citizen's Oversight Committee and annual audits. The revenues will go into a special Trust Fund specifically dedicated to the operation and maintenance of state parks and beaches, the protection and safety of visitors, and the preservation of natural areas and wildlife. Under Prop. 21, the money in this Trust Fund cannot be redirected by politicians to their pet projects.

PROP. 21 PRESERVES CALIFORNIA'S PARKS AS A LEGACY FOR OUR CHILDREN AND GRANDCHILDREN.

Our state parks and beaches—and the forests, wildlife, and historic and natural resources they protect—are part of what makes California unique. If we allow them to be degraded or shut down, they cannot be replaced.

Prop. 21 will keep state parks open, properly maintained and safe, preserve the opportunities they provide for family recreation, help our economy, and protect jobs.

Early supporters include the Ocean Conservancy, California Teachers Association, Latino Health Access, Public Health Institute, California Travel Industry Association, California State Parks Foundation, California State Lifeguard Association and local businesses and chambers of commerce throughout the state. Vote Yes For State Parks and Wildlife Conservation—YES on 21.

www.YesForStateParks.com

JIM ADAMS, Regional Executive Director, Pacific Region
National Wildlife Federation
MIKE SWEENEY, Executive Director
The Nature Conservancy California
PAMELA JO ARMAS, President
California State Park Rangers Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 21 ★

While appearing well intended, Prop. 21 is designed to trick you into bringing back the "Car Tax."

Politicians may not be able to "raid" these funds, but they can definitely take existing state park money and put those dollars into other wasteful projects. In fact, during a budget hearing, *a senator openly encouraged taking more money from parks so voters would want to raise the car tax with Prop. 21.*

Prop. 21 represents wrong priorities.

Prop. 21 is just more "ballot box budgeting" that raises your taxes without addressing California's most urgent issues. While state parks are a wonderful resource, is this really the time to pay more for parks while schools, universities and road construction are ignored?

Real reform is needed to fix our chronic budget woes. Pension reform, a spending limit and a real "rainy day" reserve would be useful reforms to relieve California's rising debt. Prop. 21 offers no solutions or reforms. It only offers a higher car tax with no guarantee that state park funding will actually increase.

Prop. 21 is deceptively written. While paying the new car tax will allow you to enter state parks, the measure still *allows for new additional fees inside the park.* It could easily cost more than ever to visit a state park.

Say NO to higher taxes and bad priorities. Vote NO on Prop. 21.

MICHELLE STEEL, Member
State Board of Equalization
PETER FOY, California Chairman
Americans for Prosperity

PROP 21 ESTABLISHES $18 ANNUAL VEHICLE LICENSE SURCHARGE TO HELP FUND STATE PARKS AND WILDLIFE PROGRAMS. GRANTS SURCHARGED VEHICLES FREE ADMISSION TO ALL STATE PARKS. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 21 ★

State parks are some of California's true jewels, but Proposition 21 is a cynical ploy by Sacramento insiders to bring back the "Car Tax" to the tune of $1 billion every two years—according to the venerable watchdog, the Legislative Analyst's Office.

Say NO to the "Car Tax" and vote NO on Proposition 21.

Instead of reducing the size of government to fit these difficult times, this new car tax will allow politicians to play a cynical budget shell game that could still leave our state parks dilapidated while diverting hundreds of millions of dollars into other government programs.

Veteran Sacramento Bee columnist Dan Walters recently exposed the politicians' car tax scheme by reporting that a state senator had argued for eliminating $140 million from the state parks' budget so that you, the voter, would be more likely to vote for Proposition 21.

Walters quotes Senator Alan Lowenthal telling a legislative committee:

"Why would anyone vote for the park pass (Prop. 21) if we've already fully funded it (state parks)? I mean why do you need to vote for a park pass if we're fully funded?"

Walters rightly concluded that Lowenthal's comments "let the cat out of the bag."

This stunning insight into what goes on in the Capitol is galling, exposes the cynical shell game, and reveals the depths to which politicians will plunge to deceive voters and increase taxes.

Clearly, the real agenda the politicians have for Proposition 21 is to fool you into approving a car tax for state parks so that they can shift money towards other wasteful spending.

Send the politicians a message with a NO vote on Proposition 21.

California's most trusted taxpayer protection organizations are opposed to Proposition 21.

The California Taxpayers' Association opposes Proposition 21.

The Howard Jarvis Taxpayers Association opposes Proposition 21.

"As well intended as this measure may appear, Prop. 21 is nothing more than a $1 billion car tax every two years on Californians while offering no guarantee that state parks will be repaired or kept open.

"But even worse, voting for Prop. 21 only enables and encourages the Sacramento politicians to maintain their wasteful spending while finding deceptive ways to increase our taxes. Vote NO on Prop. 21."—Jon Coupal, President, Howard Jarvis Taxpayers Association

Join these taxpayer advocates in voting NO on Proposition 21.

Sacramento needs real budget reform and real solutions. Proposition 21 is just more "ballot box budgeting" that makes Sacramento dysfunctional. We need to hold the politicians accountable and force them to do their jobs for us.

Proposition 21 just promotes more budget chaos and politics as usual and doesn't address the most pressing problems in California like education and job creation.

Proposition 21 may seem well intended but don't be fooled. It's just Sacramento politics as usual and a sneaky way to increase our taxes by $1 billion every two years.

Say NO to Sacramento. Say NO to car taxes. Vote No on Proposition 21.

PETER FOY, California Chairman
Americans for Prosperity
MICHELLE STEEL, Member
California Board of Equalization

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 21 ★

SACRAMENTO POLITICIANS HAVE DEVASTATED STATE PARKS AND WILDLIFE CONSERVATION PROGRAMS

California state parks attract more than 80 million visits from residents and tourists annually, and generate enormous economic and public health benefits for our state and nearby communities.

Yet state parks have suffered in recent years at the whim of Sacramento politicians, attacking parks with erratic, severe and damaging funding cuts.

The impacts of Sacramento's neglect are devastating . . . parks closed, dirty and unsafe bathrooms, contaminated drinking water, buildings falling apart, dangerous and eroding trails, and delayed maintenance that only costs us more in the long run.

The price tag for backlogged maintenance: more than $1 billion.

The effects of closed and deteriorating parks, including lost jobs and revenues, ripple throughout California.

PROP. 21 ESTABLISHES A TRUST FUND—KEEPS PARKS OPEN AND PROTECTS TAXPAYERS

A coalition of citizens and respected organizations put Prop. 21 on the ballot as a solution. Prop. 21 creates a special Trust Fund that can only be used to maintain our parks and wildlife conservation programs. Prop. 21 mandates strict accountability, including a Citizens' Oversight Committee and annual audits, to ensure funds are properly spent and the Trust Fund cannot be raided by politicians for pet projects.

DIVERSE AND RESPECTED COALITION SUPPORTS PROP. 21

A bipartisan group of 300 organizations, representing millions of Californians, supports Prop. 21, including:

- California Federation of Teachers;
- California League of Conservation Voters;
- California Nurses Association;
- California State Lifeguard Association;
- League of California Afterschool Providers;
- Local chambers of commerce.

YES on 21. *www.YesForStateParks.com*

GRAHAM CHISHOLM, Executive Director
Audubon California
JAN LEWIS, State Chair
California Action for Healthy Kids
ELIZABETH GOLDSTEIN, President
California State Parks Foundation

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROPOSITION 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

Due to restrictions on state authority over fuel and property taxes, the state would have to take alternative actions—probably in the range of $1 billion to several billion dollars annually. This would result in both:

- Reductions in General Fund program spending and/or increases in state revenues of those amounts.
- Comparable increases in funding for state and local transportation programs and local redevelopment.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Under the State Constitution, state and local government funding and responsibilities are interrelated. Both levels of government share revenues raised by some taxes—such as sales taxes and fuel taxes. Both levels also share the costs for some programs—such as many health and social services programs. While the state does not receive any property tax revenues, it has authority over the distribution of these revenues among local agencies and schools.

Over the years, the state has made decisions that have affected local government revenues and costs in various ways. Some of these decisions have benefited the state fiscally, and others have benefited local governments. For example, in the early 1990s, the state permanently shifted a share of city, county, and special district property tax revenues to schools. These shifts had the effect of reducing local agency resources and reducing state costs for education. Conversely, in the late 1990s, the state changed laws regarding trial court program funding. This change had the effect of shifting local agency costs to the state.

In recent years, the state's voters have amended the Constitution to limit the state's authority over local finances. Under Proposition 1A of 2004, the state no longer has the authority to permanently shift city, county, and special district property tax revenues to schools, or take certain other actions that affect local governments. In addition, Proposition 1A of 2006 restricts the state's ability to borrow state gasoline sales tax revenues. These provisions in the Constitution, however, do not eliminate state authority to temporarily borrow or redirect some city, county, and special district funds. In addition, these propositions do not eliminate the state's authority to redirect local redevelopment agency revenues. (Redevelopment agencies work on projects to improve blighted urban areas.)

PROPOSAL

As Figure 1 summarizes, this measure reduces or eliminates the state's authority to:

- Use state fuel tax revenues to pay debt service on state transportation bonds.
- Borrow or change the distribution of state fuel tax revenues.

Figure 1

Major Provisions of Proposition 22

✓ **Restrictions Regarding State Fuel Taxes**
- Reduces state's authority to use funds to pay debt service on transportation bonds.
- Prohibits borrowing of funds by the state.
- Limits state authority to change distribution of funds.

✓ **Other Restrictions on the State**
- Prohibits redirection of redevelopment property tax revenues.
- Eliminates state authority to temporarily shift property tax revenues from cities, counties, and special districts.
- Prohibits state from using vehicle license fee revenues to pay for state-imposed mandates.

✓ **Enforcement**
- Repeals state laws enacted after October 20, 2009, if they conflict with the measure.
- Provides reimbursement if the state violates any term of the measure.

- Redirect redevelopment agency property taxes to any other local government.
- Temporarily shift property taxes from cities, counties, and special districts to schools.
- Use vehicle license fee (VLF) revenues to reimburse local governments for state mandated costs.

As a result, this measure affects resources in the state's General Fund and transportation funds. The General Fund is the state's main funding source for schools, universities, prisons, health, and social services programs. Transportation funds are placed in separate accounts and used to pay for state and local transportation programs.

Use of Funds to Pay for Transportation Bonds

State Fuel Taxes. As Figure 2 shows, the state annually collects about $5.9 billion in fuel tax revenues for transportation purposes—with most of this amount coming from a 35.3 cents per gallon excise tax on gasoline. The amounts shown in Figure 2 reflect changes adopted in early 2010. Prior to these changes, the state charged two taxes on gasoline: an 18 cents per gallon excise tax and a sales tax based on the cost of the purchase. Under the changes, the state collects the same amount of total revenues but does not charge a state sales tax on gasoline. (These state fuel tax changes did not affect the local sales tax on gasoline.) Part of the reason the state made these changes is because revenues from the gasoline excise tax can be used more flexibly than sales tax revenues to pay debt service on transportation bonds.

Figure 2

Current State Fuel Tax Revenues for Transportation Purposes[a]

2010–11
(In Millions)

Fuel	Excise Tax	Sales Tax
Gasoline	$5,100	—
Diesel	470	$300
Totals	**$5,570**	**$300**

[a] Local governments also charge taxes on fuels. The figure does not show these local revenues.

For text of Proposition 22, see page 99.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Current Use of Fuel Tax Revenues. The main uses of state fuel tax revenues are (1) constructing and maintaining highways, streets, and roads and (2) funding transit and intercity rail services. In addition, the state uses some of its fuel tax revenues to pay debt-service costs on voter-approved transportation bonds. In the current year, for example, the state will use about $850 million of fuel tax revenues to pay debt-service costs on bonds issued to fund highway, road, and transit projects. In future years, this amount is expected to increase to about $1 billion annually.

Reduces State Authority. The measure reduces state authority to use fuel tax revenues to pay for bonds. Under the measure, the state could not use fuel tax revenues to pay for any bonds that have already been issued. In addition, the state's authority to use fuel tax revenues to pay for bonds that have not yet been issued would be significantly restricted.

Because of these restrictions, the state would need to pay about $1 billion of annual bond costs from its General Fund rather than from transportation accounts. (In the current year, the amount would be somewhat less because the state would have paid some of its bond costs using fuel tax revenues by the time of the election.) This, in turn, would (1) increase the amount of funds the state would have available to spend for transportation programs and (2) reduce the amount of General Fund resources the state would have available to spend on non-transportation programs.

Borrowing of Fuel Tax Revenues

Current Authority to Borrow. While state fuel tax revenues generally must be used for transportation purposes, the state may use these funds for other purposes under certain circumstances. Specifically:

- ***Borrowing for Cash Flow Purposes.*** The state historically has paid out most of its General Fund expenses between July and December of each year, but received most of its revenues between January and June. To help manage this uneven cash flow, the state often borrows funds from various state accounts, including fuel tax funds, on a temporary basis. The cash flow loans of fuel tax funds often total $1 billion or more.
- ***Borrowing for Budget-Balancing Purposes.*** In cases of severe state fiscal hardship, the state may use fuel tax revenues to help address a budgetary problem. The state must pay these funds back within three years. For example, at the time this analysis was prepared, the proposed 2010–11 state budget included a $650 million loan of state fuel tax revenues to the state General Fund.

Prohibits Borrowing. This measure generally prohibits fuel tax revenues from being loaned—either for cash flow or budget-balancing purposes—to the General Fund or to any other state fund. The state, therefore, would have to take alternative actions to address its short-term borrowing needs. These actions could include borrowing more from private markets, slowing state expenditures to accumulate larger reserves in its accounts, or speeding up the collection of tax revenues. In place of budgetary borrowing, the state would have to take alternative actions to balance future General Fund budgets—such as reducing state spending or increasing state taxes.

Distribution of Fuel Tax Revenues

Current Distribution. Roughly two-thirds of the state's fuel tax revenues are spent by the state, and the rest is given to cities, counties, and transit districts. Although state law specifies how much money local agencies shall receive, the Legislature may pass a law with a majority vote of each house to change these funding distributions. For example, the state has made various changes to the allocation of transit funding over recent years.

Limits Changes to Distribution. This measure constrains the state's authority to change the distribution of state fuel tax revenues to local agencies. In the case of fuel excise taxes, the measure requires that the formula to distribute these tax revenues to local governments for the construction or maintenance of local streets and roads be the one that was in effect on

June 30, 2009. (At that time, local governments received the revenues generated from 6 cents of the 18 cents being collected from the fuel excise tax.) Under this measure, the state could enact a law to change this allocation, but only by a two-thirds vote of each house of the Legislature and after the California Transportation Commission conducted a series of public hearings.

In the case of diesel sales tax revenues (used primarily for transit and transportation planning), current law requires that the funds be distributed 25 percent to the state and 75 percent to local governments, beginning in 2011–12. The measure specifies that the funds instead be split equally between local and state programs. This change in diesel sales tax revenue distribution, therefore, would provide somewhat lower ongoing funding for local transit purposes and more funding for state transit purposes than otherwise would be the case. Under the measure, the state could not change this distribution of funds.

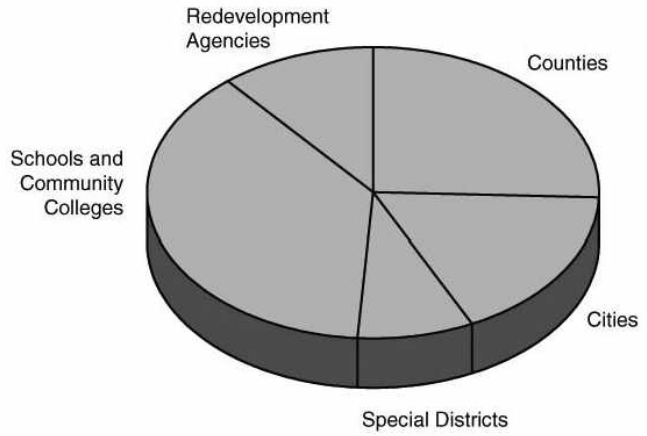
Allocation of Property Tax Revenues

Current Property Tax Distribution. California property owners pay a 1 percent tax on the value of their homes and other properties, plus any additional property tax rates for voter-approved debt. State law specifies how county auditors are to distribute these revenues among local governments. Figure 3 shows the average share of property tax revenues local governments receive.

State law allows the state to make some changes to the distribution of property tax revenues. For example, the state may require redevelopment agencies to shift revenues to nearby schools. Recently, the state required redevelopment agencies to shift $2 billion of revenues to schools over two years. (This amount is roughly 15 percent of total redevelopment revenues.) In addition, during times of severe state fiscal hardship, the state may require that a portion of property tax revenues be temporarily shifted away

Figure 3
Estimated Local Government Shares of the 1 Percent Property Tax

Statewide Average



Excludes effect of any temporary property tax shifts.

For text of Proposition 22, see page 99.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

from cities, counties, and special districts. In this case, however, the state must repay the local agencies for their losses within three years, including interest. Recently, the state required these agencies to shift $1.9 billion of funds to schools. The major reason the state made these revenue shifts was to reduce state General Fund costs for education and other programs.

Reduces State Authority. This measure prohibits the state from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. The measure also eliminates the state's authority to shift property taxes temporarily during a severe state fiscal hardship. Under the measure, therefore, the state would have to take other actions to balance its budget in some years—such as reducing state spending or increasing state taxes.

Use of VLF Revenues

Current VLF. California vehicle owners pay a VLF based on their vehicle's value at a rate of 1.15 percent, including a 0.65 percent ongoing rate and a 0.50 percent temporary rate. Most VLF revenues are distributed to local governments.

Current Mandate Payments. The state generally must reimburse local governments when it "mandates" that they provide a new program or higher level of service. The state usually provides reimbursements through appropriations in the annual budget act or by providing other offsetting funds.

Restricts Use of VLF Funds. This measure specifies that the state may not reimburse local governments for a mandate by giving them an increased share of VLF revenues collected under the ongoing rate. Under the measure, therefore, the state would have to reimburse local governments using other resources.

State Laws That Are in Conflict With This Proposition

Voids Recent Laws. Any law enacted between October 20, 2009, and November 2, 2010, that is in conflict with this proposition would be repealed. Several factors make it difficult to determine the practical effect of this provision. First, parts of this measure would be subject to future interpretation by the courts. Second, in the spring of 2010, the state made significant changes to its fuel tax laws, and the full effect of this measure on these changes is not certain. Finally, at the time this analysis was prepared (early in the summer of 2010), the state was considering many new laws and funding changes to address its major budget difficulties. As a result, it is not possible to determine the full range of state laws that could be affected or repealed by this measure.

Requires Reimbursement for Future Laws. Under this measure, if a court ruled that the state violated a provision of Proposition 22, the State Controller would reimburse the affected local governments or accounts within 30 days. Funds for these reimbursements, including interest, would be taken from the state General Fund and would not require legislative approval.

FISCAL EFFECTS

State General Fund

Effect in 2010–11. This measure would (1) shift some debt-service costs to the state General Fund and (2) prohibit the General Fund from borrowing fuel tax revenues. As a result, the measure would reduce resources available for the state to spend on other programs, probably by about $1 billion in 2010–11. To balance the budget, the state would have to take other actions to raise revenues and/or decrease spending. Overall, the measure's immediate fiscal effect would equal about 1 percent of total General Fund spending. As noted above, the measure also would repeal laws passed after this analysis was prepared that conflicted with its provisions.

Longer-Term Effect. Limiting the state's authority to use fuel tax revenues to pay transportation bond costs would increase General Fund costs by about $1 billion annually for the next couple of decades. In addition, the measure's constraints on state authority to borrow or redirect property tax and redevelopment revenues could result in increased costs or decreased resources available to the General Fund in some years. The

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

total annual fiscal effect from these changes is not possible to determine, but could range from about $1 billion (in most years) to several billion dollars (in some years).

State and Local Transportation Programs and Local Government

The fiscal effect of the measure on transportation programs and local governments largely would be the *opposite* of its effect on the state's General Fund. Under the measure, the state would use General Fund revenues—instead of fuel tax revenues—to pay for transportation bonds. This would leave more fuel tax revenues available for state and local transportation programs.

In addition, limiting the state's authority to redirect revenues likely would result in increased resources being available for redevelopment and state and local transportation programs. Limiting the state's authority to borrow these revenues likely would also result in more stable revenues being available for local governments and transportation. The magnitude of this fiscal effect is not possible to determine, but could be in the range from about $1 billion (in most years) to several billions of dollars (in some years).

For text of Proposition 22, see page 99.

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 22 ★

THE PROBLEM—STATE POLITICIANS KEEP TAKING LOCAL GOVERNMENT and TRANSPORTATION FUNDS.

For too long, Sacramento politicians have used loopholes in the law to take billions in taxpayer funds dedicated by the voters to local government and transportation services.

The State Legislature took and borrowed $5 billion last year and is planning to take billions more this year. State raids have forced deep cuts to vital local services like *9-1-1 emergency response, police, fire, libraries, senior services, road repairs, and public transportation improvements.*

THE SOLUTION—YES on 22 will STOP STATE RAIDS of LOCAL GOVERNMENT and TRANSPORTATION FUNDS.

YES on 22 will:

1) STOP the State from taking or borrowing local tax dollars dedicated to cities and counties to fund vital local services like 9-1-1 response, police, and fire protection.

2) STOP the State from taking or diverting gas taxes we pay at the pump that voters have dedicated to local road repairs, transportation improvements, and public transportation.

YES on 22—PROTECTS VITAL LOCAL SERVICES, including PUBLIC SAFETY.

"Cities spend more than 60 percent of their general funds on police and fire services. By prohibiting State raids of local funds, Prop. 22 will help maintain law enforcement, 9-1-1 emergency response, and other public safety services."—Chief Douglas Fry, President, FIRE CHIEFS DEPARTMENT, League of California Cities

YES on 22 will protect vital locally delivered services, including:

- Police and sheriff patrols
- 9-1-1 emergency dispatch
- Paramedic response
- Fire protection
- Senior services
- Youth anti-gang and after school programs
- Neighborhood parks and libraries
- Public transportation, like buses and commuter rail
- Local road safety repairs

YES on 22—ENSURES our GAS TAXES are DEDICATED to TRANSPORTATION.

The gas taxes we pay at the pump should be used to improve road safety, relieve traffic congestion, and to fund mass transit. But state politicians keep diverting our gas taxes for non-transportation purposes. Yes on 22 ensures that gas tax funds are used for transportation improvements as voters intended.

YES on 22—APPLIES ONLY TO EXISTING FUNDING FOR LOCAL GOVERNMENT and TRANSPORTATION SERVICES.

Prop. 22 will NOT increase taxes. And claims that 22 will hurt school funding are just scare tactics by those who want to continue State raids of local funds. Prop. 22 simply ensures that our *existing* local tax dollars and *existing* gas taxes cannot be taken away by the state politicians again.

YES on 22—SUPPORTED by a BROAD COALITION:

- California Fire Chiefs Association
- Peace Officers Research Association of California, representing 60,000 public safety members
- Local paramedics and 9-1-1 dispatch operators
- California Police Chiefs Association
- California Library Association, representing 3,000 librarians across California
- California Transit Association
- League of California Cities
- California Alliance for Jobs
- California Chamber of Commerce
- More than 50 local chambers of commerce
- More than 300 cities and towns

STOP STATE RAIDS OF LOCAL TAXPAYER FUNDS.
VOTE YES on 22!
www.SaveLocalServices.com

DOUGLAS FRY, President
Fire Chiefs Department, League of California Cities
KIM BUI-BURTON, President
California Library Association
SUSAN MANHEIMER, President
California Police Chiefs Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 22 ★

THE SOLUTION—NO ON PROP. 22

Are proponents of Prop. 22—local government bureaucrats, developers and redevelopment agencies who create endless schemes to fill their coffers—really blind to California's budget crisis?

Why else would they ask voters to pass an initiative where public schools stand to lose over one billion dollars next year, and billions more over the next decade, while handing billions in tax dollars to developers?

Then, Prop. 22 takes money firefighters across California use to fight fires and natural disasters.

And, Prop. 22 makes funding for affordable healthcare for children more difficult.

The Silicon Valley Taxpayers Association strongly urges a NO vote on 22.

The Fullerton Association of Concerned Taxpayers says NO.

They believe special protections for redevelopment agencies in Prop. 22 are a terrible idea. It would allow more sweetheart deals with for-profit developers.

It's a bad idea to amend California's Constitution to reduce funding available for public education and shrink budgets for fire protection, public safety and healthcare, while protecting tax giveaways for local developers. California's Constitution isn't the place for local power grabs. Especially with no accountability!

"Prop. 22 locks in protections for redevelopment agencies that take over 10% of all property taxes and use them to enter into billions of dollars of long-term debt without voter approval."—Lew Uhler, President, National Taxpayer Limitation Committee

Your tax dollars should go first to public schools, public safety and healthcare. And go LAST to local bureaucrats, developers and redevelopment agencies that support Proposition 22.

DAVID A. SANCHEZ, President
California Teachers Association
KEN HAMBRICK, Chair
Alliance of Contra Costa Taxpayers
LEW STONE, President
Burbank Firefighters

PROP 22 PROHIBITS THE STATE FROM BORROWING OR TAKING FUNDS USED FOR TRANSPORTATION, REDEVELOPMENT, OR LOCAL GOVERNMENT PROJECTS AND SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 22 ★

Proposition 22 is another one of those propositions that sounds good, but is filled with hidden provisions that hurt taxpayers. Look at what it really does.

If Proposition 22 passes our schools stand to lose over $1 billion immediately and an additional $400 million every year after that. That is the equivalent of 5,700 teachers every year. It means larger class sizes. Overcrowded schools. Cuts in academics, music, art, vocational training, and classroom safety.

At a time when our public schools are already suffering from crippling budget cuts, Proposition 22 would devastate them. That's why the California Teachers Association, joined by school principals and parents across the state, say strongly: Vote NO on Proposition 22.

If that isn't bad enough, Proposition 22 also takes money that firefighters across the state need. The California Professional Firefighters opposes Proposition 22 because it will leave us all in greater danger from fires, earthquakes, floods, and other natural disasters. It also means cuts in emergency medical services, forcing longer response times if your family needs a paramedic—or perhaps no paramedic at all in a major emergency.

Proposition 22 will reduce funding available for health care at a time when our safety net for children is already collapsing. Tens of thousands of children in California are at risk of losing their health insurance and access to affordable health care if Proposition 22 passes.

Finally, Proposition 22 has another hidden provision—it locks protections for redevelopment agencies into the State Constitution forever. These agencies have the power to take your property away with eminent domain. They skim off billions in local property taxes, with much of that money ending up in the hands of local developers. And they do so with no direct voter oversight.

Supporters of Proposition 22 claim this will somehow help public services. We disagree. Your tax dollars should go first to schools, public safety, and health care. They should go LAST to the developers and the redevelopment agencies that support this proposal.

In 2004, voters approved Proposition 1A which allows local funds to be borrowed in times of real fiscal crisis, but requires full repayment within 3 years. Proposition 22 will reverse what Californians wisely approved in 2004, leaving schools, children's health care, seniors, the blind and disabled with even less hope.

Riverside City Firefighter Timothy Strack says, "Proposition 22 won't put one more firefighter on an engine or one more paramedic in an ambulance. It simply props open the door for redevelopment agencies to take away our public safety funding."

We all know that ballot propositions often don't do what they promise, and too often make things worse. Proposition 22 is the perfect example. During the current budget crisis we face throughout our state, why would locking in more budgeting be a smart thing? With virtually no accountability and no taxpayer protections? To benefit redevelopment agencies and the developers they serve?

Protect our schools. Our public safety. Our children's health care. Vote NO on Proposition 22.

LOU PAULSON, President
California Professional Firefighters
MALINDA MARKOWITZ, RN, Co-President
California Nurses Association
DONNA DREITH, Third Grade Teacher
Riverdale Joint Unified School District

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 22 ★

In the past, the roles of California's local and state governments were balanced. But that balance has been destroyed.

Year after year, State Politicians abuse loopholes in the law to take away local taxpayer dollars now dedicated to local services.

The politicians redirect that local money to the State General Fund, where they spend it as they please.

State government keeps taking more and more, while our city and county services have been cut to the bone.

We have to close the loopholes and stop State raids of our local taxpayer funds.

READ 22 FOR YOURSELF:

- Yes on 22 stops State Politicians from taking funds used for local government services like emergency 9-1-1 response, police, fire, libraries, parks and senior services.
- Yes on 22 stops State Politicians from taking gas taxes that voters have dedicated to transportation improvements.

DON'T BE MISLED BY OPPONENTS' SCARE TACTICS.

Those opposed to 22 want State Politicians to be able to continue to take our local tax dollars. It's that simple.

FACT: 22 protects only *existing* local revenues and does not reduce the amount schools are guaranteed by the State Constitution. *Not even by one dime.*

FACT: The Peace Officers Research Association of California, representing 60,000 law enforcement personnel, the California Fire Chiefs, Fire Districts Association of California and the California Police Chiefs *support* 22 because it protects more than $16 billion annually for local firefighting, law enforcement and 9-1-1 emergency response.

STOP State Politicians from Raiding Local Funds.

Vote YES on 22.

www.SaveLocalServices.com

DOUGLAS FRY, President
Fire Chiefs Department, League of California Cities
RON COTTINGHAM, President
Peace Officers Research Association of California
JANE LIGHT, Librarian
San Jose Public Library

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROPOSITION

23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

- Suspends State law that requires greenhouse gas emissions be reduced to 1990 levels by 2020, until California's unemployment drops to 5.5 percent or less for four consecutive quarters.
- Suspends comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emissions reporting and fee requirements for major emissions sources such as power plants and oil refineries.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The suspension of AB 32 could result in a modest net increase in overall economic activity in the state. In this event, there would be an unknown but potentially significant net increase in state and local government revenues.
- Potential loss of a new source of state revenues from the auctioning of emission allowances by state government to certain businesses that would pay for these allowances, by suspending the future implementation of cap-and-trade regulations.
- Lower energy costs for state and local governments than otherwise.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Global Warming and Greenhouse Gases. Greenhouse gases (GHGs) are gases that trap heat from the sun within the earth's atmosphere, thereby warming the earth's temperature. Both natural phenomena (mainly the evaporation of water) and human activities (principally burning fossil fuels) produce GHGs. Scientific experts have voiced concerns that higher concentrations of GHGs resulting from human activities are increasing global temperatures, and that such global temperature rises could eventually cause significant problems. Such global temperature increases are commonly referred to as global warming, or climate change.

As a populous state with a large industrial economy, California is the second largest emitter of GHGs in the United States and one of the largest emitters of GHGs in the world. Climate change is a global issue necessitating an international approach. Actions in California regarding GHGs have been advocated on the basis that they will contribute to a solution and may act as a catalyst to the undertaking of GHG mitigation policies elsewhere in our nation and in other countries.

Assembly Bill 32 Enacted to Limit GHGs. In 2006, the state enacted the California Global Warming Solutions Act of 2006, commonly referred to as Assembly Bill 32 or "AB 32." This legislation established the target of reducing the state's emissions of GHGs by 2020 to the level that emissions were at in 1990. It is estimated that achieving this target would result in about a 30 percent reduction in GHGs in 2020 from where their level would otherwise be in the absence of AB 32.

Assembly Bill 32 requires the state Air Resources Board (ARB) to adopt rules and regulations to achieve this reduction. The law also directs ARB, in developing these rules and regulations, to take advantage of opportunities to improve air quality, thereby creating public health benefits from the state's GHG emission reduction activities.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Other Laws Would Reduce GHG Emissions. In addition to AB 32, a number of other state laws have been enacted by the Legislature that would reduce GHG emissions. In some cases, the main purpose of these other laws is specifically to reduce GHG emissions. For example, a 2002 law requires the ARB to adopt regulations to reduce GHG emissions from cars and smaller trucks. Other laws have authorized various energy efficiency programs that could have the effect of reducing GHG emissions, although this may not have been their principal purpose.

"Scoping Plan" to Reach GHG Emission Reduction Target. As required by AB 32, the ARB in December 2008 released its plan on how AB 32's GHG emission reduction target for 2020 would be met. The plan—referred to as the AB 32 Scoping Plan—encompasses a number of different types of measures to reduce GHG emissions. Some are measures authorized by AB 32, while others are authorized by separately enacted laws. Some of these measures have as their primary objective something other than reducing GHGs, such as reducing the state's dependency on fossil fuels.

The plan includes a mix of traditional regulatory measures and market-based measures. Traditional regulations, such as energy efficiency standards for buildings, would require individuals and businesses to take specific actions to reduce emissions. Market-based measures provide those subject to them greater flexibility in *how* to achieve GHG emission reductions. The major market-based measure included in the Scoping Plan is a "cap-and-trade" program. Under such a program, the ARB would set a limit, or *cap*, on GHG emissions; issue a limited number of emission allowances to emitters related to the amount of GHGs they emit; and allow emitters covered by the program to buy, sell, or *trade* those emission allowances.

Some measures in the Scoping Plan have already been adopted in the form of regulations. Other regulations are either currently under development or will be developed in the near future. Assembly Bill 32 requires that all regulations for GHG emission reduction measures be adopted by January 1, 2011, and in effect by January 1, 2012.

Fee Assessed to Cover State's Administrative Costs. As allowed under AB 32, the ARB has adopted a regulation to recover the state's costs of administering the GHG emission reduction programs. Beginning in fall 2010, entities that emit a high amount of GHGs, such as power plants and refineries, must pay annual fees that will be used to offset these administrative costs. Fee revenues will also be used to repay various state special funds that have made loans totaling $83 million to the AB 32 program. These loans have staggered repayment dates that run through 2014.

The Economic Impact of Implementing the Scoping Plan. The implementation of the AB 32 Scoping Plan will reduce levels of GHG emissions and related air pollutants by imposing various new requirements and costs on certain businesses and individuals. The reduced emissions and the new costs will both affect the California economy. There is currently a significant ongoing debate about the impacts to the California economy from implementing the Scoping Plan. Economists, environmentalists, and policy makers have voiced differing views about how the Scoping Plan will affect the gross state product, personal income, prices, and jobs. The considerable uncertainty about the Scoping Plan's "bottom-line" or net impact on the economy is due to a number of reasons. First, because a number of the Scoping Plan measures have yet to be fully developed, the economic impacts will depend heavily on how the measures are designed in the public regulatory process. Second, because a number of the Scoping Plan measures are phased in over time, the full economic impacts of some measures would not be felt for several years. Third, the implementation of the Scoping Plan has the potential to create both positive and negative impacts on the economy. This includes the fact that there will be both "winners" and "losers" under the implementation of the Scoping Plan for particular economic sectors, businesses, and individuals.

For text of Proposition 23, see page 106.

A number of studies have considered the economic impacts of the Scoping Plan implementation in 2020—the year when AB 32's GHG emission reduction target is to be met. Those studies that have looked at the economic impacts from a relatively broad perspective have, for the most part, found that there will be some modest reduction in California's gross state product, a comprehensive measure of economic activity for the state. These findings reflect how such things as more expensive energy, new investment requirements, and costs of regulatory compliance combine to increase the costs of producing materials, goods, and services that consumers and businesses buy. Given all of the uncertainties involved, however, the net economic impact of the Scoping Plan remains a matter of debate.

PROPOSAL

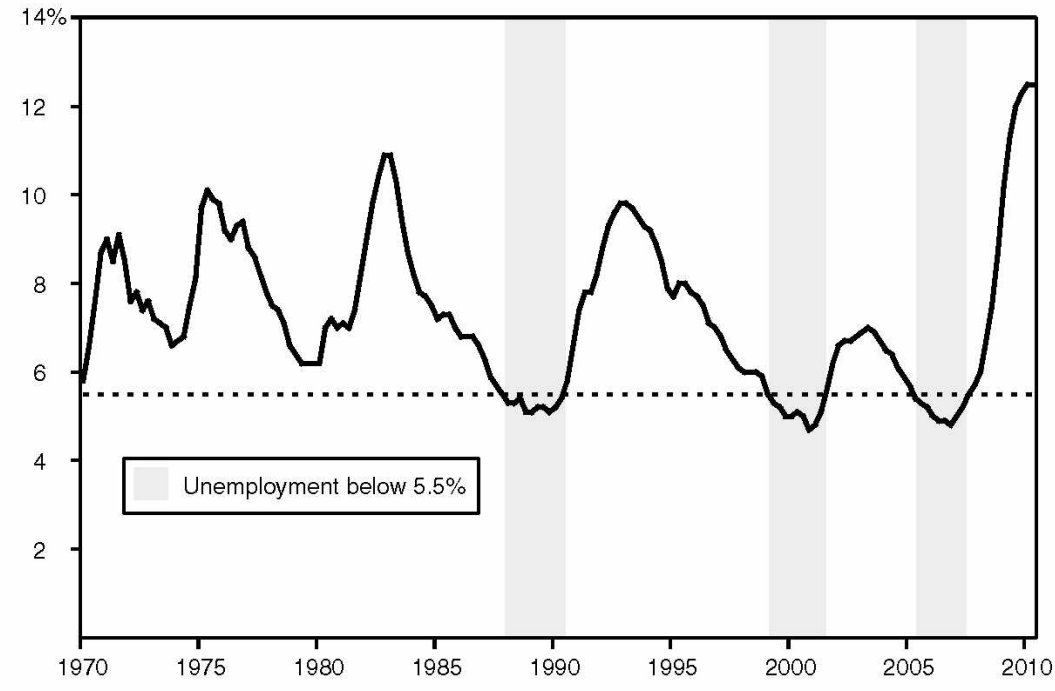
This proposition suspends the implementation of AB 32 until the unemployment rate in California is 5.5 percent or less for four consecutive quarters. During the suspension period, state agencies are prohibited from proposing or adopting new regulations, or enforcing previously adopted regulations, that would implement AB 32. (Once AB 32 went back into effect, this measure could not suspend it again.)

IMPACTS OF THIS PROPOSITION ON CLIMATE CHANGE REGULATION

AB 32 Would Be Suspended, Likely for Many Years. Under this proposition, AB 32 would be suspended immediately. It would remain suspended until the state's unemployment rate was

Figure 1

Historical Unemployment Rate in California



Source: United States Bureau of Labor Statistics; seasonally adjusted data.

5.5 percent or less for four consecutive quarters (a one-year period). We cannot estimate when the suspension of AB 32 might end. Figure 1 provides historical perspective on the state's unemployment rate. It shows that, since 1970, the state has had three periods (each about ten quarters long) when the unemployment rate was at or below 5.5 percent for four consecutive quarters or more. The unemployment rate in California for the first two quarters of 2010 was above 12 percent. Economic forecasts for the next five years have the state's unemployment rate remaining above 8 percent. Given these factors, it appears likely that AB 32 would remain suspended for many years.

Various Climate Change Regulatory Activities Would Be Suspended. This proposition would result in the suspension of a number of measures in the Scoping Plan for which regulations either have been adopted or are proposed for adoption. Specifically, this proposition would likely suspend:

- The proposed cap-and-trade regulation discussed above.
- The "low carbon fuel standard" regulation that requires providers of transportation fuel in California (such as refiners and importers) to change the mix of fuels to lower GHG emissions.
- The proposed ARB regulation that is intended to require privately and publicly owned utilities and others who sell electricity to obtain at least 33 percent of their supply from "renewable" sources, such as solar or wind power, by 2020. (The current requirement that 20 percent of the electricity obtained by privately owned utilities come from renewable sources by 2010 would not be suspended by this proposition.)
- The fee to recover state agency costs of administering AB 32.

Much Regulation in the Scoping Plan Would Likely Continue. Many current activities related to addressing climate change and reducing GHG emissions would probably not be suspended by this proposition. That is because certain Scoping Plan regulations implement laws other than AB 32. The regulations that would likely move forward, for example, include:

- New vehicle emission standards for cars and smaller trucks.
- A program to encourage homeowners to install solar panels on their roofs.
- Land-use policies to promote less reliance on vehicle use.
- Building and appliance energy efficiency requirements.

We estimate that more than one-half of the emission reductions from implementing the Scoping Plan would come because of laws enacted separately from AB 32.

FISCAL EFFECTS

Potential Impacts on California Economy and State and Local Revenues

There would likely be both positive and negative impacts on the California economy if AB 32 were suspended. These economic impacts, in turn, would affect state and local government revenues. We discuss these effects below.

Potential Positive Economic Impacts. The suspension of AB 32 would likely have several positive impacts on the California economy. Suspending AB 32 would reduce the need for new investments and other actions to comply with new regulations that would be an added cost to businesses. Energy prices—which also affect the state's economy—would be lower in 2020 than otherwise. This is because the proposed cap-and-trade regulation, as well as the requirement that electric utilities obtain a greater portion of their electricity supplies from renewable energy sources, would otherwise require utilities to make investments that would increase the costs of producing or delivering electricity. Such investments would be needed to comply with these regulations, such as by obtaining electricity from higher-priced sources than would otherwise be the case. The suspension of such measures by

For text of Proposition 23, see page 106.

this proposition could therefore lower costs to businesses and avoid energy price increases that otherwise would largely be passed on to energy consumers.

Potential Negative Economic Impacts. The suspension of AB 32 could also have negative impacts on the California economy. For example, the suspension of some Scoping Plan measures could delay investments in clean technologies that might result in some cost savings to businesses and consumers. Investment in research and development and job creation in the energy efficiency and clean energy sectors that support or profit from the goals of AB 32 might also be discouraged by this proposition, resulting in less economic activity in certain sectors than would otherwise be the case. Suspending some Scoping Plan measures could halt air quality improvements that would have public health benefits, such as reduced respiratory illnesses. These public health benefits translate into economic benefits, such as increased worker productivity and reduced government and business costs for health care.

Net Economic Impact. As discussed previously, only a portion of the Scoping Plan measures would be suspended by the proposition. Those measures would have probably resulted in increased compliance costs to businesses and/or increased energy prices. On the other hand, those measures probably would have yielded public health-related economic benefits and increased profit opportunities for certain economic sectors. Considering both the potential positive and negative economic impacts of the proposition, we conclude that, on balance, economic activity in the state would likely be modestly higher if this proposition were enacted than otherwise.

Economic Changes Would Affect State and Local Revenues. Revenues from taxes on personal and business income and on sales rise and fall because of changes in the level of economic activity in the state. To the extent that the suspension of AB 32 resulted in somewhat higher economic activity in the state, this would translate into an unknown but potentially significant increase in revenues to the state and local governments.

Other Fiscal Effects

Impacts of Suspension of the Cap-and-Trade Regulation. The suspension of ARB's proposed cap-and-trade regulation could have other fiscal effects depending on how this regulation would otherwise have been designed and implemented. One proposed approach provides for the auctioning of emission allowances by the state to emitters of GHGs. This approach would increase costs to affected firms doing business in the state, as they would have to pay for allowances. Such auctions could result in as much as several billion dollars of new revenues annually to the state that could be used for a variety of purposes. For example, depending on future actions of the Legislature, the auction revenues could be used to reduce other state taxes or to increase state spending for purposes that may or may not be related to efforts to prevent global warming. Thus, the suspension of AB 32 could preclude the collection by the state of potentially billions of dollars in new allowance-related payments from businesses.

Potential Impacts on State and Local Government Energy Costs. As noted above, the suspension of certain AB 32 regulations would likely result in lower energy prices in California than would otherwise occur. Because state and local government agencies are large consumers of energy, the suspension of some AB 32-related regulations would reduce somewhat state and local government energy costs.

Impacts on State Administrative Costs and Fees. During the suspension of AB 32, state administrative costs to develop and enforce regulations pursuant to AB 32 would be reduced significantly, potentially by the low tens of millions of dollars annually. However, during a suspension, the state would not be able to collect the fee authorized under AB 32 to pay these administrative costs. As a result, there would no longer be a dedicated funding source to repay loans that have been made from certain state special funds to support the operation of the AB 32 program. This would mean that other sources of state funds, potentially including the General Fund, might have to be used instead to repay the loans. These potential one-time state costs could amount to tens of millions of dollars. Once AB 32 went back into effect, revenues from the AB 32 administrative fee could be used to pay back the General Fund or other state funding sources that were used to repay the loans.

In addition, once any suspension of AB 32 regulations ended, the state might incur some additional costs to reevaluate and update work to implement these measures that was under way prior to the suspension.

For text of Proposition 23, see page 106.

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 23 ★

THE PROBLEM: CALIFORNIA'S GLOBAL WARMING MANDATES ARE ON THE WRONG TRACK

Climate change is a serious issue that should be addressed thoughtfully and responsibly. However, now is not the time to implement AB32, California's costly global warming law, especially since the California Air Resources Board (CARB) acknowledges AB32 cannot "change the course of climate change."

California already has a $20 billion deficit and leads the nation in lost jobs, home foreclosures and debt. Implementing AB32 will cost taxpayers and consumers billions and destroy over a million jobs. Voters must stop these self-imposed energy cost increases that will further damage our economy and families.

THE SOLUTION: PROPOSITION 23

Proposition 23 suspends AB32 until the economy improves. It preserves California's strict environmental laws but protects us from dramatically higher energy costs. Proposition 23 saves jobs, prevents a tax increase, maintains environmental protections and helps families during these tough economic times.

PROPOSITION 23 SAVES BILLIONS IN HIGHER ENERGY TAXES AND COSTS

California's poor, working and middle class families are dealing with lost jobs, fewer hours and furloughs. California households cannot afford $3800 a year in higher AB32 costs.

"AB 32 will cause California households to face higher prices both directly for electricity, natural gas, and gasoline, and indirectly as businesses pass costs for GHG reduction on to consumers."—CARB's Economic Allocation and Advisory Committee

PROPOSITION 23 SAVES OVER ONE MILLION CALIFORNIA JOBS

Other countries and states prudently postponed implementing their global warming laws until economic conditions improve.

Without Proposition 23 higher energy prices will hit small businesses and employers, forcing more lay-offs and business closures.

Other countries that passed global warming laws experienced a loss of two blue collar jobs for every one green job created.

Proposition 23 saves over a million at-risk jobs, including high-paying blue collar and union jobs, and doesn't limit green job creation.

PROPOSITION 23 PRESERVES CALIFORNIA'S STRICT PUBLIC HEALTH, ENVIRONMENTAL PROTECTIONS

California has the toughest environmental laws in the country. Proposition 23 doesn't weaken or repeal the hundreds of laws that protect the environment, reduce air pollution, keep our water clean and protect public health.

Proposition 23 applies to greenhouse gas emissions, which CARB concedes "have no direct public health impacts."

PROPOSITION 23 PROTECTS ESSENTIAL PUBLIC SERVICES

By stopping higher energy costs, Proposition 23 helps protect funding when community budgets are dangerously stretched—keeping teachers in our classrooms and firefighters on the street.

"Public safety is our top priority. Proposition 23 is essential to help protect funding for firefighters, law enforcement and emergency medical services."
—Kevin Nida, President, California State Firefighters' Association

PROPOSITION 23 EMPOWERS VOTERS NOT BUREAUCRATS

CARB's unelected political appointees want to impose hidden taxes without voter approval. Proposition 23 lets voters, not bureaucrats, decide when we implement California's costly global warming law.

Proposition 23's common-sense, fiscally responsible approach is a win-win for California's families, economy and environment.

JOIN TAXPAYERS, FIREFIGHTERS, LOCAL OFFICIALS, ENERGY COMPANIES, FARMERS AND BUSINESSES TO SAVE JOBS AND PROTECT CALIFORNIA'S ECONOMY.

YES ON PROPOSITION 23

Yeson23.com

KEVIN NIDA, President
California State Firefighters' Association
JOHN KABATECK, Executive Director
National Federation of Independent Business/California
JON COUPAL, President
Howard Jarvis Taxpayers Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 23 ★

Two Texas oil companies paid millions of dollars to put Prop. 23 on the ballot, and are paying millions more to promote Prop. 23 with a deceptive campaign.

There's much more than climate change at stake . . . Prop. 23 threatens public health and our economy.

Prop. 23 is a Dirty Energy Proposition that would:

- Kill vitally needed clean energy and air pollution standards.
- Kill competition from California's wind, solar and alternative fuel companies.
- Jeopardize nearly 500,000 jobs in California.
- Result in higher energy costs for consumers.

RESPECTED ORGANIZATIONS AND LEADERS WARN PROP. 23 is DECEPTIVE, DANGEROUS, and COSTLY.

Dr. Charles D. Kolstad, Chair, Department of Economics, University of California-Santa Barbara:

"Prop. 23 will not help the California economy. In fact, Prop. 23 will cause the loss of California jobs in the clean energy field, one sector of our economy producing significant job growth."

The League of Women Voters of California:

"Claims by its promoters that 23 would only be in place for a short time are FALSE. Prop. 23 effectively repeals clean energy and air pollution standards indefinitely, and jeopardizes dozens of regulations that promote energy efficiency and pollution reduction."

American Lung Association in California:

"Prop. 23 would allow polluters to avoid laws that require them to reduce harmful greenhouse gases and air pollution. 23 is a serious threat to public health."

Look into the FACTS, and Vote NO on 23.

www.StopDirtyEnergyProp.com

LOU PAULSON, President
California Professional Firefighters
JANE WARNER, President
American Lung Association in California
DR. CHARLES D. KOLSTAD, Chairman
Department of Economics, University of California-Santa Barbara

PROP 23 SUSPENDS IMPLEMENTATION OF AIR POLLUTION CONTROL LAW (AB 32) REQUIRING MAJOR SOURCES OF EMISSIONS TO REPORT AND REDUCE GREENHOUSE GAS EMISSIONS THAT CAUSE GLOBAL WARMING, UNTIL UNEMPLOYMENT DROPS TO 5.5 PERCENT OR LESS FOR FULL YEAR. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 23 ★

TEXAS OIL COMPANIES DESIGNED PROP. 23 to KILL CALIFORNIA CLEAN ENERGY and AIR POLLUTION STANDARDS.

Big Texas oil companies and state politicians who receive oil company money designed Prop. 23 to repeal clean energy and air pollution standards in California.

Those oil companies are spending millions on a DECEPTIVE CAMPAIGN to promote Prop. 23 because 23 would allow them and other polluters to escape accountability and increase their profits.

PROP. 23 is a DIRTY ENERGY PROPOSITION that MEANS MORE AIR POLLUTION and INCREASED HEALTH RISKS—*Vote NO.*

Prop. 23's main backers, the Valero and Tesoro oil companies, are among the worst polluters in California. They're using 23 to *repeal portions of the health and safety code* that require them to reduce air pollution at their California refineries.

"Prop. 23 would result in more air pollution that would lead to more asthma and lung disease, especially in children and seniors. Vote NO."—American Lung Association in California

PROP. 23 is a JOB KILLER—THREATENING HUNDREDS of THOUSANDS of CALIFORNIA JOBS.

Across California, clean energy companies are sprouting up and building wind and solar power facilities that provide us with clean power, built right here by California workers.

By repealing clean energy laws, Prop. 23 would put many of these California companies out of business, kill a homegrown industry that is creating hundreds of thousands of California jobs, and damage our overall economy.

"California is the hub of innovation and investment in clean energy technologies and businesses. But Prop. 23 would reverse the state's clean energy laws, jeopardizing billions in economic growth and hundreds of thousands of jobs."—Sue Kateley, Executive Director, California Solar Energy Industries Association, representing more than 200 solar energy small businesses.

The independent, nonpartisan Legislative Analyst Office says 23 could *"dampen additional investment in clean energy technologies by private firms, thereby resulting in less economic activity than otherwise would be the case."*

PROP. 23 WOULD JEOPARDIZE:

- 12,000 California-based clean energy businesses
- Nearly 500,000 existing California clean energy jobs
- More than $10 billion in private investment in California

PROP. 23 WOULD KEEP US ADDICTED to COSTLY OIL—*Vote NO.*

By killing incentives for clean energy, 23 reduces choices for consumers already facing high gas and electricity costs.

"Prop. 23 would keep consumers stuck on costly oil and subject consumers to spiking energy prices."—Consumers Union, publisher of Consumer Reports Magazine

OUR OIL ADDICTION THREATENS NATIONAL SECURITY. PROP. 23 MAKES IT WORSE.

Prop. 23 would harm efforts to reduce our dependence on foreign oil that comes from countries that support terrorism and are hostile to the United States.

JOIN PUBLIC HEALTH ADVOCATES, CLEAN ENERGY COMPANIES and SMALL BUSINESSES: VOTE NO on 23.

Prop. 23 is OPPOSED by:

- American Lung Association in California • Coalition for Clean Air • AARP • League of Women Voters of California • More than 50 leading environmental organizations • LA Business Council • More than 200 solar and wind energy companies • Hundreds of other businesses across California

STOP the TEXAS OIL COMPANIES' DIRTY ENERGY PROPOSITION.

Vote NO on 23.

www.StopDirtyEnergyProp.com

JANE WARNER, President
American Lung Association in California

LINDA RDSENSTDCK, M.D., Dean
UCLA School of Public Health

OAVID PACHECO, President
AARP California

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 23 ★

DON'T BE MISLED

Proposition 23 *only* impacts California's global warming law. Opponents never mention global warming because the *law won't reduce global warming.*

VOTERS HAVE A CHOICE

YES on 23 saves jobs, prevents energy tax increases, and helps families, while preserving California's clean air and water laws.

NO on 23 imposes a massive energy tax on consumers, kills over a million jobs, and doesn't reduce global warming.

PROPOSITION 23 PROTECTS THE ENVIRONMENT AND PUBLIC HEALTH

Proposition 23 temporarily postpones greenhouse gas regulations, which have no direct public health impacts. It doesn't affect laws protecting air and water quality or laws combating asthma and lung disease.

PROPOSITION 23 SAVES JOBS, DOESN'T DISCOURAGE GREEN JOBS

Other states without our global warming law have stronger wind energy and renewable fuels industries than California.

2.3 million Californians are unemployed and *Prop. 23 will save over a million jobs* that would otherwise be eliminated.

YES ON 23—CALIFORNIA CAN'T AFFORD NEW ENERGY TAXES

Proposition 23 saves poor and working families from $3800 annually in increased prices for everyday necessities, including HIGHER:

- electricity and natural gas bills • gasoline prices • food prices

YES ON 23—JOIN CONSUMERS, TAXPAYERS, SMALL BUSINESS AND FAMILIES

Proposition 23's diverse coalition includes:

- California State Firefighters Association • California Small Business Association • National Tax Limitation Committee • Construction workers • Local air quality officials

OTHER STATES AND COUNTRIES POSTPONED THEIR GLOBAL WARMING LAWS TO PROTECT THEIR ECONOMIES, CALIFORNIA SHOULD TOO.

CALIFORNIA CAN'T AFFORD A SELF-IMPOSED GLOBAL WARMING TAX THAT WON'T REDUCE GLOBAL WARMING!

www.yeson23.com

BRAD MITZELFELT, Governing Board Member
Mojave Desert Air Quality Management District

J. ANDREW CALDWELL, Executive Director
The Coalition of Labor, Agriculture & Business

JAMES W. KELLOGG, International Representative
United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROPOSITION
24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

- Repeals recent legislation that would allow businesses to shift operating losses to prior tax years and that would extend the period permitted to shift operating losses to future tax years.
- Repeals recent legislation that would allow corporations to share tax credits with affiliated corporations.
- Repeals recent legislation that would allow multistate businesses to use a sales-based income calculation, rather than a combination property-, payroll-, and sales-based income calculation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Increased state revenues of about $1.3 billion each year by 2012–13 from higher taxes paid by some businesses. Smaller increases in 2010–11 and 2011–12.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

This proposition would change three provisions of California's laws for taxing businesses. As indicated below, these provisions have been changed recently as part of state budget agreements between the Legislature and the Governor. Under current law, all of these recent changes will be in effect by the 2011 tax year.

Businesses' Use of Financial Losses. Under federal and state tax laws, in a year when a business has more deductible expenses than income, the business has a net operating loss (NOL). A business with an NOL in one year generally can use it to reduce its taxes when it makes a profit in some later years. This is known as a "carryforward" of losses. Federal tax law also allows businesses to "carry back" losses. In other words, federal law allows a business to use an NOL from one year to reduce its taxes in an earlier year. These mechanisms—both carryforwards and carrybacks—have been put in place to recognize that business income and/or expenses can vary significantly from year to year.

A law approved by the Legislature and the Governor in 2008 allows carrybacks for state business taxes for the first time, starting in 2011. Specifically, this new law will allow a business to use an NOL from 2011 or later to reduce its state taxes for the two years before the NOL was generated. For example, a business that had profits and paid taxes in 2009 but has a loss in 2011 may deduct its 2011 NOL against its 2009 taxable income. The business would file an amended tax return for 2009 and receive a tax refund. In addition, the 2008 law extends the carryforward time allowed from 10 years to 20 years.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Determination of Income of Multistate Businesses' Taxed by California. Businesses often operate in many states. To determine how much of the income of a multistate business is taxed by the state, California law now uses a formula that involves three factors:

- ***Property.*** The value of the business' properties in California compared to the value of its properties throughout the nation.
- ***Payroll.*** The value of the business' compensation to its employees in California compared to the value of its compensation to its employees throughout the nation.
- ***Sales.*** The value of the business' sales in California compared to the value of its sales throughout the United States. (For most businesses, this factor counts more heavily than the others.)

A law approved by the Legislature and the Governor in 2009 will give multistate businesses a new way to determine how much of their income that California taxes. Starting in 2011 under this new law, most multistate businesses will be able to choose each year between two formulas to set the level of income California can tax. Businesses' two options will be: (1) the three-factor formula currently in use (described above), or (2) a new formula based only on the portion of their overall national sales that are in California (known as the "single sales" factor). A business typically will select the formula that minimizes its California taxes. A business would be allowed to switch back and forth between the two formulas.

Ability of Businesses to Share Tax Credits. California tax law allows tax credits that can reduce a business' taxes. If, for example, a business is able to use tax credits worth $1 million, this reduces the business' state taxes by $1 million. These tax credits are given to businesses doing certain things that the state wants to encourage. For example, a business that spends money in California to develop a new technology product may earn a "research and development" tax credit. If a business has credits which exceed the amount of taxes it owes in a given year, it will have unused credits. (Typically, these unused credits can be carried forward to be used in future years.)

Many business organizations consist of a group of business entities. This is called a "unitary group" if it meets certain conditions, such as operating jointly or operating under the same management. For example, one business in a group may develop a product, and another business in the group may sell that product. Tax credits are given to individual business entities—not unitary groups.

A law approved by the Legislature and the Governor in 2008 allows a business with available tax credits to transfer unused tax credits to another business in the same group. Shared credits can be used to reduce taxes in 2010 and later years. There are certain limitations to this credit sharing in the law. Some of these credits have been transferred already.

For text of Proposition 24, see page 106.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

PROPOSAL

This proposition repeals the business tax law changes passed in 2008 and 2009 described above. As such, this measure would return tax policies in these areas to the way they were prior to the recent law changes. The effects of this proposition are summarized in Figure 1.

Restricts Ability of a Business to Use Operating Losses to Lower Taxes. This proposition prevents a business from using an NOL carryback to reduce its taxes for previous years. Businesses could still use NOLs to reduce their taxes in future years—though they would have 10 years to use each NOL, rather than 20 years.

Figure 1

Effects of Proposition 24 on California Business Tax Law

Issue	Prior Law[a]	Current Law	Law if Proposition 24 Passes
Use of Operating Losses	*Carrybacks*. Business losses cannot be used to get refunds of taxes previously paid.	*Carrybacks*. Beginning in 2010, business losses can be used to get refunds of taxes paid in the prior two years.	Same as prior law.
	Carryforwards. Businesses can use losses to offset income in the 10 years following the loss.	*Carryforwards*. Beginning in 2010, businesses can use losses to offset income in the 20 years following the loss.	Same as prior law.
Income of Multistate Businesses	A single formula determines the level of a multistate business' income that California taxes based on the business' sales, property, and payroll in California.	Beginning in 2011, most multistate businesses will choose every year between two options to determine the level of income that California can tax: (1) the formula under prior law, or (2) a formula that considers only the business' sales in California relative to its national sales.	Same as prior law.
Tax Credit Sharing	Tax credits given to a business entity can only reduce that entity's taxes. That entity cannot share its tax credits with entities in the same group of businesses.	Beginning in 2010, tax credits given to a business entity can be used to reduce the taxes of other entities in the same group of related businesses.	Same as prior law.

[a] State law prior to changes adopted as part of 2008 and 2009 budget agreements.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Ends Ability of a Multistate Business to Choose How Its California Income Is Determined. This proposition eliminates the option that multistate businesses will have to choose between two formulas to determine the portion of their income subject to California state taxes. Instead, businesses' taxable income in California would continue to be determined based on the formula currently in use which considers businesses' sales, property, and payroll. (The tax law used for businesses that only do business in California would be unchanged by this part of the proposition.)

Ends Ability of a Business to Share Tax Credits Within a Unitary Group. This proposition prevents business entities within a unitary group from sharing tax credits in the future. (While it is not certain, it appears that businesses would be able to use tax credits that already have been transferred to them.)

FISCAL EFFECTS

Increased State Revenues. This proposition would increase state General Fund revenues by increasing the taxes paid by businesses. When fully implemented by 2012–13, revenues would increase by an estimated $1.3 billion each year. There would be smaller increases in 2010–11 and 2011–12. More than one-half of these estimated increased taxes would be paid by multistate businesses as a result of the elimination of the single sales factor option.

Effects on Education Funding and the State's General Fund. Proposition 98 (passed by the voters in 1988) determines the minimum amount of state and local funding for K–12 schools and community colleges each year. Under the formulas of Proposition 98, a significant part of Proposition 24's revenue increases would be allocated to schools and community colleges. The remaining revenues would be available to the Legislature and the Governor for any purpose.

For text of Proposition 24, see page 106.

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 24 ★

A Yes vote on Prop. 24, the "Tax Fairness Act," ends $1.7 billion in special corporate tax loopholes that don't require the creation or protection of one single California job. Vote Yes because we need jobs, not more big corporate tax loopholes!

During the recent state budget disaster, legislators and big corporations cut a deal behind closed doors which raises your taxes. That deal with legislators included $18 billion in tax hikes for you and huge tax breaks for big corporations. These same corporations made no guarantees that a single job would be created or saved to get this handout. That's why these tax breaks should be repealed. A Yes vote on Prop. 24 will end this bad deal.

If you're worried that Prop. 24 would hurt California's small businesses, don't fall for those scare tactics. Here are the facts:

Prop. 24 will end tax loopholes that unfairly benefit less than 2% of California's businesses that are the wealthiest, multi-state corporations. 98% of California's businesses, especially small businesses, would get virtually no benefit from the tax breaks.

Corporations that are paying to defeat Prop. 24 and keep these loopholes are paying their CEOs over $8.5 billion, and made over $65 billion in profits last year, while at the same time laying off over 100,000 workers.

By voting Yes on Prop. 24, we can keep the Legislature from making even deeper cuts in public schools, health care and public safety. During last year's budget disaster, the Legislature made $30 billion in cuts that resulted in 16,000 teacher layoffs, and put 6,500 prisoners back on the street. But they gave corporations $1.7 billion in tax breaks. Prop. 24 will make big corporations pay their fair share and put $1.7 billion back into the treasury for our students, classrooms, police and fire services and health care we really need.

These unfair corporate tax loopholes put an even bigger burden on the average individual taxpayer. At the same time the Legislature gave corporations $1.7 billion in tax breaks every year, they RAISED $18 billion in taxes on people like you.

Republicans have joined Democrats in support of Prop. 24 because it stops Sacramento from using our tax system to play favorites. When Sacramento politicians passed targeted tax cuts last year, they were saying big corporations deserve a tax break, but average Californians don't.

Vote Yes on Prop. 24 to ensure tax fairness so big corporations have to play by the same rules as the rest of us.

Instead of creating unfair tax loopholes for giant out-of-state corporations, we could be giving tax incentives to California's small businesses that actually create jobs for Californians. Vote Yes to help our small businesses and put $1.7 billion back into the treasury to help our students, schools and public safety.

Voting Yes on Prop. 24 tells the Legislature to get its priorities straight by putting schools and public safety ahead of tax loopholes for corporations.

DAVID A. SANCHEZ, President
California Teachers Association
JANIS R. HIROHAMA, President
League of Women Voters of California
LENNY GOLDBERG, Executive Director
California Tax Reform Association

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 24 ★

Proposition 24's proponents never met a tax they didn't like. They won't reduce lavish public pensions, yet have no problem raising taxes on everyone else. Sacramento politicians already increased taxes on families and businesses $18 billion. Proponents want even more.

HIGHER TAXES ON SMALL BUSINESSES

Proponents falsely claim it only hits big corporations, but State Franchise Tax Board records show Proposition 24 could impact 120,000 businesses. Small businesses can't survive more tax increases:

"We are struggling to keep our doors open and keep jobs for our employees and their families. Small businesses can't afford Proposition 24."—Terry Maxwell, T.L. Maxwell's Restaurant

CALIFORNIA NEEDS JOBS, NOT A JOBS *TAX*

It taxes job creation in our most promising industries (high tech, biotech, and clean tech) and hits businesses with another $1.7 billion tax increase—more layoffs, more companies and jobs leaving California. 2,000,000 Californians are already out of work. Isn't that enough?

LESS MONEY FOR VITAL SERVICES

Proponents failed to include language to guarantee proper expenditure of the tax increase, leaving it up to the same politicians who misspent us into debt. Worse, Proposition 24 would dramatically slow down our economic recovery, leaving fewer long-term revenues for classrooms, public safety, services for seniors and others.

Everyone is suffering in this economy. Proposition 24 would make things worse by eliminating the tax updates necessary to rebuild our economy and grow jobs and reducing long-term revenues for schools and other services. A LOSE, LOSE proposition.

STOP THE JOBS TAX—NO ON 24
www.StopProp24.com

KENNETH A. MACIAS, Statewide Elected Chair
California Hispanic Chambers of Commerce
WILLIAM J. HUME, Past Vice-President
California State Board of Education
DR. JOSEPH L. BRIDGES, President & Chief Executive Officer
The Seniors Coalition

PROP 24 REPEALS RECENT LEGISLATION THAT WOULD ALLOW BUSINESSES TO LOWER THEIR TAX LIABILITY. INITIATIVE STATUTE.

★ ARGUMENT AGAINST PROPOSITION 24 ★

VOTE NO ON PROPOSITION 24—STOP THE JOBS TAX!

Make no mistake, Proposition 24:

- DOESN'T guarantee a single dollar will go into our classrooms, public safety or other vital programs, and would in fact REDUCE long-term revenues for these services
- *DOESN'T close a single loophole*

Instead, Proposition 24:

- Hits consumers and employers with $1.7 billion in higher taxes—every year
- Gives Sacramento politicians a BLANK CHECK to spend billions with *NO accountability*
- Would cost California 144,000 jobs
- Taxes employers for creating jobs in California
- Stifles job growth in our most promising industries

PROPOSITION 24 HURTS SMALL BUSINESSES AND SENDS JOBS *OUT OF CALIFORNIA*

Small businesses are the backbone of our economy, but in this recession they've taken a hit, forcing them to lay off employees, reduce salaries and even close up shop.

"Last year, small business bankruptcies in California rose 81%. I own a small business. Proposition 24 is just one more tax burden we can't afford."—John Mullin, Owner, Pacific M Painting

Proposition 24 will eliminate the job-creating tax incentives that help small businesses survive the down economy, forcing more companies OUT OF BUSINESS and more families OUT OF WORK.

CALIFORNIA FAMILIES CAN'T AFFORD PROPOSITION 24's NEW TAXES

California has one of the *WORST* tax climates for businesses, ranking 48 out of the 50 states.

Proposition 24 makes it even worse, hitting small businesses and employers with billions in higher taxes that are passed on to consumers in the form of higher prices for goods and services.

- More than 2 *million* Californians are unemployed.
- 12.4% unemployment—among the highest in the nation.
- 120,000 California businesses could be impacted by Proposition 24, according to California's Franchise Tax Board.

PROPOSITION 24 WILL LEAD TO FEWER JOBS FOR CALIFORNIANS

Proposition 24 repeals recent state tax updates desperately needed to grow our economy and put Californians back to work. Proposition 24 taxes new job creation and penalizes businesses when they try to expand in California. Twenty-three *other states,* like New York, Oregon and Texas, have updated their tax systems and California finally did too, but Proposition 24 will take our state back to an outdated, anti-competitive system.

Proposition 24 is a short-sighted scheme that closes the door on *JOBS* when we can least afford it. Fewer jobs mean LESS long-term revenues for schools, public safety and other vital services.

PROPOSITION 24—A GIANT STEP BACKWARD

Proposition 24 penalizes job growth and encourages businesses to expand into OTHER states—taking good jobs and tax revenue with them.

Proposition 24 taxes new jobs created by high tech, clean tech, biotech and other promising industries—jobs that could lead our economic recovery. California's non-partisan Legislative Analyst's Office says that under Proposition 24: "businesses . . . may cut back their planned California operations."

JOIN SMALL BUSINESSES, TAXPAYERS AND OTHERS AND VOTE NO ON PROPOSITION 24!

- California Association of Independent Business
- BayBio
- Silicon Valley Leadership Group
- California Chamber of Commerce
- TechNet

VOTE NO ON 24—STOP THE JOBS TAX, KEEP JOBS IN CALIFORNIA!

www.StopProp24.com

TERESA CASAZZA, President
California Taxpayers' Association
MARIAN BERGESON, Former California Secretary of Education
BILL LA MARR, Executive Director
California Small Business Alliance

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 24 ★

A Yes Vote on Prop. 24, the "Tax Fairness Act," ends $1.7 BILLION in new special tax breaks to multi-state corporations with no requirement to create one new job. $1.7 billion that is desperately needed for our public schools, health care and public safety.

That's why teachers, nurses, small businesses, and public safety groups urge you to vote YES on Prop. 24.

The scare tactics and distortions made by opponents of Prop. 24 illustrate how desperate these multi-state corporations and their CEOs are to take advantage of these additional tax breaks while ordinary Californians foot the bill.

Prop. 24 would prevent:

- 6 multi-state corporations from receiving new tax cuts averaging $23.5 million each in 2013–14.
- 87% of the benefits from one tax break to go to 0.03% of California corporations. They have gross incomes over $1 billion.

A YES vote on Prop. 24 ends these unfair new tax breaks before they can take effect. That's Tax Fairness!

Make no mistake. A Yes vote *will not* raise ordinary Californians' taxes. A Yes vote *will not* cut jobs. A Yes vote *will not* hurt small businesses.

A Yes vote *will* stop unfair tax breaks that would go to some of the largest corporations in the nation, whose greed knows no end. That's why 12 wealthy, multi-billion dollar corporations have already contributed $100,000 each to defeat Prop. 24. They want more tax breaks they don't have now.

That's why you should vote YES on Prop. 24.

ROB KERTH, President
North Sacramento Chamber of Commerce
MARTIN HITTLEMAN, President
California Federation of Teachers
HANK LACAYO, President
Congress of California Seniors

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROPOSITION
25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Changes the legislative vote requirement necessary to pass the state budget and spending bills related to the budget from two-thirds to a simple majority.
- Provides that if the Legislature fails to pass a budget bill by June 15, all members of the Legislature will permanently forfeit any reimbursement for salary and expenses for every day until the day the Legislature passes a budget bill.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- In some years, the contents of the state budget and related legislation could be changed due to the lower legislative vote requirements in this measure. The extent of these changes would depend on a number of factors, including the state's financial circumstances, the composition of the Legislature, and its future actions.
- In any year the Legislature has not sent a budget to the Governor on time, there would be a reduction in state legislator compensation costs of about $50,000 for each late day.

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Process for Passing a Budget. The State Constitution gives the Legislature the power to appropriate (that is, allow the spending of) state funds. The annual state budget is the Legislature's primary method of authorizing state expenses for a fiscal year (which runs from July 1 to June 30). The Constitution requires that the Governor propose a budget by January 10 for the next fiscal year. Each of the two houses of the Legislature (the State Assembly and the State Senate) then is required to pass the annual budget bill by June 15 and send it to the Governor. The Governor may either sign the budget approved by the Legislature or veto (reject) all or a part of it. By a two-thirds (67 percent) vote in each house of the Legislature, a veto by the Governor may be overridden. While the Constitution has a date by which the Legislature must *pass* a budget, it does not have a specific date by which a final budget must be *put into law.*

Two-Thirds Vote Requirement for Passage of State Budget. The Constitution requires a two-thirds vote of each house of the Legislature for the passage of "urgency" measures that take effect immediately, bills that increase state tax revenues, and General Fund appropriations (except appropriations for public schools). Because the state budget includes General Fund appropriations and needs to take effect immediately, it requires a two-thirds vote for passage. Certain budget actions, such as a decision to change the services that a state department is mandated to provide, require changing state law. These changes often are included in "trailer bills" that accompany passage of the budget each year. In general, bills passed by the Legislature take effect on January 1 of the next year. In order for trailer bills to take effect immediately, however, they must be passed by a two-thirds vote of each house of the Legislature.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Late Budgets. Since 1980, the Legislature has met its June 15 constitutional deadline for sending a budget to the Governor five times. During that same period, a final budget—passed by the Legislature and approved by the Governor—was in place prior to the July 1 start of the fiscal year on ten occasions, including three times since 2000. When a fiscal year begins without a state budget in place, some state expenses are not paid as scheduled. For example, state elected officials (such as the Governor and Members of the Legislature) have not received salaries after July 1 until a final budget is in place. Salary payments withheld from these officials have been paid in full when the final budget goes into effect.

PROPOSAL

Lowers Legislative Vote Requirements for the Budget Bill and Related Legislation. This measure amends the Constitution to lower the vote requirement necessary for each house of the Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement would be lowered from two-thirds to a majority (50 percent plus one) of each house of the Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the Legislature "as related to the budget in the budget bill." Both the budget bill and these trailer bills would take effect immediately after being signed by the Governor (or on a later date specified in the bill). A two-thirds vote of the Legislature would still be required to override any veto by the Governor. This measure's constitutional provisions do not specifically address the legislative vote requirement for increasing state tax revenues, but the measure states that its intent is not to change the existing two-thirds vote requirement regarding state taxes.

Loss of Pay and Reimbursements by Legislators. In any year when the Legislature has not sent a budget bill to the Governor by June 15, this measure would prohibit Members of the Legislature from collecting any salary or reimbursements for travel or living expenses. This prohibition would be in effect from June 15 until the day that a budget is presented to the Governor. These salaries and expenses could not be paid to legislators at a later date.

FISCAL EFFECTS

State Budget May Be Easier to Approve. This measure could make it easier for the Legislature to send a state budget bill to the Governor. That is because it would lower the voting requirement for the budget from two-thirds to a majority of each house of the Legislature. Given the current composition of each house, this would allow members of the Legislature's majority political party to approve a budget bill without the support of any members of the minority party. Currently, some members of the minority party must support a budget to reach the two-thirds vote requirement.

In some years, the lower vote requirement could affect the content of the budget and bills identified by the Legislature as related to the budget. Spending priorities in a given budget could be different. The extent of these changes would depend on a number of factors—including the state's financial circumstances, the composition of the Legislature, and its future actions. Accordingly, the exact changes that would occur in future state budgets cannot be estimated.

Some Legislative Pay May Be Lost. In years when the Legislature does not send a budget bill to the Governor by the June 15 deadline, Members of the Legislature would lose portions of their annual salaries and reimbursements for living and travel expenses. In such cases, the measure would reduce state costs by around $50,000 per day until a budget bill was sent to the Governor.

For text of Proposition 25, see page 113.

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 25 ★

Prop. 25 reforms California's badly broken state budget process, so taxpayers, schools and services are protected, while legislators are held accountable if they fail to pass the budget on time. No budget, no pay—and no payback later.

Prop. 25 is a common sense solution to California's budget disaster, with legislators paying the price for late budgets, not taxpayers.

Prop. 25 is a simple budget reform that breaks legislative gridlock by allowing a simple majority of legislators to approve the budget—just like in 47 other states. Meanwhile, Prop. 25 preserves the 2/3 vote required to raise taxes.

Late budgets cost taxpayers millions of dollars, hurt schools and services, damage California's credit rating and give special treatment to interest groups at the expense of ordinary citizens. Under the current system, no one is held accountable. This will change under Prop. 25—a common sense reform that:

— Holds legislators accountable when they don't do their jobs. For every day the budget is late, legislators are docked a day's pay plus expenses. Importantly, they can't pay themselves back when the budget is finally passed.
— Changes the vote requirement needed for budget approval, so a majority of legislators can pass the budget, instead of allowing a small minority of legislators to hold it captive.
— Preserves the constitutional requirement that 2/3 of the Legislature must approve new or higher taxes.

When last year's budget was late, California issued 450,000 IOUs to small businesses, state workers and others who do business with the state, costing taxpayers over $8 million in interest payments alone.

Under the current system, a small group of legislators can hold the budget hostage, with the "ransom" being more perks for themselves, spending for their pet projects or billions in tax breaks for narrow corporate interests. Meanwhile, taxpayers are punished and funding for schools, public safety and home health care services for seniors and the disabled becomes a bargaining chip. Real people suffer when legislators play games with the budget.

More than 16,000 teachers were laid off last year and 26,000 pink slips were issued this year because of the budget mess. Prop. 25 ends the chaos, allowing schools to plan their budgets responsibly by letting them know what they can expect from the state. This isn't possible when the state budget is late.

Late budgets waste tax money and inflate the cost of building schools and roads. Last year when the budget was late, road projects were shut down then restarted days later, costing taxpayers millions of dollars and further damaging California's credit rating.

Please read Prop. 25 carefully. It does exactly what it says—holds legislators accountable for late budgets, ends budget gridlock and preserves the 2/3 vote required to raise taxes.

For responsible budgeting and fiscal accountability, vote "yes" on Prop. 25.

MARTIN HITTELMAN, President
California Federation of Teachers
KATHY J. SACKMAN, RN, President
United Nurses Associations of California/Union of Health Care Professionals
NAN BRASMER, President
California Alliance for Retired Americans

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 25 ★

THE REAL SUPPORTERS OF PROPOSITION 25 ARE INCUMBENT POLITICIANS AND THEIR SPECIAL INTEREST FRIENDS.

Under Prop. 25, California taxpayers will get more budget gimmicks, borrowing and deficit spending. It makes it easier for the politicians to raise taxes and pass a budget that isn't really balanced.

PROPOSITION 25 IS ANOTHER BACKROOM DEAL BY SACRAMENTO POLITICIANS AND SPECIAL INTERESTS TO RAISE TAXES AND ELIMINATE VOTER RIGHTS when they include these provisions in a budget bill. Buried in the fine print of this measure is language that will:

- Lower the vote requirement for the LEGISLATURE TO RAISE SALES, INCOME AND GAS TAXES.
- ELIMINATE VOTER CONSTITUTIONAL RIGHTS to repeal bad legislation and higher fees through the referendum process.
- Lower the vote requirement for the LEGISLATURE TO INCREASE ITS OWN EXTRAVAGANT TAX-FREE EXPENSE ACCOUNTS. Politicians want us to believe Prop. 25 will penalize them for a late budget, but they'll just make it up in higher expense account payments.

PROPOSITION 25 DOES NOT PROTECT TAXPAYERS.

It changes our Constitution to make it easier for the Sacramento politicians to raise taxes and reward the special interests that put them in office.

"Prop. 25 means higher taxes, bigger deficits and more wasteful spending."—Jon Coupal, Howard Jarvis Taxpayers Association

PROPOSITION 25 DOES NOT HOLD POLITICIANS ACCOUNTABLE.

Instead, it will make it easier for Legislators to pad their own wallets and raise taxes by $40 billion, as proposed by one of the supporters of this measure.

Vote NO on Prop. 25.
www.No25Yes26.com

TERESA CASAZZA, President
California Taxpayers' Association
GABRIELLA HOLT, President
Citizens for California Reform
JOEL FOX, President
Small Business Action Committee

PROP 25 CHANGES LEGISLATIVE VOTE REQUIREMENT TO PASS BUDGET AND BUDGET-RELATED LEGISLATION FROM TWO-THIRDS TO A SIMPLE MAJORITY. RETAINS TWO-THIRDS VOTE REQUIREMENT FOR TAXES. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 25 ★

NO ON PROPOSITION 25—DON'T MAKE IT EASIER FOR POLITICIANS TO RAISE TAXES AND ELIMINATE VOTER RIGHTS

Politicians and special interests responsible for our massive budget deficit know that Californians don't support increased taxes and spending, so they're promoting Proposition 25—another misleading ballot measure to raise taxes and take away our constitutional right to reject bad legislation at the ballot box.

HIDDEN IN THE FINE PRINT OF PROPOSITION 25 ARE THE REAL REASONS POLITICIANS ARE PUSHING THIS MEASURE:

- Eliminates the right of voters to use the referendum to force a vote and stop taxes disguised as fees.
- Allows politicians to circumvent our Constitution's two-thirds vote requirement for passing new or increased taxes by allowing taxes to be enacted as part of the budget with a bare majority vote.
- Makes it easier for politicians to increase their lavish expense accounts. Currently, they can increase these perks only with a two-thirds vote of the Legislature. But under Proposition 25, they would be able to increase them with a bare majority vote.

NO ON PROPOSITION 25—DON'T BE FOOLED BY THE POLITICIANS

The politicians behind Proposition 25 are the same people who can't control spending and can't balance our budget. Instead of cutting waste and controlling spending, their solution is to raise taxes.

NO ON PROPOSITION 25—STOP THE POLITICIANS FROM GETTING EVEN LARGER EXPENSE ACCOUNTS

Sacramento politicians support this misleading proposal to try and convince voters that they will cut their own pay if they can't pass an on-time budget.

Politicians would NEVER support an initiative that would cost them. Proposition 25 makes it easier for the politicians to *double or even triple their own TAX-FREE expense* accounts to make up the difference for any lost pay.

NO ON PROPOSITION 25—IT'S NOT WHAT IT SEEMS

More Spending:

The hidden agenda in Proposition 25 makes it easier for politicians to raise taxes, spend money we don't have and incur *more* debt. With a budget deficit of $20 billion, we don't need more borrowing or budget gimmicks.

Eliminates Voter Rights:

Proposition 25 allows politicians to put new hidden taxes disguised as fees into budget-related bills, which eliminates voters' constitutional right to use the referendum process to reject these hidden taxes or other bad laws at the ballot.

"Our ability to reject hidden taxes is California taxpayers' last line of defense against a misguided Legislature. We cannot let the politicians take away that right."—California Taxpayers' Association

PROPOSITION 25's HIDDEN AGENDA:

- Lowers the vote requirement for passing a budget from two-thirds to a bare majority vote, making it easier to use gimmicks and claim the budget is balanced when it's not.
- Allows the state Legislature to pass tax increases as part of the budget with a bare majority vote.
- Eliminates voter rights to use the referendum process to reject hidden taxes and repeal bad laws at the ballot.
- Allows the Legislature to increase their lavish expense accounts with a bare majority vote.

Learn more: *www.No25Yes26.com*

VOTE NO ON PROPOSITION 25

JON COUPAL, President
Howard Jarvis Taxpayers Association
JOHN KABATECK, Executive Director
National Federation of Independent Business/California
RUBEN GUERRA, Chairman
Latin Business Association

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 25 ★

Prop. 25 will NOT make it easier to raise taxes. This is a false, desperate argument by people who want to keep things the same in Sacramento. Nor does it take away your right to vote.

Prop. 25 isn't about taxes. It's about holding legislators accountable and ending California's yearly budget crisis.

California's Attorney General and the state's non-partisan Legislative Analyst have officially stated that Prop. 25 does NOT lessen the vote required to raise taxes. In fact, Prop. 25 specifically says, "This measure WILL NOT CHANGE the two-thirds vote requirement for the Legislature to raise taxes."

Prop. 25 will make the Legislature work better, where chronically late budgets now punish schools and hurt vital services, damage our economy and cost taxpayers over $50 million every day the budget is late.

Prop. 25 helps fix the problem in two ways.

First, it prevents legislators from collecting pay and benefits every day they fail to pass an on-time budget—money they can't recover when they do pass the budget. Prop. 25 holds legislators accountable when they fail to do their jobs.

Second, Prop. 25 allows a majority of legislators to approve the budget—just like 47 other states. No longer can a handful of legislators hold the budget hostage, forcing last-minute deals that hurt taxpayers AND democracy.

If you agree it's time for legislators to do their jobs by passing the budget on time, vote "YES" on Prop. 25. With California in crisis, we need a Legislature that works.

JANIS R. HIROHAMA, President
League of Women Voters of California
BILL LOCKYER, California State Treasurer
RICHARD HOLOBER, Executive Director
Consumer Federation of California

PROPOSITION
26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Requires that certain state fees be approved by two-thirds vote of Legislature and certain local fees be approved by two-thirds of voters.
- Increases legislative vote requirement to two-thirds for certain tax measures, including those that do not result in a net increase in revenue, currently subject to majority vote.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Decreased state and local government revenues and spending due to the higher approval requirements for new revenues. The amount of the decrease would depend on future decisions by governing bodies and voters, but over time could total up to billions of dollars annually.
- **Additional state fiscal effects from repealing recent fee and tax laws: (1) increased transportation program spending and increased General Fund costs of $1 billion annually, and (2) unknown potential decrease in state revenues.**

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

State and local governments impose a variety of taxes, fees, and charges on individuals and businesses. Taxes—such as income, sales, and property taxes—are typically used to pay for general public services such as education, prisons, health, and social services. Fees and charges, by comparison, typically pay for a particular service or program benefitting individuals or businesses. There are three broad categories of fees and charges:

- User fees—such as state park entrance fees and garbage fees, where the user pays for the cost of a specific service or program.
- Regulatory fees—such as fees on restaurants to pay for health inspections and fees on the purchase of beverage containers to support recycling programs. Regulatory fees pay for programs that place requirements on the activities of businesses or people to achieve particular public goals or help offset the public or environmental impact of certain activities.
- Property charges—such as charges imposed on property developers to improve roads leading to new subdivisions and assessments that pay for improvements and services that benefit the property owner.

Figure 1
Approval Requirements: State and Local Taxes, Fees, and Charges

	State	Local
Tax	Two-thirds of each house of the Legislature for measures increasing state revenues.	• Two-thirds of local voters if the local government specifies how the funds will be used. • Majority of local voters if the local government does not specify how the funds will be used.
Fee	Majority of each house of the Legislature.	Generally, a majority of the governing body.
Property Charges	Majority of each house of the Legislature.	Generally, a majority of the governing body. Some also require approval by a majority of property owners or two-thirds of local voters.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

State law has different approval requirements regarding taxes, fees, and property charges. As Figure 1 shows, state or local governments usually can create or increase a fee or charge with a majority vote of the governing body (the Legislature, city council, county board of supervisors, etc.). In contrast, increasing tax revenues usually requires approval by two-thirds of each house of the state Legislature (for state proposals) or a vote of the people (for local proposals).

Disagreements Regarding Regulatory Fees. Over the years, there has been disagreement regarding the difference between regulatory fees and taxes, particularly when the money is raised to pay for a program of broad public benefit. In 1991, for example, the state began imposing a regulatory fee on businesses that made products containing lead. The state uses this money to screen children at risk for lead poisoning, follow up on their treatment, and identify sources of lead contamination responsible for the poisoning. In court, the Sinclair Paint Company argued that this regulatory fee was a tax because: (1) the program provides a broad public benefit, not a benefit to the regulated business, and (2) the companies that pay the fee have no duties regarding the lead poisoning program other than payment of the fee.

In 1997, the California Supreme Court ruled that this charge on businesses was a regulatory fee, not a tax. The court said government may impose regulatory fees on companies that make contaminating products in order to help correct adverse health effects related to those products. Consequently, regulatory fees of this type can be created or increased by (1) a majority vote of each house of the Legislature or (2) a majority vote of a local governing body.

PROPOSAL

This measure expands the definition of a tax and a tax increase so that more proposals would require approval by two-thirds of the Legislature or by local voters. Figure 2 summarizes its main provisions.

Figure 2

Major Provisions of Proposition 26

✓ **Expands the Scope of What Is a State or Local Tax**
- Classifies as taxes some fees and charges that government currently may impose with a majority vote.
- As a result, more state revenue proposals would require approval by two-thirds of each house of the Legislature and more local revenue proposals would require local voter approval.

✓ **Raises the Approval Requirement for Some State Revenue Proposals**
- Requires a two-thirds vote of each house of the Legislature to approve laws that increase taxes on any taxpayer, even if the law's overall fiscal effect does not increase state revenues.

✓ **Repeals Recently Passed, Conflicting State Laws**
- Repeals recent state laws that conflict with this measure, unless they are approved again by two-thirds of each house of the Legislature. Repeal becomes effective in November 2011.

For text of Proposition 26, see page 114.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

Definition of a State or Local Tax

Expands Definition. This measure broadens the definition of a state or local tax to include many payments currently considered to be fees or charges. As a result, the measure would have the effect of increasing the number of revenue proposals subject to the higher approval requirements summarized in Figure 1. Generally, the types of fees and charges that would become taxes under the measure are ones that government imposes to address health, environmental, or other societal or economic concerns. Figure 3 provides examples of some regulatory fees that could be considered taxes, in part or in whole, under the measure. This is because these fees pay for many services that benefit the public broadly, rather than providing services directly to the fee payer. The state currently uses these types of regulatory fees to pay for most of its environmental programs.

Certain other fees and charges also could be considered to be taxes under the measure. For example, some business assessments could be considered to be taxes because government uses the assessment revenues to improve shopping districts (such as providing parking, street lighting, increased security, and marketing), rather than providing a direct and distinct service to the business owner.

Some Fees and Charges Are Not Affected. The change in the definition of taxes would not affect most user fees, property development charges, and property assessments. This is because these fees and charges generally comply with Proposition 26's requirements already, or are exempt from its provisions. In addition, most other fees or charges in existence at the time of the November 2, 2010 election would not be affected unless:

- The state or local government later increases or extends the fees or charges. (In this case, the state or local government would have to comply with the approval requirements of Proposition 26.)
- The fees or charges were created or increased by a state law—passed between January 1, 2010 and November 2, 2010—that conflicts with Proposition 26 (discussed further below).

Approval Requirement for State Tax Measures

Current Requirement. The State Constitution currently specifies that laws enacted "for the purpose

Figure 3
Regulatory Fees That Benefit the Public Broadly

Oil Recycling Fee
The state imposes a regulatory fee on oil manufacturers and uses the funds for:
- Public information and education programs.
- Payments to local used oil collection programs.
- Payment of recycling incentives.
- Research and demonstration projects.
- Inspections and enforcement of used-oil recycling facilities.

Hazardous Materials Fee
The state imposes a regulatory fee on businesses that treat, dispose of, or recycle hazardous waste and uses the funds for:
- Clean up of toxic waste sites.
- Promotion of pollution prevention.
- Evaluation of waste source reduction plans.
- Certification of new environmental technologies.

Fees on Alcohol Retailers
Some cities impose a fee on alcohol retailers and use the funds for:
- Code and law enforcement.
- Merchant education to reduce public nuisance problems associated with alcohol (such as violations of alcohol laws, violence, loitering, drug dealing, public drinking, and graffiti).

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

of increasing revenues" must be approved by two-thirds of each house of the Legislature. Under current practice, a law that increases the amount of taxes charged to some taxpayers but offers an equal (or larger) reduction in taxes for other taxpayers has been viewed as not increasing revenues. As such, it can be approved by a majority vote of the Legislature.

New Approval Requirement. The measure specifies that state laws that result in *any* taxpayer paying a higher tax must be approved by two-thirds of each house of the Legislature.

State Laws in Conflict With Proposition 26

Repeal Requirement. Any state law adopted between January 1, 2010 and November 2, 2010 that conflicts with Proposition 26 would be repealed one year after the proposition is approved. This repeal would not take place, however, if two-thirds of each house of the Legislature passed the law again.

Recent Fuel Tax Law Changes. In the spring of 2010, the state increased fuel taxes paid by gasoline suppliers, but decreased other fuel taxes paid by gasoline retailers. Overall, these changes do not raise more state tax revenues, but they give the state greater spending flexibility over their use.

Using this flexibility, the state shifted about $1 billion of annual transportation bond costs from the state's General Fund to its fuel tax funds. (The General Fund is the state's main funding source for schools, universities, prisons, health, and social services programs.) This action decreases the amount of money available for transportation programs, but helps the state balance its General Fund budget. Because the Legislature approved this tax change with a majority vote in each house, this law would be repealed in November 2011—unless the Legislature approved the tax again with a two-thirds vote in each house.

Other Laws. At the time this analysis was prepared (early in the summer of 2010), the Legislature and Governor were considering many new laws and funding changes to address the state's major budget difficulties. In addition, parts of this measure would be subject to future interpretation by the courts. As a result, we cannot determine the full range of state laws that could be affected or repealed by the measure.

FISCAL EFFECTS

Approval Requirement Changes. By expanding the scope of what is considered a tax, the measure would make it more difficult for state and local governments to pass new laws that raise revenues. This change would affect many environmental, health, and other regulatory fees (similar to the ones in Figure 3), as well as some business assessments and other levies. New laws to create—or extend—these types of fees and charges would be subject to the higher approval requirements for taxes.

The fiscal effect of this change would depend on future actions by the Legislature, local governing boards, and local voters. If the increased voting requirements resulted in some proposals not being approved, government revenues would be lower than otherwise would have occurred. This, in turn, likely would result in comparable decreases in state spending.

Given the range of fees and charges that would be subject to the higher approval threshold for taxes, the fiscal effect of this change could be major. Over time, we estimate that it could reduce government revenues and spending statewide by up to billions of dollars annually compared with what otherwise would have occurred.

Repeal of Conflicting Laws. Repealing conflicting state laws could have a variety of fiscal effects. For example, repealing the recent fuel tax laws would increase state General Fund costs by about $1 billion annually for about two decades and increase funds available for transportation programs by the same amount.

Because this measure could repeal laws passed *after* this analysis was prepared and some of the measure's provisions would be subject to future interpretation by the courts, we cannot estimate the full fiscal effect of this repeal provision. Given the nature of the proposals the state was considering in 2010, however, it is likely that repealing any adopted proposals would decrease state revenues (or in some cases increase state General Fund costs). Under this proposition, these fiscal effects could be avoided if the Legislature approves the laws again with a two-thirds vote of each house.

For text of Proposition 26, see page 114.

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT IN FAVOR OF PROPOSITION 26 ★

YES ON PROPOSITION 26: STOP POLITICIANS FROM ENACTING HIDDEN TAXES

State and local politicians are using a loophole to impose Hidden Taxes on many products and services by calling them "fees" instead of taxes. Here's how it works:

At the State Level:

- California's Constitution requires a two-thirds vote of the Legislature for new or increased taxes, but the politicians use a gimmick to get around this by calling their taxes "fees" so they can pass them with only a *bare majority vote.*

At the Local Level:

- Most tax increases at the local level require voter approval. Local politicians have been calling taxes "fees" so they can bypass voters and raise taxes without voter permission—taking away your right to stop these Hidden Taxes at the ballot.

PROPOSITION 26 CLOSES THIS LOOPHOLE

Proposition 26 requires politicians to meet the same vote requirements to pass these Hidden Taxes as they must to raise other taxes, protecting California taxpayers and consumers by requiring these Hidden Taxes to be passed by a two-thirds vote of the Legislature and, at the local level, by public vote.

PROPOSITION 26 PROTECTS ENVIRONMENTAL AND CONSUMER REGULATIONS AND FEES

Don't be misled by opponents of Proposition 26. California has some of the strongest environmental and consumer protection laws in the country. Proposition 26 preserves those laws and PROTECTS LEGITIMATE FEES SUCH AS THOSE TO CLEAN UP ENVIRONMENTAL OR OCEAN DAMAGE, FUND NECESSARY CONSUMER REGULATIONS, OR PUNISH WRONGDOING, and for licenses for professional certification or driving.

DON'T LET THE POLITICIANS CIRCUMVENT OUR CONSTITUTION TO TAKE EVEN MORE MONEY FROM US

Politicians have proposed more than *$10 billion* in Hidden Taxes. Here are a few examples of things they could apply Hidden Taxes to unless we stop them:

- Food
- Gas
- Toys
- Water
- Cell Phones
- Electricity
- Insurance
- Beverages
- Emergency Services
- Entertainment

PROPOSITION 26: HOLD POLITICIANS ACCOUNTABLE

"State politicians already raised taxes by $18 billion. Now, instead of controlling spending to address the budget deficit, they're using this gimmick to increase taxes even more! It's time for voters to STOP the politicians by passing Proposition 26."—Teresa Casazza, California Taxpayers' Association

Local politicians play tricks on voters by disguising taxes as "fees" so they don't have to ask voters for approval. They need to control spending, not use loopholes to raise taxes! It's time to hold them accountable for runaway spending and to stop Hidden Taxes at the local level.

YES ON PROPOSITION 26: PROTECT CALIFORNIA FAMILIES

California families and small businesses can't afford new and higher Hidden Taxes that will kill jobs and hurt families. When government increases Hidden Taxes, consumers and taxpayers pay increased costs on everyday items.

"The best way out of this recession is to grow the economy and create jobs, not increase taxes. Proposition 26 will send a message to politicians that it's time to clean up wasteful spending in Sacramento."—John Kabateck, National Federation of Independent Business/California

VOTE YES ON PROPOSITION 26 TO STOP HIDDEN TAXES—*www.No25Yes26.com*

TERESA CASAZZA, President
California Taxpayers' Association

ALLAN ZAREMBERG, President
California Chamber of Commerce

JOEL FOX, President
Small Business Action Committee

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 26 ★

Do you want corporations to write special protections into California's Constitution?

Should California protect polluters at the expense of public safety?

That's what Prop. 26 is: big oil, tobacco, and alcohol companies want taxpayers to pay for cleaning their mess. As a result, local police and fire departments will have fewer resources to keep us safe.

The claim that Prop. 26 won't harm consumers and the environment is false. Corporations are spending millions misleading voters into thinking that the payments made by companies that pollute or harm public health are "hidden taxes." The campaign's own website cited "Oil severance fee to mitigate oil spill clean up, and build larger response and enforcement capabilities" as a hidden tax.

Here are some other fees they don't want to pay—listed in their own documents:

- Fees on polluters to clean up hazardous waste
- Fees on oil companies for oil spill cleanup
- Fees on tobacco companies for the adverse health effects of tobacco products.

PROPOSITION 26 IS BAD FOR THE ENVIRONMENT, PUBLIC SAFETY, & TAXPAYERS.

The California Professional Firefighters, League of Women Voters of California, California Nurses Association, Sierra Club, Planning & Conservation League, Californians Against Waste, and California Tax Reform Association all oppose 26 because it would force ordinary citizens to pay for the damage done by polluters.

Californians can't afford to clean up polluters' messes when local governments are cutting essential services like police and fire departments.

WE NEED TO PROTECT THE PUBLIC, NOT POLLUTERS! VOTE NO on 26.

RON COTTINGHAM, President
Peace Officers Research Association of California

WARNER CHABOT, Chief Executive Officer
California League of Conservation Voters

PATTY VELEZ, President
California Association of Professional Scientists

PROP 26 REQUIRES THAT CERTAIN STATE AND LOCAL FEES BE APPROVED BY TWO-THIRDS VOTE. FEES INCLUDE THOSE THAT ADDRESS ADVERSE IMPACTS ON SOCIETY OR THE ENVIRONMENT CAUSED BY THE FEE-PAYER'S BUSINESS. INITIATIVE CONSTITUTIONAL AMENDMENT.

★ ARGUMENT AGAINST PROPOSITION 26 ★

Should polluters be protected from paying to clean up the damage they do?

Should taxpayers foot the bill instead?

The answer is NO, and that's why voters should reject Proposition 26, the Polluter Protection Act.

Who put Prop. 26 on the ballot? Oil, tobacco, and alcohol companies provided virtually all the funding for this measure, including Chevron, Exxon Mobil, and Phillip Morris.

Their goal: to shift the burden of paying for the damage these companies have done onto the taxpayers.

How does this work? Prop. 26 redefines payments for harm to the environment or public health as tax increases, requiring a 2/3 vote for passage.

Such payments, or pollution fees on public nuisances, would become much harder to enact—leaving taxpayers to foot the bill. California has enough problems without forcing taxpayers to pay for cleaning up after polluting corporations.

Companies that pollute, harm the public health, or create a public nuisance should be required to pay to cover the damage they cause.

But the big oil, tobacco, and alcohol corporations want you, the taxpayer, to pay for cleaning up their messes. That's why these corporations wrote Proposition 26 behind closed doors, with zero public input, and why they put up millions of dollars to get Proposition 26 on the ballot.

Proposition 26 is just another attempt by corporations to protect themselves at the expense of ordinary citizens. The problem isn't taxes "hidden" as fees; it's the oil and tobacco companies hiding their true motives:

- Polluters don't want to pay fees used to clean up hazardous waste.
- Oil companies don't want to pay fees used for cleaning up oil spills and fighting air pollution.
- Tobacco companies don't want to pay fees used for addressing the adverse health effects of tobacco products.
- Alcohol companies don't want to pay fees used for police protection in neighborhoods and programs to prevent underage drinking.

One of the so-called "hidden taxes" identified by the Proposition 26 campaign is a fee that oil companies pay in order to cover the cost of oil spill clean-up, like the one in the Gulf. The oil companies should be responsible for the mess they create, not the taxpayers.

Proposition 26 will harm local public safety and health, by requiring expensive litigation and endless elections in order for local government to provide basic services. Fees on those who do harm should cover such costs as policing public nuisances or repairing damaged roads.

The funds raised by these fees are used by state and local governments for essential programs like fighting air pollution, cleaning up environmental disasters and monitoring hazardous waste. They require corporations such as tobacco companies to pay for the harm they cause.

If Proposition 26 passes, these costs would have to be paid for by the taxpayers.

DON'T PROTECT POLLUTERS. Join California Professional Firefighters, California Federation of Teachers, California League of Conservation Voters, California Nurses Association, Consumer Federation of California, and California Alliance for Retired Americans, and vote NO on 26.

www.stoppolluterprotection.com

JANIS R. HIROHAMA, President
League of Women Voters of California
JANE WARNER, President
American Lung Association in California
BILL MAGAVERN, Director
Sierra Club California

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 26 ★

Proposition 26 fixes a loophole that allows politicians to impose new taxes on businesses and consumers by falsely calling them "fees".

Proposition 26 stops politicians from increasing Hidden Taxes on food, water, cell phones and even emergency services—BILLIONS OF DOLLARS IN HIGHER COSTS THAT CONSUMERS WILL PAY, NOT BIG CORPORATIONS.

Politicians and special interests oppose Prop. 26 because they want to take more money from working California families by putting "fees" on everything they can think of. Their interest is simple—more taxpayer money for the politicians to waste, including on lavish public pensions.

Here are the facts:

Prop. 26 protects legitimate fees and WON'T ELIMINATE OR PHASE OUT ANY OF CALIFORNIA'S ENVIRONMENTAL OR CONSUMER PROTECTION LAWS, including:

- Oil Spill Prevention and Response Act
- Hazardous Substance Control Laws
- California Clean Air Act
- California Water Quality Control Act
- Laws regulating licensing and oversight of Contractors, Attorneys and Doctors

"Proposition 26 doesn't change or undermine a single law protecting our air, ocean, waterways or forests—it simply stops the runaway fees politicians pass to fund ineffective programs."—Ryan Broddrick, former Director, Department of Fish and Game

Here's what Prop. 26 really does:

- *Requires a TWO-THIRDS VOTE OF THE LEGISLATURE FOR PASSING STATEWIDE HIDDEN TAXES* disguised as fees, just like the Constitution requires for regular tax increases.
- *Requires a POPULAR VOTE TO PASS LOCAL HIDDEN TAXES* disguised as fees, just like the Constitution requires for most other local tax increases.

YES on 26—Stop Hidden Taxes. Preserve our Environmental Protection Laws.

www.No25Yes26.com

JOHN DUNLAP, Former Chairman
California Air Resources Board
MANUEL CUNHA, JR., President
Nisei Farmers League
JULIAN CANETE, Chairman
California Hispanic Chamber of Commerce

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROPOSITION
27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

OFFICIAL TITLE AND SUMMARY — PREPARED BY THE ATTORNEY GENERAL

ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Eliminates 14-member redistricting commission selected from applicant pool picked by government auditors.
- Consolidates authority for establishing state Assembly, Senate, and Board of Equalization district boundaries with elected state representatives responsible for drawing congressional districts.
- Reduces budget, and imposes limit on amount Legislature may spend, for redistricting.
- Provides that voters will have the authority to reject district boundary maps approved by the Legislature.
- Requires populations of all districts for the same office to be exactly the same.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Possible reduction of state redistricting costs of around $1 million over the next year.
- Likely reduction of state redistricting costs of a few million dollars once every ten years beginning in 2020.

ANALYSIS BY THE LEGISLATIVE ANALYST

This measure returns the responsibility to determine district boundaries of state offices back to the Legislature. Under this measure, the commission recently established by voters to determine these district boundaries would be eliminated.

BACKGROUND

In a process known as "redistricting," the State Constitution requires that the state adjust the boundary lines of districts once every ten years following the federal census for the State Assembly, State Senate, State Board of Equalization (BOE), and California's congressional districts for the U.S. House of Representatives. To comply with federal law, redistricting must establish districts which are roughly equal in population.

Recent Changes to State Legislature and BOE Redistricting. In the past, district boundaries for all of the offices listed above were determined in bills that became law after they were approved by the Legislature and signed by the Governor. On some occasions, when the Legislature and the Governor were unable to agree on redistricting plans, the California Supreme Court performed the redistricting.

In November 2008, voters passed Proposition 11, which created the Citizens Redistricting Commission to establish new district boundaries for the State Assembly, State Senate, and BOE beginning after the 2010 census. To be established once every ten years, the commission will consist of 14 registered voters—5 Democrats, 5 Republicans, and 4 others—who apply for the position and are chosen according to specified rules.

ANALYSIS BY THE LEGISLATIVE ANALYST CONTINUED

When the commission sets district boundaries, it must meet the requirements of federal law and other requirements, such as not favoring or discriminating against political parties, incumbents, or political candidates. In addition, the commission is required, to the extent possible, to adopt district boundaries that:

- Maintain the geographic integrity of any city, county, neighborhood, and "community of interest" in a single district. (The commission is responsible for defining "communities of interest" for its redistricting activities.)
- Develop geographically compact districts.
- Place two Assembly districts together within one Senate district and place ten Senate districts together within one BOE district.

Current Congressional Redistricting Process. Currently, California is entitled to 53 of the 435 seats in the U.S. House of Representatives. Proposition 11 did not change the redistricting process for these 53 congressional seats. Currently, therefore, redistricting plans for congressional seats are included in bills that are approved by the Legislature.

Proposition 11, however, did make some changes to the requirements that the Legislature must meet in drawing congressional districts. The Legislature—like the commission—now must attempt to draw geographically compact districts and maintain geographic integrity of localities, neighborhoods, and communities of interest, as defined by the Legislature. Proposition 11, however, does not prohibit the Legislature from favoring or discriminating against political parties, incumbents, or political candidates when drawing congressional districts.

PROPOSAL

This measure amends the Constitution and other state laws to change the way that district boundaries are determined for the State Assembly, State Senate, BOE, and California's seats in the U.S. House of Representatives.

Legislative and BOE Redistricting Returns to Legislature. This measure returns authority to draw district boundaries for the State Assembly, State Senate, and BOE to the Legislature. The responsibility to determine congressional districts would remain with the Legislature. Under this measure, therefore, district boundaries for all of these congressional and state offices would be determined in bills passed by the Legislature. The Citizens Redistricting Commission that was created by Proposition 11 would be eliminated. As a result, the process currently underway for appointing members of that commission would end, and the Legislature would undertake the redistricting resulting from the 2010 and future censuses.

New Requirements for Redistricting Boundaries and Process. Proposition 27 creates certain requirements for district boundaries. Under this measure, the population of each district would be almost equal with other districts for the same office (with a difference in population of no greater than one person). This measure further requires the Legislature to hold hearings before and after district boundary maps are created, as well as provide the public access to certain redistricting data.

For text of Proposition 27, see page 115.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Deletes Some Existing Requirements. This measure also deletes some existing rules on what must be considered during the redistricting process, such as requirements related to:

- Not favoring or discriminating against political parties, incumbents, or political candidates.
- Developing geographically compact districts.
- Placing two Assembly districts together within one Senate district and placing ten Senate districts together within one BOE district.

Two Redistricting-Related Measures on This Ballot. In addition to this measure, another measure on the November 2010 ballot—Proposition 20—concerns redistricting issues. Key provisions of these two propositions, as well as current law, are summarized in Figure 1. If both of these measures are approved by voters, the proposition receiving the greater number of "yes" votes would be the only one to go into effect.

FISCAL EFFECTS

Redistricting Costs Prior to Proposition 11 and Under Current Law. The Legislature spent about $3 million in 2001 from its own budget specifically for redistricting activities, such as the purchase of specialized redistricting software and equipment. In addition to these costs, some regular legislative staff members, facilities, and equipment (which are used to support other day-to-day activities of the Legislature) were used temporarily for redistricting efforts.

In 2009, under the Proposition 11 process, the Legislature approved $3 million from the state's General Fund for redistricting activities related to the 2010 census. In addition, about $3 million has been spent from another state fund to support the application and selection process for commission members. For future redistricting efforts, Proposition 11 requires the commission process to be funded at least at the prior decade's level, grown for inflation. The Legislature currently funds congressional redistricting activities within its budget.

Figure 1

Comparing Key Provisions of Current Law and November 2010 Propositions on the Drawing of Political Districts

	Current Law	Proposition 20	Proposition 27
Entity that draws State Assembly, State Senate, and Board of Equalization (BOE) districts	Citizens Redistricting Commission [a]	Citizens Redistricting Commission	Legislature
Entity that draws California's congressional districts	Legislature	Citizens Redistricting Commission	Legislature
Definition of a "community of interest" [b]	Defined by Citizens Redistricting Commission/Legislature	"A contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation"	Determined by the Legislature

[a] The commission was established by Proposition 11 of 2008.

[b] Under current law and both Proposition 20 and Proposition 27, redistricting entities generally are charged with attempting to hold together a "community of interest" within a district.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

Redistricting Costs Under This Proposal. This measure forbids the Legislature from spending more than $2.5 million for redistricting activities once every ten years. This spending limit would be adjusted every ten years for inflation. There would be no future costs for the Citizens Redistricting Commission process. In total, these changes likely would reduce state redistricting costs by a few million dollars for the redistricting process once every ten years beginning in 2020.

The savings would be smaller for the redistricting process related to the 2010 census because some funds will already have been spent on Proposition 11's Citizens Redistricting Commission process by the time of the election. The savings from this measure over the next year could be around $1 million.

For text of Proposition 27, see page 115.

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

★ ARGUMENT IN FAVOR OF PROPOSITION 27 ★

Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Likely DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

YES ON 27, the Fiscal Accountability in Redistricting Act (FAIR). 27 will save taxpayers millions of dollars and put an end to Arnold Schwarzenegger's political reapportionment games.

In 2005, Arnold Schwarzenegger wasted nearly 39 million taxpayer dollars to call a Special Election primarily to pass his so-called redistricting reform, Proposition 77, which the voters rejected by a 60 to 40 percent margin.

In 2008, Schwarzenegger raised and spent 16 million special-interest dollars to barely pass an obtuse bureaucratic Commission to take the power of redistricting from those who are accountable to the people and give it to a faceless group of amateurs WHO CAN MAKE UP TO $1 MILLION DOLLARS FROM CALIFORNIA TAXPAYERS IN CUMULATIVE SALARY. YES ON 27 is a chance for the voters of California to say "enough is enough." GOVERNOR, YOU MAY MEAN WELL, but no more money should be wasted on your nonsense games of reapportionment.

Governor, OUR STATE IS BANKRUPT, UNEMPLOYMENT IS OVER 12%, OUR LUSH BREADBASKET OF THE CENTRAL VALLEY IS WITHOUT WATER, EVERYTHING IS MESSED UP. Yet you still obsess on the political game of reapportionment?

Look at the mess we have with Schwarzenegger's plan, the law following his 2008 proposition:

- Under Schwarzenegger's plan, three randomly selected accountants choose the fourteen un-elected commissioners to head a bureaucracy with the power to decide who is to represent us. Unlike the Schwarzenegger plan, YES ON 27 WILL ENSURE THAT THOSE WHO MAKE THE DECISIONS ARE ACCOUNTABLE TO THE VOTERS. 27 IS THE ONLY REFORM PROPOSAL WITH ACCOUNTABILITY.
- Under Schwarzenegger's plan, voters can be denied the right to pass a referendum against unfair Congressional district gerrymanders. A referendum means that we, the voters, have a right to say "no" to the Legislature and "no" to a statute with which we disagree. Unlike the Schwarzenegger plan, YES ON 27 ENSURES THAT VOTERS WILL HAVE THE RIGHT TO CHALLENGE ANY REDISTRICTING PLAN (INCLUDING THE CONGRESSIONAL PLAN). VOTERS SHOULD ALWAYS HAVE THE FINAL VOICE.
- Under Schwarzenegger's plan, some people can count more than others—one district could have almost a million more people than another. There is a reason why, for centuries, districts like that have been called ROTTEN BOROUGHS. This practice must be stopped. Unlike the Schwarzenegger plan, YES ON 27 will ensure that all districts are precisely the same size and that every person counts equally.

Governor Schwarzenegger, what are you thinking? Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars:

"Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Likely DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

Let's stop wasting taxpayer dollars. Let's end the political reapportionment games. YES ON PROPOSITION 27!

DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

HANK LACAYO, President
Congress of California Seniors

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 27 ★

San Francisco Chronicle editor John Diaz says Prop. 27 is really the "Incumbent Protection Act."

POLITICIANS behind Proposition 27 are very angry that voters took away their power to draw districts to guarantee their reelection when VOTERS passed Proposition 11 and established the independent Citizens Redistricting Commission.

That's why the politicians and special interests will spend millions to pass 27 and ELIMINATE THE CITIZENS COMMISSION, comprised of voters from around the state.

One thing they got right in their argument is that California is broken.

California is broken because POLITICIANS AREN'T ACCOUNTABLE TO VOTERS SO THEY DON'T WORK TOGETHER TO SOLVE PROBLEMS.

Instead, the politicians would rather mislead voters with ridiculous claims.

FACT: No one is making a "million dollars." The voter-approved citizens commission ONLY DRAWS MAPS ONCE EVERY TEN YEARS and commissioners make only a modest stipend per day when they work. That's why taxpayer and good government groups support the Commission and oppose 27.

"Based on Sacramento history, the independent commission won't spend any more money on redistricting than the Legislature has, and its meetings will be open, unlike the lawmakers' plotting behind locked doors."—George Skelton, Los Angeles Times

FACT: Unlike the old system, where politicians carved up communities, cities and counties behind closed doors, the Citizens Redistricting Commission must meet in public with complete transparency.

FACT: Voters ALREADY have the power to challenge redistricting by referendum.

Read and study it for yourself: *www.noprop27.org*

STOP THE POLITICIANS' POWER GRAB: NO ON 27.

KATHAY FENG, Executive Director
California Common Cause

RUBEN GUERRA, President
Latin Business Association

JOEL FOX, President
Small Business Action Committee

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

PROP 27 ELIMINATES STATE COMMISSION ON REDISTRICTING. CONSOLIDATES AUTHORITY FOR REDISTRICTING WITH ELECTED REPRESENTATIVES. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

★ ARGUMENT AGAINST PROPOSITION 27 ★

We have a clear choice to make with Proposition 27.

Next year, new election districts will be drawn.

If we vote "NO" on Proposition 27, legislative districts are drawn by the independent Citizens Redistricting Commission voters approved in 2008.

If we vote "yes" on Proposition 27, the independent Citizens Redistricting Commission will be eliminated and Sacramento politicians will draw their own districts to protect their jobs, just like they've done in the past.

NO ON 27—STOP POLITICIANS FROM GUTTING VOTER-APPROVED REFORMS

In 2008, voters passed Proposition 11—ending the practice of legislators drawing their own election districts so they'd be elected year after year, having little incentive to solve problems, and remaining unaccountable to voters.

Under Proposition 11, voters created the independent Citizens Redistricting Commission to draw fair districts so legislators would be accountable to voters. The commission is completely transparent and includes Democrats, Republicans and independents and must be representative of all Californians. Learn more: *www.wedrawthelines.ca.gov*

Now a who's who list of incumbent politicians has used millions of special interest dollars to bankroll Proposition 27 so they can kill voter-approved redistricting reforms and return the drawing of districts to politicians. They'll spend and say whatever it takes to pass Proposition 27 so they can remain unaccountable to voters.

NO ON 27—STOP BACKROOM DEALS THAT PROTECT POLITICIANS, HURT VOTERS

The Los Angeles Times and Orange County Register revealed that in the last redistricting, politicians paid one political consultant over ONE MILLION dollars to draw districts to protect their seats.

With Prop. 27, politicians want to return us to the days when legislators hired consultants to draw bizarrely-shaped districts behind closed doors, dividing up cities and communities just to guarantee their reelection.

"By pushing Proposition 27, politicians want to silence voters so they don't have to address the tough problems our state faces."—Maria Luisa Vela, Los Angeles Hispanic Chamber of Commerce

THE POLITICIANS' CLAIMS DON'T STAND UP

Proposition 27 is not about saving money. Politicians want safe districts and will spend every taxpayer and special interest dollar they can to bankroll consultants and draw district lines to protect themselves.

And Proposition 27 is not about empowering voters. Voters can ALREADY reject legislative redistricting plans through the referendum process, regardless of Prop. 27.

Proposition 27 is really about the politicians wanting to keep power!

"Voters approved redistricting reforms to make the system fair—we need to stop politicians from passing Proposition 27 and taking us back to the days when politicians drew districts to protect themselves."—Kathay Feng, California Common Cause

Redistricting WILL happen in 2011. The question is whether it will be done by an INDEPENDENT CITIZENS REDISTRICTING COMMISSION or by POLITICIANS seeking to keep themselves in office.

- NO on Proposition 27 keeps the power with voters and the voter-approved independent Citizens Redistricting Commission.
- Yes on Proposition 27 gives power back to Sacramento politicians to draw districts so they're virtually guaranteed reelection.

Vote "NO" on Proposition 27.

www.NoProp27.org

JANIS R. HIROHAMA, President
League of Women Voters of California
DAVID PACHECO, California President
AARP
GARY TOEBBEN, President
Los Angeles Area Chamber of Commerce

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 27 ★

Current redistricting law wastes millions of taxpayer dollars and gives another unaccountable bureaucracy overwhelming power. VOTE YES ON 27 TO SAVE TAXPAYER DOLLARS AND TO END NONSENSE REAPPORTIONMENT GAMES.

No matter how many false and misleading statements are made by the opponents of this reform, FOUR facts are unambiguously true:

1) Proposition 27 saves taxpayer dollars. Non-partisan experts have concluded that YES ON PROP. 27 saves taxpayer dollars: "Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: LIKELY DECREASE IN STATE REDISTRICTING COSTS TOTALING SEVERAL MILLION DOLLARS EVERY TEN YEARS."

2) Proposition 27 empowers voters. In 2001, the politicians in the State Legislature conspired to stop the voters from exercising their right to say "no" to a redistricting statute. Prop. 27 prohibits the State Legislature from preventing a referendum on the ballot that would reject a Congressional redistricting.

3) Proposition 27 mandates one person, one vote districts. Current law allows population variations of as much as 1,000,000 people per district!

4) NOT A SINGLE MEMBER OF THE LEGISLATURE HAD ANY SAY ON HOW PROPOSITION 27 WAS WRITTEN. No wonder Prop. 27 has the strongest controls on the costs and the integrity of the process.

California is in crisis. We are broke, deeply in debt, unemployment is far too high, our environment is deteriorating. Proposition 27 is the chance for voters to say "Enough is enough! Stop wasting taxpayer dollars on nonsense." Vote Yes on 27.

MARK MURRAY, Executive Director
Californians Against Waste
DANIEL H. LOWENSTEIN, Founding Chairman
California Fair Political Practices Commission

POLITICAL PARTY STATEMENTS OF PURPOSE

★ GREEN PARTY ★

Californians need living-wage jobs, affordable housing, sustainable energy, single-payer health care and progressive taxation. Greens support vibrant economically sustainable communities, preserving environments, withdrawing from Iraq and Afghanistan, and developing safe clean energy sources. Greens oppose bailouts and corporate personhood.

Greens advocate:

Sustainable Economics:

- Supporting workplace representation, creating living-wage jobs, affordable housing, public transportation, and sustainable energy.
- Implementing fair graduated taxation on one's ability to pay, eliminating government subsidies to corporations, and implementing carbon taxes.
- Ending government indebtedness and deficit spending.

Constitutional Rights:

- Supporting habeas corpus, repealing mandatory sentencing, and amending the Three Strikes Law.
- Repealing the Patriot Act, withdrawing from Iraq and ending preemptive wars.
- Requiring presidential election by popular vote, equal access to debates and state ballots, ranked choice voting and reliable counting methods.

Environment protection:

- Promoting public-owned safe, clean renewable energy.
- Reducing global warming through efficiency, conservation and fossil fuel taxes.
- Protecting endangered species, agricultural land, and opposing sprawl developments.

Social justice:

- Supporting single-payer healthcare and free public education.
- Supporting undocumented immigrants' right to work.
- Ending torture and unwarranted surveillance.

Greens want government accountability, a vibrant economy, sustainable environments, social justice and Constitutional rights for all.

Green Party of California
P.O. Box 2828, Sacramento, CA 95812

(916) 448-3437
Website: www.cagreens.org

★ PEACE AND FREEDOM PARTY ★

The Peace and Freedom Party is a working-class party in a country run by and for the wealthy and their corporations. We should not have to sacrifice our health, our livelihoods and our planet for our bosses' profits. We can tax the rich, whose wealth is entirely created by workers, to pay for the people's needs. We favor:

- Bringing all troops home now.
- Ending all discrimination.
- Full rights for immigrants.
- Free health care for everyone.
- Good services for disabled people.
- Restoring and protecting the environment.
- Real democracy and fair political representation.
- Free education for all from preschool through the university.
- Decent jobs and full labor rights for all.

As long as our system puts the wealthy first, we will suffer war, police brutality, low wages, unsafe workplaces and pollution. We advocate socialism, which we see as the ownership and democratic control of the economy by working people. If we join together to take back our industries and natural resources, we can work together democratically and cooperatively for the common good, rather than being slaves to the rich and their corporations.

Vote for those who speak up for your own needs, the candidates of the Peace and Freedom Party.

Peace and Freedom Party
P.O. Box 24764, Oakland, CA 94623

(510) 465-9414
E-mail: info@peaceandfreedom.org
Website: www.peaceandfreedom.org

★ LIBERTARIAN PARTY ★

Libertarian solutions are the most practical and workable for strengthening our economy and governing our state. If they had been employed during the last decade, our state would be strong and not in a deficit. Thus, Libertarians work to:

- Reduce government spending;
- Promote business development, which will create jobs;
- Reform public employee pensions, which are bankrupting cities, counties and the state;
- Privatize services that are best delivered by cost-effective providers;
- Guarantee equal treatment under the law for all Californians;
- Strictly regulate, control and tax marijuana for adults, thus making it less available for children; and
- Reduce sessions of the Legislature to every other year.

The Libertarian Party has candidates who will bring about these reforms, but first they need your support this November.

Libertarian Party of California
Kevin Takenaga, *Chairman*
14547 Titus Street, Suite 214
Panorama City, CA 91402-4935

(818) 782-8400
E-mail: office@ca.lp.org
Website: www.ca.lp.org

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POLITICAL PARTY STATEMENTS OF PURPOSE

★ DEMOCRATIC PARTY ★

The Democratic Party is building a healthier future for our state and improving the quality of life for all Californians.

California Democrats were key in helping President Obama pass health insurance reform, ending the insurance company practice of denying coverage to children because of pre-existing conditions and lowering the cost of health care for millions of Americans.

We support Barbara Boxer and Jerry Brown because they are *proven leaders* who have what it takes to put California back on track.

Barbara Boxer has been working tirelessly to bring good jobs to our state and crack down on Wall Street corruption.

Under Jerry Brown's leadership, university tuition rates for the University of California system were $1,194 a year; today they are $9,285 a year and rising. Students attending the Cal State system were paying $441 a year in tuition; today they are paying $4,827 a year and rising.

Democrats believe our state must make university and community college affordable for today's working and middle-class families.

We believe in rewarding hard work and expanding opportunities for all Californians in order to create stronger and healthier communities.

Join us as we build a stronger California—sign up at *www.cadem.org*.

California Democratic Party
Senator John Burton (Ret.), *Chair*
1401 21st Street #200, Sacramento, CA 95811

(916) 442-5707 / Fax: (916) 442-5715
E-mail: info@cadem.org
Website: www.cadem.org

★ REPUBLICAN PARTY ★

The California Republican Party supports restoring our state as the nation's leader in economic growth and innovation by cutting taxes, slashing wasteful regulations, and making California competitive again. We want to build a California where people and families are safe and secure because a vibrant economy is creating jobs and opportunities for everyone who is willing and able to work.

Republicans support boldly reforming our bloated and wasteful government and reducing its burden on taxpayers to grow our economy and generate the jobs and opportunities families need.

The Republican Party is the advocate for everyday Californians—people who were born and raised here, and those who have come here to raise a family or build a business. We support protecting every Californian's personal freedoms and opportunities to have a good education, to work, to save and to invest in one's future, and in one's family.

Our democracy only works if good people decide to step up and get involved. Our doors are open to you and we hope you will make the personal decision today to protect, improve and build California by joining the California Republican Party. You can learn more by visiting our website at *www.cagop.org* today.

California Republican Party
Ron Nehring, *Chairman*
Ronald Reagan California Republican Center
1903 West Magnolia Boulevard, Burbank, CA 91506

(818) 841-5210
Website: www.cagop.org

★ AMERICAN INDEPENDENT PARTY ★

The American Independent Party is the party of ordered liberty in a nation under God. We believe in strict adherence to written law. We believe the Constitution is the contract America has with itself. Its willful distortion has led to the violation of our Tenth Amendment guaranteed right to limited government—which inevitably requires oppressive taxation. Its faithful application will lift that burden.

Freed from the lawless oppression of Liberal rule, we may then compassionately and justly use our energy and ingenuity to provide for ourselves and our families. We will then establish truly free and responsible enterprise and reassert the basic human right to property.

We believe in protecting all human life however weak, defenseless, or disheartened; endorse the family as the essential bulwark of liberty, compassion, responsibility, and industry; and declare the family's right and responsibility to nurture, discipline, and educate their children.

We assert the absolute, concurrent Second Amendment guaranteed individual right to self defense coupled with a strong common defense, a common defense which requires a national sovereignty not damaged by imprudent treaties. We oppose all illegal immigration.

We support secure borders and immigration policies inviting the best of the world to join us in freedom.

American Independent Party
Nathan Sorenson, *Chairman*
476 Deodara St., Vacaville, CA 95688

(707) 359-4884
Fax: (707) 222-6040
E-mail: mark@masterplanner.com

The order of the statements was determined by lot. Statements on this page were supplied by political parties and have not been checked for accuracy by any official agency.

VOLUNTARY CAMPAIGN SPENDING LIMITS FOR CANDIDATES FOR STATEWIDE ELECTIVE OFFICE

California law includes voluntary spending limits for candidates running for statewide office (not federal office). Candidates for Governor, Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, Superintendent of Public Instruction, and Board of Equalization who choose to keep their campaign expenses under specified dollar amounts may purchase space in the statewide voter information guide for a candidate statement of up to 250 words.

In the list below, an asterisk (*) designates a candidate who has accepted California's voluntary campaign spending limits and therefore has *the option* to purchase space for a candidate statement in this voter guide. (Some eligible candidates choose not to purchase space for a candidate statement.) Candidate statements are on pages 74–88.

The expenditure limit for candidates running for Governor in the November 2, 2010, General Election is $12,946,000.

The expenditure limit for candidates running for Lieutenant Governor, Secretary of State, Controller, Treasurer, Attorney General, Insurance Commissioner, and Superintendent of Public Instruction in the November 2, 2010, General Election is $7,768,000.

The expenditure limit for candidates running for the Board of Equalization in the November 2, 2010, General Election is $1,942,000.

The following list of candidates for statewide elective office is current through August 9, 2010—the end of the public display period required for the Official Voter Information Guide. For the final list of candidates, go to *www.sos.ca.gov/elections/elections_cand.htm.*

Governor

* Carlos Alvarez	Peace and Freedom
Jerry Brown	Democratic
* Chelene Nightingale	American Independent
* Dale F. Ogden	Libertarian
* Laura Wells	Green
Meg Whitman	Republican

Lieutenant Governor

* Pamela J. Brown	Libertarian
* James "Jimi" Castillo	Green
* Jim King	American Independent
* Abel Maldonado	Republican
* Gavin Newsom	Democratic
* C.T. Weber	Peace and Freedom

VOLUNTARY CAMPAIGN SPENDING LIMITS FOR CANDIDATES FOR STATEWIDE ELECTIVE OFFICE

Secretary of State

* Debra Bowen	Democratic
* Marylou Cabral	Peace and Freedom
* Damon Dunn	Republican
* Ann Menasche	Green
* Merton D. Short	American Independent
* Christina Tobin	Libertarian

Controller

* Lawrence G. Beliz	American Independent
* John Chiang	Democratic
* Andrew "Andy" Favor	Libertarian
* Ross D. Frankel	Green
* Karen Martinez	Peace and Freedom
Tony Strickland	Republican

Treasurer

* Charles "Kit" Crittenden	Green
* Robert Lauten	American Independent
* Bill Lockyer	Democratic
* Debra L. Reiger	Peace and Freedom
* Edward M. Teyssier	Libertarian
* Mimi Walters	Republican

Attorney General

* Peter Allen	Green
* Steve Cooley	Republican
* Robert J. Evans	Peace and Freedom
* Timothy J. Hannan	Libertarian
Kamala D. Harris	Democratic
* Diane Beall Templin	American Independent

Insurance Commissioner

* William Balderston	Green
* Richard S. Bronstein	Libertarian
* Dave Jones	Democratic
* Dina Josephine Padilla	Peace and Freedom
Clay Pedersen	American Independent
* Mike Villines	Republican

Superintendent of Public Instruction

* Larry Aceves	Nonpartisan
* Tom Torlakson	Nonpartisan

Board of Equalization District 1

* Sherill Borg	Peace and Freedom
* Kevin R. Scott	Republican
* Kennita Watson	Libertarian
* Betty T. Yee	Democratic

Board of Equalization District 2

* Willard D. Michlin	Libertarian
* Toby Mitchell-Sawyer	Peace and Freedom
* Chris Parker	Democratic
* George Runner	Republican

Board of Equalization District 3

* Mary Christian Heising	Democratic
* Jerry L. Dixon	Libertarian
* Mary Lou Finley	Peace and Freedom
* Terri Lussenheide	American Independent
* Michelle Steel	Republican

Board of Equalization District 4

* Peter "Pedro" De Baets	Libertarian
* Shawn Hoffman	American Independent
* Jerome E. Horton	Democratic
* Nancy Lawrence	Peace and Freedom

California's voluntary campaign spending limits do not apply to candidates for federal offices including the United States Senate. Therefore, all U.S. Senate candidates have *the option* to purchase space for a candidate statement in this voter guide. (Some U.S. Senate candidates choose not to purchase space for a candidate statement.) Candidate statements are on pages 72–73.

U.S. Senate

Barbara Boxer	Democratic
Marsha Feinland	Peace and Freedom
Carly Fiorina	Republican
Gail K. Lightfoot	Libertarian
Edward C. Noonan	American Independent
Duane Roberts	Green

CANDIDATE STATEMENTS BY OFFICE
★ U.S. SENATE ★

- One of two Senators who represent California's interests in the United States Senate.
- Proposes and votes on new national laws.
- Votes on confirming federal judges, U.S. Supreme Court Justices, and many high-level presidential appointments to civilian and military positions.

DUANE ROBERTS *Green*	P.O. Box 5123 Anaheim, CA 92814	info@voteforduane.org www.voteforduane.org

See www.voteforduane.org

MARSHA FEINLAND *Peace and Freedom*	2124 Kittredge St., #66 Berkeley, CA 94704	(510) 845-4360 mfeinland@att.net feinlandforsenate.org

Withdraw all troops from Iraq and Afghanistan now. Stop scapegoating immigrants. Provide free health care for everyone. Regulate corporations to protect workers and the environment. Let's decide what we need and use our country's wealth to pay for it.

GAIL K. LIGHTFOOT *Libertarian*	P.O. Box 598 Pismo Beach, CA 93448	(805) 709-1130 www.gailklightfoot.com

Career politicians, lobbyists and the *parties in power* failed us. With no political/corporate ties, pledged to serve one term, I will defend our Constitntion; vote to cut taxes, spending and regulations; withdraw U.S. troops from overseas; protect 2nd Amendment; and audit the Federal Reserve.

BARBARA BOXER *Democratic*	P.O. Box 411176 Los Angeles, CA 90041	(323) 836-0820 info@barbaraboxer.com www.barbaraboxer.com

We're going through the toughest economic times I've seen, and nothing is more important than creating good California jobs. I'm doing that with a specific jobs plan. (Read the entire plan at *www.BarbaraBoxer.com.*) First, I'm fighting to end tax breaks for companies that ship jobs overseas and instead give tax breaks to middle-class families and small businesses that create jobs here at home. We have to stop rewarding companies that ship our jobs to Europe, India or China. Second, I've been working to make California the hub of the new clean energy industry. I'm helping create manufacturing jobs and jobs for engineers, construction workers, salespeople and office workers. I want to see the words "Made in America" again, with clean energy that reduces pollution and gets us off foreign oil. Third, I've helped double transportation funding for California since I was elected to the Senate, and I'll continue to create thousands more jobs improving our roads, bridges and mass transit. As your Senator, I've gotten over 1,000 provisions enacted, including the first-ever federal after-school program that's helping keep a million kids off the streets and out of gangs, and tough protections for our air, water and our coast. I'm protecting a woman's right to choose. And I've gotten better treatment for our injured veterans who deserve the best from us. These are tough economic times with no easy solutions, but I won't stop fighting to create California jobs and make life better for our families.

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CARLY FIORINA
Republican

915 L Street, Suite C-378
Sacramento, CA 95814

(877) 664-6676
info@carlyforca.com
carlyforca.com

I started my business career as a secretary, earned an MBA and became the first woman to lead a Fortune 20 company, Hewlett-Packard. I understand the challenges people face and how to create jobs. America is in a crisis. Soaring federal spending and the mushrooming federal deficit are killing jobs and stalling economic recovery. Unless reversed, our children will be burdened with unsustainable future debt. We need real job creation not failed federal policy like the stimulus. *The problem is old-line politicians, who have been in office for decades, are not interested in solving problems. They are more concerned with partisanship, ideology and the next election. I'm a strong fiscal conservative who will fight to reduce spending, slash the federal deficit and stop the expansion of federal control over the economy.* We are at war with terrorists who seek to destroy America's way of life. I chaired the External Advisory Board for the CIA. I'll work for tougher U.S. policy in dealing with terrorists and oppose the administration's policy to try terrorists in civilian court. If you're tired of partisan politics as usual then send a political outsider like me to Washington. I will work across party lines for real reform. Together we can take back our government; make it listen and work for each of us. I'm Carly Fiorina. I will take a fresh, new look at solving the problems facing America. We can actually make things better for a change. I'm working hard to *earn* your vote.

EDWARD C. NOONAN
American Independent

1561 N. Beale Rd.
Marysville, CA 95901

(530) 743-6878
ednoonan@4xtreme.org
http://www.4xtreme.org

http://www.4xtreme.org

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- As the state's chief executive officer, oversees most state departments and agencies and appoints judges.
- Proposes new laws and approves or vetoes legislation.
- Prepares and submits the annual state budget.
- Mobilizes and directs state resources during emergencies.

LAURA WELLS
Green
P.O. Box 10727
Oakland, CA 94610
(510) 225-4005
info@laurawells.org
www.laurawells.org

There are solutions! For great schools, health, environment, jobs, and justice. We can stop coddling mega-corporations and billionaires. They've gotten filthy rich, and left California flat broke and unemployment sky high. We can create a *State Bank* and invest in California not Wall Street. Let's expand the good parts of old Prop 13 to keep people in their homes, and fix rotten parts like the 1/3 minority that has veto power over taxing the rich. Let's implement fair taxes, and *give ourselves and our kids a chance.* See LanraWells.org.

CARLOS ALVAREZ
Peace and Freedom
137 N. Virgil Ave., #203
Los Angeles, CA 90004
www.votepsl.org
(323) 810-3380
carlos4gov@votepsl.org
www.peaceandfreedom.org

Money for jobs, education, healthcare—not war and corporations!

DALE F. OGDEN
Libertarian
3620 Almeria Street
San Pedro, CA 90731-6410
(310) 547-1595
dfo@dalefogden.org
www.daleogden.org

As Governor, I will restore fiscal responsibility and financial solvency to California using every tool at my disposal, such as the line-item veto and ballot initiatives. We need to rollback spending, lower taxes significantly (especially income taxes); abolish harmful, useless, and overlapping regulatory agencies; reduce the number of employees at most state agencies; and permanently limit future spending. A business-friendly, low tax environment will attract thousands of businesses and millions of jobs to California. Additional tax revenue from economic growth should be used only to retire debt, improve infrastructure, and lower taxes further. We need to slash excessive salaries and bloated pensions for state employees; increase retirement age for current and future state employees to 65 from the current 55 (or 50). We need to end collusion between politicians, bureaucrats, and government employee unions. A volunteer Commission will help me pardon those convicted of victimless crimes, such as marijuana possession. I support Proposition 19 to legalize marijuana; adults should be able to decide what substances they consume. We need to reduce welfare benefits so there is an incentive to work and be productive; 35% of the nation's welfare cases are in California (but only 12% of the population). We need to give parents a choice in their children's education. People should be able to live their lives as they choose (get government out of marriage) and keep the government out of our personal and economic lives. Help make California the great state it once was. Vote Libertarian.

CHELENE NIGHTINGALE
American Independent
P.O. Box 901115
Palmdale, CA 93550
(310) 237-5590
contact@nightingaleforgovernor.com
www.nightingaleforgovernor.com

As a homeschooling mother, concerned citizen, and independent businesswoman, I believe it's time to save our state! "We the People" are the solution to restore our Golden State and I'm honored to help represent us live our dreams. My promise is to govern *with* you in order to help lead us back to a constitutionally sound California! The solution to our economic crisis is our own creativity, thus I will enact the "We the People" contract. We will unite the brightest and best to work together as our Founding Fathers intended. We will secure our borders, support the free market system, bring back jobs, protect individual rights, and improve our education to pave a better future for our children. I ask for your vote so that *together* we can enjoy freedom in California.

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★ LIEUTENANT GOVERNOR ★

- Assumes the office and duties of Governor in the case of impeachment, death, resignation, removal from office, or absence from the state.
- Serves as president of the State Senate and has a tie-breaking vote.
- Chairs the Economic Development Commission, is a member of the State Lands Commission, and sits on the boards of the California university systems.

JAMES "JIMI" CASTILLO
Green
305 N. Second Avenue, #297
Upland, CA 91786
ltgov@jimicastillo.org
www.jimicastillo.org

Education not incarceration. Promote equity of opportunity for all. Environment is the commons: Protect our state parks, air, water, land.

C.T. WEBER
Peace and Freedom
1403 Los Padres Way
Sacramento, CA 95831
(916) 422-5395
ctwebervoters@att.net
ctweberforlieutenantgovernor.org

Has California's budget deficit been fixed? No. Are you upset, angry, frustrated? Me too. Restore social services. Stop scapegoating public workers. Let the super rich pay their fair share.

PAMELA J. BROWN
Libertarian
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www.cawantsfreedom.com

I am an economics professor who has watched politicians wreck California. We have historic unemployment and massive debt. I will use the position of Lieutenant Governor to expand jobs, reduce government spending and balance our budget. Our officials should *reduce* taxes by finding the lowest-cost, best-quality services—rather than hiring protected groups in exchange for campaign contributions. Controlling the border to prevent illegals from committing crimes and terrorist acts and siphoning billions in services is a top priority. Pension costs should *not* be passed along to our children. Californians should receive tax *cuts* if disasters strike since that is when they *need* their funds. California's farmers must have access to water resources, not tiny endangered fish. But protecting our coastline and environment is essential so tourists want to visit and retirees want to live in our wonderful state. I oppose Proposition 25—we must keep the two-thirds requirement to bring as many people as possible into budgeting decisions and prevent one party from monopolizing state finances. Let's provide tax credits to parents who home school or choose private schools. We also need strong eminent domain laws to protect property from being seized by governments. I support Proposition 19; adults should freely make their own choices without fear of government. I am a gun owner and lifelong supporter of the 2nd Amendment. However criminals using firearms should face the harshest sentences. Had it with rhinos and socialists? I have. Help me take back our state and our liberties.

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GAVIN NEWSOM
Democratic
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gavin@gavinnewsom.com
www.gavinnewsom.com

I'm rnnning for Lientenant Governor becanse state government is broken and California deserves new leadership. My background is in business and job creation. Over my career, I've started *15 different small businesses that employ more than 1,000 Californians combined.* As Mayor and County Supervisor, I've tackled the toughest problems, made government more accountable and delivered real results. We've created high-wage, green-collar jobs, invested in schools and raised test scores, fully fnnded police and fire protection, safegnarded our environment, and provided universal access to health care. All with *balanced budgets and sound fiscal policies that protect taxpayer dollars.* I was proud when *Time Magazine* named me *one of "America's best big-city Mayors."* As your LG, I will continue leading the fight for good jobs, strong schools and clean air and water. I will hold the line on out-of-control fee increases which make it harder for Californians to afford college. I will grow our economy and push for proven new investments in job training. I will stand up to Texas oil companies who want to drill off onr precions coast and roll back onr landmark environmental protections. I won't just hang around Sacramento and be part of the problem—*I will offer real solutions and fight to change its do-nothing dysfunction.* I'm honored to be endorsed by California's teachers, nnrses, police and firefighters, business leaders, major environmental organizations and U.S. Senator Dianne Feinstein. To join my campaign for reform, visit: *www.gavinnewsom.com.* I ask for your support.

ABEL MALDONADO
Republican
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abel@abelmaldonado2010.com
www.abelmaldonado2010.com

Angered by the mess in Sacramento? Then join my fight to clean it up. As a lawmaker and Lt. Governor, I've fought hard to fix what's wrong with state government. To set an example I cut my own pay. I showed independence by writing a law making *pay raises for politicians illegal* when the state has a budget deficit. To *stop Sacramento's irresponsible spending*, I fonght to tie the hands of the politicians by enacting a cap on state spending and requiring a rainy day reserve. I put my business experience to work by fighting to *eliminate job-killing regulations* and reform tax laws to encourage employers to create new jobs. I *worked across party lines to improve the quality of our schools* and ensure education receives the necessary funding. By exposing exorbitant salaries of UC officials who misused tax dollars to fix up their mansions, I helped save millions of dollars for our schools. *By opposing efforts to increase fees and tuition costs* for residents of California, I helped keep hard-working parents and students from footing the bill for Sacramento's mismanagement. I've been a leader in the battle to *ensure neighborhood safety* by working to rednce gang violence and other drng-related crimes. Those efforts earned me *honors as the Crime Victims United's "Legislator of the Year."* As Lt. Governor, I'll be an independent leader who will continue my fight to rebnild the economy, demand excellence from our schools, and protect tax dollars against waste, frand and corrnption. www.abelmaldonado2010.com.

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★ SECRETARY OF STATE ★

- As the state's chief elections officer, oversees statewide elections and provides public access to campaign and lobbying financial information.
- Supports California business by registering and authenticating certain types of businesses and trademarks, regulating notaries public, and enabling secured creditors to protect their financial interests.
- Preserves California's history by acquiring, safeguarding, and sharing the state's historical treasures.
- Registers domestic partnerships and advance health care directives, and protects the addresses of domestic violence victims and certain others entitled to confidential addresses.

ANN MENASCHE
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www.voteann.org

I will fix onr broken election system that allows billionaires and corporations to buy elections, corrupt politicians, and silence the voices of ordinary Californians. My long experience as a civil rights lawyer and political activist qualifies me to fight for publicly funded elections, for a more representative democracy, and to crack down on corporate crime. *I cannot be bought!* Vote Ann! *www.voteann.org*

MARYLOU CABRAL
Peace and Freedom
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marylou@votepsl.org
www.peaceandfreedom.org

Strengthen democracy by lowering the voting age to 16, extending the right to vote to immigrants and prisoners, and making Election Day a holiday.

CHRISTINA TOBIN
Libertarian
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www.tobinforca.org

Christina has dedicated her entire adult life to supporting individual voters' rights.

DEBRA BOWEN
Democratic
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It has been an honor to serve as your Secretary of State for the past four years. As the chief elections officer for the largest state in the nation, my goals are to ensure voting systems are secure, accurate, reliable and accessible, and to make certain voters are confident that every ballot is counted exactly as it was cast. After taking office, I ordered a groundbreaking top-to-bottom review of California's voting systems. When this review by independent computer scientists revealed significant flaws, I shored up election security in an unprecedented way that has served as a model for other states. For my leadership in strengthening our democracy, I was privileged to receive the John F. Kennedy Profile in Courage Award, a recognition given to public servants who choose to put their principles before partisanship. Beyond securing California's voting systems, since taking office, I have also streamlined operations and cut the agency's budget by more than 25%; strengthened election fraud prevention efforts; built partnerships with businesses and non-profit groups to get more eligible Californians registered to vote and voting on Election Day; made it easier to track campaign contributions to candidates and initiative campaigns; and put more information online so you can keep track of the decisions I make. I am proud to have the support of firefighters, teachers, highway patrol officers and peace officers throughout the state. They know that if I am re-elected, I will continue my independent leadership to ensure California's elections are conducted fairly.

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DAMON DUNN
Republican
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www.damondunn.com

California's government is broken. Families and small businesses are paying the price. It's time to fix California. That is why Damon Dunn is running for Secretary of State. Damon was born to a 16 year-old single mother and he grew up in dire poverty. Yet, Damon did not make any excuses. He simply focused on the solutions to improve his life. Damon graduated from Stanford University, played in the NFL, and became a successful small business owner. Through his work with the Latino Educational Attainment Initiative, Make a Wish, St. Augustine Soup Kitchen and the Cops-N-Kids programs, Damon has been providing hope and assistance to communities across our state. As Secretary of State, Damon will take immediate action to: 1) improve California's business climate to create jobs and 2) protect the integrity of our elections. Businesses are leaving California and taking jobs to other states. The Secretary of State is responsible for all the business filings in California. Damon will use his business experience to evaluate why companies are leaving the state by conducting exit interviews. He will report the findings to the Legislature as part of a package of reforms that will lead to job growth in California. Honest elections are important to our democracy. Requiring photo identification to vote improves the integrity of our elections and makes it impossible to cheat. Damon will work to pass this simple reform so that Californians can trust the electoral process. www.DamonDunn.com

MERTON D. SHORT
American Independent
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mertfly@aol.com

While serving twice as Chairman of the American Independent Party (Constitution Party national affiliate) it was my pleasure to meet and learn from members of the Secretary of State's Office of their duties and responsibilities. This was particularly true of the relationship with the Elections Office. When I received my Wings of Gold as a Navy fighter pilot during World War Two I took an oath to uphold and defend the United States Constitution against all enemies, foreign and domestic. As most of what ails our Nation today is the result of disobedience of our Constitution, there is a strong need to reinforce the tenets of that Constitution through information and education. As your Secretary of State I will strive to increase California voting participation with a Constitutionally informed electorate.

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★ CONTROLLER ★

- As the state's chief fiscal officer, serves as the state's accountant and bookkeeper of all public funds.
- Administers the state payroll system and unclaimed property laws.
- Serves on numerous boards and commissions including the Board of Equalization and the Board of Control.
- Conducts audits and reviews of state operations.

ROSS D. FRANKEL
Green

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KAREN MARTINEZ
Peace and Freedom

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peaceandfreedom.org

Sick and tired of Wall Street and corporate controlled politicians degrading your quality of life? Let *your* voice be heard! Vote for *Karen Martinez.*

ANDREW "ANDY" FAVOR
Libertarian

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www.andyfavor.net

Pro-business, freedom. Frugal.

JOHN CHIANG
Democratic

c/o SG & A Campaigns
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John Chiang is California's independent watchdog safeguarding our tax dollars. As State Controller, John Chiang fights to make California's bndget more transparent and accountable. He vigoronsly opposes the bndget gimmicks and accounting tricks pulled by Sacramento politicians. John Chiang fights to protect local governments and vital public services, inclnding law enforcement and edncation, from drastic cuts cansed by the inability of the Governor and Legislature to pass an on-time budget. Neutral fiscal experts say his professional cash management has kept the State's credit rating from plnnging into jnnk statns, saving taxpayers millions of dollars. John Chiang uses his independent auditing powers to crack down on wastefnl government spending. He already has identified over $2 billion in waste, fraud, and abuse—far more than any previous Controller. John Chiang fights to end pension fund abuses, sponsoring legislation to prohibit pension spiking and donble-dipping and to eliminate conflicts of interest in the pension boards charged with investing public dollars. John Chiang has reformed the State's Unclaimed Property law, returning more than $1 billion to Californians owed by insnrance and mortgage companies, utilities and banks. Especially important during these tough economic times, John Chiang provides free tax assistance to seniors and working families, saving them over $3 million in tax refunds and credits. He hosts free seminars to help small bnsinesses and non-profit organizations navigate complex tax laws and regulations. For more information go to: *www.JohnChiang2010.com* Keep onr independent watchdog protecting taxpayer dollars. Vote for John Chiang for Controller.

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★ TREASURER ★

- As the state's banker, manages the state's investments.
- Administers the sale of state bonds and notes, and is the investment officer for most state funds.
- Serves or chairs on several commissions, most of which are related to the marketing of bonds.
- Pays out state funds when spent by the Controller and other state agencies.

CHARLES "KIT" CRITTENDEN
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Create a State Bank—keep California funds in California. Make corporations pay their share—an oil extraction tax could support green energy and jobs. See crittendenforstatetreasurer.com

DEBRA L. REIGER
Peace and Freedom
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Sacramento, CA 95822
www.reigerfortreasurer.com

Safe, socially responsible management of state funds; no investments in war profiteers, human rights violators, corporate polluters. Make banking safe for Californians; create a State Bank to provide banking services without enriching corporations. Keep big business out of California's decisions. More on my website!

EDWARD M. TEYSSIER
Libertarian
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National City, CA 91950
taxfighters1776-caltreasurer@yahoo.com
www.teyssier.com/edward

As a small business owner and attorney, I've won lawsuits against government agencies on behalf of taxpayers. I'll promote fiscal sanity in California by eliminating bloated public pensions, cutting taxes, eliminating nanny state regulations, supporting free enterprise and job creation.

BILL LOCKYER
Democratic
1230 H Street
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www.lockyer2010.com

The national recession and sub-prime mortgage disaster hit California harder than most states and left our economy badly damaged. Times like these require strong, effective leadership. As your Treasurer, I'm managing $65 billion in state investments. Many states lost millions when financial markets collapsed, we didn't lose a penny. Instead, we earned solid returns, adding billions to California's investment fund and helping preserve vital services. I've challenged Wall Street rating agencies and investment banks, and won big savings for California taxpayers. Managing state investments in road and school construction through the worst credit market in our history has required bargaining hard for the lowest possible rates for taxpayers. We're doing that job, funding 100,000 good-paying private construction jobs and revenues for our businesses. The last time California had a genuinely balanced budget was more than 10 years ago, when I was the State Senate leader. As Treasurer, I've forcefully and repeatedly told the Legislature and Governor that California needs an honestly balanced, on-time budget—every year. No IOUs. No delays paying schools or local governments. Spending only within our revenues. My record shows you can count on me to keep these basic fiscal promises: Your tax dollars will be invested wisely and protected from foolish economic risks. Your State's debt will be managed carefully and your bond dollars spent the way voters intended. This Treasurer will always speak out against fiscal recklessness in Sacramento and rip-offs by unscrupulous special interests. I ask for your consideration when you vote.

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MIMI WALTERS
Republican

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Tustin, CA 92780

www.mimiwalters.com

California is in trouble. Decades of wasteful spending and fiscal mismanagement have left our state nearly bankrupt. We need to clean house in Sacramento before we can get our financial house in order. Coming from a background in business and finance, I am appalled at the careless way our money is treated in Sacramento. State government is wasteful and the legislature is dominated by special interests. Every interest has a lobbyist and a voice. As your Treasurer, *I will make sure you have a voice.* The Howard Jarvis Taxpayers Association endorses me for Treasurer and I've been given an "A" rating from the California Taxpayers Association. My priorities include: protecting your tax dollars from bad investments; reducing wasteful government spending; lowering taxes on families and small businesses; and holding government accountable for every dollar it spends. My qualifications include a background in business, finance and local government. Prior to entering public service, I served seven years as an investment executive at a major investment banking firm. I am a graduate of UCLA. I'm a founder of the California Women's Leadership Association and served on the boards of: National Association of Women Business Owners; American Cancer Society; and South Coast Medical Center Foundation. Yesterday's politicians have proven they cannot fix today's problems. Sacramento needs new ideas and a fresh approach. *I pledge to hold government accountable and to be your voice in Sacramento.* I would be honored to receive your vote. Please visit my website, *www.MimiWalters.com.* Thank you.

ROBERT LAUTEN
American Independent

P.O. Box 121
Brea, CA 92822

www.robertlauten.com

To save the Nation from economic collapse, I support restoring Glass-Steagall, the 1933 Great Depression Era banking reform legislation, *www.LaRouchePAC.com/credit.* Impeach Obama for not allowing the Senate Glass-Steagall amendment debate. Yes on Prop. 23, "The California Jobs Initiative," *www.SuspendAB32.org.* I support Arizoua's efforts to secure its border by coustitutionally embodying Federal Immigration Law iuto its State Code, *www.BuyCottArizona.com/FACTS.html.*

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★ ATTORNEY GENERAL ★

- As the state's chief law officer, ensures that the laws of the state are uniformly and adequately enforced.
- Heads the Department of Justice, which is responsible for providing state legal services and support for local law enforcement.
- Acts as the chief legal counsel in state litigation.
- Oversees law enforcement agencies, including county district attorneys and sheriffs.

PETER ALLEN
Green
www.peterallenforag.com

Vote for: Protecting our environment. Legalizing marijnana. Ending the death penalty. Corporate responsibility. Justice. www.peterallenforag.com

ROBERT J. EVANS
Peace and Freedom
1736 Franklin St., 10th Floor
Oakland, CA 94612
(510) 238-4190
redrobert@prodigy.net
www.justiceforcalifornia.org

Jnstice for California means: Protect workers' rights. Jail corporate criminals. Defend civil liberties. Prosecute police crime. No death penalty.

TIMOTHY J. HANNAN
Libertarian
576 B Street, Suite 2-A
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I believe in the Libertarian principles of limited government, individnal rights, and fiscal responsibility. State government regulates and taxes too much, and has grown far beyond its essential role of protecting individuals' rights and liberties. As Attorney General, I will bring Libertarian principles to the enforcement of California's laws. I snpport Proposition 19 to legalize marijuana. I support individuals' right to keep and bear arms for self-defense. I support eminent domain reform so that homes and bnsinesses are not seized by local governments for private development. The Attorney General's office should handle police misconduct cases to take them out of the hands of local prosecutors. Police need to work closely with neighborhood organizations to combat crime, especially gang violence. The Three Strikes law should apply to violent offenses only. Protection of the environment should be rationally balanced with the need for economic growth. Consumers need more vigilant protection against all forms of frand. Yonr vote will help me sound the call for these important reforms.

STEVE COOLEY
Republican
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Toluca Lake, CA 91602
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info@stevecooley.com
www.stevecooley.com

I'm District Attorney Steve Cooley. It's time we had a *professional prosecutor—not a politician*—as our Attorney General. For the past 10 years, I've successfully managed the largest district attorney's office in the nation. As Attorney General, I will crack down on government frand, corrnption and abnse of power and fight to restore integrity and fiscal responsibility to Sacramento. As L.A. County's Chief Prosecutor, I created the *Public Integrity Division* to prosecute crimes committed by politicians, government officials and dishonest lawyers. I strongly *support the death penalty* and my office obtained more death penalty convictions than any other district attorney in California. I created a *Victim Impact Program* to assure special protection and assistance for the most vulnerable—the elderly and victims of child and sexual abuse. I've been a national leader in *expanding the use of DNA* and forensic science to solve "cold cases" and sex crimes. My office has a strong record of protecting consumers and stopping environmental polluters. The California Narcotic Officers' Association calls me the "toughest district attorney in California." I'm the *only* candidate for Attorney General with experience as both a frontline police officer and prosecutor. Law enforcement organizations representing thousands of police officers support me because they trust me to always put the public's safety first. As your Attorney Geueral, I will be the People's Lawyer to make governmeut more accountable to taxpayers aud citizeus while relentlessly fighting violent crime and aggressively prosecuting white collar criminals and government officials who betray our trust.

DIANE BEALL TEMPLIN
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★ INSURANCE COMMISSIONER ★

- Oversees and directs all functions of the Department of Insurance.
- Licenses, regulates, and examines insurance companies.
- Answers public questions and complaints regarding the insurance industry.
- Enforces California insurance laws and adopts regulations to implement the laws.

WILLIAM BALDERSTON *Green*	2321 Humboldt Ave. Oakland, CA 94601	(510) 436-5138 bbalderston@earthlink.net healthforall2010.net

Stop insurance corporation exploitation. healthforall2010.net

DINA JOSEPHINE PADILLA *Peace and Freedom*	7564 Watson Way Citrus Heights, CA 95610	(916) 725-2673 dinajpadilla@gmail.com padilla4insurancecommissioner.com

Dina J. Padilla as Insnrance Commissioner will be the Insnrance Indnstry's worst nightmare. We need healthcare, not insurance companies. *www.padilla4insurancecommissioner.com*

RICHARD S. BRONSTEIN *Libertarian*	14547 Titus St., #214 Panorama City, CA 91402	(818) 342-9200 insure@greensky.com www.vote4rick.com

As Insurance Commissioner, I'll encourage competition to lower prices. At the same time, provide oversight to assure fairness. Pointless regnlation disconrages competition and raises prices.

DAVE JONES *Democratic*	1005 12th St., Ste. H Sacramento, CA 95814	(916) 349-4236 assemblymemberdavejones@gmail.com www.davejones2010.com

We need an Insnrance Commissioner with the conrage, integrity and independence to take on the insurance companies and fight to protect consumers. We need Dave Jones. *The Consumer Federation of California named Dave Jones the legislature's "Consumer Champion."* When Anthem Blne Cross annonnced preminm increases of np to 39%, Dave Jones led the fight to stop the increases and prevent ontrageons rate hikes in the fntnre. Dave Jones passed legislation that stopped insurance companies from charging women higher rates than men for the same health insnrance policies. He is leading the fight to rein in skyrocketing health insnrance preminms. Dave Jones passed crucial legislation to prevent dependent seniors from being ripped-off by abusive caretakers. Dave Jones secured billions in new federal funds to provide health care for California families. *Dave Jones was honored as California's "Most Effective Legislator" by the Capitol Weekly.* The *Los Angeles Times* praised Jones for *"the vigor he has shown in protecting consumers."* The *San Francisco Chronicle* called him "energetic, well-informed and undaunted by the challenges of regulating a powerful industry." And the *Sacramento Bee* said Jones will be a "bulldog for consumers" and his "independent attitude" was "tailor-made for this important consumer protection post." As a candidate for Insurance Commissioner, *Dave Jones refuses to accept contributions from insurance companies.* He will have the independence to put consumers first. Dave Jones fights for us. Vote for Dave Jones for Insurance Commissioner. For more information: *www.davejones2010.com*

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MIKE VILLINES
Republican
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joinmike@mikevillines.com
mikevillines.com

As Insurance Commissioner, I will have three main goals: protecting you the consumer, re-building our economy and cracking down on fraud. My highest priority is ensuring that you have the peace of mind that the insurance you pay for will always be there when you need it most. I have proven I can get things done. I have already fought for and enacted major tax code reforms that encourage job development so that we can keep the jobs we desperately need in these tough times. I support cost containment measures to keep worker's compensation rates low, which reduces the cost of doing business in California. It is unfair to all of us that insurance fraud costs Californians an average of $500 per resident and causes a staggering rise in insurance premiums. I will track down and prosecute those who commit fraud, which will protect consumers and lower premiums. This year, I successfully passed a program to help thousands of Californians who have been denied coverage because of pre-existing conditions. I will push for more affordable health care by allowing out-of-state insurers to compete in California, expanding state tax deductions for health, dental and vision expenses plus permitting California residents to shop for health insurance across state lines. I also favor letting people carry their health insurance between jobs. Happily married and the father of three children, I will fight hard for you, crack down on fraud and push common sense solutions to improve health care and our economy. Visit www.mikevillines.com.

★ SUPERINTENDENT OF PUBLIC INSTRUCTION (NONPARTISAN OFFICE) ★

- As the state's chief public schools official, provides education policy and direction to local school districts.
- Directs all functions of the Department of Education and executes policies set by the State Board of Education.
- Serves as an ex-officio member of governing boards of the state's higher education system.
- Works with the educational community to improve academic performance.

LARRY ACEVES

(408) 288-8181
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www.larryaceves2010.com

The *Los Angeles Times* called Larry Aceves a *"breath of fresh air"* and said, "retired school superintendent Larry Aceves strikes ns as best snited to manage the state's large education bnreaucracy and to bring reason and optimism to schools that have been torn apart by shrinking budgets and battles over whether and how much they should be punished for falling short of achievement goals." The *Contra Costa Times* added, *"Aceves is a nonpolitical outsider and has the experience, knowledge and independence to be an effective superintendent of public instruction."* Larry Aceves—parent, teacher, principal and school superintendent—has dedicated his life to our schools. As a kindergarten teacher, he taught in overcrowded classes and wanted to do more. As a principal, he worked with parents and teachers to improve his school. As a school superintendent, he managed hundreds of teachers and balanced a $70 million budget by cutting out waste and requiring accountability. Test scores improved under Larry's leadership. He expanded preschool programs and fought to get gangs out of the schools. He was even named "Superintendent of the Year." Larry Aceves is not another termed out politician looking for a job. He has pledged to get politics out of schools, by meeting with students, parents and teachers at schools throughout California—not meeting with lobbyists in Sacramento. Join Larry's campaign to improve our schools. Go to www.larryaceves2010.com or on Facebook.

TOM TORLAKSON

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tomtorlakson.com

Teaching has been my life—and my passion—for the past 37 years. As a classroom teacher, coach, legislator and parent, I know our policies must be based on a simple question: *What is in the best interest of our children?* Not bureaucrats and not politicians. It's time we had a teacher who will put children first and fundamentally reform our schools. First, I will demand real accountability through a comprehensive fiscal and performance audit to cut waste and mismanagement and put those savings into new textbooks and computers. Second, I'll make sure all our neighborhood schools are safe and expand after school, job training and mentorship programs. I'm proud to have received the endorsement of virtually *every major public safety organization* in California including the *California Professional Firefighters* along with local classroom teachers. Third, we need involved parents to support teaching that character counts while promoting trustworthiness, respect, responsibility, caring and good citizenship. Fourth, I'll expand *career technical education* for high school students. Finally, I'll make the health and fitness of students a top priority. As *Chair and Founder of the California Task Force on Youth and Workplace Wellness,* I led the effort to ban junk food from school campuses and expand physical education requirements. We can do this. We must do this. Our kids only get one chance at a good education. As a teacher, I have the experience, energy and ideas to transform our schools. Let's do this together. I'd be honored to earn your support.

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★ BOARD OF EQUALIZATION ★

Serves on the Board of Equalization, the state's elected tax commission, which:

- Oversees the administration of over two dozen tax and fee programs including those for sales and use, cigarette and tobacco, alcohol and fuels.
- Serves as the appellate body for California income and franchise tax cases.
- Oversees the administration of property tax statewide.

DISTRICT 1

SHERILL BORG
Peace and Freedom
www.peaceandfreedom.org

Tax the corporations.

BETTY T. YEE
Democratic
601 Van Ness Avenue, #E3-438
San Francisco, CA 94102
(415) 759-8355
info@bettyyee.com
www.bettyyee.com

My parents came to San Francisco as immigrants to start a new life, opening a small lanndry bnsiness in 1956 that they operated for over 30 years. Just as a child I remember the challenges my parents faced to keep their laundry operating during good times and bad, so it is I am reminded of the difficulties facing working families today. The most important responsibility I have in my public service is to help restore our state's economy to health and get Californians back to work. Continning to extend free taxpayer services and assistance, insisting npon fair, open hearings for taxpayers who appeal state tax decisions, and serving as a responsible steward of the State's revenues remain my highest priorities in serving yon as a member of the Board. Dnring my 25 years of pnblic service, I have been entrnsted to safegnard the State's revenues, always recognizing that it is your money. My obligation and responsibility are even greater during these difficult economic times. You deserve the best, most efficient government services to protect you and your families. My experience in making wise decisions with your tax dollars, my personal experience with a family-owned small business that struggled to make ends meet, and my unblemished track record of integrity during my 25 years of pnblic service make me yonr best choice to continne my service and leadership on the Board. I would be honored and privileged to continue serving you on the Board of Equalization.

KEVIN R. SCOTT
Republican
www.kevinscott2010.org

I am running for the BOE because I believe our citizens and businesses are excessively taxed and regulated. Consequently, businesses are fleeing California in record numbers—shrinking our tax-base and leading to slashed bndgets for police, fire, schools and other vital organizations. With oversight of 1,000,000 businesses in California, the BOE is uniquely positioned to create a more friendly business environment which will bring businesses back, rednce nnemployment and improve onr state budgets. If elected, I pledge to be the voice of fairness to taxpayers and businesses in California. Having been a Partner at the accounting firm PricewaterhouseCoopers and a Board Member for over twenty small businesses and foundations, I understand the frustration that has led to California's "anti-business" reputation. As a parent with three children in public schools, I see the despair in teachers' eyes as our schools deteriorate. The BOE desperately needs someone who understands that the efficient administration of taxpayer dollars is a non-partisan issne. Whether yon are a democrat, republican or independent, I respectfully ask for yonr vote. With your support, we can bring balance to the BOE and restore our golden state. *www.kevinscott2010.org*

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DISTRICT 2

TOBY MITCHELL-SAWYER *Peace and Freedom*	33 La Fresa Ct. #4 Sacramento, CA 95823	(916) 459-0439 yankeesoderlund@netzero.net peaceandfreedom.org/2010/toby-mitchell

Revive California's economy.

CHRIS PARKER *Democratic*	P.O. Box 161527 Sacramento, CA 95816-1527	(916) 208-2136 chris@parkerforboe.com www.parkerforboe.com

To get our state and economy working again, California needs more than what do-nothing, career politicians have been offering in Sacramento lately. Fixing our fiscal crisis is going to take principled leadership, new and fresh ideas, real-world experience, and, above all, a legitimate interest in solving our State's complex problems by putting people ahead of politics. As an experienced state tax attorney and recognized fiscal expert, I am not beholden to corporate special interests because I'm not a career politician. I will be an independent leader who is not afraid to stand up against politically entrenched Sacramento insiders. Teachers, business leaders, farmers, firefighters, and government reformers support me because I have a breadth of business experience and a proven record of catching individual and corporate tax cheats, rooting out fraud and abuse, and finding innovative ways to save taxpayers' dollars. The Franchise Tax Board awarded me its Certificate of Commendation for my work to improve government efficiency and deliver millions of dollars back to the state for vital education and public safety programs. As your representative to the Board of Equalization, I'll cut through bureaucratic red tape, reduce government waste, and protect your hard earned tax dollars. I'll give small businesses the tools they need to grow, attract 21st century industries, and fight to create good paying, middle-class jobs. Please visit *www.ParkerforBOE.com* to learn more about my experience. I am a problem solver with fiscal integrity—not a termed out politician. I would be honored to earn your support.

GEORGE RUNNER *Republican*	925 University Avenue Sacramento, CA 95825	(916) 648-1222 info@georgerunner.com www.georgerunner.com

The *Howard Jarvis Taxpayers Association* is supporting me because I have a passion for fighting against tax increases on California families and businesses. My extensive experience as a *Taxpayer Advocate* with a statewide taxpayer watchdog organization, as a businessman and as a state senator (who kept a no-tax pledge) uniquely qualifies me to protect the interests of you, the taxpayer. Politicians in Sacramento and Washington are killing job growth with regulation and red tape. They are worried that if I am elected to the Board, I will challenge the status quo. They are right. That is exactly what I will do. The state budget should be balanced with spending reductions and eliminating government waste, not tax increases. At some point, politicians will need to understand they can't continue to burden us with more taxation and bloated government programs. As a businessman, I understand that excessive regulation is preventing investment and job growth. By limiting the size and cost of government in California, we will help improve the business environment and create job growth. I authored Jessica's Law, which created the toughest sexual predator laws in the nation. We had to take Jessica's Law to the ballot because the Legislature failed to act. I also authored California's Amber Alert, which has resulted in nearly 200 reunions of abducted children with their parents. Visit GeorgeRunner.com to learn more about my mission to change California and protect the taxpayers of our state.

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DISTRICT 3

MARY LOU FINLEY
Peace and Freedom
2866 Calle Salida Del Sol
San Diego, CA 92139-3541
(619) 434-5582
celticwomanwicklow@hotmail.com
peaceandfreedom.org

Big corporations must pay their fair share.

MARY CHRISTIAN HEISING
Democratic
P.O. Box 524
La Jolla, CA 92038
marychristianheising@yahoo.com

San Diego Democratic Central Committee. Former Honorary Mayor of Pacific Beach. Former Member: San Diego Housing Advisory Board, California Retardation Board, Mesa College Advisory Board. San Diego State University Graduate.

MICHELLE STEEL
Republican
27520 Hawthorne Blvd., #270
Palos Verdes, CA 90274
(310) 697-9000
michellesteel@shawnsteel.com
www.steelforboe.com

California's taxes are among the highest in the nation. Yet the Sacramento politicians continue to call for even higher taxes to pay for their reckless spending spree. I have a different solution. Every level of state government must immediately tighten its belt and get serious about cutting waste, ending unchecked spending growth, and balancing its budget *without* higher taxes. On the Board of Equalization, I've worked to protect small businesses and taxpayers from overly aggressive state tax agencies. I was able to defeat efforts to create a $500 million tax on digital Internet downloads—the so-called I-Tax. I also began auditing state government and discovered that the state had delayed the return of $42 million in tax deposits owed to more than 5,500 small businesses. In addition, I've fought for the cause of small business owners, working to reduce taxes and repeal mandates and regulations that drive jobs and businesses out of our state. My husband and I own a small business, and we worry about our children's future, especially when businesses are leaving California every day because of high taxes and costly mandates. Now more than ever, our state must help small businesses by lowering taxes and reducing regulations. I'm proud to be endorsed by the Howard Jarvis Taxpayers Association, California's oldest and largest taxpayer advocacy group. As long as I am on the Board of Equalization, I will be a strong advocate for taxpayers, ensuring their voice is heard. I would be honored to have your support.

DISTRICT 4

NANCY LAWRENCE
Peace and Freedom
P.O. Box 741270
Los Angeles, CA 90004
(323) 960-5036
coz42001@mail2world.com
www.peaceandfreedom.org

Tax the Rich!

PETER "PEDRO" DE BAETS
Libertarian
pedro@voteforpedro.com

www.VoteForPedro.com

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About Judicial Retention Elections

Justices of the California Supreme Court and California Courts of Appeal serve 12-year terms in office.

When a state Supreme Court or Court of Appeal justice is near the end of a term in office, voters are asked to decide if the justice will be retained (continue to serve) for an additional term. This is known as a retention election.

In retention elections, justices do not run against opposing candidates. If a justice receives a majority of "yes" votes, the justice may remain in his or her position. If a justice receives a majority of "no" votes, the justice will complete his or her current term, then a new justice will be appointed by the governor.

State Supreme Court justices hold statewide office so all California voters participate in Supreme Court retention elections. Background information on each of the Supreme Court justices up for retention election this November is available on page 91. For additional information about the California Supreme Court justices, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

Courts of Appeal justices serve in one of six districts in California. Only registered voters within an appellate district are asked to determine if the justices of that district will be retained. For information about the Court of Appeal justices up for retention election in your district in November, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

District-Level Candidate Statements

This Voter Information Guide includes information about all statewide ballot measures and some statewide candidates. Each State Senate and Assembly office relates to voters in only one or a few counties, so some candidate statements for those offices may be available in your county sample ballot booklet.

California law includes voluntary spending limits for candidates running for state legislative office (not federal office such as United States House of Representatives and United States Senate). Legislative candidates who choose to keep their campaign expenses under specified dollar amounts may purchase space in county sample ballot booklets for a candidate statement of up to 250 words.

State Senate candidates who have volunteered to limit their campaign spending may spend no more than $1,165,000 in a general election. Assembly candidates who have volunteered to limit their campaign spending may spend no more than $906,000 in a general election.

To view a list of legislative candidates who have accepted California's voluntary campaign spending limits, go to *www.sos.ca.gov/elections/elections_cand_stat.htm*.

California's voluntary campaign spending limits do not apply to candidates for United States House of Representatives. Therefore, all U.S. House of Representatives candidates have *the option* to purchase space for a candidate statement in county sample ballot booklets. (Some U.S. House of Representatives candidates choose not to purchase space for a candidate statement.)

For more information about Supreme Court Justices and Appellate Court Justices, visit *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov* or call the toll-free Voter Hotline at (800) 345-VOTE (8683).

The Electoral Procedure

Under the California Constitution, justices of the Supreme Court and the courts of appeal are subject to confirmation by the voters. The public votes "yes" or "no" on whether to retain each justice.

These judicial offices are nonpartisan.

Before a person can become an appellate justice, the Governor must submit the candidate's name to the Judicial Nominees Evaluation Commission, which is comprised of public members and lawyers. The commission conducts a thorough review of the candidate's background and qualifications, with community input, and then forwards its evaluation of the candidate to the Governor.

The Governor then reviews the commission's evaluation and officially nominates the candidate, whose qualifications are subject to public comment before examination and review by the Commission on Judicial Appointments. That commission consists of the Chief Justice of California, the Attorney General of California, and a senior Presiding Justice of the Courts of Appeal. The Commission on Judicial Appointments must then confirm or reject the nomination. Only if confirmed does the nominee become a justice.

Following confirmation, the justice is sworn into office and is subject to voter approval at the next gubernatorial election, and thereafter at the conclusion of each term. The term prescribed by the California Constitution for justices of the Supreme Court and courts of appeal is 12 years. Justices are confirmed by the Commission on Judicial Appointments only until the next gubernatorial election, at which time they run for retention of the remainder of the term, if any, of their predecessor, which will be either four or eight years. (Elections Code Section 9083)

MING WILLIAM CHIN, Associate Justice of the Supreme Court of California

BAR ADMISSION: Admitted to California Bar in 1970.

EDUCATION: J.D. University of San Francisco School of Law, 1967; B.A. University of San Francisco, 1964.

PROFESSIONAL LEGAL BACKGROUND: 1967–1971, United States Army, Captain; 1970–1972, Deputy District Attorney, Alameda County; 1973–1988, Private Law Practice, Aiken, Kramer & Cummings—Oakland, California.

JUDICIAL BACKGROUND: Associate Justice, Supreme Court of California, 1996–present; Presiding Justice, Court of Appeal, First Appellate District, Division Three, 1995–1996; Associate Justice, Court of Appeal, First Appellate District, Division Three, 1990–1994; Judge, Superior Court, Alameda County, 1988–1990.

CARLOS R. MORENO, Associate Justice of the Supreme Court of California

BAR ADMISSION: Admitted to California Bar in 1975.

EDUCATION: Stanford Law School, J.D., 1975. Yale University, B.A., 1970.

PROFESSIONAL LEGAL BACKGROUND: Deputy City Attorney, Los Angeles City Attorney's Office, 1975–1979. Attorney, Kelley Drye & Warren law firm, 1979–1986.

JUDICIAL BACKGROUND: Associate Justice, Supreme Court of California, 2001 to present (nominated by Governor Gray Davis and confirmed by the Commission on Judicial Appointments and by the electorate, 2002); Judge, United States District Court, Central District of California, 1998–2001 (appointed by President Bill Clinton and confirmed by the U.S. Senate); Judge, Los Angeles Superior Court, 1993–1998 (appointed by Governor Pete Wilson and retained by electorate, 1994); Judge, Compton Municipal Court, 1986–1993 (appointed by Governor George Deukmejian and retained by electorate, 1988).

On July 21, 2010, the Honorable Tani Cantil-Sakauye, Associate Justice of the Court of Appeal, Third Appellate District, was nominated by Governor Arnold Schwarzenegger to be the next Chief Justice of California. The California Constitution requires that Justice Cantil-Sakauye's nomination be confirmed or rejected by the Commission on Judicial Appointments. If confirmed by the Commission, then Justice Cantil-Sakauye will be up for election on the November 2, 2010, General Election ballot. This voter information guide was required to be printed beginning on August 9, 2010, prior to the Commission's meeting to consider the nomination of Justice Cantil-Sakauye. For more information on judicial elections, see page 90 of this guide. For updated information on the Supreme Court Chief Justice nomination, go to *www.voterguide.sos.ca.gov* or *www.courtinfo.ca.gov*.

TANI CANTIL-SAKAUYE, Associate Justice, Court of Appeal, Third Appellate District

BAR ADMISSION: November 1984.

EDUCATION: U.C. Davis School of Law, J.D., 1984; U.C. Davis, B. A. – Rhetoric, 1980; Sacramento City College, A.A. 1978.

PROFESSIONAL LEGAL BACKGROUND: Deputy Legislative Secretary to Governor George Deukmejian (1989–1990); Deputy Legal Affairs Secretary to Governor George Deukmejian (1988–1989); Prosecutor, Sacramento County District Attorney's Office (1984–1988).

JUDICIAL BACKGROUND: Associate Justice, Court of Appeal, Third Appellate District (appointed 2005, retained 2006); Superior Court Judge, Sacramento County (appointed 1997, elected thereafter); Municipal Court Judge, Sacramento County (appointed 1990, elected thereafter).

PROPOSITION 19

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8, of the California Constitution.

This initiative measure amends and adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

The Regulate, Control and Tax Cannabis Act of 2010

Section 1. Name.

This act shall be known as the "Regulate, Control and Tax Cannabis Act of 2010."

SEC. 2. Findings, Intent and Purposes.

This act, adopted by the people of the State of California, makes the following Findings and Statement of Intent and Purpose:

A. Findings

1. California's laws criminalizing cannabis (marijuana) have failed and need to be reformed. Despite spending decades arresting millions of nonviolent cannabis consumers, we have failed to control cannabis or reduce its availability.

2. According to surveys, roughly 100 million Americans (around one-third of the country's population) acknowledge that they have used cannabis, 15 million of those Americans having consumed cannabis in the last month. Cannabis consumption is simply a fact of life for a large percentage of Americans.

3. Despite having some of the strictest cannabis laws in the world, the United States has the largest number of cannabis consumers. The percentage of our citizens who consume cannabis is double that of the percentage of people who consume cannabis in the Netherlands, a country where the selling and adult possession of cannabis is allowed.

4. According to The National Research Council's recent study of the 11 U.S. states where cannabis is currently decriminalized, there is little apparent relationship between severity of sanctions and the rate of consumption.

5. Cannabis has fewer harmful effects than either alcohol or cigarettes, which are both legal for adult consumption. Cannabis is not physically addictive, does not have long-term toxic effects on the body, and does not cause its consumers to become violent.

6. There is an estimated $15 billion in illegal cannabis transactions in California each year. Taxing and regulating cannabis, like we do with alcohol and cigarettes, will generate billions of dollars in annual revenues for California to fund what matters most to Californians: jobs, health care, schools, libraries, roads, and more.

7. California wastes millions of dollars a year targeting, arresting, trying, convicting, and imprisoning nonviolent citizens for cannabis-related offenses. This money would be better used to combat violent crimes and gangs.

8. The illegality of cannabis enables the continuation of an out-of-control criminal market, which in turn spawns other illegal and often violent activities. Establishing legal, regulated sales outlets would put dangerous street dealers out of business.

B. Purposes

1. Reform California's cannabis laws in a way that will benefit our state.

2. Regulate cannabis like we do alcohol: Allow adults to possess and consume small amounts of cannabis.

3. Implement a legal regulatory framework to give California more control over the cultivation, processing, transportation, distribution, and sales of cannabis.

4. Implement a legal regulatory framework to better police and prevent access to and consumption of cannabis by minors in California.

5. Put dangerous underground street dealers out of business, so their influence in our communities will fade.

6. Provide easier, safer access for patients who need cannabis for medical purposes.

7. Ensure, if a city decides not to tax and regulate the sale of cannabis, that buying and selling cannabis within that city's limits remain illegal, but that the city's citizens still have the right to possess and consume small amounts, except as permitted under Sections 11362.5 and 11362.7 through 11362.9 of the Health and Safety Code.

8. Ensure, if a city decides it does want to tax and regulate the buying and selling of cannabis (to and from adults only), that a strictly controlled legal system is implemented to oversee and regulate cultivation, distribution, and sales, and that the city will have control over how and how much cannabis can be bought and sold, except as permitted under Sections 11362.5 and 11362.7 through 11362.9 of the Health and Safety Code.

9. Tax and regulate cannabis to generate billions of dollars for our state and local governments to fund what matters most: jobs, health care, schools, libraries, parks, roads, transportation, and more.

10. Stop arresting thousands of nonviolent cannabis consumers, freeing up police resources and saving millions of dollars each year, which could be used for apprehending truly dangerous criminals and keeping them locked up, and for other essential state needs that lack funding.

11. Allow the Legislature to adopt a statewide regulatory system for a commercial cannabis industry.

12. Make cannabis available for scientific, medical, industrial, and research purposes.

13. Permit California to fulfill the state's obligations under the United States Constitution to enact laws concerning health, morals, public welfare, and safety within the state.

14. Permit the cultivation of small amounts of cannabis for personal consumption.

C. Intent

1. This act is intended to limit the application and enforcement of state and local laws relating to possession, transportation, cultivation, consumption, and sale of cannabis, including, but not limited to, the following, whether now existing or adopted in the future: Sections 11014.5 and 11364.5 (relating to drug paraphernalia), Section 11054 (relating to cannabis or tetrahydrocannabinols), Section 11357 (relating to possession), Section 11358 (relating to cultivation), Section 11359 (possession for sale), Section 11360 (relating to transportation and sales), Section 11366 (relating to maintenance of places), Section 11366.5 (relating to use of property), Section 11370 (relating to punishment), Section 11470 (relating to forfeiture), Section 11479 (relating to seizure and destruction), Section 11703 (relating to definitions regarding illegal substances), and Section 11705 (actions for use of illegal controlled substance) of the Health and Safety Code; and Sections 23222 and 40000.15 of the Vehicle Code (relating to possession).

2. This act is not intended to affect the application or enforcement of the following state laws relating to public health and safety or protection of children and others: Section 11357 (relating to

possession on school grounds), Section 11361 (relating to minors, as amended herein), Section 11379.6 (relating to chemical production), or Section 11532 (relating to loitering to commit a crime or acts not authorized by law) of the Health and Safety Code; Section 23152 of the Vehicle Code (relating to driving while under the influence); Section 272 of the Penal Code (relating to contributing to the delinquency of a minor); or any law prohibiting use of controlled substances in the workplace or by specific persons whose jobs involve public safety.

SEC. 3. Article 5 (commencing with Section 11300) is added to Chapter 5 of Division 10 of the Health and Safety Code, to read:

Article 5. Lawful Activities

11300. Personal Regulation and Controls.

(a) Notwithstanding any other provision of law, it is lawful and shall not be a public offense under California law for any person 21 years of age or older to:

(1) Personally possess, process, share, or transport not more than one ounce of cannabis, solely for that individual's personal consumption, and not for sale.

(2) Cultivate, on private property by the owner, lawful occupant, or other lawful resident or guest of the private property owner or lawful occupant, cannabis plants for personal consumption only, in an area of not more than 25 square feet per private residence or, in the absence of any residence, the parcel. Cultivation on leased or rented property may be subject to approval from the owner of the property. Provided that, nothing in this section shall permit unlawful or unlicensed cultivation of cannabis on any public lands.

(3) Possess on the premises where grown the living and harvested plants and results of any harvest and processing of plants lawfully cultivated pursuant to paragraph (2), for personal consumption.

(4) Possess objects, items, tools, equipment, products, and materials associated with activities permitted under this subdivision.

(b) "Personal consumption" shall include, but is not limited to, possession and consumption, in any form, of cannabis in a residence or other nonpublic place, and shall include licensed premises open to the public authorized to permit on-premises consumption of cannabis by a local government pursuant to Section 11301.

(c) "Personal consumption" shall not include, and nothing in this act shall permit, cannabis:

(1) Possession for sale regardless of amount, except by a person who is licensed or permitted to do so under the terms of an ordinance adopted pursuant to Section 11301.

(2) Consumption in public or in a public place.

(3) Consumption by the operator of any vehicle, boat, or aircraft while it is being operated, or that impairs the operator.

(4) Smoking cannabis in any space while minors are present.

11301. Commercial Regulations and Controls.

Notwithstanding any other provision of state or local law, a local government may adopt ordinances, regulations, or other acts having the force of law to control, license, regulate, permit, or otherwise authorize, with conditions, the following:

(a) The cultivation, processing, distribution, safe and secure transportation, and sale and possession for sale, of cannabis, but only by persons and in amounts lawfully authorized.

(b) The retail sale of not more than one ounce per transaction, in licensed premises, to persons 21 years or older, for personal consumption and not for resale.

(c) Appropriate controls on cultivation, transportation, sales, and consumption of cannabis to strictly prohibit access to cannabis by persons under the age of 21.

(d) Age limits and controls to ensure that all persons present in, employed by, or in any way involved in the operation of, any such licensed premises are 21 or older.

(e) Consumption of cannabis within licensed premises.

(f) The safe and secure transportation of cannabis from a licensed premises for cultivation or processing, to a licensed premises for sale or on-premises consumption of cannabis.

(g) Prohibit and punish through civil fines or other remedies the possession, sale, possession for sale, cultivation, processing, or transportation of cannabis that was not obtained lawfully from a person pursuant to this section or Section 11300.

(h) Appropriate controls on licensed premises for sale, cultivation, processing, or sale and on-premises consumption of cannabis, including limits on zoning and land use, locations, size, hours of operation, occupancy, protection of adjoining and nearby properties and persons from unwanted exposure, advertising, signs, and displays, and other controls necessary for protection of the public health and welfare.

(i) Appropriate environmental and public health controls to ensure that any licensed premises minimizes any harm to the environment, adjoining and nearby landowners, and persons passing by.

(j) Appropriate controls to restrict public displays or public consumption of cannabis.

(k) Appropriate taxes or fees pursuant to Section 11302.

(l) Such larger amounts as the local authority deems appropriate and proper under local circumstances, than those established under subdivision (a) of Section 11300 for personal possession and cultivation, or under this section for commercial cultivation, processing, transportation, and sale by persons authorized to do so under this section.

(m) Any other appropriate controls necessary for protection of the public health and welfare.

11302. Imposition and Collection of Taxes and Fees.

(a) Any ordinance, regulation, or other act adopted pursuant to Section 11301 may include the imposition of appropriate general, special or excise, transfer or transaction taxes, benefit assessments, or fees, on any activity authorized pursuant to that enactment, in order to permit the local government to raise revenue, or to recoup any direct or indirect costs associated with the authorized activity, or the permitting or licensing scheme, including without limitation: administration; applications and issuance of licenses or permits; inspection of licensed premises; and other enforcement of ordinances adopted under Section 11301, including enforcement against unauthorized activities.

(b) Any licensed premises shall be responsible for paying all federal, state, and local taxes, fees, fines, penalties, or other financial responsibility imposed on all or similarly situated businesses, facilities, or premises, including without limitation income taxes, business taxes, license fees, and property taxes, without regard to or identification of the business or items or services sold.

11303. Seizure.

Notwithstanding Sections 11470 and 11479 of this code or any other provision of law, no state or local law enforcement agency or official shall attempt to, threaten to, or in fact seize or destroy any cannabis plant, cannabis seeds, or cannabis that is lawfully cultivated, processed, transported, possessed, possessed for sale,

sold, or used in compliance with this act or any local government ordinance, law, or regulation adopted pursuant to this act.

11304. Effect of Act and Definitions.

(a) This act shall not be construed to affect, limit, or amend any statute that forbids impairment while engaging in dangerous activities such as driving, or that penalizes bringing cannabis to a school enrolling pupils in any grade from kindergarten through 12, inclusive.

(b) Nothing in this act shall be construed or interpreted to permit interstate or international transportation of cannabis. This act shall be construed to permit a person to transport cannabis in a safe and secure manner from a licensed premises in one city or county to a licensed premises in another city or county pursuant to any ordinances adopted in such cities or counties, notwithstanding any other state law or the lack of any such ordinance in the intervening cities or counties.

(c) No person shall be punished, fined, discriminated against, or be denied any right or privilege for lawfully engaging in any conduct permitted by this act or authorized pursuant to Section 11301. Provided, however, that the existing right of an employer to address consumption that actually impairs job performance by an employee shall not be affected.

(d) Definitions. For purposes of this act:

(1) "Marijuana" and "cannabis" are interchangeable terms that mean all parts of the plant Genus Cannabis, whether growing or not; the resin extracted from any part of the plant; concentrated cannabis; edible products containing same; and every active compound, manufacture, derivative, or preparation of the plant, or resin.

(2) "One ounce" means 28.5 grams.

(3) For purposes of paragraph (2) of subdivision (a) of Section 11300, "cannabis plant" means all parts of a living cannabis plant.

(4) In determining whether an amount of cannabis is or is not in excess of the amounts permitted by this act, the following shall apply:

(A) Only the active amount of the cannabis in an edible cannabis product shall be included.

(B) Living and harvested cannabis plants shall be assessed by square footage, not by weight, in determining the amounts set forth in subdivision (a) of Section 11300.

(C) In a criminal proceeding, a person accused of violating a limitation in this act shall have the right to an affirmative defense that the cannabis was reasonably related to his or her personal consumption.

(5) "Residence" means a dwelling or structure, whether permanent or temporary, on private or public property, intended for occupation by a person or persons for residential purposes, and includes that portion of any structure intended for both commercial and residential purposes.

(6) "Local government" means a city, county, or city and county.

(7) "Licensed premises" is any commercial business, facility, building, land, or area that has a license, permit or is otherwise authorized to cultivate, process, transport, sell, or permit on-premises consumption of cannabis pursuant to any ordinance or regulation adopted by a local government pursuant to Section 11301, or any subsequently enacted state statute or regulation.

SEC. 4. Section 11361 of the Health and Safety Code is amended to read:

11361. *Prohibition on Furnishing Marijuana to Minors.*

(a) Every person 18 years of age or over who hires, employs, or uses a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling any marijuana, who unlawfully sells, or offers to sell, any marijuana to a minor, or who furnishes, administers, or gives, or offers to furnish, administer, or give any marijuana to a minor under 14 years of age, or who induces a minor to use marijuana in violation of law shall be punished by imprisonment in the state prison for a period of three, five, or seven years.

(b) Every person 18 years of age or over who furnishes, administers, or gives, or offers to furnish, administer, or give, any marijuana to a minor 14 years of age or older shall be punished by imprisonment in the state prison for a period of three, four, or five years.

(c) Every person 21 years of age or over who knowingly furnishes, administers, or gives, or offers to furnish, administer, or give, any marijuana to a person aged 18 years or older, but younger than 21 years of age, shall be punished by imprisonment in the county jail for a period of up to six months and be fined up to one thousand dollars ($1,000) for each offense.

(d) In addition to the penalties above, any person who is licensed, permitted, or authorized to perform any act pursuant to Section 11301, who while so licensed, permitted, or authorized, negligently furnishes, administers, gives, or sells, or offers to furnish, administer, give, or sell, any marijuana to any person younger than 21 years of age shall not be permitted to own, operate, be employed by, assist, or enter any licensed premises authorized under Section 11301 for a period of one year.

SEC. 5. Amendment.

Pursuant to subdivision (c) of Section 10 of Article II of the California Constitution, this act may be amended either by a subsequent measure submitted to a vote of the people at a statewide election; or by statute validly passed by the Legislature and signed by the Governor, but only to further the purposes of the act. Such permitted amendments include, but are not limited to:

(a) Amendments to the limitations in Section 11300 of the Health and Safety Code, which limitations are minimum thresholds and the Legislature may adopt less restrictive limitations.

(b) Statutes and authorized regulations to further the purposes of the act to establish a statewide regulatory system for a commercial cannabis industry that addresses some or all of the items referenced in Sections 11301 and 11302 of the Health and Safety Code.

(c) Laws to authorize the production of hemp or nonactive cannabis for horticultural and industrial purposes.

SEC. 6. Severability.

If any provision of this measure or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the measure that can be given effect without the invalid provision or application, and to this end the provisions of this measure are severable.

PROPOSITION 20

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the California Constitution.

This initiative measure expressly amends the California Constitution by amending sections thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

THE VOTERS FIRST ACT FOR CONGRESS

SECTION 1. Title.

This act shall be known and may be cited as the "Voters FIRST Act for Congress."

SEC. 2. Findings and Purpose.

The People of the State of California hereby make the following findings and declare their purpose in enacting this act is as follows:

(a) Under current law, California legislators draw the districts for Congress. Allowing politicians to draw these districts, to make them safe for incumbents, or to tailor the districts for the election of themselves or their friends, or to bar the districts to the election of their adversaries, is a serious abuse that harms voters.

(b) Politicians draw districts that serve their interests, not those of our communities. Cities, counties, and communities are currently split between bizarrely jagged congressional districts designed to make those districts safe for particular parties and particular incumbents. We need reform to keep our communities together so everyone has representation.

(c) This reform will make the redistricting process for Congress open so it cannot be controlled by whichever party is in power. It will give the redistricting for Congress to the independent Citizens Redistricting Commission, which already has the authority to draw the districts for the Legislature and the Board of Equalization. The membership of the commission will have three groups of members: five Democrats; five Republicans; and four members registered with neither of those parties, who will carry the voices of independent and minor-party voters who are completely shut out of the current process. The new districts will be fair because support from all three groups is required for approval of any new redistricting plan.

(d) The independent Citizens Redistricting Commission will draw districts based on strict, nonpartisan rules designed to ensure fair representation. This reform takes redistricting of Congress out of the partisan battles of the Legislature and guarantees redistricting for Congress will be debated in the open in public meetings. All minutes will be posted publicly on the Internet. Every aspect of this process will be open to scrutiny by the public and the press.

(e) In the current process, politicians are choosing the voters instead of voters having a real choice. This reform will put the voters back in charge.

SEC. 3. Amendment of Article XXI of the California Constitution.

SEC. 3.1. Section 1 of Article XXI of the California Constitution is amended to read:

SECTION 1. In the year following the year in which the national census is taken under the direction of Congress at the beginning of each decade, the ~~Legislature~~ *Citizens Redistricting Commission described in Section 2* shall adjust the boundary lines of ~~congressional districts~~ *the congressional, State Senatorial, Assembly, and Board of Equalization districts (also known as "redistricting")* in conformance with the ~~following~~ standards and process *set forth in Section 2.*:

~~(a) Each member of Congress shall be elected from a single member district.~~

~~(b) The population of all congressional districts shall be reasonably equal. After following this criterion, the Legislature shall adjust the boundary lines according to the criteria set forth and prioritized in paragraphs (2), (3), (4), and (5) of subdivision (d) of Section 2. The Legislature shall issue, with its final map, a report that explains the basis on which it made its decisions in achieving compliance with these criteria and shall include definitions of the terms and standards used in drawing its final map.~~

~~(c) Congressional districts shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.~~

~~(d) The Legislature shall coordinate with the Citizens Redistricting Commission established pursuant to Section 2 to hold concurrent hearings, provide access to redistricting data and software, and otherwise ensure full public participation in the redistricting process. The Legislature shall comply with the open hearing requirements of paragraphs (1), (2), (3), and (7) of subdivision (a) of, and subdivision (b) of, Section 8253 of the Government Code, or its successor provisions of statute.~~

SEC. 3.2. Section 2 of Article XXI of the California Constitution is amended to read:

SEC. 2. (a) The Citizens Redistricting Commission ~~shall draw new district lines (also known as "redistricting") for State Senate, Assembly, and Board of Equalization districts. This commission~~ shall be created no later than December 31 in 2010, and in each year ending in the number zero thereafter.

(b) The ~~Citizens Redistricting Commission (hereinafter the "commission")~~ *commission* shall: (1) conduct an open and transparent process enabling full public consideration of and comment on the drawing of district lines; (2) draw district lines according to the redistricting criteria specified in this article; and (3) conduct themselves with integrity and fairness.

(c) (1) The selection process is designed to produce a ~~Citizens Redistricting Commission~~ *commission* that is independent from legislative influence and reasonably representative of this State's diversity.

(2) The ~~Citizens Redistricting Commission~~ *commission* shall consist of 14 members, as follows: five who are registered with the largest political party in California based on registration, five who are registered with the second largest political party in California based on registration, and four who are not registered with either of the two largest political parties in California based on registration.

(3) Each commission member shall be a voter who has been continuously registered in California with the same political party or unaffiliated with a political party and who has not changed political party affiliation for five or more years immediately preceding the date of his or her appointment. Each commission member shall have voted in two of the last three statewide general elections immediately preceding his or her application.

(4) The term of office of each member of the commission expires upon the appointment of the first member of the succeeding commission.

(5) Nine members of the commission shall constitute a quorum. Nine or more affirmative votes shall be required for any official action. The ~~three~~ *four* final *redistricting* maps must be approved by at least nine affirmative votes which must include at least three votes of members registered from each of the two largest political parties in California based on registration and three votes from members who are not registered with either of these two political parties.

(6) Each commission member shall apply this article in a manner that is impartial and that reinforces public confidence in the integrity of the redistricting process. A commission member shall be ineligible for a period of 10 years beginning from the date of appointment to hold elective public office at the federal, state, county or city level in this State. A member of the commission shall be ineligible for a period of five years beginning from the date of appointment to hold appointive federal, state, or local public office, to serve as paid staff for, *or as a paid consultant to, the Board of Equalization, the Congress,* the Legislature, or any individual legislator, or to register as a federal, state or local lobbyist in this State.

(d) The commission shall establish single-member districts for the Senate, Assembly, *Congress,* and State Board of Equalization pursuant to a mapping process using the following criteria as set forth in the following order of priority:

(1) Districts shall comply with the United States Constitution. ~~Senate~~ *Congressional districts shall achieve population equality as nearly as is practicable, and Senatorial,* Assembly, and State Board of Equalization districts shall have reasonably equal population with other districts for the same office, except where deviation is required to comply with the federal Voting Rights Act or allowable by law.

(2) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following).

(3) Districts shall be geographically contiguous.

(4) The geographic integrity of any city, county, city and county, *local* neighborhood, or *local* community of interest shall be respected *in a manner that minimizes their division* to the extent possible without violating the requirements of any of the preceding subdivisions. *A community of interest is a contiguous population which shares common social and economic interests that should be included within a single district for purposes of its effective and fair representation. Examples of such shared interests are those common to an urban area, a rural area, an industrial area, or an agricultural area, and those common to areas in which the people share similar living standards, use the same transportation facilities, have similar work opportunities, or have access to the same media of communication relevant to the election process.* Communities of interest shall not include relationships with political parties, incumbents, or political candidates.

(5) To the extent practicable, and where this does not conflict with the criteria above, districts shall be drawn to encourage geographical compactness such that nearby areas of population are not bypassed for more distant population.

(6) To the extent practicable, and where this does not conflict with the criteria above, each Senate district shall be comprised of two whole, complete, and adjacent Assembly districts, and each Board of Equalization district shall be comprised of 10 whole, complete, and adjacent Senate districts.

(e) The place of residence of any incumbent or political candidate shall not be considered in the creation of a map. Districts shall not be drawn for the purpose of favoring or discriminating against an incumbent, political candidate, or political party.

(f) Districts for the *Congress,* Senate, Assembly, and State Board of Equalization shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.

(g) By ~~September~~ *August* 15 in 2011, and in each year ending in the number one thereafter, the commission shall approve *four* ~~three~~ final maps that separately set forth the district boundary lines for the ~~Senate~~ *congressional, Senatorial,* Assembly, and State Board of Equalization districts. Upon approval, the commission shall certify the *four* ~~three~~ final maps to the Secretary of State.

(h) The commission shall issue, with each of the *four* ~~three~~ final maps, a report that explains the basis on which the commission made its decisions in achieving compliance with the criteria listed in subdivision (d) and shall include definitions of the terms and standards used in drawing each final map.

(i) Each certified final map shall be subject to referendum in the same manner that a statute is subject to referendum pursuant to Section 9 of Article II. The date of certification of a final map to the Secretary of State shall be deemed the enactment date for purposes of Section 9 of Article II.

(j) If the commission does not approve a final map by at least the requisite votes or if voters disapprove a certified final map in a referendum, the Secretary of State shall immediately petition the *California* Supreme Court for an order directing the appointment of special masters to adjust the boundary lines of that map in accordance with the redistricting criteria and requirements set forth in subdivisions (d), (e), and (f). Upon its approval of the masters' map, the court shall certify the resulting map to the Secretary of State, which map shall constitute the certified final map for the subject type of district.

SEC. 3.3. Section 3 of Article XXI of the California Constitution is amended to read:

SEC. 3. (a) The commission has the sole legal standing to defend any action regarding a certified final map, and shall inform the Legislature if it determines that funds or other resources provided for the operation of the commission are not adequate. The Legislature shall provide adequate funding to defend any action regarding a certified map. The commission has sole authority to determine whether the Attorney General or other legal counsel retained by the commission shall assist in the defense of a certified final map.

(b) (1) The *California* Supreme Court has original and exclusive jurisdiction in all proceedings in which a certified final map is challenged *or is claimed not to have taken timely effect.*

(2) Any registered voter in this state may file a petition for a writ of mandate or writ of prohibition, within 45 days after the commission has certified a final map to the Secretary of State, to bar the Secretary of State from implementing the plan on the grounds that the filed plan violates this Constitution, the United States Constitution, or any federal or state statute. *Any registered voter in this state may also file a petition for a writ of mandate or writ of prohibition to seek relief where a certified final map is subject to a referendum measure that is likely to qualify and stay the timely implementation of the map.*

(3) The *California* Supreme Court shall give priority to ruling on a petition for a writ of mandate or a writ of prohibition filed pursuant to paragraph (2). If the court determines that a final

certified map violates this Constitution, the United States Constitution, or any federal or state statute, the court shall fashion the relief that it deems appropriate, *including, but not limited to, the relief set forth in subdivision (j) of Section 2.*

SEC. 4. Conflicting Ballot Propositions.

(a) In the event this measure and another measure or measures relating to the redistricting of Senatorial, Assembly, congressional, or Board of Equalization districts are approved by a majority of voters at the same election, and this measure receives a greater number of affirmative votes than any other such measure or measures, this measure shall control in its entirety and the other measure or measures shall be rendered void and without any legal effect. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than the other measure or measures, this measure shall take effect to the extent permitted by law.

(b) If this measure is approved by voters but is superseded in whole or in part by the provisions of any other conflicting measure approved by the voters and receiving a greater number of affirmative votes at the same election, and the conflicting measure or any superseding provisions thereof are subsequently held to be invalid, the formerly superseded provisions of this measure shall be self-executing and given full force of law.

SEC. 5. Severability.

The provisions of this act are severable. If any provision of this act or its application is held to be invalid, that invalidity shall not affect other provisions or applications that can be given effect in the absence of the invalid provision or application.

PROPOSITION 21

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8, of the California Constitution.

This initiative measure adds sections to the Public Resources Code and the Revenue and Taxation Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

State Parks and Wildlife Conservation Trust Fund Act

The people of the State of California find and declare all of the following:

(1) California's natural resources and wildlife must be preserved and protected for future generations.

(2) The California state park system is essential to protecting these resources for the people of California. Along with the wildlife protection and conservation agencies of the state, the state park system is responsible for preserving the state's unique wildlife, natural lands, and ocean resources.

(3) Persistent underfunding of the state park system and wildlife conservation has resulted in a backlog of more than a billion dollars in needed repairs and improvements, and threatens the closure of parks throughout the state and the loss of protection for many of the state's most important natural and cultural resources, recreational opportunities, and wildlife habitat.

(4) California's state park system benefits all Californians by providing opportunities for recreation, nature education, and preservation of cultural and historic landmarks, and by protecting natural resources that improve the state's air and water quality.

(5) Californians deserve a world-class state park system that will preserve and protect the unique natural and cultural resources of the state for future generations.

(6) Rebuilding the state park system and protecting the state's wildlife resources will grow California's economy and create jobs by drawing millions of tourists each year to contribute to the state's multibillion-dollar tourism economy.

(7) It is the intent of the people in enacting this measure to protect the state's resources and wildlife by establishing a stable, reliable, and adequate funding source for the state park system and for wildlife conservation, and to provide increased and equitable access to those resources for all Californians.

(8) It is further the intent of the people that the state park system be operated and maintained at a level of excellence, allow increased access to state parks for all Californians while continuing to charge out-of-state visitors for the use of state parks, and protect the state's natural and cultural resources, recreational opportunities, and wildlife for future generations.

SECTION 1. Chapter 1.21 (commencing with Section 5081) is added to Division 5 of the Public Resources Code, to read:

CHAPTER 1.21. STATE PARKS AND WILDLIFE CONSERVATION TRUST FUND ACT

Article 1. Trust Fund

5081. There is hereby established the State Parks and Wildlife Conservation Trust Fund in the State Treasury. All money deposited in the fund shall be held in trust for the people of the State of California and used solely for the purposes of this chapter. The moneys in the fund shall be available for appropriation only for the following purposes:

(a) Operation, maintenance, and repair of facilities, including visitor centers, restrooms, campsites, and ranger stations, in the state park system.

(b) Wildlife conservation and protection of natural resources, including forests, other natural lands, and lands that provide clean water, clean air, and protect the health of people and nature.

(c) Expanding public access to the state park system and natural areas through outreach, public education, improved transportation access and providing for the safety and security of park visitors.

(d) Development, management, and expansion of state park units and facilities as needed to provide and enhance public access and recreational opportunities.

(e) Protecting rivers, lakes, streams, coastal waters, and marine resources.

(f) Grants to local agencies that operate units of the state park system to offset the loss of day use revenues as provided in this chapter, and to state and local agencies that manage river parkways.

(g) Protecting and restoring state park cultural and historical resources.

(h) Auditing and oversight of the implementation of this chapter to ensure that funds are only spent in accordance with the provisions of this chapter and are not diverted or misspent.

(i) Other costs related to the operation and management of the state park system.

(j) Collection costs for the State Parks Access Pass.

5082. The Department of Parks and Recreation shall prepare a strategic plan to improve access to the state park system that addresses the needs of each region of the state and identifies

programs and policies consistent with this chapter to improve access to state parks and state park services and benefits to underserved groups and regions.

5082.5. For the purposes of this chapter, "fund" means the State Parks and Wildlife Conservation Trust Fund.

5082.6. For the purposes of this chapter, "department" means the Department of Parks and Recreation.

5082.7. For the purposes of this chapter, "wildlife" has the same meaning as provided in Section 711.2 of the Fish and Game Code.

Article 2. Fiscal Accountability and Oversight

5085. (a) The State Parks and Wildlife Conservation Trust Fund shall be subject to an annual independent audit by the State Auditor that shall be released to the public, placed on the department's Internet Web site, and submitted to the Legislature for review as part of the state budget.

(b) Up to 1 percent of the annual revenues of the fund may be used for auditing, oversight, and administrative costs of this article and costs for collection of the State Parks Access Pass.

(c) The Secretary of Natural Resources shall establish the Citizens Oversight Committee to review the annual audit and issue a public report on the implementation of this chapter and its effectiveness at protecting state parks and natural resources. Members shall include citizens with expertise in business and finance, park management, natural resource protection, cultural and historical resource protection, and other disciplines as may be deemed necessary by the secretary.

5085.5. Funds deposited into the State Parks and Wildlife Conservation Trust Fund, together with any interest earned by the fund, shall be used solely for the purpose of this chapter and shall not be subject to appropriation, reversion, or transfer for any other purpose, shall not be loaned to the General Fund or any other fund for any purpose, and shall not be used for the payment of interest, principal, or other costs related to general obligation bonds.

5086. Notwithstanding any other provision of law, all state park fee and concession revenues shall be deposited into the State Parks and Recreation Fund pursuant to Section 5010, and, together with any interest earned thereon, shall be available for appropriation only to the department for operation, management, planning, and development of the state park system and shall not be subject to appropriation, reversion, or transfer for any other purpose, shall not be loaned to the General Fund or any other fund for any purpose, and shall not be used for the payment of interest, principal, or other costs related to general obligation bonds.

5086.5. It is the intent of the people in enacting this chapter to provide a stable and adequate level of funding to the department. General Fund moneys used to support the department may be reallocated to other uses if the Legislature determines that the financial resources provided from the State Parks and Wildlife Conservation Trust Fund and the State Parks and Recreation Fund are adequate to fully maintain and operate the state park system.

Article 3. State Parks Access Pass

5087. (a) All California vehicles subject to the State Parks Access Pass shall have free admission to all units of the state park system and to designated state lands and wildlife areas as provided in this chapter.

(b) For the purposes of this section, "free admission" means free vehicle admission, parking, and day use at all units of the state park system and shall be subject only to those limitations as the department deems necessary to manage the state park system to avoid overcrowding and damage to natural and cultural resources and for public health and safety. Other state and local agencies shall designate those lands whose management and operation is funded pursuant to this chapter for free vehicle access where that access is consistent with the management objectives of the land. As used in this subdivision, free admission does not include camping, tour fees, swimming pool fees, the use of boating facilities, museum and special event fees, any supplemental fees, or special event parking fees.

5087.1. The department shall issue rebates of the State Parks Access Pass surcharge to veterans who qualify for a park fee exemption pursuant to Section 5011.5.

Article 4. Allocation of State Parks and Wildlife Conservation Trust Fund Revenues

5088. Except for the costs pursuant to Article 2 (commencing with Section 5085) of audits, oversight, and collection costs, all funds deposited in the State Parks and Wildlife Conservation Trust Fund shall be allocated only to the following agencies and as provided in this section:

(a) Eighty-five percent shall be available for appropriation from the fund to the department. Except for costs for grants and grant management pursuant to Section 5088.1, all funds allocated for appropriation to the department shall be used only for operation, management, planning, and development of the state park system.

(b) Seven percent shall be available for appropriation from the fund to the Department of Fish and Game for the management and operation of wildlife refuges, ecological reserves, and other lands owned or managed by the Department of Fish and Game for wildlife conservation.

(c) Four percent shall be available for appropriation from the fund to the Ocean Protection Council for marine wildlife conservation and the protection of coastal waters, with first priority given to the development, operation, management, and monitoring of marine protected areas.

(d) Two percent shall be available for appropriation from the fund to state conservancies for management, operation, and wildlife conservation on state lands that are managed for park and wildlife habitat purposes by those conservancies. A state conservancy may provide grants to a local agency that assists the conservancy in managing state-owned lands under that conservancy's jurisdiction.

(e) Two percent shall be available for appropriation from the fund to the Wildlife Conservation Board for grants to local public agencies for wildlife conservation.

5088.1. The department shall develop and administer a program of grants to public agencies to enhance the operation, management, and restoration of urban river parkways providing recreational benefits and access to open space and wildlife areas to underserved urban communities. The department shall allocate each year an amount equal to 4 percent of the funds deposited in the State Parks and Wildlife Conservation Trust Fund from the funds the department receives pursuant to subdivision (a) of Section 5088. For the purposes of this section, "public agencies" means state agencies, cities, counties, cities and counties, local park districts, and joint powers authorities. In consultation with the California River Parkways Program (Chapter 3.8 (commencing with Section 5750)), the department shall adopt best management practices for the stewardship, operation, and management of urban river parkways. The department shall consider those best

management practices and providing continuity of funding for urban river parkways when allocating grant funds pursuant to this section. The department shall give highest priority for grants to urban river parkways that benefit the most underserved communities.

5088.2. The department shall provide grants to local agencies operating units of the state park system to assist in the operation and maintenance of those units. The department shall first grant available funds to local agencies operating units of the state park system that, prior to the implementation of this chapter, charged entry or parking fees on vehicles, and shall allocate any remaining funds, on a prorated basis, to local agencies to assist in the operation and maintenance of state park units managed by local agencies, based on the average annual operating expenses of those units over the three previous years, as certified by the chief financial officer of that local agency. Of the funds provided in subdivision (a) of Section 5088, an amount equal to 5 percent of the amount deposited in the fund shall be available for appropriation for the purposes of this section. The department shall develop guidelines for the implementation of this section.

5089. For the purposes of this chapter, eligible expenditures for wildlife conservation include direct expenditures and grants for operation, management, development, restoration, maintenance, law enforcement and public safety, interpretation, costs to provide appropriate public access, and other costs necessary for the protection and management of natural resources and wildlife, including scientific monitoring and analysis required for adaptive management.

5090. Funds provided pursuant to this chapter, and any appropriation or transfer of those funds, shall not be deemed to be a transfer of funds for the purposes of Chapter 9 (commencing with Section 2780) of Division 3 of the Fish and Game Code.

SEC. 2. Section 10751.5 is added to the Revenue and Taxation Code, to read:

10751.5. (a) Except as provided in subdivision (b), in addition to the license fee imposed pursuant to Section 10751, for licenses and renewals on or after January 1, 2011, there shall also be imposed an annual surcharge, to be called the State Parks Access Pass, in the amount of eighteen dollars ($18) on each vehicle subject to the license fee imposed by that section. All revenues from the surcharge shall be deposited into the State Parks and Wildlife Conservation Trust Fund pursuant to subdivision (a) of Section 5081 of the Public Resources Code.

(b) The surcharge established in subdivision (a) shall not apply to the following vehicles:

(1) Vehicles subject to the Commercial Vehicle Registration Act (Section 4000.6 of the Vehicle Code).

(2) Trailers subject to Section 5014.1 of the Vehicle Code.

(3) Trailer coaches as defined by Section 635 of the Vehicle Code.

PROPOSITION 22

This initiative measure is submitted to the people of California in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends, amends and renumbers, repeals, and adds sections to the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

Section 1. Title.

This act shall be known and may be cited as the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010."

Section 2. Findings and Declarations.

The people of the State of California find and declare that:

(a) In order to maintain local control over local taxpayer funds and protect vital services like local fire protection and 9-1-1 emergency response, law enforcement, emergency room care, public transit, and transportation improvements, California voters have repeatedly and overwhelmingly voted to restrict state politicians in Sacramento from taking revenues dedicated to funding local government services and dedicated to funding transportation improvement projects and services.

(b) By taking these actions, voters have acknowledged the critical importance of preventing State raids of revenues dedicated to funding vital local government services and transportation improvement projects and services.

(c) Despite the fact that voters have repeatedly passed measures to prevent the State from taking these revenues dedicated to funding local government services and transportation improvement projects and services, state politicians in Sacramento have seized and borrowed billions of dollars in local government and transportation funds.

(d) In recent years, state politicians in Sacramento have specifically:

(1) Borrowed billions of dollars in local property tax revenues that would otherwise be used to fund local police, fire and paramedic response, and other vital local services;

(2) Sought to take and borrow billions of dollars in gas tax revenues that voters have dedicated to on-going transportation projects and tried to use them for non-transportation purposes;

(3) Taken local community redevelopment funds on numerous occasions and used them for unrelated purposes;

(4) Taken billions of dollars from local public transit like bus, shuttle, light-rail, and regional commuter rail, and used these funds for unrelated state purposes.

(e) The continued raiding and borrowing of revenues dedicated to funding local government services and dedicated to funding transportation improvement projects can cause severe consequences, such as layoffs of police, fire and paramedic first responders, fire station closures, healthcare cutbacks, delays in road safety improvements, public transit fare increases, and cutbacks in public transit services.

(f) State politicians in Sacramento have continued to ignore the will of the voters, and current law provides no penalties when state politicians take or borrow these dedicated funds.

(g) It is hereby resolved, that with approval of this ballot initiative, state politicians in Sacramento shall be prohibited from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with tax revenues dedicated to

funding local government services or dedicated to transportation improvement projects and services.

Section 2.5. Statement of Purpose.

The purpose of this measure is to conclusively and completely prohibit state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services.

Section 3. Section 24 of Article XIII of the California Constitution is amended to read:

(a) The Legislature may not impose taxes for local purposes but may authorize local governments to impose them.

(b) The Legislature may not reallocate, transfer, borrow, appropriate, restrict the use of, or otherwise use the proceeds of any tax imposed or levied by a local government solely for the local government's purposes.

(c) Money appropriated from state funds to a local government for its local purposes may be used as provided by law.

(d) Money subvened to a local government under Section 25 may be used for state or local purposes.

Section 4. Section 25.5 of Article XIII of the California Constitution is amended to read:

SEC. 25.5. (a) On or after November 3, 2004, the Legislature shall not enact a statute to do any of the following:

(1) (A) Except as otherwise provided in subparagraph (B), modify the manner in which ad valorem property tax revenues are allocated in accordance with subdivision (a) of Section 1 of Article XIII A so as to reduce for any fiscal year the percentage of the total amount of ad valorem property tax revenues in a county that is allocated among all of the local agencies in that county below the percentage of the total amount of those revenues that would be allocated among those agencies for the same fiscal year under the statutes in effect on November 3, 2004. For purposes of this subparagraph, "percentage" does not include any property tax revenues referenced in paragraph (2).

(B) ~~Beginning with the 2008–09~~ *In the 2009–10* fiscal year *only,* and except as otherwise provided in subparagraph (C), subparagraph (A) may be suspended for a *that* fiscal year if all of the following conditions are met:

(i) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of subparagraph (A) is necessary.

(ii) The Legislature enacts an urgency statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, that contains a suspension of subparagraph (A) for that fiscal year and does not contain any other provision.

(iii) No later than the effective date of the statute described in clause (ii), a statute is enacted that provides for the full repayment to local agencies of the total amount of revenue losses, including interest as provided by law, resulting from the modification of ad valorem property tax revenue allocations to local agencies. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the modification applies.

~~(C) (i) Subparagraph (A) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year for which subparagraph (A) is suspended.~~

~~(ii) Subparagraph (A) shall not be suspended during any fiscal year if the full repayment required by a statute enacted in accordance with clause (iii) of subparagraph (B) has not yet been completed.~~

~~(iii) Subparagraph (A) shall not be suspended during any fiscal year if the amount that was required to be paid to cities, counties, and cities and counties under Section 10754.11 of the Revenue and Taxation Code, as that section read on November 3, 2004, has not been paid in full prior to the effective date of the statute providing for that suspension as described in clause (ii) of subparagraph (B).~~

~~(iv)~~ *(C)* A suspension of subparagraph (A) shall not result in a total ad valorem property tax revenue loss to all local agencies within a county that exceeds 8 percent of the total amount of ad valorem property tax revenues that were allocated among all local agencies within that county for the fiscal year immediately preceding the fiscal year for which subparagraph (A) is suspended.

(2) (A) Except as otherwise provided in subparagraphs (B) and (C), restrict the authority of a city, county, or city and county to impose a tax rate under, or change the method of distributing revenues derived under, the Bradley-Burns Uniform Local Sales and Use Tax Law set forth in Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, as that law read on November 3, 2004. The restriction imposed by this subparagraph also applies to the entitlement of a city, county, or city and county to the change in tax rate resulting from the end of the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004.

(B) The Legislature may change by statute the method of distributing the revenues derived under a use tax imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law to allow the State to participate in an interstate compact or to comply with federal law.

(C) The Legislature may authorize by statute two or more specifically identified local agencies within a county, with the approval of the governing body of each of those agencies, to enter into a contract to exchange allocations of ad valorem property tax revenues for revenues derived from a tax rate imposed under the Bradley-Burns Uniform Local Sales and Use Tax Law. The exchange under this subparagraph of revenues derived from a tax rate imposed under that law shall not require voter approval for the continued imposition of any portion of an existing tax rate from which those revenues are derived.

(3) Except as otherwise provided in subparagraph (C) of paragraph (2), change for any fiscal year the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county other than pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring. *The Legislature shall not change the pro rata shares of ad valorem property tax pursuant to this paragraph, nor change the allocation of the revenues described in Section 15 of Article XI, to reimburse a local government when the Legislature or any state agency mandates a new program or higher level of service on that local government.*

(4) Extend beyond the revenue exchange period, as defined in Section 7203.1 of the Revenue and Taxation Code as that section read on November 3, 2004, the suspension of the authority, set forth in that section on that date, of a city, county, or city and county to impose a sales and use tax rate under the Bradley-Burns Uniform Local Sales and Use Tax Law.

(5) Reduce, during any period in which the rate authority suspension described in paragraph (4) is operative, the payments to a city, county, or city and county that are required

by Section 97.68 of the Revenue and Taxation Code, as that section read on November 3, 2004.

(6) Restrict the authority of a local entity to impose a transactions and use tax rate in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), or change the method for distributing revenues derived under a transaction and use tax rate imposed under that law, as it read on November 3, 2004.

(7) Require a community redevelopment agency (A) to pay, remit, loan, or otherwise transfer, directly or indirectly, taxes on ad valorem real property and tangible personal property allocated to the agency pursuant to Section 16 of Article XVI to or for the benefit of the State, any agency of the State, or any jurisdiction; or (B) to use, restrict, or assign a particular purpose for such taxes for the benefit of the State, any agency of the State, or any jurisdiction, other than (i) for making payments to affected taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Health and Safety Code or similar statutes requiring such payments, as those statutes read on January 1, 2008, or (ii) for the purpose of increasing, improving, and preserving the supply of low and moderate income housing available at affordable housing cost.

(b) For purposes of this section, the following definitions apply:

(1) "Ad valorem property tax revenues" means all revenues derived from the tax collected by a county under subdivision (a) of Section 1 of Article XIII A, regardless of any of this revenue being otherwise classified by statute.

(2) "Local agency" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

(3) "Jurisdiction" has the same meaning as specified in Section 95 of the Revenue and Taxation Code as that section read on November 3, 2004.

Section 5. Section 1 is added to Article XIX of the California Constitution, to read:

SECTION 1. The Legislature shall not borrow revenue from the Highway Users Tax Account, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

Section 5.1. Section 1 of Article XIX of the California Constitution is amended and renumbered to read:

~~SECTION 1.~~ *SEC. 2.* Revenues from taxes imposed by the State on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be *deposited into the Highway Users Tax Account (Section 2100 of the Streets and Highways Code) or its successor, which is hereby declared to be a trust fund, and shall be allocated monthly in accordance with Section 4, and shall be* used *solely* for the following purposes:

(a) The research, planning, construction, improvement, maintenance, and operation of public streets and highways (and their related public facilities for nonmotorized traffic), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, and the administrative costs necessarily incurred in the foregoing purposes.

(b) The research, planning, construction, and improvement of exclusive public mass transit guideways (and their related fixed facilities), including the mitigation of their environmental effects, the payment for property taken or damaged for such purposes, the administrative costs necessarily incurred in the foregoing purposes, and the maintenance of the structures and the immediate right-of-way for the public mass transit guideways, but excluding the maintenance and operating costs for mass transit power systems and mass transit passenger facilities, vehicles, equipment, and services.

Section 5.2. Section 2 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 2.~~ *SEC. 3.* Revenues from fees and taxes imposed by the State upon vehicles or their use or operation, over and above the costs of collection and any refunds authorized by law, shall be used for the following purposes:

(a) The state administration and enforcement of laws regulating the use, operation, or registration of vehicles used upon the public streets and highways of this State, including the enforcement of traffic and vehicle laws by state agencies and the mitigation of the environmental effects of motor vehicle operation due to air and sound emissions.

(b) The purposes specified in Section ~~1~~ *2* of this article.

Section 5.3. Section 3 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 3.~~ *SEC. 4. (a) Except as provided in subdivision (b),* ~~The~~ *the* ~~Legislature shall provide for the allocation of the revenues to be used for the purposes specified in Section 1 of this article in a manner which ensures the continuance of existing~~ statutory ~~allocation~~ formulas *in effect on June 30, 2009, which allocate the revenues described in Section 2 to* ~~for~~ cities, counties, and areas of the State~~,~~ *shall remain in effect.*

(b) The Legislature shall not modify the statutory allocations in effect on June 30, 2009, unless and until *both of the following have occurred:*

(1) The Legislature it determines *in accordance with this subdivision* that another basis for an equitable, geographical, and jurisdictional distribution exists~~; provided that, until such determination is made, any use of such revenues for purposes specified in subdivision (b) of Section 1 of this article by or in a city, county, or area of the State shall be included within the existing statutory allocations to, or for expenditure in, that city, county, or area~~. Any future statutory revisions shall *(A)* provide for the allocation of these revenues, together with other similar revenues, in a manner which gives equal consideration to the transportation needs of all areas of the State and all segments of the population*; and (B) be* consistent with the orderly achievement of the adopted local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan.*;*

(2) The process described in subdivision (c) has been completed.

(c) The Legislature shall not modify the statutory allocation pursuant to subdivision (b) until all of the following have occurred:

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the local and regional goals for ground transportation in that part of the State;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is consistent with the orderly achievement of local, regional, and statewide goals for ground transportation in local general plans, regional transportation plans, and the California Transportation Plan; and

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(d) A statute enacted by the Legislature modifying the statutory allocations must be by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision.

(e) The revenues allocated by statute to cities, counties, and areas of the State pursuant to this article may be used solely by the entity to which they are allocated, and solely for the purposes described in Sections 2, 5, or 6 of this article.

(f) The Legislature may not take any action which permanently or temporarily does any of the following: (1) changes the status of the Highway Users Tax Account as a trust fund; (2) borrows, diverts, or appropriates these revenues for purposes other than those described in subdivision (e); or (3) delays, defers, suspends, or otherwise interrupts the payment, allocation, distribution, disbursal, or transfer of revenues from taxes described in Section 2 to cities, counties, and areas of the State pursuant to the procedures in effect on June 30, 2009.

Section 5.4. Section 4 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 4.~~ *SEC. 5.* Revenues allocated pursuant to Section ~~3~~ *4* may not be expended for the purposes specified in subdivision (b) of Section ~~1~~ *2*, except for research and planning, until such use is approved by a majority of the votes cast on the proposition authorizing such use of such revenues in an election held throughout the county or counties, or a specified area of a county or counties, within which the revenues are to be expended. The Legislature may authorize the revenues approved for allocation or expenditure under this section to be pledged or used for the payment of principal and interest on voter-approved bonds issued for the purposes specified in subdivision (b) of Section ~~1~~ *2*.

Section 5.5. Section 5 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 5.~~ *SEC. 6. (a)* ~~The Legislature may authorize up~~ *Up* to 25 percent of the revenues ~~available for expenditure by any city or county, or by the State,~~ *allocated to the State pursuant to Section 4* for the purposes specified in subdivision (a) of Section ~~1~~ *2* of this article ~~to~~ *may* be pledged or used *by the State, upon approval by the voters and appropriation by the Legislature,* for the payment of principal and interest on voter-approved bonds *for such purposes* issued *by the State on and after November 2, 2010* ~~for such purposes~~.

(b) Up to 25 percent of the revenues allocated to any city or county pursuant to Section 4 for the purposes specified in subdivision (a) of Section 2 of this article may be pledged or used only by any city or county for the payment of principal and interest on voter-approved bonds issued by that city or county for such purposes.

Section 5.6. Section 6 of Article XIX of the California Constitution is repealed.

~~SEC. 6. The tax revenues designated under this article may be loaned to the General Fund only if one of the following conditions is imposed:~~

~~(a) That any amount loaned is to be repaid in full to the fund from which it was borrowed during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the fund from which it was borrowed within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

~~(c) Nothing in this section prohibits the Legislature from authorizing, by statute, loans to local transportation agencies, cities, counties, or cities and counties, from funds that are subject to this article, for the purposes authorized under this article. Any loan authorized as described by this subdivision shall be repaid, with interest at the rate paid on money in the Pooled Money Investment Account, or any successor to that account, during the period of time that the money is loaned, to the fund from which it was borrowed, not later than four years after the date on which the loan was made.~~

Section 5.7. Section 7 is added to Article XIX of the California Constitution, to read:

SEC. 7. If the Legislature reduces or repeals the taxes described in Section 2 and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Highway Users Tax Account, dedicated to the purposes listed in Section 2, and allocated to cities, counties, and areas of the State pursuant to Section 4. All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in Section 2.

Section 5.8. Section 7 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 7.~~ *SEC. 8.* This article shall not affect or apply to fees or taxes imposed pursuant to the Sales and Use Tax Law or the Vehicle License Fee Law, and all amendments and additions now or hereafter made to such statutes.

Section 5.9. Section 8 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 8.~~ *SEC. 9.* Notwithstanding Sections ~~1 and~~ 2 *and 3* of this article, any real property acquired by the expenditure of the designated tax revenues by an entity other than the State for the purposes authorized in those sections, but no longer required for such purposes, may be used for local public park and recreational purposes.

Section 5.10. Section 9 of Article XIX of the California Constitution is amended and renumbered to read:

~~SEC. 9.~~ *SEC. 10.* Notwithstanding any other provision of this Constitution, the Legislature, by statute, with respect to surplus state property acquired by the expenditure of tax revenues designated in Sections ~~1 and~~ 2 *and 3* and located in the coastal zone, may authorize the transfer of such property, for a consideration at least equal to the acquisition cost paid by the ~~state~~ *State* to acquire the property, to the Department of Parks and Recreation for state park purposes, or to the Department of Fish and Game for the protection and preservation of fish and wildlife habitat, or to the Wildlife Conservation Board for purposes of the Wildlife Conservation Law of 1947, or to the State Coastal Conservancy for the preservation of agricultural lands.

As used in this section, "coastal zone" means "coastal zone" as defined by Section 30103 of the Public Resources Code as such zone is described on January 1, 1977.

Section 6. Section 1 of Article XIX A of the California Constitution is amended to read:

SECTION 1. *(a) The Legislature shall not borrow revenues from the Public Transportation Account, or any successor account, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.*

(b) The ~~funds in the~~ Public Transportation Account in the State Transportation Fund, or any successor ~~to that~~ account, *is a trust fund. The Legislature may not change the status of the Public Transportation Account as a trust fund. Funds in the Public Transportation Account may not be loaned or otherwise transferred to the General Fund or any other fund or account in the State Treasury.* ~~may be loaned to the General Fund only if one of the following conditions is imposed:~~

(c) All revenues specified in paragraphs (1) through (3), inclusive, of subdivision (a) of Section 7102 of the Revenue and Taxation Code, as that section read on June 1, 2001, shall be deposited no less than quarterly into the Public Transportation Account (Section 99310 of the Public Utilities Code), or its successor. The Legislature may not take any action which temporarily or permanently diverts or appropriates these revenues for purposes other than those described in subdivision (d), or delays, defers, suspends, or otherwise interrupts the quarterly deposit of these funds into the Public Transportation Account.

(d) Funds in the Public Transportation Account may only be used for transportation planning and mass transportation purposes. The revenues described in subdivision (c) are hereby continuously appropriated to the Controller without regard to fiscal years for allocation as follows:

(1) Fifty percent pursuant to subdivisions (a) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(2) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009.

~~(a) That any amount loaned is to be repaid in full to the account during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.~~

~~(b) That any amount loaned is to be repaid in full to the account within three fiscal years from the date on which the loan was made and one of the following has occurred:~~

~~(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.~~

~~(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.~~

(e) For purposes of paragraph (1) of subdivision (d), "transportation planning" means only the purposes described in subdivisions (c) through (f), inclusive, of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(f) For purposes of this article, "mass transportation," "public transit," and "mass transit" have the same meaning as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

Section 6.1. Section 2 of Article XIX A of the California Constitution is amended to read:

SEC. 2. (a) As used in this section, a "local transportation fund" is a fund created under Section 29530 of the Government Code, or any successor to that statute.

(b) All local transportation funds are hereby designated trust funds. *The Legislature may not change the status of local transportation funds as trust funds.*

(c) A local transportation fund that has been created pursuant to law may not be abolished.

(d) Money in a local transportation fund shall be allocated only *by the local government that created the fund, and only* for the purposes authorized under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code and Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code, as those provisions existed on October 1, 1997. Neither the county nor the Legislature may authorize the expenditure of money in a local transportation fund for purposes other than those specified in this subdivision.

(e) This section constitutes the sole method of allocating, distributing, and using the revenues in a local transportation fund. The purposes described in subdivision (d) are the sole purposes for which the revenues in a local transportation fund may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues in a local transportation fund for any other purpose than those described in subdivision (d);

(2) Authorizes the expenditures of the revenue in a local transportation fund for any other purpose than those described in subdivision (d);

(3) Borrows or loans the revenues in a local transportation fund, regardless of whether these revenues remain in the Retail Sales Tax Fund in the State Treasury or are transferred to another fund or account.

(f) The percentage of the tax imposed pursuant to Section 7202 of the Revenue and Taxation Code allocated to local transportation funds shall not be reduced below the percentage that was transmitted to such funds during the 2008 calendar year. Revenues allocated to local transportation funds shall be transmitted in accordance with Section 7204 of the Revenue and Taxation Code and deposited into local transportation funds in accordance with Section 29530 of the Government Code, as those sections read on June 30, 2009.

Section 7.0. Section 1 is added to Article XIX B of the California Constitution, to read:

SECTION 1. The Legislature shall not borrow revenues from the Transportation Investment Fund, or its successor, and shall not use these revenues for purposes, or in ways, other than those specifically permitted by this article.

Section 7.1. Section 1 of Article XIX B of the California Constitution is amended and renumbered to read:

~~SECTION 1.~~ *SEC. 2.* (a) For the 2003–04 fiscal year and each fiscal year thereafter, all ~~moneys~~ *revenues* that are collected during the fiscal year from taxes under the Sales and Use Tax Law (Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code), or any successor to that law, upon the sale, storage, use, or other consumption in this State of motor vehicle fuel, *as defined for purposes of the Motor Vehicle Fuel License Tax Law (Part 2 (commencing with Section 7301) of Division 2 of the Revenue and Taxation Code)*, and ~~that are deposited in the General Fund of the State pursuant to that law,~~ shall be ~~transferred to~~ *deposited into* the Transportation Investment Fund *or its successor*, which is hereby created in the State Treasury *and which is hereby declared to be a trust fund. The Legislature may not change the status of the Transportation Investment Fund as a trust fund.*

(b) (1) For the 2003–04 to 2007–08 fiscal years, inclusive, moneys in the Transportation Investment Fund shall be allocated, upon appropriation by the Legislature, in accordance with Section 7104 of the Revenue and Taxation Code as that section read on March 6, 2002.

(2) For the 2008–09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund shall be allocated solely for the following purposes:

(A) Public transit and mass transportation. *Moneys appropriated for public transit and mass transportation shall be allocated as follows: (i) Twenty-five percent pursuant to subdivision (b) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; (ii) Twenty-five percent pursuant to subdivision (c) of Section 99312 of the Public Utilities Code, as that section read on July 30, 2009; and (iii) Fifty percent for the purposes of subdivisions (a) and (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.*

(B) Transportation capital improvement projects, subject to the laws governing the State Transportation Improvement Program, or any successor to that program.

(C) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by cities, including a city and county.

(D) Street and highway maintenance, rehabilitation, reconstruction, or storm damage repair conducted by counties, including a city and county.

(c) For the 2008–09 fiscal year and each fiscal year thereafter, moneys in the Transportation Investment Fund *are hereby continuously appropriated to the Controller without regard to fiscal years, which* shall be allocated~~, upon appropriation by the Legislature,~~ as follows:

(A) Twenty percent of the moneys for the purposes set forth in subparagraph (A) of paragraph (2) of subdivision (b).

(B) Forty percent of the moneys for the purposes set forth in subparagraph (B) of paragraph (2) of subdivision (b).

(C) Twenty percent of the moneys for the purposes set forth in subparagraph (C) of paragraph (2) of subdivision (b).

(D) Twenty percent of the moneys for the purposes set forth in subparagraph (D) of paragraph (2) of subdivision (b).

~~(d) (1) Except as otherwise provided by paragraph (2), the transfer of revenues from the General Fund of the State to the Transportation Investment Fund pursuant to subdivision (a) may be suspended, in whole or in part, for a fiscal year if all of the following conditions are met:~~

~~(A) The Governor issues a proclamation that declares that, due to a severe state fiscal hardship, the suspension of the transfer of revenues required by subdivision (a) is necessary.~~

~~(B) The Legislature enacts by statute, pursuant to a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, a suspension for that fiscal year of the transfer of revenues required by subdivision (a) and the bill does not contain any other unrelated provision.~~

~~(C) No later than the effective date of the statute described in subparagraph (B), a separate statute is enacted that provides for the full repayment to the Transportation Investment Fund of the total amount of revenue that was not transferred to that fund as a result of the suspension, including interest as provided by law. This full repayment shall be made not later than the end of the third fiscal year immediately following the fiscal year to which the suspension applies.~~

~~(2) (A) The transfer required by subdivision (a) shall not be suspended for more than two fiscal years during any period of 10 consecutive fiscal years, which period begins with the first fiscal year commencing on or after July 1, 2007, for which the transfer required by subdivision (a) is suspended.~~

~~(B) The transfer required by subdivision (a) shall not be suspended during any fiscal year if a full repayment required by a statute enacted in accordance with subparagraph (C) of paragraph (1) has not yet been completed.~~

~~(e)~~ *(d)* The Legislature may *not* enact a statute that modifies the percentage shares set forth in subdivision (c) ~~by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the moneys described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b).~~ *until all of the following have occurred:*

(1) The California Transportation Commission has held no less than four public hearings in different parts of the State to receive public input about the need for public transit, mass transportation, transportation capital improvement projects, and street and highway maintenance;

(2) The California Transportation Commission has published a report describing the input received at the public hearings and how the modification to the statutory allocation is consistent with the orderly achievement of local, regional and statewide goals for public transit, mass transportation, transportation capital improvements, and street and highway maintenance in a manner that is consistent with local general plans, regional transportation plans, and the California Transportation Plan;

(3) Ninety days have passed since the publication of the report by the California Transportation Commission.

(4) The statute enacted by the Legislature pursuant to this subdivision must be by a bill passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, provided that the bill does not contain any other unrelated provision and that the revenues described in subdivision (a) are expended solely for the purposes set forth in paragraph (2) of subdivision (b).

~~(f)~~ *(e)* (1) An amount equivalent to the total amount of

revenues that were not transferred from the General Fund of the State to the Transportation Investment Fund, as of July 1, 2007, because of a suspension of transfer of revenues pursuant to this section as it read on January 1, 2006, but excluding the amount to be paid to the Transportation Deferred Investment Fund pursuant to Section 63048.65 of the Government Code, shall be transferred from the General Fund to the Transportation Investment Fund no later than June 30, 2016. Until this total amount has been transferred, the amount of transfer payments to be made in each fiscal year shall not be less than one-tenth of the total amount required to be transferred by June 30, 2016. The transferred revenues shall be allocated solely for the purposes set forth in this section as if they had been received in the absence of a suspension of transfer of revenues.

(2) The Legislature may provide by statute for the issuance of bonds by the state or local agencies, as applicable, that are secured by the minimum transfer payments required by paragraph (1). Proceeds from the sale of those bonds shall be allocated solely for the purposes set forth in this section as if they were revenues subject to allocation pursuant to paragraph (2) of subdivision (b).

(f) This section constitutes the sole method of allocating, distributing, and using the revenues described in subdivision (a). The purposes described in paragraph (2) of subdivision (b) are the sole purposes for which the revenues described in subdivision (a) may be used. The Legislature may not enact a statute or take any other action which, permanently or temporarily, does any of the following:

(1) Transfers, diverts, or appropriates the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b);

(2) Authorizes the expenditures of the revenues described in subdivision (a) for any other purposes than those described in paragraph (2) of subdivision (b) or;

(3) Borrows or loans the revenues described in subdivision (a), regardless of whether these revenues remain in the Transportation Investment Fund or are transferred to another fund or account such as the Public Transportation Account, a trust fund in the State Transportation Fund.

(g) For purposes of this article, "mass transportation," "public transit" and "mass transit" have the same meanings as "public transportation." "Public transportation" means:

(1) (A) Surface transportation service provided to the general public, complementary paratransit service provided to persons with disabilities as required by 42 U.S.C. 12143, or similar transportation provided to people with disabilities or the elderly; (B) operated by bus, rail, ferry, or other conveyance on a fixed route, demand response, or otherwise regularly available basis; (C) generally for which a fare is charged; and (D) provided by any transit district, included transit district, municipal operator, included municipal operator, eligible municipal operator, or transit development board, as those terms were defined in Article 1 of Chapter 4 of Part 11 of Division 10 of the Public Utilities Code on January 1, 2009, a joint powers authority formed to provide mass transportation services, an agency described in subdivision (f) of Section 15975 of the Government Code, as that section read on January 1, 2009, any recipient of funds under Sections 99260, 99260.7, 99275, or subdivision (c) of Section 99400 of the Public Utilities Code, as those sections read on January 1, 2009, or a consolidated agency as defined in Section 132353.1 of the Public Utilities Code, as that section read on January 1, 2009.

(2) Surface transportation service provided by the Department of Transportation pursuant to subdivision (a) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(3) Public transit capital improvement projects, including those identified in subdivision (b) of Section 99315 of the Public Utilities Code, as that section read on July 30, 2009.

(h) If the Legislature reduces or repeals the taxes described in subdivision (a) and adopts an alternative source of revenue to replace the moneys derived from those taxes, the replacement revenue shall be deposited into the Transportation Investment Fund, dedicated to the purposes listed in paragraph (2) of subdivision (b), and allocated pursuant to subdivision (c). All other provisions of this article shall apply to any revenues adopted by the Legislature to replace the moneys derived from the taxes described in subdivision (a).

Section 8. Article XIX C is added to the California Constitution, to read:

Article XIX C

SECTION 1. If any challenge to invalidate an action that violates Article XIX, XIX A, or XIX B is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the Controller, without regard to fiscal years, that amount of revenue necessary to restore the fund or account from which the revenues were unlawfully taken or diverted to its financial status had the unlawful action not been taken.

SEC. 2. If any challenge to invalidate an action that violates Section 24 or Section 25.5 of Article XIII is successful either by way of a final judgment, settlement, or resolution by administrative or legislative action, there is hereby continuously appropriated from the General Fund to the local government an amount of revenue equal to the amount of revenue unlawfully taken or diverted.

SEC. 3. Interest calculated at the Pooled Money Investment Fund rate from the date or dates the revenues were unlawfully taken or diverted shall accrue to the amounts required to be restored pursuant to this section. Within 30 days from the date a challenge is successful, the Controller shall make the transfer required by the continuous appropriation and issue a notice to the parties that the transfer has been completed.

SEC. 4. If in any challenge brought pursuant to this section a restraining order or preliminary injunction is issued, the plaintiffs or petitioners shall not be required to post a bond obligating the plaintiffs or petitioners to indemnify the government defendants or the State of California for any damage the restraining order or preliminary injunction may cause.

Section 9.

Section 16 of Article XVI of the Constitution requires that a specified portion of the taxes levied upon the taxable property in a redevelopment project each year be allocated to the redevelopment agency to repay indebtedness incurred for the purpose of eliminating blight within the redevelopment project area. Section 16 of Article XVI prohibits the Legislature from reallocating some or that entire specified portion of the taxes to the State, an agency of the State, or any other taxing jurisdiction, instead of to the redevelopment agency. The Legislature has been illegally circumventing Section 16 of Article XVI in recent years by requiring redevelopment agencies to transfer a portion of those taxes for purposes other than the financing of redevelopment projects. A purpose of the amendments made by this measure is to prohibit the Legislature from requiring, after the taxes have been allocated to a redevelopment agency, the redevelopment agency to transfer some or all of those taxes to the State, an agency of the State, or a jurisdiction; or to use some or all of those taxes for the benefit of the State, an agency of the State, or a jurisdiction.

Section 10. Continuous Appropriations.

The provisions of Sections 6, 6.1, 7, 7.1, and 8 of this act that require a continuous appropriation to the Controller without regard to fiscal year are intended to be "appropriations made by law" within the meaning of Section 7 of Article XVI of the California Constitution.

Section 11. Liberal Construction.

The provisions of this act shall be liberally construed in order to effectuate its purposes.

Section 12. Conflicting Statutes.

Any statute passed by the Legislature between October 21, 2009 and the effective date of this measure, that would have been prohibited if this measure were in effect on the date it was enacted, is hereby repealed.

Section 13. Conflicting Ballot Measures.

In the event that this measure and another measure or measures relating to the direction or redirection of revenues dedicated to funding services provided by local governments or transportation projects or services, or both, appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

Section 14. Severability.

It is the intent of the People that the provisions of this act are severable and that if any provision of this act or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provision or application of this act which can be given effect without the invalid provision or application.

PROPOSITION 23

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure adds a section to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

California Jobs Initiative

SECTION 1. STATEMENT OF FINDINGS

(a) In 2006, the Legislature and Governor enacted a sweeping environmental law, AB 32. While protecting the environment is of utmost importance, we must balance such regulation with the ability to maintain jobs and protect our economy.

(b) At the time the bill was signed, the unemployment rate in California was 4.8 percent. California's unemployment rate has since skyrocketed to more than 12 percent.

(c) Numerous economic studies predict that complying with AB 32 will cost Californians billions of dollars with massive increases in the price of gasoline, electricity, food and water, further punishing California consumers and households.

(d) California businesses cannot drive our economic recovery and create the jobs we need when faced with billions of dollars in new regulations and added costs; and

(e) California families being hit with job losses, pay cuts and furloughs cannot afford to pay the increased prices that will be passed onto them as a result of this legislation right now.

SEC. 2. STATEMENT OF PURPOSE

The people desire to temporarily suspend the operation and implementation of AB 32 until the state's unemployment rate returns to the levels that existed at the time of its adoption.

SEC. 3. Division 25.6 (commencing with Section 38600) is added to the Health and Safety Code, to read:

DIVISION 25.6. SUSPENSION OF AB 32

38600. (a) From and after the effective date of this division, Division 25.5 (commencing with Section 38500) of the Health and Safety Code is suspended until such time as the unemployment rate in California is 5.5 percent or less for four consecutive calendar quarters.

(b) While suspended, no state agency shall propose, promulgate, or adopt any regulation implementing Division 25.5 (commencing with Section 38500) and any regulation adopted prior to the effective date of this division shall be void and unenforceable until such time as the suspension is lifted.

PROPOSITION 24

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends and repeals sections of the Revenue and Taxation Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title

This act shall be known as the "Repeal Corporate Tax Loopholes Act."

SEC. 2. Findings and Declarations

The people of the State of California find and declare that:

1. The State of California is in the midst of the worst financial crisis since the Great Depression. State revenues have plummeted, millions of Californians have lost their jobs, and hundreds of thousands of California homes have been lost in foreclosure sales. Projections suggest it could be many years before the state and its citizens recover.

2. To cope with the fiscal crisis, in 2008 and 2009 the Legislature and Governor raised taxes paid by the people of this state: the personal income tax, the state sales tax, and vehicle license fees. Yet at the same time they passed three special corporate tax breaks that give large corporations nearly $2 billion a year in state revenues.

3. No public hearings were held and no public notice was given before these corporate tax breaks were passed by the Legislature and signed into law by the Governor.

4. Corporations get these tax breaks without any requirements to create new jobs or to stop shipping current jobs overseas.

5. These loopholes benefit the biggest of corporations with gross incomes of over $1 billion. One study estimates that 80 percent of the benefits from the first loophole will go to just 0.1 percent of all California corporations. Similarly, estimates are that 87 percent of the benefits from one tax break will go to just 229 companies, each of which has gross income over $1 billion.

6. At the same time it created these corporate loopholes, the Legislature and Governor enacted $31 billion in cuts to the state budget—decimating funding for public schools and colleges, eliminating health care services to our neediest citizens, closing

state parks, furloughing state workers, and wreaking havoc on our state's citizens.

7. The first tax loophole allows corporations to choose which of two formulas to use to determine the share of their profits that is taxed in California. There is little doubt corporations will choose the formula that allows them to pay less taxes to this state.

8. The second tax loophole allows corporations to transfer tax credits among their related companies. This allows a company to use tax credits it didn't even earn to reduce the amount of taxes it pays to this state.

9. The third loophole allows corporations to carry back net operating losses and claim refunds for taxes they have already owed and paid in prior years.

10. Public schools are bearing the brunt of these cuts. Over the last two years, the state has cut more than $17 billion from the K–12 school system. Schools have laid off more than 20,000 classroom teachers and education support staff. Elementary class sizes have grown from 20 students to more than 30 kids in each class. Middle and high school class sizes of 40 are common, with some as large as 60. There will be no new textbooks for years. Entire art, music, vocational education and athletic programs have been eliminated. Schools throughout the state may shut their doors five days early.

11. Since 1981, the share of corporate income paid in taxes has fallen by nearly half—even before these special tax breaks. California taxpayers are paying more, while big corporations are paying less.

12. We should not be cutting vital programs and raising taxes on low-income and middle-class Californians while enacting tax loopholes for big corporations. It makes no sense, and it isn't fair. When public education has been cut by over $9 billion this year, and taxes on individuals have increased by $12.5 billion, we cannot afford to give large corporations billions in special tax breaks that are not tied in any way to creating jobs in California. In these tough economic times, everyone should pay their fair share.

SEC. 3. Purpose and Intent

The people enact this measure to repeal three tax breaks that were granted to corporations in 2008 and 2009: the elective single sales factor provisions contained in ABx3 15 and SBx3 15 of 2009; (2) the net operating loss carryback provisions contained in AB 1452 of 2008; and (3) the tax credit sharing provisions in AB 1452 of 2008.

SEC. 4. Section 17276 of the Revenue and Taxation Code is amended to read:

17276. Except as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7, the deduction provided by Section 172 of the Internal Revenue Code, relating to a net operating loss deduction, shall be modified as follows:

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (d).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) If the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in subdivision (d).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (d).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of that paragraph, paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net

operating loss constituted the entire net operating loss.

(6) For purposes of this section, the term "net loss" means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) Net operating loss carrybacks shall not be allowed.

~~(c) Section 172(b)(1) of the Internal Revenue Code, relating to net operating loss carrybacks and carryovers and the years to which the loss may be carried, is modified as follows:~~

~~(1) Net operating loss carrybacks shall not be allowed for any net operating losses attributable to taxable years beginning before January 1, 2011.~~

~~(2) A net operating loss attributable to taxable years beginning on or after January 1, 2011, shall be a net operating loss carryback to each of the two taxable years preceding the taxable year of the loss in lieu of the number of years provided therein.~~

~~(A) For a net operating loss attributable to a taxable year beginning on or after January 1, 2011, and before January 1, 2012, the amount of carryback to any taxable year shall not exceed 50 percent of the net operating loss.~~

~~(B) For a net operating loss attributable to a taxable year beginning on or after January 1, 2012, and before January 1, 2013, the amount of carryback to any taxable year shall not exceed 75 percent of the net operating loss.~~

~~(C) For a net operating loss attributable to a taxable year beginning on or after January 1, 2013, the amount of carryback to any taxable year shall not exceed 100 percent of the net operating loss.~~

~~(3) Notwithstanding paragraph (2), Section 172(b)(1)(B) of the Internal Revenue Code, relating to special rules for REITs, and Sections 172(b)(1)(E) and 172(h) of the Internal Revenue Code, relating to corporate equity reduction interest loss, shall apply as provided.~~

~~(4) A net operating loss carryback shall not be carried back to any taxable year beginning before January 1, 2009.~~

(d) (1) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "five taxable years" in lieu of "20 taxable years" except as otherwise provided in paragraphs (2) and (3).

(B) For a net operating loss for any taxable year beginning on or after January 1, 2000, ~~and before January 1, 2008,~~ Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "10 taxable years" in lieu of "20 taxable years."

(2) For any taxable year beginning before January 1, 2000, in the case of a "new business," the "five taxable years" in paragraph (1) shall be modified to read as follows:

(A) "Eight taxable years" for a net operating loss attributable to the first taxable year of that new business.

(B) "Seven taxable years" for a net operating loss attributable to the second taxable year of that new business.

(C) "Six taxable years" for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 17276.3, the carryover period specified in this subdivision shall be extended as follows:

(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a taxpayer that is under the jurisdiction of the court in a Title 11 or similar case at any time during the income year. The loss carryover provided in the preceding sentence shall not apply to any loss incurred after the date the taxpayer is no longer under the jurisdiction of the court in a Title 11 or similar case.

(e) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars ($1,000,000) during the taxable year.

(2) Except as provided in subdivision (f), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or "S" corporation paragraphs (1) and (2) shall be applied to the partnership or "S" corporation.

(f) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.

(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months ("prior trade or business activity"), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer's (or any related person's) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph

(1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) "Related person" shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) "Acquire" shall include any gift, inheritance, transfer incident to divorce, or any other transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term "new business" shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) "Biopharmaceutical activities" means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) "Other biotechnology activities" means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(g) In computing the modifications under Section 172(d)(2) of the Internal Revenue Code, relating to capital gains and losses of taxpayers other than corporations, the exclusion provided by Section 18152.5 shall not be allowed.

(h) Notwithstanding any provisions of this section to the contrary, a deduction shall be allowed to a "qualified taxpayer" as provided in Sections 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7.

(i) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(j) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(k) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 5. Section 17276.9 of the Revenue and Taxation Code is amended to read:

17276.9. (a) Notwithstanding Sections 17276, 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, and 17276.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2008, and before January 1, 2010.

(b) For any net operating loss or carryover of a net operating loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2008.

~~(c) Notwithstanding subdivision (a), a net operating loss deduction shall be allowed for carryback of a net operating loss attributable to a taxable year beginning on or after January 1, 2011.~~

~~(d)~~ *(c)* The provisions of this section shall not apply to a taxpayer with net business income of less than five hundred thousand dollars ($500,000) for the taxable year. For purposes of this subdivision, business income means:

(1) Income from a trade or business, whether conducted by the taxpayer or by a passthrough entity owned directly or indirectly by the taxpayer. For purposes of this paragraph, the term "passthrough entity" means a partnership or an "S" corporation.

(2) Income from rental activity.

(3) Income attributable to a farming business.

SEC. 6. Section 17276.10 of the Revenue and Taxation Code is repealed.

~~17276.10. Notwithstanding Section 17276.1, 17276.2, 17276.4, 17276.5, 17276.6, or 17276.7 to the contrary, a net operating loss attributable to a taxable year beginning on or after January 1, 2008, shall be a net operating carryover to each of the 20 taxable years following the year of the loss, and a net operating loss attributable to a taxable year beginning on or after January 1, 2011, shall also be a net operating loss carryback to each of the two taxable years preceding the taxable year of loss.~~

SEC. 7. Section 23663 of the Revenue and Taxation Code is repealed.

~~23663. (a) (1) Notwithstanding any other law to the contrary, for each taxable year beginning on or after July 1, 2008, any credit allowed to a taxpayer under this chapter that is an "eligible credit (within the meaning of paragraph (2) of subdivision (b)) may be assigned by that taxpayer to any "eligible assignee" (within the meaning of paragraph (3) of subdivision (b)).~~

~~(2) A credit assigned under paragraph (1) may only be applied by the eligible assignee against the "tax" of the eligible assignee in a taxable year beginning on or after January 1, 2010.~~

~~(3) Except as specifically provided in this section, following an assignment of any eligible credit under this section, the eligible assignee shall be treated as if it originally earned the assigned credit.~~

~~(b) For purposes of this section, the following definitions shall apply:~~

~~(1) "Affiliated corporation" means a corporation that is a member of a commonly controlled group as defined in Section 25105.~~

~~(2) "Eligible credit" shall mean:~~

~~(A) Any credit earned by the taxpayer in a taxable year beginning on or after July 1, 2008, or~~

~~(B) Any credit earned in any taxable year beginning before July 1, 2008, that is eligible to be carried forward to the taxpayer's first taxable year beginning on or after July 1, 2008, under the provisions of this part.~~

~~(3) "Eligible assignee" shall mean any affiliated corporation that is properly treated as a member of the same combined reporting group pursuant to Section 25101 or 25110 as the taxpayer assigning~~

~~the eligible credit as of:~~

~~(A) In the case of credits earned in taxable years beginning before July 1, 2008:~~

~~(i) June 30, 2008, and~~

~~(ii) The last day of the taxable year of the assigning taxpayer in which the eligible credit is assigned.~~

~~(B) In the case of credits earned in taxable years beginning on or after July 1, 2008.~~

~~(i) The last day of the first taxable year in which the credit was allowed to the taxpayer, and~~

~~(ii) The last day of the taxable year of the assigning taxpayer in which the eligible credit is assigned.~~

~~(c) (1) The election to assign any credit under subdivision (a) shall be irrevocable once made, and shall be made by the taxpayer allowed that credit on its original return for the taxable year in which the assignment is made.~~

~~(2) The taxpayer assigning any credit under this section shall reduce the amount of its unused credit by the face amount of any credit assigned under this section, and the amount of the assigned credit shall not be available for application against the assigning taxpayer's "tax" in any taxable year, nor shall it thereafter be included in the amount of any credit carryover of the assigning taxpayer.~~

~~(3) The eligible assignee of any credit under this section may apply all or any portion of the assigned credits against the "tax" (as defined in Section 23036) of the eligible assignee for the taxable year in which the assignment occurs, or any subsequent taxable year, subject to any carryover period limitations that apply to the assigned credit and also subject to the limitation in paragraph (2) of subdivision (a).~~

~~(4) In no case may the eligible assignee sell, otherwise transfer, or thereafter assign the assigned credit to any other taxpayer.~~

~~(d) (1) No consideration shall be required to be paid by the eligible assignee to the assigning taxpayer for assignment of any credit under this section.~~

~~(2) In the event that any consideration is paid by the eligible assignee to the assigning taxpayer for the transfer of an eligible credit under this section, then:~~

~~(A) No deduction shall be allowed to the eligible assignee under this part with respect to any amounts so paid, and~~

~~(B) No amounts so received by the assigning taxpayer shall be includable in gross income under this part.~~

~~(e) (1) The Franchise Tax Board shall specify the form and manner in which the election required under this section shall be made, as well as any necessary information that shall be required to be provided by the taxpayer assigning the credit to the eligible assignee.~~

~~(2) Any taxpayer who assigns any credit under this section shall report any information, in the form and manner specified by the Franchise Tax Board, necessary to substantiate any credit assigned under this section and verify the assignment and subsequent application of any assigned credit.~~

~~(3) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code shall not apply to any standard, criterion, procedure, determination, rule, notice, or guideline established or issued by the Franchise Tax Board pursuant to paragraphs (1) and (2).~~

~~(4) The Franchise Tax Board may issue any regulations necessary to implement the purposes of this section, including any regulations necessary to specify the treatment of any assignment that does not comply with the requirements of this section (including, for example, where the taxpayer and eligible assignee are not properly treated as members of the same combined reporting group on any of the dates specified in paragraph (3) of subdivision (b).~~

~~(f) (1) The taxpayer and the eligible assignee shall be jointly and severally liable for any tax, addition to tax, or penalty that results from the disallowance, in whole or in part, of any eligible credit assigned under this section.~~

~~(2) Nothing in this section shall limit the authority of the Franchise Tax Board to audit either the assigning taxpayer or the eligible assignee with respect to any eligible credit assigned under this section.~~

~~(g) On or before June 30, 2013, the Franchise Tax Board shall report to the Joint Legislative Budget Committee, the Legislative Analyst, and the relevant policy committees of both houses on the effects of this section. The report shall include, but need not be limited to, the following:~~

~~(1) An estimate of use of credits in the 2010 and 2011 taxable years by eligible taxpayers.~~

~~(2) An analysis of effect of this section on expanding business activity in the state related to these credits.~~

~~(3) An estimate of the resulting tax revenue loss to the state.~~

~~(4) The report shall cover all credits covered in this section, but focus on the credits related to research and development, economic incentive areas, and low income housing.~~

SEC. 8. Section 24416 of the Revenue and Taxation Code is amended to read:

24416. Except as provided in Sections 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7, a net operating loss deduction shall be allowed in computing net income under Section 24341 and shall be determined in accordance with Section 172 of the Internal Revenue Code, except as otherwise provided.

(a) (1) Net operating losses attributable to taxable years beginning before January 1, 1987, shall not be allowed.

(2) A net operating loss shall not be carried forward to any taxable year beginning before January 1, 1987.

(b) (1) Except as provided in paragraphs (2) and (3), the provisions of Section 172(b)(2) of the Internal Revenue Code, relating to the amount of carryovers, shall be modified so that the applicable percentage of the entire amount of the net operating loss for any taxable year shall be eligible for carryover to any subsequent taxable year. For purposes of this subdivision, the applicable percentage shall be:

(A) Fifty percent for any taxable year beginning before January 1, 2000.

(B) Fifty-five percent for any taxable year beginning on or after January 1, 2000, and before January 1, 2002.

(C) Sixty percent for any taxable year beginning on or after January 1, 2002, and before January 1, 2004.

(D) One hundred percent for any taxable year beginning on or after January 1, 2004.

(2) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates a new business during that taxable year, each of the following shall apply to each loss incurred during the first three taxable years of operating the new business:

(A) If the net operating loss is equal to or less than the net loss from the new business, 100 percent of the net operating loss shall be carried forward as provided in subdivision (e).

(B) If the net operating loss is greater than the net loss from the new business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the new business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to the portion of the net operating loss that exceeds the net loss from the new business, the applicable percentage of that amount shall be carried forward as provided in subdivision (d).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(3) In the case of a taxpayer who has a net operating loss in any taxable year beginning on or after January 1, 1994, and who operates an eligible small business during that taxable year, each of the following shall apply:

(A) If the net operating loss is equal to or less than the net loss from the eligible small business, 100 percent of the net operating loss shall be carried forward to the taxable years specified in paragraph (1) of subdivision (e).

(B) If the net operating loss is greater than the net loss from the eligible small business, the net operating loss shall be carried over as follows:

(i) With respect to an amount equal to the net loss from the eligible small business, 100 percent of that amount shall be carried forward as provided in subdivision (e).

(ii) With respect to that portion of the net operating loss that exceeds the net loss from the eligible small business, the applicable percentage of that amount shall be carried forward as provided in subdivision (e).

(C) For purposes of Section 172(b)(2) of the Internal Revenue Code, the amount described in clause (ii) of subparagraph (B) shall be absorbed before the amount described in clause (i) of subparagraph (B).

(4) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates a business that qualifies as both a new business and an eligible small business under this section, that business shall be treated as a new business for the first three taxable years of the new business.

(5) In the case of a taxpayer who has a net operating loss in a taxable year beginning on or after January 1, 1994, and who operates more than one business, and more than one of those businesses qualifies as either a new business or an eligible small business under this section, paragraph (2) shall be applied first, except that if there is any remaining portion of the net operating loss after application of clause (i) of subparagraph (B) of paragraph (2), paragraph (3) shall be applied to the remaining portion of the net operating loss as though that remaining portion of the net operating loss constituted the entire net operating loss.

(6) For purposes of this section, "net loss" means the amount of net loss after application of Sections 465 and 469 of the Internal Revenue Code.

(c) For any taxable year in which the taxpayer has in effect a water's-edge election under Section 25110, the deduction of a net operating loss carryover shall be denied to the extent that the net operating loss carryover was determined by taking into account the income and factors of an affiliated corporation in a combined report whose income and apportionment factors would not have been taken into account if a water's-edge election under Section 25110 had been in effect for the taxable year in which the loss was incurred.

(d) Net operating loss carrybacks shall not be allowed.

~~(d) Section 172(b)(1) of the Internal Revenue Code, relating to net operating loss carrybacks and carryovers and the years to which the loss may be carried, is modified as follows:~~

~~(1) Net operating loss carrybacks shall not be allowed for any net operating losses attributable to taxable years beginning before January 1, 2011.~~

~~(2) A net operating loss attributable to taxable years beginning on or after January 1, 2011, shall be a net operating loss carryback to each of the two taxable years preceding the taxable year of the loss in lieu of the number of years provided therein.~~

~~(A) For a net operating loss attributable to a taxable year beginning on or after January 1, 2011, and before January 1, 2012, the amount of carryback to any taxable year shall not exceed 50 percent of the net operating loss.~~

~~(B) For a net operating loss attributable to a taxable year beginning on or after January 1, 2012, and before January 1, 2013, the amount of carryback to any taxable year shall not exceed 75 percent of the net operating loss.~~

~~(C) For a net operating loss attributable to a taxable year beginning on or after January 1, 2013, the amount of carryback to any taxable year shall not exceed 100 percent of the net operating loss.~~

~~(3) Notwithstanding paragraph (2), Section 172(b)(1)(B) of the Internal Revenue Code, relating to special rules for REITs, and Sections 172(b)(1)(E) and 172(h) of the Internal Revenue Code, relating to corporate equity reduction interest loss, shall apply as provided.~~

~~(4) A net operating loss carryback shall not be carried back to any taxable year beginning before January 1, 2009.~~

(e) (1) (A) For a net operating loss for any taxable year beginning on or after January 1, 1987, and before January 1, 2000, Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "five taxable years" in lieu of "20 years" except as otherwise provided in paragraphs (2), (3), and (4).

(B) For a net operating loss for any income year beginning on or after January 1, 2000, ~~and before January 1, 2008,~~ Section 172(b)(1)(A)(ii) of the Internal Revenue Code, relating to years to which net operating losses may be carried, is modified to substitute "10 taxable years" in lieu of "20 taxable years."

(2) For any income year beginning before January 1, 2000, in the case of a "new business," the "five taxable years" referred to in paragraph (1) shall be modified to read as follows:

(A) "Eight taxable years" for a net operating loss attributable to the first taxable year of that new business.

(B) "Seven taxable years" for a net operating loss attributable to the second taxable year of that new business.

(C) "Six taxable years" for a net operating loss attributable to the third taxable year of that new business.

(3) For any carryover of a net operating loss for which a deduction is denied by Section 24416.3, the carryover period specified in this subdivision shall be extended as follows:

(A) By one year for a net operating loss attributable to taxable years beginning in 1991.

(B) By two years for a net operating loss attributable to taxable years beginning prior to January 1, 1991.

(4) The net operating loss attributable to taxable years beginning on or after January 1, 1987, and before January 1, 1994, shall be a net operating loss carryover to each of the 10 taxable years following the year of the loss if it is incurred by a corporation that was either of the following:

(A) Under the jurisdiction of the court in a Title 11 or similar case at any time prior to January 1, 1994. The loss carryover provided in the preceding sentence shall not apply to any loss incurred in an income year after the taxable year during which the corporation is no longer under the jurisdiction of the court in a Title 11 or similar case.

(B) In receipt of assets acquired in a transaction that qualifies as a tax-free reorganization under Section 368(a)(1)(G) of the Internal Revenue Code.

(f) For purposes of this section:

(1) "Eligible small business" means any trade or business that has gross receipts, less returns and allowances, of less than one million dollars ($1,000,000) during the income year.

(2) Except as provided in subdivision (g), "new business" means any trade or business activity that is first commenced in this state on or after January 1, 1994.

(3) "Title 11 or similar case" shall have the same meaning as in Section 368(a)(3) of the Internal Revenue Code.

(4) In the case of any trade or business activity conducted by a partnership or an "S corporation," paragraphs (1) and (2) shall be applied to the partnership or "S corporation."

(g) For purposes of this section, in determining whether a trade or business activity qualifies as a new business under paragraph (2) of subdivision (e), the following rules shall apply:

(1) In any case where a taxpayer purchases or otherwise acquires all or any portion of the assets of an existing trade or business (irrespective of the form of entity) that is doing business in this state (within the meaning of Section 23101), the trade or business thereafter conducted by the taxpayer (or any related person) shall not be treated as a new business if the aggregate fair market value of the acquired assets (including real, personal, tangible, and intangible property) used by the taxpayer (or any related person) in the conduct of its trade or business exceeds 20 percent of the aggregate fair market value of the total assets of the trade or business being conducted by the taxpayer (or any related person). For purposes of this paragraph only, the following rules shall apply:

(A) The determination of the relative fair market values of the acquired assets and the total assets shall be made as of the last day of the first taxable year in which the taxpayer (or any related person) first uses any of the acquired trade or business assets in its business activity.

(B) Any acquired assets that constituted property described in Section 1221(1) of the Internal Revenue Code in the hands of the transferor shall not be treated as assets acquired from an existing trade or business, unless those assets also constitute property described in Section 1221(1) of the Internal Revenue Code in the hands of the acquiring taxpayer (or related person).

(2) In any case where a taxpayer (or any related person) is engaged in one or more trade or business activities in this state, or has been engaged in one or more trade or business activities in this state within the preceding 36 months ("prior trade or business activity"), and thereafter commences an additional trade or business activity in this state, the additional trade or business activity shall only be treated as a new business if the additional trade or business activity is classified under a different division of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, than are any of the taxpayer's (or any related person's) current or prior trade or business activities.

(3) In any case where a taxpayer, including all related persons, is engaged in trade or business activities wholly outside of this state and the taxpayer first commences doing business in this state (within the meaning of Section 23101) after December 31, 1993 (other than by purchase or other acquisition described in paragraph (1)), the trade or business activity shall be treated as a new business under paragraph (2) of subdivision (e).

(4) In any case where the legal form under which a trade or business activity is being conducted is changed, the change in form shall be disregarded and the determination of whether the trade or business activity is a new business shall be made by treating the taxpayer as having purchased or otherwise acquired all or any portion of the assets of an existing trade or business under the rules of paragraph (1) of this subdivision.

(5) "Related person" shall mean any person that is related to the taxpayer under either Section 267 or 318 of the Internal Revenue Code.

(6) "Acquire" shall include any transfer, whether or not for consideration.

(7) (A) For taxable years beginning on or after January 1, 1997, the term "new business" shall include any taxpayer that is engaged in biopharmaceutical activities or other biotechnology activities that are described in Codes 2833 to 2836, inclusive, of the Standard Industrial Classification (SIC) Manual published by the United States Office of Management and Budget, 1987 edition, and as further amended, and that has not received regulatory approval for any product from the United States Food and Drug Administration.

(B) For purposes of this paragraph:

(i) "Biopharmaceutical activities" means those activities that use organisms or materials derived from organisms, and their cellular, subcellular, or molecular components, in order to provide pharmaceutical products for human or animal therapeutics and diagnostics. Biopharmaceutical activities make use of living organisms to make commercial products, as opposed to pharmaceutical activities that make use of chemical compounds to produce commercial products.

(ii) "Other biotechnology activities" means activities consisting of the application of recombinant DNA technology to produce commercial products, as well as activities regarding pharmaceutical delivery systems designed to provide a measure of control over the rate, duration, and site of pharmaceutical delivery.

(h) For purposes of corporations whose net income is determined under Chapter 17 (commencing with Section 25101), Section 25108 shall apply to each of the following:

(1) The amount of net operating loss incurred in any taxable year that may be carried forward to another taxable year.

(2) The amount of any loss carry forward that may be deducted in any taxable year.

(i) The provisions of Section 172(b)(1)(D) of the Internal Revenue Code, relating to bad debt losses of commercial banks, shall not be applicable.

(j) The Franchise Tax Board may prescribe appropriate regulations to carry out the purposes of this section, including any regulations necessary to prevent the avoidance of the purposes of this section through splitups, shell corporations, partnerships, tiered ownership structures, or otherwise.

(k) The Franchise Tax Board may reclassify any net operating loss carryover determined under either paragraph (2) or (3) of subdivision (b) as a net operating loss carryover under paragraph (1) of subdivision (b) upon a showing that the reclassification is necessary to prevent evasion of the purposes of this section.

(*l*) Except as otherwise provided, the amendments made by Chapter 107 of the Statutes of 2000 shall apply to net operating losses for taxable years beginning on or after January 1, 2000.

SEC. 9. Section 24416.9 of the Revenue and Taxation Code is amended to read:

24416.9. (a) Notwithstanding Sections 24416, 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, and 24416.7 of this code and Section 172 of the Internal Revenue Code, no net operating loss deduction shall be allowed for any taxable year beginning on or after January 1, 2008, and before January 1, 2010.

(b) For any net operating loss or carryover of a net operating

loss for which a deduction is denied by subdivision (a), the carryover period under Section 172 of the Internal Revenue Code shall be extended as follows:

(1) By one year, for losses incurred in taxable years beginning on or after January 1, 2008, and before January 1, 2009.

(2) By two years, for losses incurred in taxable years beginning before January 1, 2008.

~~(c) Notwithstanding subdivision (a), a net operating loss deduction shall be allowed for carryback of a net operating loss attributable to a taxable year beginning on or after January 1, 2011.~~

~~(d)~~ *(c)* The provisions of this section shall not apply to a taxpayer with income subject to tax under this part of less than five hundred thousand dollars ($500,000) for the taxable year.

SEC. 10. Section 24416.10 of the Revenue and Taxation Code is repealed.

~~24416.10. Notwithstanding Section 24416.1, 24416.2, 24416.4, 24416.5, 24416.6, or 24416.7 to the contrary, a net operating loss attributable to a taxable year beginning on or after January 1, 2008, shall be a net operating carryover to each of the 20 taxable years following the year of the loss, and a net operating loss attributable to a taxable year beginning on or after January 1, 2011, shall also be a net operating loss carryback to each of the two taxable years preceding the taxable year of loss.~~

SEC. 11. Section 25128.5 of the Revenue and Taxation Code is repealed.

~~25128.5. (a) Notwithstanding Section 38006, for taxable years beginning on or after January 1, 2011, any apportioning trade or business, other than an apportioning trade or business described in subdivision (b) of Section 25128, may make an irrevocable annual election on an original timely filed return, in the manner and form prescribed by the Franchise Tax Board to apportion its income in accordance with this section, and not in accordance with Section 25128.~~

~~(b) Notwithstanding Section 38006, for taxable years beginning on or after January 1, 2011, all business income of an apportioning trade or business making an election described in subdivision (a) shall be apportioned to this state by multiplying the business income by the sales factor.~~

~~(c) The Franchise Tax Board is authorized to issue regulations necessary or appropriate regarding the making of an election under this section, including regulations that are consistent with rules prescribed for making an election under Section 25113.~~

SEC. 12. Severability

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

SEC. 13. Conflicting Initiatives

In the event that this measure and another measure relating to these tax provisions shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the other measure shall be null and void.

PROPOSITION 25

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends a section of the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This measure shall be known and may be cited as the "On-Time Budget Act of 2010."

SEC. 2. Findings and Declarations.

The people of the State of California find and declare that:

1. For more than 20 years, the California Legislature has been unable to meet its constitutional duty to pass a Budget Act by June 15. In many of those years, the Legislature did not pass a Budget Act until the month of August, and in 2008, the Budget Act was not passed until September 16, more than three months late.

2. Late budget passage can have a sudden and devastating effect on individual Californians and California businesses. Individuals and families can be deprived of essential governmental services and businesses are subject to protracted delays in payments for services rendered to the State.

3. A major cause of the inability of the Legislature to pass a budget in a timely manner is the supermajority two-thirds vote required to pass a budget. Political party leaders refuse to compromise to solve the state's budget problem and have used the two-thirds vote requirement to hold up the budget or to leverage special interest concessions that benefit only a handful of politicians.

4. California, Rhode Island and Arkansas are the only states in the country that require a vote of two-thirds or more of the legislature to pass a budget.

5. A second major cause of the inability of the Legislature to pass a budget on time is that individual legislators have no incentive for doing so. Whether they adopt a budget on time or not has no effect upon those elected to represent the voters. In order to give the Legislature an incentive to pass the annual state budget on time, legislators should not be paid or reimbursed for living expenses if they fail to enact the budget on time. This measure requires incumbents to permanently forfeit their salaries and expenses for each day the budget is late.

SEC. 3. Purpose and Intent.

1. The people enact this measure to end budget delays by changing the legislative vote necessary to pass the budget from two-thirds to a majority vote and by requiring legislators to forfeit their pay if the Legislature fails to pass the budget on time.

2. This measure will not change Proposition 13's property tax limitations in any way. This measure will not change the two-thirds vote requirement for the Legislature to raise taxes.

SEC. 4. Section 12 of Article IV of the California Constitution is amended to read:

SEC. 12. (a) Within the first 10 days of each calendar year, the Governor shall submit to the Legislature, with an explanatory message, a budget for the ensuing fiscal year containing itemized statements for recommended state expenditures and estimated state revenues. If recommended expenditures exceed estimated revenues, the Governor shall recommend the sources from which the additional revenues should be provided.

(b) The Governor and the Governor-elect may require a state agency, officer or employee to furnish whatever information is deemed necessary to prepare the budget.

(c) (1) The budget shall be accompanied by a budget bill itemizing recommended expenditures.

(2) The budget bill shall be introduced immediately in each house by the persons chairing the committees that consider the budget.

(3) The Legislature shall pass the budget bill by midnight on June 15 of each year.

(4) Until the budget bill has been enacted, the Legislature shall not send to the Governor for consideration any bill appropriating funds for expenditure during the fiscal year for which the budget bill is to be enacted, except emergency bills recommended by the Governor or appropriations for the salaries and expenses of the Legislature.

(d) No bill except the budget bill may contain more than one item of appropriation, and that for one certain, expressed purpose. Appropriations from the General Fund of the State, except appropriations for the public schools~~,~~ *and appropriations in the budget bill and in other bills providing for appropriations related to the budget bill,* are void unless passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring.

(e) (1) Notwithstanding any other provision of law or of this Constitution, the budget bill and other bills providing for appropriations related to the budget bill may be passed in each house by rollcall vote entered in the journal, a majority of the membership concurring, to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. Nothing in this subdivision shall affect the vote requirement for appropriations for the public schools contained in subdivision (d) of this section and in subdivision (b) of Section 8 of this article.

(2) For purposes of this section, "other bills providing for appropriations related to the budget bill" shall consist only of bills identified as related to the budget in the budget bill passed by the Legislature.

~~(e)~~ *(f)* The Legislature may control the submission, approval, and enforcement of budgets and the filing of claims for all state agencies.

~~(f)~~ *(g)* For the 2004–05 fiscal year, or any subsequent fiscal year, the Legislature may not send to the Governor for consideration, nor may the Governor sign into law, a budget bill that would appropriate from the General Fund, for that fiscal year, a total amount that, when combined with all appropriations from the General Fund for that fiscal year made as of the date of the budget bill's passage, and the amount of any General Fund moneys transferred to the Budget Stabilization Account for that fiscal year pursuant to Section 20 of Article XVI, exceeds General Fund revenues for that fiscal year estimated as of the date of the budget bill's passage. That estimate of General Fund revenues shall be set forth in the budget bill passed by the Legislature.

(h) Notwithstanding any other provision of law or of this Constitution, including subdivision (c) of this section, Section 4 of this article, and Sections 4 and 8 of Article III, in any year in which the budget bill is not passed by the Legislature by midnight on June 15, there shall be no appropriation from the current budget or future budget to pay any salary or reimbursement for travel or living expenses for Members of the Legislature during any regular or special session for the period from midnight on June 15 until the day that the budget bill is presented to the Governor. No salary or reimbursement for travel or living expenses forfeited pursuant to this subdivision shall be paid retroactively.

SEC. 5. Severability.

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

PROPOSITION 26

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends sections of the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Findings and Declarations of Purpose.

The people of the State of California find and declare that:

(a) Since the people overwhelmingly approved Proposition 13 in 1978, the Constitution of the State of California has required that increases in state taxes be adopted by not less than two-thirds of the members elected to each house of the Legislature.

(b) Since the enactment of Proposition 218 in 1996, the Constitution of the State of California has required that increases in local taxes be approved by the voters.

(c) Despite these limitations, California taxes have continued to escalate. Rates for state personal income taxes, state and local sales and use taxes, and a myriad of state and local business taxes are at all-time highs. Californians are taxed at one of the highest levels of any state in the nation.

(d) Recently, the Legislature added another $12 billion in new taxes to be paid by drivers, shoppers, and anyone who earns an income.

(e) This escalation in taxation does not account for the recent phenomenon whereby the Legislature and local governments have disguised new taxes as "fees" in order to extract even more revenue from California taxpayers without having to abide by these constitutional voting requirements. Fees couched as "regulatory" but which exceed the reasonable costs of actual regulation or are simply imposed to raise revenue for a new program and are not part of any licensing or permitting program are actually taxes and should be subject to the limitations applicable to the imposition of taxes.

(f) In order to ensure the effectiveness of these constitutional limitations, this measure also defines a "tax" for state and local purposes so that neither the Legislature nor local governments can circumvent these restrictions on increasing taxes by simply defining new or expanded taxes as "fees."

SECTION 2. Section 3 of Article XIII A of the California Constitution is amended to read:

SEC. 3. *(a)* ~~From and after the effective date of this article, any changes in state taxes enacted for the purpose of increasing revenues collected pursuant thereto~~ *Any change in state statute which results in any taxpayer paying a higher tax* ~~whether by increased rates or changes in methods of computation~~ must be imposed by an ~~Act~~ *act* passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

(b) As used in this section, "tax" means any levy, charge, or exaction of any kind imposed by the State, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of conferring the benefit or granting the privilege to the payor.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of providing the service or product to the payor.

(3) A charge imposed for the reasonable regulatory costs to the State incident to issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of state property, or the purchase, rental, or lease of state property, except charges governed by Section 15 of Article XI.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or the State, as a result of a violation of law.

(c) Any tax adopted after January 1, 2010, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax is reenacted by the Legislature and signed into law by the Governor in compliance with the requirements of this section.

(d) The State bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

SECTION 3. Section 1 of Article XIII C of the California Constitution is amended to read:

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law.

(6) A charge imposed as a condition of property development.

(7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

SECTION 4. Conflicting Measures.

In the event that this measure and another measure or measures relating to the legislative or local votes required to enact taxes or fees shall appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures relating to the legislative or local votes required to enact taxes or fees shall be null and void.

SECTION 5. Severability.

If any provision of this act, or any part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

PROPOSITION 27

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends the California Constitution and repeals sections of the Government Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title.

This Act shall be known and may be cited as the "Financial Accountability in Redistricting Act" or "FAIR Act."

SECTION 2. Findings and Purpose.

The people of the State of California hereby make the following findings and declare their purpose in enacting the FAIR Act is as follows:

(a) Our political leadership has failed us. California is facing an unprecedented economic crisis and we, the people (not the politicians), need to prioritize how we spend our limited funds. We are going broke. Spending unlimited millions of dollars to create multiple new bureaucracies just to decide a political game of Musical Chairs is a waste—pure and simple. Under current law, a group of unelected commissioners, making up to $1 million a year

in cumulative salary, preside over a budget that cannot be cut even when state revenues are shrinking. This reform will cut wasteful spending on unnecessary bureaucracies whose sole purpose is to draw districts for politicians. This initiative reform provides a permanent cap on this kind of spending, and prohibits any spending increases without approval by the voters. It will save many millions of dollars.

(b) Under current law, three randomly selected accountants decide who can be one of the 14 unelected commissioners who head a bureaucracy that wields the power to decide who represents us. This reform will ensure that those who make the decisions are accountable to the voters and that all of their decisions are subject to approval by the voters.

(c) Voters should always have the final voice. Under current law, voters can be denied the right to pass a referendum against unfair Congressional district gerrymanders. A referendum means that we, the voters, have a right to say "no" to the Legislature, say "no" to a statute with which we disagree. Under current law, protections to ensure a transparent, open process can be changed against the will of the people. This initiative reform ensures that voters will always have the right to challenge any redistricting plan (including the Congressional plan) and that no government officials can deny the public the right to participate in the process.

(d) One-person-one-vote should mean something. But under current law, some people can count 10 percent more than others. Under current law, one district could have almost a million more people than another. That is not fair representation, it is the opposite. Historically, severely underpopulated districts were called "rotten boroughs." This practice must be stopped. This reform will ensure that all districts are precisely the same size and that every person counts equally.

(e) Unaccountable appointed officials cannot be trusted to serve the interests of our communities. The last time unelected officials drew districts, they split twice as many cities as those drawn by people who were accountable to the voters. This fracturing of cities diminishes the power of local communities. This reform strengthens protections against splitting counties and cities. We need reform to keep our communities and neighborhoods together so everyone has representation.

(f) Sacramento has become a full-time game of Musical Chairs—where incumbent term-limited politicians serve out their maximum term in one office and then run for another office where they are a shoo-in. This must stop! Current law gives State Assembly members the homefield advantage in running for the State Senate and gives State Senators the same advantage when running for the State Assembly. This is because current law mandates that in virtually all situations each State Senator represent 100 percent of two Assembly seats; each Assembly member represents 50 percent of a Senate district. Sacramento politicians already have access to millions of dollars from lobbyists and special interest groups. Stacking districts to further disadvantage ordinary people (homeowner groups, small business, environmental and community activist groups) who don't have access to the special interest contributions that flow to Sacramento incumbents is outrageous. This reform ends this practice.

(g) "Jim Crow" districts are a throwback to an awful bygone era. Districting by race, by class, by lifestyle or by wealth is unacceptable. Yet the same proponents who backed the current failing law have also proposed mandating that all districts be segregated according to "similar living standards" and that districts include only people with "similar work opportunities." Californians understand these code words. The days of "country club members only" districts or of "poor people only" districts are over. This reform ensures these districts remain a thing of the past. All Californians will be treated equally.

SECTION 3. Amendment of Article II of the California Constitution.

SECTION 3.1. Section 9 of Article II of the California Constitution is amended to read:

SEC. 9. (a) The referendum is the power of the electors to approve or reject statutes or parts of statutes except urgency statutes, statutes calling elections, and statutes providing for tax levies or appropriations for usual current expenses of the State. *None of these exceptions shall apply to any statutes or parts of statutes approving the final maps setting forth the district boundary lines for Congressional, Senate, Assembly, or State Board of Equalization districts.*

(b) A referendum measure may be proposed by presenting to the Secretary of State, within 90 days after the enactment date of the statute, a petition certified to have been signed by electors equal in number to 5 percent of the votes for all candidates for Governor at the last gubernatorial election, asking that the statute or part of it be submitted to the electors. In the case of a statute enacted by a bill passed by the Legislature on or before the date the Legislature adjourns for a joint recess to reconvene in the second calendar year of the biennium of the legislative session, and in the possession of the Governor after that date, the petition may not be presented on or after January 1 next following the enactment date unless a copy of the petition is submitted to the Attorney General pursuant to subdivision (d) of Section 10 of Article II before January 1.

(c) The Secretary of State shall then submit the measure at the next general election held at least 31 days after it qualifies or at a special statewide election held prior to that general election. The Governor may call a special statewide election for the measure.

SECTION 4. Amendment of Article XXI of the California Constitution.

SECTION 4.1. Section 1 of Article XXI of the California Constitution is amended to read:

SECTION 1. In the year following the year in which the national census is taken under the direction of Congress at the beginning of each decade, the Legislature shall adjust the boundary lines of ~~congressional,~~ *Congressional, State Senate, Assembly, and Board of Equalization* districts ~~in conformance with the following standards and process~~ *pursuant to a mapping process using the following criteria as set forth in the following order of priority*:

(a) Each member ~~of Congress~~ shall be elected from a single-member district.

(b) *Districts shall comply with the United States Constitution.* The population of all ~~congressional~~ districts shall be ~~reasonably equal~~ *precisely equal with other districts for the same office. If precise population equality is mathematically impossible, a population variation of no more than plus or minus one person shall be allowed.* ~~After following this criterion, the Legislature shall adjust the boundary lines according to the criteria set forth and prioritized in paragraphs (2), (3), (4), and (5) of subdivision (d) of Section 2. The Legislature shall issue, with its final map, a report that explains the basis on which it made its decisions in achieving compliance with these criteria and shall include definitions of the terms and standards used in drawing its final map.~~

(c) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following) and all federal law in effect at the time the districting plan is adopted.

(d) Districts shall be geographically contiguous.

(e) The geographical integrity of any city, county, city and

county, or community of interest shall be respected in a manner that minimizes its division. No contiguous city, county, or city and county that has fewer persons than the ideal population of a district established by subdivision (b) shall be split except to achieve population equality, contiguity, or to comply with all federal constitutional and statutory requirements including the Voting Rights Act (42 U.S.C. Sec. 1971 and following).

~~(c) Congressional districts~~ *(f) Districts for the same office* shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.

~~(d) The Legislature shall coordinate with the Citizens Redistricting Commission established pursuant to Section 2 to hold concurrent hearings, provide access to redistricting data and software, and otherwise ensure full public participation in the redistricting process. The Legislature shall comply with the open hearing requirements of paragraphs (1), (2), (3), and (7) of subdivision (a) of, and subdivision (b) of, Section 8253 of the Government Code, or its successor provisions of statute.~~

SEC. 4.2. Section 2 of Article XXI of the California Constitution is amended to read:

SEC. 2. (a) ~~The Citizens Redistricting Commission shall draw new district lines (also known as "redistricting") for State Senate, Assembly, and Board of Equalization districts. This commission shall be created no later than December 31 in 2010, and in each year ending in the number zero thereafter.~~

~~(b) The Citizens Redistricting Commission (hereinafter the "commission")~~ *The Legislature* shall: (1) conduct an open and transparent process enabling full public consideration of and comment on the drawing of district lines; (2) draw district lines according to the redistricting criteria specified in this article; and (3) conduct ~~themselves~~ *itself* with integrity and fairness*; and (4) apply this article in a manner that reinforces public confidence in the integrity of the redistricting process.*

(b) The Legislature shall provide not less than 14 days' public notice for each meeting dealing with redistricting. No bill setting forth the district boundary lines for Congressional, Senate, Assembly, or State Board of Equalization districts shall be amended in the three days prior to the passage of the bill in each house in its final form.

(c) The Legislature shall take all steps necessary to ensure that a complete and accurate computerized database is available for redistricting, and that procedures are in place to provide the public ready access to redistricting data and computer software for drawing maps.

(d) The records of the Legislature pertaining to redistricting and all data considered by the Legislature are public records and shall be posted in a manner that ensures immediate and widespread public access.

(e) The Legislature shall retain at least one legal counsel who has extensive experience and expertise in the implementation and enforcement of the federal Voting Rights Act of 1965 (42 U.S.C. Sec. 1971 and following) and other federal and state legal requirements for redistricting.

(f) Notwithstanding any other provision of law, no employer shall discharge, threaten to discharge, intimidate, coerce, or retaliate against any employee by reason of views expressed by such employee in any legislative session or hearing relating to redistricting.

(g) The Legislature shall establish and implement an open hearing process for public input and deliberation that shall be subject to public notice and shall be promoted through a thorough outreach program in order to solicit broad public participation in the redistricting public review process. The hearing process shall include, at a minimum, (1) hearings to receive public input before the release of data by the United States Census Bureau for the most recent applicable decennial census, (2) hearings to receive public input before the Legislature draws any maps, and (3) hearings to receive public input following the drawing and display of any maps. In addition, hearings shall be supplemented with other activities as appropriate in order to further increase opportunities for the public to observe and participate in the review process. The Legislature shall display proposed maps for public comment in a manner designed to achieve the widest public access reasonably possible. Public comment shall be taken for at least 14 days from the date of the initial public display of maps.

(h) For the two-year period beginning with November, 2010, and in each three-year period beginning with the year ending in nine thereafter, the Legislature shall expend no more than the lesser of (1) two million five hundred thousand dollars ($2,500,000), or (2) the amount expended pursuant to this subdivision in the immediately preceding redistricting process, to implement the redistricting process required by this article. For each of the redistricting processes beginning with the year 2020 and thereafter, the above amounts shall be adjusted by the cumulative change in the California Consumer Price Index, or its successor, since the date of the immediately preceding appropriation made pursuant to this subdivision. This provision shall be deemed to constitute an absolute spending cap on the expenditure of public funds by the Legislature for the costs of implementing the redistricting process required by this article during the specified period.

~~(c) (1) The selection process is designed to produce a Citizens Redistricting Commission that is independent from legislative influence and reasonably representative of this State's diversity.~~

~~(2) The Citizens Redistricting Commission shall consist of 14 members, as follows: five who are registered with the largest political party in California based on registration, five who are registered with the second largest political party in California based on registration, and four who are not registered with either of the two largest political parties in California based on registration.~~

~~(3) Each commission member shall be a voter who has been continuously registered in California with the same political party or unaffiliated with a political party and who has not changed political party affiliation for five or more years immediately preceding the date of his or her appointment. Each commission member shall have voted in two of the last three statewide general elections immediately preceding his or her application.~~

~~(4) The term of office of each member of the commission expires upon the appointment of the first member of the succeeding commission.~~

~~(5) Nine members of the commission shall constitute a quorum. Nine or more affirmative votes shall be required for any official action. The three final maps must be approved by at least nine affirmative votes which must include at least three votes of members registered from each of the two largest political parties in California based on registration and three votes from members who are not registered with either of these two political parties.~~

~~(6) Each commission member shall apply this article in a manner that is impartial and that reinforces public confidence in the integrity of the redistricting process. A commission member shall be ineligible for a period of 10 years beginning from the date of appointment to hold elective public office at the federal, state, county, or city level in this State. A member of the commission shall be ineligible for a period of five years beginning from the date of appointment to hold appointive federal, state, or local public office, to serve as paid staff for the Legislature or any individual legislator or to register as a federal, state, or local~~

~~lobbyist in this State.~~

~~(d) The commission shall establish single-member districts for the Senate, Assembly, and State Board of Equalization pursuant to a mapping process using the following criteria as set forth in the following order of priority:~~

~~(1) Districts shall comply with the United States Constitution. Senate, Assembly, and State Board of Equalization districts shall have reasonably equal population with other districts for the same office, except where deviation is required to comply with the federal Voting Rights Act or allowable by law.~~

~~(2) Districts shall comply with the federal Voting Rights Act (42 U.S.C. Sec. 1971 and following).~~

~~(3) Districts shall be geographically contiguous.~~

~~(4) The geographic integrity of any city, county, city and county, neighborhood, or community of interest shall be respected to the extent possible without violating the requirements of any of the preceding subdivisions. Communities of interest shall not include relationships with political parties, incumbents, or political candidates.~~

~~(5) To the extent practicable, and where this does not conflict with the criteria above, districts shall be drawn to encourage geographical compactness such that nearby areas of population are not bypassed for more distant population.~~

~~(6) To the extent practicable, and where this does not conflict with the criteria above, each Senate district shall be comprised of two whole, complete, and adjacent Assembly districts, and each Board of Equalization district shall be comprised of 10 whole, complete, and adjacent Senate districts.~~

~~(e) The place of residence of any incumbent or political candidate shall not be considered in the creation of a map. Districts shall not be drawn for the purpose of favoring or discriminating against an incumbent, political candidate, or political party.~~

~~(f) Districts for the Senate, Assembly, and State Board of Equalization shall be numbered consecutively commencing at the northern boundary of the State and ending at the southern boundary.~~

~~(g)~~ *(i)* By September 15 in 2011, and in each year ending in the number one thereafter, the ~~commission shall approve three~~ *Legislature shall enact one or more statutes approving four* final maps that separately set forth the district boundary lines for the *Congressional,* Senate, Assembly, and State Board of Equalization districts. *Every such statute shall be subject to referendum pursuant to Section 9 of Article II of this Constitution.* ~~Upon approval, the commission shall certify the three final maps to the Secretary of State.~~

~~(h) The commission shall issue, with each of the three final maps, a report that explains the basis on which the commission made its decisions in achieving compliance with the criteria listed in subdivision (d) and shall include definitions of the terms and standards used in drawing each final map.~~

~~(i) Each certified final map shall be subject to referendum in the same manner that a statute is subject to referendum pursuant to Section 9 of Article II. The date of certification of a final map to the Secretary of State shall be deemed the enactment date for purposes of Section 9 of Article II.~~

~~(j) If the commission does not approve a final map by at least the requisite votes or if voters disapprove a certified final map in a referendum, the Secretary of State shall immediately petition the Supreme Court for an order directing the appointment of special masters to adjust the boundary lines of that map in accordance with the redistricting criteria and requirements set forth in subdivisions (d), (e), and (f). Upon its approval of the masters' map, the court shall certify the resulting map to the Secretary of State, which map shall constitute the certified final map for the subject type of district.~~

SEC. 4.3. Section 3 of Article XXI of the California Constitution is amended to read:

SEC. 3. (a) ~~The commission has the sole legal standing to defend any action regarding a certified final map, and shall inform the Legislature if it determines that funds or other resources provided for the operation of the commission are not adequate. The Legislature shall provide adequate funding to defend any action regarding a certified map. The commission has sole authority to determine whether the Attorney General or other legal counsel retained by the commission shall assist in the defense of a certified final map.~~

~~(b) (1)~~ The *California* Supreme Court has original and exclusive jurisdiction in all *state judicial* proceedings in which a ~~certified~~ final map is challenged.

~~(2)~~ *(b)* Any ~~registered~~ voter *registered* in this ~~state~~ *State* may file a petition for a writ of mandate or writ of prohibition *with the California Supreme Court*, within 45 days after the *enactment of* ~~commission has certified~~ a final map ~~to the Secretary of State~~, to bar the Secretary of State from implementing the *redistricting* plan on the grounds that the filed plan violates this Constitution, the United States Constitution, or any federal ~~or state~~ statute.

~~(3) The Supreme Court shall give priority to ruling on a petition for a writ of mandate or a writ of prohibition filed pursuant to paragraph (2). If the court determines that a final certified map violates this Constitution, the United States Constitution, or any federal or state statute, the court shall fashion the relief that it deems appropriate.~~

(c) If final maps are not enacted in a timely manner, or if the Supreme Court determines that a final map violates this Constitution, the United States Constitution, or any federal statute, the California Supreme Court shall fashion the relief that it deems appropriate in accordance with the redistricting criteria and requirements set forth in Section 1 of this article. This relief may but need not extend the time for the Legislature to carry out its responsibilities.

SECTION 5. Amendment of Government Code.

SEC. 5.1. Chapter 3.2 (commencing with Section 8251) of Division 1 of Title 2 of the Government Code is repealed.

~~CHAPTER 3.2. CITIZENS REDISTRICTING COMMISSION~~

~~8251. Citizens Redistricting Commission General Provisions.~~

~~(a) This chapter implements Article XXI of the California Constitution by establishing the process for the selection and governance of the Citizens Redistricting Commission.~~

~~(b) For purposes of this chapter, the following terms are defined:~~

~~(1) "Commission" means the Citizens Redistricting Commission.~~

~~(2) "Day" means a calendar day, except that if the final day of a period within which an act is to be performed is a Saturday, Sunday, or holiday, the period is extended to the next day that is not a Saturday, Sunday, or holiday.~~

~~(3) "Panel" means the Applicant Review Panel.~~

~~(4) "Qualified independent auditor" means an auditor who is currently licensed by the California Board of Accountancy and has been a practicing independent auditor for at least 10 years prior to appointment to the Applicant Review Panel.~~

~~(c) The Legislature may not amend this chapter unless all of the following are met:~~

~~(1) By the same vote required for the adoption of the final set of maps, the commission recommends amendments to this chapter to carry out its purpose and intent.~~

(2) The exact language of the amendments provided by the commission is enacted as a statute approved by a two-thirds vote of each house of the Legislature and signed by the Governor.

(3) The bill containing the amendments provided by the commission is in print for 10 days before final passage by the Legislature.

(4) The amendments further the purposes of this act.

(5) The amendments may not be passed by the Legislature in a year ending in 0 or 1.

8252. Citizens Redistricting Commission Selection Process.

(a) (1) By January 1 in 2010, and in each year ending in the number zero thereafter, the State Auditor shall initiate an application process, open to all registered California voters in a manner that promotes a diverse and qualified applicant pool.

(2) The State Auditor shall remove from the applicant pool individuals with conflicts of interest including:

(A) Within the 10 years immediately preceding the date of application, neither the applicant, nor a member of his or her immediate family, may have done any of the following:

(i) Been appointed to, elected to, or have been a candidate for federal or state office.

(ii) Served as an officer, employee, or paid consultant of a political party or of the campaign committee of a candidate for elective federal or state office.

(iii) Served as an elected or appointed member of a political party central committee.

(iv) Been a registered federal, state, or local lobbyist.

(v) Served as paid congressional, legislative, or Board of Equalization staff.

(vi) Contributed two thousand dollars ($2,000) or more to any congressional, state, or local candidate for elective public office in any year, which shall be adjusted every 10 years by the cumulative change in the California Consumer Price Index, or its successor.

(B) Staff and consultants to, persons under a contract with, and any person with an immediate family relationship with the Governor, a Member of the Legislature, a member of Congress, or a member of the State Board of Equalization, are not eligible to serve as commission members. As used in this subdivision, a member of a person's "immediate family" is one with whom the person has a bona fide relationship established through blood or legal relation, including parents, children, siblings, and in-laws.

(b) The State Auditor shall establish an Applicant Review Panel, consisting of three qualified independent auditors, to screen applicants. The State Auditor shall randomly draw the names of three qualified independent auditors from a pool consisting of all auditors employed by the state and licensed by the California Board of Accountancy at the time of the drawing. The State Auditor shall draw until the names of three auditors have been drawn including one who is registered with the largest political party in California based on party registration, one who is registered with the second largest political party in California based on party registration, and one who is not registered with either of the two largest political parties in California. After the drawing, the State Auditor shall notify the three qualified independent auditors whose names have been drawn that they have been selected to serve on the panel. If any of the three qualified independent auditors decline to serve on the panel, the State Auditor shall resume the random drawing until three qualified independent auditors who meet the requirements of this subdivision have agreed to serve on the panel. A member of the panel shall be subject to the conflict of interest provisions set forth in paragraph (2) of subdivision (a).

(c) Having removed individuals with conflicts of interest from the applicant pool, the State Auditor shall no later than August 1 in 2010, and in each year ending in the number zero thereafter, publicize the names in the applicant pool and provide copies of their applications to the Applicant Review Panel.

(d) From the applicant pool, the Applicant Review Panel shall select 60 of the most qualified applicants, including 20 who are registered with the largest political party in California based on registration, 20 who are registered with the second largest political party in California based on registration, and 20 who are not registered with either of the two largest political parties in California based on registration. These subpools shall be created on the basis of relevant analytical skills, ability to be impartial, and appreciation for California's diverse demographics and geography. The members of the panel shall not communicate with any State Board of Equalization member, Senator, Assembly Member, congressional member, or their representatives, about any matter related to the nomination process or applicants prior to the presentation by the panel of the pool of recommended applicants to the Secretary of the Senate and the Chief Clerk of the Assembly.

(e) By October 1 in 2010, and in each year ending in the number zero thereafter, the Applicant Review Panel shall present its pool of recommended applicants to the Secretary of the Senate and the Chief Clerk of the Assembly. No later than November 15 in 2010, and in each year ending in the number zero thereafter, the President pro Tempore of the Senate, the Minority Floor Leader of the Senate, the Speaker of the Assembly, and the Minority Floor Leader of the Assembly may each strike up to two applicants from each subpool of 20 for a total of eight possible strikes per subpool. After all legislative leaders have exercised their strikes, the Secretary of the Senate and the Chief Clerk of the Assembly shall jointly present the pool of remaining names to the State Auditor.

(f) No later than November 20 in 2010, and in each year ending in the number zero thereafter, the State Auditor shall randomly draw eight names from the remaining pool of applicants as follows: three from the remaining subpool of applicants registered with the largest political party in California based on registration, three from the remaining subpool of applicants registered with the second largest political party in California based on registration, and two from the remaining subpool of applicants who are not registered with either of the two largest political parties in California based on registration. These eight individuals shall serve on the Citizens Redistricting Commission.

(g) No later than December 31 in 2010, and in each year ending in the number zero thereafter, the eight commissioners shall review the remaining names in the pool of applicants and appoint six applicants to the commission as follows: two from the remaining subpool of applicants registered with the largest political party in California based on registration, two from the remaining subpool of applicants registered with the second largest political party in California based on registration, and two from the remaining subpool of applicants who are not registered with either of the two largest political parties in California based on registration. The six appointees must be approved by at least five affirmative votes which must include at least two votes of commissioners registered from each of the two largest parties and one vote from a commissioner who is not affiliated with either of the two largest political parties in California. The six appointees shall be chosen to ensure the commission reflects this state's diversity, including, but not limited to, racial, ethnic, geographic, and gender diversity. However, it is not intended that formulas or specific ratios be applied for this purpose. Applicants shall also be chosen based on relevant analytical skills and ability to be impartial.

8252.5. Citizens Redistricting Commission Vacancy, Removal, Resignation, Absence.

(a) In the event of substantial neglect of duty, gross misconduct in office, or inability to discharge the duties of office, a member of the commission may be removed by the Governor with the concurrence of two-thirds of the Members of the Senate after having been served written notice and provided with an opportunity for a response. A finding of substantial neglect of duty or gross misconduct in office may result in referral to the Attorney General for criminal prosecution or the appropriate administrative agency for investigation.

(b) Any vacancy, whether created by removal, resignation, or absence, in the 14 commission positions shall be filled within the 30 days after the vacancy occurs, from the pool of applicants of the same voter registration category as the vacating nominee that was remaining as of November 20 in the year in which that pool was established. If none of those remaining applicants are available for service, the State Auditor shall fill the vacancy from a new pool created for the same voter registration category in accordance with Section 8252.

8253. Citizens Redistricting Commission Miscellaneous Provisions.

(a) The activities of the Citizens Redistricting Commission are subject to all of the following:

(1) The commission shall comply with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2), or its successor. The commission shall provide not less than 14 days' public notice for each meeting, except that meetings held in September in the year ending in the number one may be held with three days' notice.

(2) The records of the commission pertaining to redistricting and all data considered by the commission are public records that will be posted in a manner that ensures immediate and widespread public access.

(3) Commission members and staff may not communicate with or receive communications about redistricting matters from anyone outside of a public hearing. This paragraph does not prohibit communication between commission members, staff, legal counsel, and consultants retained by the commission that is otherwise permitted by the Bagley-Keene Open Meeting Act or its successor outside of a public hearing.

(4) The commission shall select by the voting process prescribed in paragraph (5) of subdivision (c) of Section 2 of Article XXI of the California Constitution one of their members to serve as the chair and one to serve as vice chair. The chair and vice chair shall not be of the same party.

(5) The commission shall hire commission staff, legal counsel, and consultants as needed. The commission shall establish clear criteria for the hiring and removal of these individuals, communication protocols, and a code of conduct. The commission shall apply the conflicts of interest listed in paragraph (2) of subdivision (a) of Section 8252 to the hiring of staff to the extent applicable. The Secretary of State shall provide support functions to the commission until its staff and office are fully functional. Any individual employed by the commission shall be exempt from the civil service requirements of Article VII of the California Constitution. The commission shall require that at least one of the legal counsel hired by the commission has demonstrated extensive experience and expertise in implementation and enforcement of the federal Voting Rights Act of 1965 (42 U.S.C. Sec. 1971 and following). The commission shall make hiring, removal, or contracting decisions on staff, legal counsel, and consultants by nine or more affirmative votes including at least three votes of members registered from each of the two largest parties and three votes from members who are not registered with either of the two largest political parties in California.

(6) Notwithstanding any other provision of law, no employer shall discharge, threaten to discharge, intimidate, coerce, or retaliate against any employee by reason of such employee's attendance or scheduled attendance at any meeting of the commission.

(7) The commission shall establish and implement an open hearing process for public input and deliberation that shall be subject to public notice and promoted through a thorough outreach program to solicit broad public participation in the redistricting public review process. The hearing process shall include hearings to receive public input before the commission draws any maps and hearings following the drawing and display of any commission maps. In addition, hearings shall be supplemented with other activities as appropriate to further increase opportunities for the public to observe and participate in the review process. The commission shall display the maps for public comment in a manner designed to achieve the widest public access reasonably possible. Public comment shall be taken for at least 14 days from the date of public display of any map.

(b) The Legislature shall take all steps necessary to ensure that a complete and accurate computerized database is available for redistricting, and that procedures are in place to provide the public ready access to redistricting data and computer software for drawing maps. Upon the commission's formation and until its dissolution, the Legislature shall coordinate these efforts with the commission.

8253.5. Citizens Redistricting Commission Compensation.

Members of the commission shall be compensated at the rate of three hundred dollars ($300) for each day the member is engaged in commission business. For each succeeding commission, the rate of compensation shall be adjusted in each year ending in nine by the cumulative change in the California Consumer Price Index, or its successor. Members of the panel and the commission are eligible for reimbursement of personal expenses incurred in connection with the duties performed pursuant to this act. A member's residence is deemed to be the member's post of duty for purposes of reimbursement of expenses.

8253.6. Citizens Redistricting Commission Budget, Fiscal Oversight.

(a) In 2009, and in each year ending in nine thereafter, the Governor shall include in the Governor's Budget submitted to the Legislature pursuant to Section 12 of Article IV of the California Constitution amounts of funding for the State Auditor, the Citizens Redistricting Commission, and the Secretary of State that are sufficient to meet the estimated expenses of each of those officers or entities in implementing the redistricting process required by this act for a three-year period, including, but not limited to, adequate funding for a statewide outreach program to solicit broad public participation in the redistricting process. The Governor shall also make adequate office space available for the operation of the commission. The Legislature shall make the necessary appropriation in the Budget Act, and the appropriation shall be available during the entire three-year period. The appropriation made shall be equal to the greater of three million dollars ($3,000,000), or the amount expended pursuant to this subdivision in the immediately proceeding redistricting process, as each amount is adjusted by the cumulative change in the California Consumer Price Index, or its successor, since the date of the immediately preceding appropriation made pursuant to this subdivision. The Legislature may make additional appropriations

~~in any year in which it determines that the commission requires additional funding in order to fulfill its duties.~~

~~(b) The commission, with fiscal oversight from the Department of Finance or its successor, shall have procurement and contracting authority and may hire staff and consultants, exempt from the civil service requirements of Article VII of the California Constitution, for the purposes of this act, including legal representation.~~

SECTION 6. Conflicting Ballot Propositions.

(a) In the event that this measure and another measure(s) relating to the redistricting of Senate, Assembly, Congressional, or Board of Equalization districts are approved by a majority of voters at the same election, and this measure receives a greater number of affirmative votes than any other such measure(s), this measure shall control in its entirety and the other measure(s) shall be rendered void and without any legal effect. If this measure is approved by a majority of the voters but does not receive a greater number of affirmative votes than the other measure(s), this measure shall take effect to the extent permitted by law.

(b) If any provisions of this measure are superseded by the provisions of any other conflicting measure approved by the voters and receiving a greater number of affirmative votes at the same election, and the conflicting measure is subsequently held to be invalid, the provisions of this measure shall be self-executing and given full force of law.

SECTION 7. Severability.

The provisions of this act are severable. If any provision of this act or its application is held to be invalid, that invalidity shall not affect any other provisions or applications that can be given effect without the invalid provision or application.

Large Print and Audio Voter Information Guides

The Secretary of State provides the Official Voter Information Guide in large-print and audio formats for people who are visually impaired in English, Chinese, Japanese, Korean, Spanish, Tagalog, and Vietnamese.

To order the large-print or audio-cassette version of the Official Voter Information Guide, go to *www.sos.ca.gov/elections/elections_vig_altformats.htm* or call the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683).

For a downloadable audio MP3 version of the Official Voter Information Guide, go to *www.voterguide.sos.ca.gov/audio.*

Find Your Polling Place

Polling place locations are coordinated by county elections offices. Your polling place will be listed on the back cover of your county sample ballot booklet.

Many county elections offices offer polling place look-up assistance via websites or toll-free phone numbers. For more information, visit the Secretary of State's website at *www.sos.ca.gov/elections/elections_d.htm* or call the toll-free Voter Hotline at (800) 345-VOTE (8683).

If your name does not appear on the voter list at your polling place, you have the right to cast a provisional ballot at any polling place in the county in which you are registered to vote.

Provisional ballots are ballots cast by voters who:

- Believe they are registered to vote even though their names do not appear on the official voter registration list;
- Believe the official voter registration list incorrectly lists their political party affiliation; or
- Vote by mail but cannot locate their vote-by-mail ballot and instead want to vote at a polling place.

Your provisional ballot will be counted after county elections officials have confirmed that you are registered to vote and did not vote elsewhere in that same election. The poll worker can give you information about how to check that your provisional ballot was counted and, if it was not counted, the reason why.

(Note: If you moved to your new address after October 18, 2010, you may vote at your old polling place.)

Earn Money and Make a Difference . . . Serve as a Poll Worker on Election Day!

In addition to gaining first-hand experience with the tools of our democracy, poll workers can earn extra money for their valuable service on Election Day.

You can serve as a poll worker if you are:

- A registered voter, or
- A high school student who:
  - is a United States citizen;
  - is at least 16 years old at the time of service;
  - has a grade point average of at least 2.5; and
  - is in good standing at a public or private school.

Contact your county elections office, or call (800) 345-VOTE (8683), for more information on becoming a poll worker.

If you are a state government employee, you can take time off work, without losing pay, to serve as a poll worker if you provide adequate notice to your department and your supervisor approves the request.

Voter Registration Information

Registering to vote is simple and free. Registration forms are available online at *www.sos.ca.gov* and at most post offices, libraries, city and county government offices, and the California Secretary of State's Office. You also may have a registration form mailed to you by calling your county elections office or the Secretary of State's toll-free Voter Hotline at (800) 345-VOTE (8683).

To register to vote you must be a U.S. citizen, a California resident, at least 18 years of age on Election Day, not in prison or on parole for the conviction of a felony, and not judged by a court to be mentally incompetent.

You are responsible for updating your voter registration information. You should update your voter registration if you change your home address, change your mailing address, change your name, or want to change or select a political party.

Note: If you moved to your new address after October 18, 2010, you may vote at your old polling place.

COUNTY ELECTIONS OFFICES

ALAMEDA COUNTY
1225 Fallon Street, Room G-1
Oakland, CA 94612
(510) 272-6933 or (510) 272-6973
www.acgov.org/rov

ALPINE COUNTY
99 Water Street
P.O. Box 158
Markleeville, CA 96120
(530) 694-2281
www.alpinecountyca.gov

AMADOR COUNTY
810 Court Street
Jackson, CA 95642
(209) 223-6465
www.co.amador.ca.us/index.aspx?page=77

BUTTE COUNTY
25 County Center Drive, Suite 110
Oroville, CA 95965
(530) 538-7761
http://clerk-recorder.buttecounty.net

CALAVERAS COUNTY
891 Mountain Ranch Road
San Andreas, CA 95249
(209) 754-6376
www.co.calaveras.ca.us

COLUSA COUNTY
546 Jay Street, Suite 200
Colusa, CA 95932
(530) 458-0500
www.colusacountyclerk.com

CONTRA COSTA COUNTY
555 Escobar Street
P.O. Box 271
Martinez, CA 94553
(925) 335-7800
www.cocovote.us

DEL NORTE COUNTY
981 H Street, Suite 160
Crescent City, CA 95531
(707) 465-0383
www.dnco.org

EL DORADO COUNTY
2850 Fairlane Court
P.O. Box 678001
Placerville, CA 95667
(530) 621-7480 or (800) 730-4322
www.edcgov.us/elections

FRESNO COUNTY
2221 Kern Street
Fresno, CA 93722
(559) 600-VOTE
www.co.fresno.ca.us/elections

GLENN COUNTY
516 W. Sycamore Street, 2nd Floor
Willows, CA 95988
(530) 934-6414
www.countyofglenn.net/elections

HUMBOLDT COUNTY
3033 H Street, Room 20
Eureka, CA 95501
(707) 445-7678 or (707) 445-7481
www.co.humboldt.ca.us/election

IMPERIAL COUNTY
940 Main Street, Suite 202
El Centro, CA 92251
(760) 482-4226 or (760) 482-4201
www.co.imperial.ca.us

INYO COUNTY
168 N. Edwards Street
P.O. Drawer F
Independence, CA 93526
(760) 878-0224
www.inyocounty.us/Recorder/Clerk-Recorder.html

KERN COUNTY
1115 Truxtun Avenue, 1st Floor
Bakersfield, CA 93301
(661) 868-3590 or (800) 452-8683
www.co.kern.ca.us/elections/

KINGS COUNTY
1400 W. Lacey Blvd.
Hanford, CA 93230
(559) 582-3211 ext. 4401
www.countyofkings.com

LAKE COUNTY
255 N. Forbes Street, Room 209
Lakeport, CA 95453-4748
(707) 263-2372
www.co.lake.ca.us

LASSEN COUNTY
220 S. Lassen Street, Suite 5
Susanville, CA 96130
(530) 251-8217
http://www.lassencounty.org/govt/dept/county_clerk/registrar/Elections.asp

LOS ANGELES COUNTY
12400 Imperial Highway
Norwalk, CA 90650-8350
(800) 481-8683 or (562) 466-1310
www.lavote.net

MADERA COUNTY
200 W. 4th Street
Madera, CA 93637
(559) 675-7720
www.madera-county.com

MARIN COUNTY
3501 Civic Center Drive, Room 121
San Rafael, CA 94903
P.O. Box E
San Rafael, CA 94913
(415) 499-6456
www.marinvotes.org

MARIPOSA COUNTY
4982 10th Street
P.O. Box 247
Mariposa, CA 95338
(209) 966-2007
www.mariposacounty.org/index.aspx?nid=87

MENDOCINO COUNTY
501 Low Gap Road, Room 1020
Ukiah, CA 95482
(707) 463-4371 or (707) 463-4372
www.co.mendocino.ca.us

MERCED COUNTY
2222 M Street, Room 14
Merced, CA 95340
(209) 385-7541
www.mercedelections.org

MODOC COUNTY
204 S. Court Street
Alturas, CA 96101
(530) 233-6205

MONO COUNTY
74 School Street, Annex I
P.O. Box 237
Bridgeport, CA 93517
(760) 932-5537 or (760) 932-5534
www.monocounty.ca.gov

MONTEREY COUNTY
1370 B South Main Street
Salinas, CA 93901
(831) 796-1499 or (866) 887-9274
www.montereycountyelections.us

NAPA COUNTY
900 Coombs Street, #256
Napa, CA 94559
(707) 253-4321 or (707) 253-4374
www.countyofnapa.org

NEVADA COUNTY
950 Maidu Avenue
Nevada City, CA 95959
(530) 265-1298
www.mynevadacounty.com/elections

ORANGE COUNTY
1300 S. Grand Avenue, Building C
Santa Ana, CA 92705
P.O. Box 11298
Santa Ana, CA 92711
(714) 567-7606
www.ocvote.com

PLACER COUNTY
2956 Richardson Drive
P.O. Box 5278
Auburn, CA 95603
(530) 886-5650 or (800) 824-8683
www.placerelections.com

PLUMAS COUNTY
520 Main Street, Room 102
Quincy, CA 95971
(530) 283-6256 or (530) 283-6129
www.countyofplumas.com

RIVERSIDE COUNTY
2724 Gateway Drive
Riverside, CA 92507
(951) 486-7200 or
(800) 773-VOTE (8683)
www.voteinfo.net

SACRAMENTO COUNTY
7000 65th Street, Suite A
Sacramento, CA 95823
(916) 875-6451
www.elections.saccounty.net

SAN BENITO COUNTY
440 Fifth Street, Room 206
Hollister, CA 95023-3843
(831) 636-4016
www.sbcvote.us

SAN BERNARDINO COUNTY
777 E. Rialto Avenue
San Bernardino, CA 92415-0770
(909) 387-8300 or (800) 881-8683
www.sbcrov.com

SAN DIEGO COUNTY
5201 Ruffin Road, Suite I
San Diego, CA 92123
P.O. Box 85656
San Diego, CA 92186
(858) 565-5800
www.sdvote.com

SAN FRANCISCO COUNTY
City Hall
1 Dr. Carlton B. Goodlett Place #48
San Francisco, CA 94102
(415) 554-4375
www.sfelections.org

SAN JOAQUIN COUNTY
44 N. San Joaquin Street, Suite 350
Stockton, CA 95209
P.O. Box 810
Stockton, CA 95201
(209) 468-2885 or (209) 468-2890
www.sjcrov.org

SAN LUIS OBISPO COUNTY
1055 Monterey Street, D120
San Luis Obispo, CA 93408
(805) 781-5228 or (805) 781-5080
www.slocounty.ca.gov/clerk

SAN MATEO COUNTY
40 Tower Road
San Mateo, CA 94402
(650) 312-5222
www.shapethefuture.org

SANTA BARBARA COUNTY
4440-A Calle Real
P.O. Box 61510
Santa Barbara, CA 93160-1510
(800) SBC-VOTE or
(805) 568-2200
www.sbcvote.com

SANTA CLARA COUNTY
1555 Berger Drive, Bldg. 2
P.O. Box 611360
San Jose, CA 95161
(408) 282-3005
www.sccvote.org

SANTA CRUZ COUNTY
701 Ocean Street, Room 210
Santa Cruz, CA 95060
(831) 454-2060
www.votescount.com

SHASTA COUNTY
1643 Market Street
Redding, CA 96001
P.O. Box 990880
Redding, CA 96099-0880
(530) 225-5730
www.elections.co.shasta.ca.us

SIERRA COUNTY
100 Courthouse Square, Room 111
P.O. Drawer D
Downieville, CA 95936
(530) 289-3295
www.sierracounty.ws

SISKIYOU COUNTY
510 N. Main Street
Yreka, CA 96097
(530) 842-8084
www.co.siskiyou.ca.us

SOLANO COUNTY
675 Texas Street, Suite 2600
Fairfield, CA 94533
(707) 784-6675
www.solanocounty.com/depts/rov/

SONOMA COUNTY
435 Fiscal Drive
Santa Rosa, CA 95403
P.O. Box 11485
Santa Rosa, CA 95406-1485
(707) 565-6800 or (800) 750-VOTE
www.sonoma-county.org/regvoter

STANISLAUS COUNTY
1021 I Street
Modesto, CA 95354
(209) 525-5200 or
(209) 525-5230 (Spanish)
www.stanvote.com

SUTTER COUNTY
1435 Veterans Memorial Circle
Yuba City, CA 95993
(530) 822-7122
www.suttercounty.org/elections

TEHAMA COUNTY
444 Oak Street, Room C
P.O. Box 250
Red Bluff, CA 96080
(530) 527-8190 or (866) 289-5307
www.co.tehama.ca.us

TRINITY COUNTY
11 Court Street
P.O. Box 1215
Weaverville, CA 96093
(530) 623-1220
www.trinitycounty.org

TULARE COUNTY
5951 S. Mooney Blvd.
Visalia, CA 93277
(559) 624-7300
www.tularecoelections.org

TUOLUMNE COUNTY
2 South Green Street
Sonora, CA 95370
(209) 533-5552
www.tuolumnecounty.ca.gov

VENTURA COUNTY
800 S. Victoria Avenue
Ventura, CA 93009-1200
(805) 654-2700
recorder.countyofventura.org/elections.htm

YOLO COUNTY
625 Court Street, Room B05
Woodland, CA 95695
P.O. Box 1820
Woodland, CA 95776
(530) 666-8133 or (800) 649-9943
www.yoloelections.org

YUBA COUNTY
915 8th Street, Suite 107
Marysville, CA 95901-5273
(530) 749-7855
http://elections.co.yuba.ca.us

Voting by Mail

You may return your voted vote-by-mail ballot by:

1. Mailing it to your county elections office;
2. Returning it in person to any polling place or elections office within your county on Election Day; or
3. Authorizing a legally allowable third party (spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household as you) to return the ballot on your behalf to any polling place or elections office within your county on Election Day.

In any case, your vote-by-mail ballot *must be received by the time polls close at 8:00 p.m. on Election Day.* Late-arriving vote-by-mail ballots cannot be counted.

All valid vote-by-mail ballots are counted and included in the official election results. Elections officials have 28 days to complete this process, referred to as the "official canvass," and must report the results to the Secretary of State 31 days after the date of the election.

Special Arrangements for Military and Overseas Voters

Federal law allows United States citizens serving in the military or living overseas to register for and vote using special absentee ballot procedures. To qualify as a "special absentee voter," you must be:

- An active duty member of the military (Army, Navy, Air Force, Marine Corps and Coast Guard) or other uniformed service;
- A spouse or dependent of a member of the military;
- A member of the Merchant Marine; or
- A civilian U.S. citizen living outside the United States.

You can register to vote and complete a special absentee ballot application at *www.fvap.gov.*

For more information about registering to vote as a special absentee voter, go to *www.sos.ca.gov/elections/elections_mov.htm.*

As a special absentee voter, you can fax or mail your ballot to your county elections office. If you fax your voted ballot, you must also include an "Oath of Voter" form that waives your right to a confidential vote. All ballots must be received by the county elections office before the polls close at 8:00 p.m. (PST) on Election Day. Postmarks do not count.

If you are recalled to military service less than seven days before Election Day, you can go to the elections office in the county to which you are recalled and apply for an absentee ballot.

Contact information for all 58 California county elections offices is at *www.sos.ca.gov/elections/elections_d.htm.*

VOTER BILL OF RIGHTS

1. You have the right to cast a ballot if you are a valid registered voter.

   A valid registered voter means a United States citizen who is a resident in this state, who is at least 18 years of age and not in prison or on parole for conviction of a felony, and who is registered to vote at his or her current residence address.
2. You have the right to cast a provisional ballot if your name is not listed on the voting rolls.
3. You have the right to cast a ballot if you are present and in line at the polling place prior to the close of the polls.
4. You have the right to cast a secret ballot free from intimidation.
5. You have the right to receive a new ballot if, prior to casting your ballot, you believe you made a mistake.

   If at any time before you finally cast your ballot, you feel you have made a mistake, you have the right to exchange the spoiled ballot for a new ballot. Vote-by-mail voters may also request and receive a new ballot if they return their spoiled ballot to an elections official prior to the closing of the polls on election day.
6. You have the right to receive assistance in casting your ballot, if you are unable to vote without assistance.
7. You have the right to return a completed vote-by-mail ballot to any precinct in the county.
8. You have the right to election materials in another language, if there are sufficient residents in your precinct to warrant production.
9. You have the right to ask questions about election procedures and observe the election process.

   You have the right to ask questions of the precinct board and elections officials regarding election procedures and to receive an answer or be directed to the appropriate official for an answer. However, if persistent questioning disrupts the execution of their duties, the board or election officials may discontinue responding to questions.
10. You have the right to report any illegal or fraudulent activity to a local elections official or to the Secretary of State's Office.

If you believe you have been denied any of these rights,
or you are aware of any election fraud or misconduct, please call the
Secretary of State's confidential toll-free Voter Hotline at (800) 345-VOTE (8683).

Information on your voter registration affidavit will be used by elections officials to send you official information on the voting process, such as the location of your polling place and the issues and candidates that will appear on the ballot. Commercial use of voter registration information is prohibited by law and is a misdemeanor. Voter information may be provided to a candidate for office, a ballot measure committee, or other person for election, scholarly, journalistic, political, or governmental purposes, as determined by the Secretary of State. Driver license and social security numbers, or your signature as shown on your voter registration card, cannot be released for these purposes. If you have any questions about the use of voter information or wish to report suspected misuse of such information, please call the Secretary of State's Voter Hotline at (800) 345-VOTE (8683).

Certain voters facing life-threatening situations may qualify for confidential voter status. For more information, please contact the Secretary of State's Safe at Home program toll-free at (877) 322-5227 or visit the Secretary of State's website at *www.sos.ca.gov*.

California Secretary of State
Elections Division
1500 11th Street
Sacramento, CA 95814

NONPROFIT
U.S. POSTAGE
PAID
CALIFORNIA
SECRETARY OF STATE

CALIFORNIA GENERAL ELECTION

www.voterguide.sos.ca.gov

OFFICIAL VOTER INFORMATION GUIDE

Remember to vote!
Tuesday, November 2, 2010
Polls are open from 7:00 a.m. to 8:00 p.m.

Monday, October 18, 2010
Last day to register to vote

For additional copies of the Voter Information Guide in any of the following languages, please contact your county elections office or call:

English	(800) 345-VOTE (8683)
Español/Spanish	(800) 232-VOTA (8682)
日本語 **/Japanese**	(800) 339-2865
Việt ngữ **/Vietnamese**	(800) 339-8163
Tagalog	(800) 339-2957
中文 **/Chinese**	(800) 339-2857
한국어 **/Korean**	(866) 575-1558
TDD	(800) 833-8683

To reduce election costs, the State mails only one guide to each voting household.

OSP 10 119702

Declaration of Sean Earley

In Support of Claimants' Response to Request for Additional Information

10-TC-12 and 12-TC-01

I, Sean Earley, declare as follows:

1. I make this declaration based on my personal knowledge, except for matters set forth herein on information and belief, and as to those matters I believe them to be true, and if called upon to testify, I could and would competently testify to the matters set forth herein under oath.

2. I am employed by Richvale Irrigation District (hereinafter "Richvale") as its General Manager. I previously submitted declarations dated February 14, 2013, in support of the Narrative Statement in 12-TC-01, and August 7, 2013, in support of Claimants' Rebuttal. For my work duties and further factual background, please see my earlier declaration.

3. Under Proposition 218, Richvale's customers recently voted to increase the District's standby rate from $6.75 per acre to $11.00 per acre. Richvale's voters elected to partially fund the cost of implementing the mandates at issue in this consolidated test claim. Richvale currently lacks revenue to fully fund and implement the mandates on agricultural water suppliers. I can and will share additional information concerning Richvale's standby increase if the Commission finds in favor of the consolidated test claim.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this the 19th day of September, 2013, at Richvale, California.

Sean Earley, General Manager
Richvale Irrigation District

Declaration of Eugene Massa, Jr.

In Support of Claimants Response to Request for Additional Information

10-TC-12 and 12-TC-01

I, Eugene Massa, Jr., declare as follows:

1. I make this declaration based on my personal knowledge, except for matters set forth herein on information and belief, and as to those matters I believe them to be true, and if called upon to testify, I could and would competently testify to the matters set forth herein under oath.

2. I am employed by Biggs-West Gridley Water District (hereinafter "Biggs") as its General Manager. I previously submitted declarations dated February 22, 2013, in support of the Narrative Statement in 12-TC-01, and August 7, 2013, in support of Claimants' Rebuttal. For my work duties and further factual background, please see my earlier declarations.

3. On behalf of Biggs, Karen Peters (Biggs' former Executive Administrator and General Manager) submitted a declaration dated June 29, 2011, in support of Claimants' Narrative Statement in 10-TC-12. Paragraph 13 of Ms. Peters' declaration states that Biggs receives property tax revenue expected to be approximately $64,000 in fiscal year 2011.

4. That revenue estimate actually reflects Biggs' assessment, equating to $2 per acre within Biggs' boundaries. I am informed and believe and on that basis declare that Biggs historically imposed an assessment on an ad valorem basis, but such practice was discontinued. Biggs does not currently receive any share of ad valorem property tax revenue.

5. Biggs has not successfully increased its fees and/or increased its assessment/stand by rate under Proposition 218 to fund the costs to implement that mandates at issue in this consolidated test claim.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this the 19th day of September, 2013, at Gridley, California.

Eugene Massa, Jr., General Manager
Biggs-West Gridley Water District

Declaration of Kevin Phillips

In Support of Claimants Response to Request for Additional Information

10-TC-12 and 12-TC-01

I, Kevin Phillips, declare as follows:

1. I make this declaration of my own personal knowledge, except matters set forth herein on information and belief, and as to those matters I believe them to be true, and if called upon to testify, I could and would competently testify to the matters set forth herein under oath.

2. I am the Finance Manager of Paradise Irrigation District ("Paradise"), serving in that position since May 26th, 2007. My duties include maintaining all of the financial records of the District, reviewing all daily transactions, completing and maintaining the annual budget, completing the annual audit, securing all debt financing, completing all necessary requirements for a Prop 218 rate increase, working with other outside agencies for the betterment of the District, and all other duties necessary to make the District function.

3. Attached as Exhibit 1 are true and correct copies of invoices received from Butte County Auditor-Controller during Paradise's last three fiscal years. Among other items, the invoices show Paradise's receipt of property tax revenue from Butte County totaling the following: $253,203.10 for FY 2012-13; $238,288.13 for FY 2011-12; and $243,631.68 for FY 2010-11.

4. Since becoming employed by Paradise, I have not calculated or otherwise established Paradise's appropriation limit as set forth in Proposition 4. At the request of Paradise's legal counsel, I have begun working to establish Paradise's appropriation limit and intend, after the requisite public review period, to ask Paradise's Board of Directors to adopt a resolution establishing Paradise's appropriation limit for its current fiscal year. If the resolution is adopted, Paradise will provide a copy of the resolution to the Commission and interested parties.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this the 20th day of September, 2013, at Paradise, California.

Kevin Phillips, Finance Manager
Paradise Irrigation District

EXHIBIT 1

INVOICES RECEIVED FROM BUTTE COUNTY AUDITOR-CONTROLLER DURING PARADISE'S LAST THREE FISCAL YEARS

N:\REMITTANCES\REMIT-11

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 8 AND FINAL TEETER 2008/09 FY
PREPARED BY: DP
DATE: 6/30/2009

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	5655 1% TAX	5655 INTEREST	TC 19900 5655 PID BONDS	TC 67540 5655 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 116-S	4/15-6/30/09	9,783.09	5,973.45		3,809.64	
UNITARY	TX# 116-S	4/15-6/30/09	50.07	23.86		26.21	
DIRECT ASSESSMENTS	TX# 116-S	4/15-6/30/09	382.52				382.52
CURRENT SECURED FINAL TEETER APMT	TX# 125-S	FINAL TEETER	15,061.72	9,742.57		5,319.15	
CURRENT SECURED UNITARY FINAL TEETER	TX# 125-S	FINAL TEETER	9.74	4.69		5.05	
CS DIRECT ASSESSMENTS FINAL TEETER	TX# 125-S	FINAL TEETER	2,567.65				2,567.65
TOTAL SECURED			**27,854.79**				
PRIOR SECURED:							
PS APPORTIONMENT	TX# 124-I	6/30/2009	0.00				
PS SUPPLEMENTAL			0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 118-U	06/30/09	99.26	99.26			
RDA PASS-THRU			0.00				
TOTAL CURRENT UNSECURED			**99.26**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 122-Y	06/30/09	7.35	7.35			
PRIOR UNSECURED SUPPLEMENTAL	TX# 122-Y	06/30/09	0.29	0.29			
PRIOR UNSECURED RDA PASS-THRU			0.00				
TOTAL PRIOR UNSECURED			**7.64**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 120-C	06/30/09	404.66	125.27		279.39	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 120-C	06/30/09	0.00				
RDA PASS-THRU	TX# 120-C	06/30/09	6.54	6.54			
CURRENT SUPPL FINAL TEETER APMT	TX# 129-C	FINAL TEETER	866.34	427.90		438.44	
SUPP FINAL TEETER RDA TAX INCREMENT	TX# 129-C	FINAL TEETER	0.00				
SUPP FINAL TEETER RDA PASS-THRU	TX# 129-C	FINAL TEETER	16.10	16.10			
TOTAL SUPPLEMENTAL			**1,293.64**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 115-P	5/16-6/15/09	0.00				
BUTTE HOUSING AUTHORITY IN LIEU			0.00				
TOTAL MISCELLANOUS			**0.00**				
TOTAL			**29,255.33**	16,427.28	0.00	9,877.88	2,950.17
CROSSCHECK			**29,255.33**				

N:\REMITTANCES\REMIT-11

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 1 2009-10 FY
PREPARED BY: DP
DATE: 10/16/2009

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	5655 1% TAX	5655 INTEREST	TC 19900 5655 PID BONDS
CURRENT SECURED:						
PRIOR SECURED:						
PS APPORTIONMENT	TX# 12-I	7/1-9/30/09	0.00			
PS SUPPLEMENTAL			0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 13-U	7/1-9/30/09	11,101.16	10,596.39		504.77
RDA TAX INCREMENT	TX# 15-U	2009-10 FY	(968.00)	(968.00)		
RDA PASS-THRU	TX# 15-U	2009-10 FY	0.00			
TOTAL CURRENT UNSECURED			**10,133.16**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 14-Y	7/1-9/30/09	139.73	108.29		31.44
PRIOR UNSECURED SUPPLEMENTAL	TX# 14-Y	7/1-9/30/09	16.01	16.01		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 14-Y	7/1-9/30/09	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 14-Y	7/1-9/30/09	0.00			
TOTAL PRIOR UNSECURED			**155.74**			
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 1-P	6/16-7/15/09	0.00			
PUBLIC SAFETY SALES TAX	TX# 8-P	7/16-8/15/09	0.00			
PUBLIC SAFETY SALES TAX	TX# 11-P	8/16-9/15/09	0.00			
INTEREST ON ACCOUNT BALANCE	J13	QTR 6/09	281.89		281.89	
INTEREST ON UNAPPORTIONED TAXES	TX# 7-N	QTR 6/09	1.95		1.95	
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**283.84**			
TOTAL			**10,572.74**	9,752.69	283.84	536.21
CROSSCHECK			**10,572.74**			

PAID
OCT 26 2009
PARADISE IRRIGATION DISTRICT

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 2 2009-10 FY
PREPARED BY: DP
DATE: 12/18/2009

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	5655 1% TAX	5655 INTEREST	TC 19900 5655 PID BONDS	TC 67540 5655 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX 36-S	7/1-12/15/09	217,631.54	124,482.98		93,148.56	
UNITARY	TX 36-S	7/1-12/15/09	11,269.24	4,220.08		7,049.16	
UNITARY RAILROAD	TX 36-S	7/1-12/15/09	8.78	8.78			
DIRECT ASSESSMENTS	TX 36-S	7/1-12/15/09	5,129.28				5,129.28
RDA TAX INCREMENT	TX 33-S	1ST 50%	(4,083.00)	(4,083.00)			
RDA PASS-THRU	TX 33-S	1ST 50%	0.00				
PROP 1A SUSPENSION	TX 35-S	1ST 50%	(10,254.00)	(10,254.00)			
TOTAL SECURED			**219,701.84**				
PRIOR SECURED:							
PS APPORTIONMENT	TX 28-I	10/1-11/30/09	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX 29-U	10/1-11/30/09	658.75	658.75			
TOTAL CURRENT UNSECURED			**658.75**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX 30-Y	10/1-11/30/09	26.91	23.53		3.38	
PRIOR UNSECURED SUPPLEMENTAL	TX 30-Y	10/1-11/30/09	2.60	2.60			
PRIOR UNSECURED RDA TAX INCREMENT	TX 30-Y	10/1-11/30/09	0.00				
TOTAL PRIOR UNSECURED			**29.51**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX 37-C	7/1-12/15/09	595.71	282.56		313.15	
SUPPLEMENTAL RDA TAX INCREMENT	TX 37-C	7/1-12/15/09	0.00				
RDA PASS-THRU	TX 37-C	7/1-12/15/09	36.02	36.02			
TOTAL SUPPLEMENTAL			**631.73**				
HOMEOWNERS:							
APPORTIONMENT	TX 26-H	1ST 15%	602.67	602.67			
RDA TAX INCREMENT	TX 27-H	1ST 15%	0.00				
RDA PASS-THRU	TX 27-H	1ST 15%	0.00				
TOTAL HOMEOWNERS			**602.67**				
FEES:							
ADMINISTRATION FEE	TX 34-S	F/Y 2009-10	(2,214.59)	(2,214.59)			
DIRECT ASSESSMENT FEE (.30 FEE)	TX 31-S	1ST 50%	(7.80)				(7.80)
DIRECT ASSESSMENT SPECIAL CHG (6.50 FEE)	TX 32-S	7/1-12/10/09	0.00				
TOTAL FEES			**(2,222.39)**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX 18-P	9/16-10/15/09	0.00				
PUBLIC SAFETY SALES TAX	TX 24-P	10/16-11/15/09	0.00				
INTEREST ON ACCOUNT BALANCE	J480	QTR END 9/09	61.53		61.53		
INTEREST ON UNAPPORTIONED TAXES	TX 20-N	QTR END 9/09	38.10		38.10		
EXCESS PROCEEDS FOR 2008 AUCTION	TX 42-M	2008/2009	45.52	45.52			
ERAF LOSS VLF (SB1096/AB2115)	TX 41-E	2009-2010	0.00				
TOTAL MISCELLANOUS			**145.15**				
TOTAL			**219,547.26**	113,811.90	99.63	100,514.25	5,121.48
CROSSCHECK			**219,547.26**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
FEB 19 2010
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 3 2009-2010 FY
PREPARED BY: DP
DATE: 2/12/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 5655 PID BONDS	TC 67540 5655 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 57-I	12/1-1/31/2010	0.00				
PS SUPPLEMENTAL			0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 58-U	12/1-1/31/2010	96.45	96.45			
RDA PASS-THRU			0.00				
TOTAL CURRENT UNSECURED			**96.45**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 59-Y	12/1-1/31/2010	55.30	31.38		23.92	
PRIOR UNSECURED SUPPLEMENTAL	TX# 59-Y	12/1-1/31/2010	6.77	6.77			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 59-Y	12/1-1/31/2010	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 59-Y	12/1-1/31/2010	0.00				
TOTAL PRIOR UNSECURED			**62.07**				
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 48-H	1ST 35% 09/10	1,406.24	1,406.24			
RDA TAX INCREMENT	TX# 49-H	1ST 35% 09/10	0.00				
RDA PASS-THRU	TX# 49-H	1ST 35% 09/10	0.00				
TOTAL HOMEOWNERS			**1,406.24**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 46-P	11/16-12/15/09	0.00				
PUBLIC SAFETY SALES TAX	TX# 52-P	12/16-1/15/10	0.00				
INTEREST ON ACCOUNT BALANCE	J-929	QTR END 12/09	229.23		229.23		
INTEREST ON UNAPPORTIONED TAXES	TX# 55-N	QTR END 12/09	13.78		13.78		
BUTTE HOUSING AUTHORITY IN LIEU	TX# 51-L	F/Y 2008/2009	0.00				
TOTAL MISCELLANOUS			**243.01**				
TOTAL			**1,807.77**	1,540.84	243.01	23.92	0.00
CROSSCHECK			**1,807.77**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

PAID
APR 30 2010
PARADISE IRRIGATION DISTRICT

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 4 2009-2010 FY
PREPARED BY: DP
DATE: 4/23/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 5655 PID BONDS	TC 67540 5655 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 75-S	12/16-4/18/10	169,131.20	97,043.95		72,087.25	
UNITARY	TX# 75-S	12/16-4/18/10	15,216.63	5,715.90		9,500.73	
UNITARY RAILROAD	TX# 75-S	12/16-4/18/10	8.78	8.78			
DIRECT ASSESSMENTS	TX# 75-S	12/16-4/18/10	2,887.00				2,887.00
RDA TAX INCREMENT	TX# 69-S	2ND 50%	(4,083.00)	(4,083.00)			
RDA PASS-THRU	TX# 69-S	2ND 50%	0.00				
PROPOSITION 1A SUSPENSION	**TX# 76-S**	**2ND 50%**	(10,254.00)	(10,254.00)			
TOTAL SECURED			**172,906.61**				
PRIOR SECURED:							
PS APPORTIONMENT	TX# 67-I	2/1-3/31/10	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 73-U	2/1-3/31/10	29.28	29.28			
TOTAL CURRENT UNSECURED			**29.28**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 68-Y	2/1-3/31/10	74.88	60.01		14.87	
PRIOR UNSECURED SUPPLEMENTAL	TX# 68-Y	2/1-3/31/10	4.79	4.79			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 68-Y	2/1-3/31/10	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 68-Y	2/1-3/31/10	0.00				
TOTAL PRIOR UNSECURED			**79.67**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 74-C	12/16-3/31/10	662.57	361.59		300.98	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 74-C	12/16-3/31/10	0.00				
RDA PASS-THRU	TX# 74-C	12/16-3/31/10	12.47	12.47			
TOTAL SUPPLEMENTAL			**675.04**				
FEES:							
ADMINISTRATION FEE	TX# 70-S	2ND 50%	(2,214.59)	(2,214.59)			
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 71-S	2ND 50%	(7.80)				(7.80)
DIRECT ASSESSMENT SPECIAL CHG (6.50 FEE)	TX# 72-S	12/11-4/10/10	0.00				
TOTAL FEES			**(2,222.39)**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 63-P	1/16-2/15/10	0.00				
PUBLIC SAFETY SALES TAX	TX# 66-P	2/16-3/15/10	0.00				
SECOND 50% SALES TAX INLIE (SB1096/AB2115)	TX# 77-E	2009/10	0.00				
SECOND 50% VLF FUNDS (SB1096/AB2115)	TX# 78-E	2009/10	0.00				
ERAF LOSS VLF (SB1096/AB2115) CORRECTION	TX# 80-E	REVERSE TX 41E	0.00				
ERAF LOSS VLF (SB1096/AB2115)	TX# 81-E	1ST 50%	0.00				
ERAF LOSS VLF (SB1096/AB2115)	TX# 79-E	2ND 50%	0.00				
TOTAL MISCELLANOUS			**0.00**				
TOTAL			**171,468.21**	86,685.18	0.00	81,903.83	2,879.20
CROSSCHECK			**171,468.21**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 5 2009-10 FY
PREPARED BY: DP
DATE: 6/11/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 5655 PID BONDS
CURRENT UNSECURED:						
CU APPORTIONMENT	TX 101-U	4/1-5/31/10	95.98	78.37		17.61
RDA PASS-THRU			0.00			
TOTAL CURRENT UNSECURED			**95.98**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX 103-Y	4/1-5/31/10	35.37	35.37		
PRIOR UNSECURED SUPPLEMENTAL	TX 103-Y	4/1-5/31/10	1.58	1.58		
PRIOR UNSECURED RDA TAX INCREMENT	TX 103-Y	4/1-5/31/10	0.00			
PRIOR UNSECURED RDA PASS-THRU			0.00			
TOTAL PRIOR UNSECURED			**36.95**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX 100-C	4/1-5/31/10	544.56	164.68		379.88
SUPPLEMENTAL RDA TAX INCREMENT	TX 100-C	4/1-5/31/10	0.00			
RDA PASS-THRU	TX 100-C	4/1-5/31/10	3.93	3.93		
TOTAL SUPPLEMENTAL			**548.49**			
HOMEOWNERS:						
APPORTIONMENT	TX 85-H	1ST 35% F/Y 09/10	1,406.24	1,406.24		
RDA TAX INCREMENT	TX 86-H	1ST 35% F/Y 09/10	0.00			
RDA PASS-THRU	TX 86-H	1ST 35% F/Y 09/10	0.00			
APPORTIONMENT	TX 94-H	2ND 15% F/Y 09/10	602.67	602.67		
RDA TAX INCREMENT	TX 95-H	2ND 15% F/Y 09/10	0.00			
RDA PASS-THRU	TX 95-H	2ND 15% F/Y 09/10	0.00			
TOTAL HOMEOWNERS			**2,008.91**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX 84-P	3/16-4/15/10	0.00			
PUBLIC SAFETY SALES TAX	TX 93-P	4/16-5/15/10	0.00			
INTEREST ON ACCOUNT BALANCE	J-1541	QTR END 3/10	82.52		82.52	
INTEREST ON UNAPPORTIONED TAXES	TX 88-N	QTR END 3/10	4.39		4.39	
TIMBER YIELD APPORTIONMENT	TX 97-T	11/11-5/10/10	0.00			
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**86.91**			
TOTAL			**2,777.24**	2,292.84	86.91	397.49
CROSSCHECK			**2,777.24**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

PAID
JUL 28 2010
PARADISE IRRIGATION DISTRICT

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 6 & FINAL TEETER 2009-10 FY
PREPARED BY: DP
DATE: 6/30/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 112-S	4/19-7/6/10	7,726.55	4,410.27		3,316.28	
DIRECT ASSESSMENTS	TX# 112-S	4/19-7/6/10	1,284.99				1,284.99
CURRENT SECURED APPORTIONMENT	TX# 117-S	FINAL TEETER	14,602.16	8,702.38		5,899.78	
UNITARY	TX# 117-S	FINAL TEETER	9.78	3.71		6.07	
DIRECT ASSESSMENTS	TX# 117-S	FINAL TEETER	2,032.17				2,032.17
TOTAL SECURED			**25,655.65**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 124-U	6/1-6/30/10	12.21	12.21			
DIRECT ASSESSMENTS	TX# 101-U	4/1-5/31/10	0.00				
TOTAL CURRENT UNSECURED			**12.21**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 122-Y	6/1-6/30/10	10.73	10.73			
PRIOR UNSECURED SUPPLEMENTAL	TX# 122-Y	6/1-6/30/10	1.32	1.32			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 122-Y	6/1-6/30/10	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 122-Y	6/1-6/30/10	0.00				
TOTAL PRIOR UNSECURED			**12.05**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 119-C	FINAL TEETER	521.34	211.55		309.79	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 119-C	FINAL TEETER	0.00				
RDA PASS-THRU	TX# 119-C	FINAL TEETER	3.24	3.24			
CURRENT SUPPL APPORTIONMENT	TX# 120-C	6/1-6/30/10	233.44	305.19		(71.75)	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 120-C	6/1-6/30/10	0.00				
RDA PASS-THRU	TX# 120-C	6/1-6/30/10	(10.93)	(10.93)			
TOTAL SUPPLEMENTAL			**747.09**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 110-P	5/16-6/15/10	0.00				
REVERSE 2002 AUTCTION SALE-ERRONEOUS PARCEL	TX# 114-M	2002-2003	(22.29)	(22.29)			
			0.00				
TOTAL MISCELLANOUS			**(22.29)**				
TOTAL			**26,404.71**	13,627.38	0.00	9,460.17	3,317.16
CROSSCHECK			**26,404.71**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
OCT 21 2010
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 1 2010-2011 FY
PREPARED BY: DP
DATE: 10/15/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 19-I	7/1-9/30/10	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 18-U	7/1-9/30/10	11,294.26	10,688.44		605.82	
TOTAL CURRENT UNSECURED			**11,294.26**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 20Y	7/1-9/30/10	154.10	140.66		13.44	
PRIOR UNSECURED SUPPLEMENTAL	TX# 20Y	7/1-9/30/10	7.74	7.74			
PRIOR UNSECURED UNITARY	TX# 20Y	7/1-9/30/10	45.52	20.79		24.73	
PRIOR UNSECURED RDA TAX INCREMENT	TX# 20Y	7/1-9/30/10	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 20Y	7/1-9/30/10	0.34	0.34			
TOTAL PRIOR UNSECURED			**207.70**				
SUPPLEMENTAL:							
HOMEOWNERS:							
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 5-P	6/16-7/18/10	0.00				
PUBLIC SAFETY SALES TAX	TX# 16-P	7/16-8/15/10	0.00				
PUBLIC SAFETY SALES TAX	TX# 17-P	8/16-9/15/10	0.00				
INTEREST ON ACCOUNT BALANCE	J-23	QTR END 6/10	130.02		130.02		
INTEREST ON UNAPPORTIONED TAXES	TX# 14-N	QTR END 6/10	2.00		2.00		
BUTTE HOUSING AUTHORITY IN LIEU			0.00				
TOTAL MISCELLANOUS			132.02				
TOTAL			**11,633.98**	10,857.97	132.02	643.99	0.00
CROSSCHECK			**11,633.98**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 2 2010-11 FY
PREPARED BY: DP
DATE: 12/10/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
PRIOR SECURED:							
PS APPORTIONMENT	TX# 36-I	10/1-11/30/10	0.00				
TOTAL PRIOR SECURED			0.00				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 38-U	10/1-11/30/10	367.22	367.22			
TOTAL CURRENT UNSECURED			**367.22**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 39-Y	10/1-11/30/10	73.77	57.45		16.32	
PRIOR UNSECURED SUPPLEMENTAL	TX# 39-Y	10/1-11/30/10	2.14	2.14			
PRIOR UNSECURED UNITARY	TX# 39-Y	10/1-11/30/10	9.78	4.18		5.60	
PRIOR UNSECURED RDA TAX INCREMENT	TX# 39-Y	10/1-11/30/10	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 39-Y	10/1-11/30/10	0.00				
TOTAL PRIOR UNSECURED			**85.69**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 37-C	7/1-11/30/10	(27.99)	71.65		(99.64)	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 37-C	7/1-11/30/10	0.00				
RDA PASS-THRU	TX# 37-C	7/1-11/30/10	(10.23)	(10.23)			
TOTAL SUPPLEMENTAL			**(38.22)**				
HOMEOWNERS:							
APPORTIONMENT	TX# 33-H	1ST 15% 2010/11	600.85	600.85			
RDA TAX INCREMENT	TX# 34-H	1ST 15% 2010/11	0.00				
RDA PASS-THRU	TX# 34-H	1ST 15% 2010/11	0.00				
TOTAL HOMEOWNERS			**600.85**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 27-P	9/16-10/15/10	0.00				
PUBLIC SAFETY SALES TAX	TX# 31-P	10/16-11/15/10	0.00				
INTEREST ON ACCOUNT BALANCE	J-353	QTR 9/10	44.81		44.81		
INTEREST ON UNAPPORTIONED TAXES	TX# 28-N	QTR 9/10	31.81		31.81		
TIMBER YIELD APPORTIONMENT	TX# 32-T	5/11-11/10/10	0.00				
HIGHWAY IN-LIEU TAX APPORTIONMENT	TX# 25-L	F/Y 2010-11	4.36	4.36			
TOTAL MISCELLANOUS			**80.98**				
TOTAL			**1,096.52**	1,097.62	76.62	(77.72)	0.00
CROSSCHECK			**1,096.52**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 3 2010-11 FY
PREPARED BY: DP
DATE: 12/23/2010

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 41-S	7/1 TO 12/14/10	206,552.82	123,272.73	83,280.09	
UNITARY	TX# 41-S	7/1 TO 12/14/10	15,277.70	5,268.64	10,009.06	
UNITARY RAILROAD	TX# 41-S	7/1 TO 12/14/10	31.05	31.05		
DIRECT ASSESSMENTS	TX# 41-S	7/1 TO 12/14/10	1,797.97			1,797.97
RDA TAX INCREMENT	TX# 42-S	1ST 50% 2010-11 F/Y	(3,902.50)	(3,902.50)		
RDA PASS-THRU	TX# 42-S	1ST 50% 2010-11 F/Y	0.00			
TOTAL SECURED			**219,757.04**			
PRIOR SECURED:						
CURRENT UNSECURED:						
RDA TAX INCREMENT	TX# 22-U	F/Y 2010-11	(918.00)	(918.00)		
RDA PASS-THRU			0.00			
TOTAL CURRENT UNSECURED			**(918.00)**			
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
ADMINISTRATION FEE	TX# 43-S	1ST 50% 2010-11 F/Y	(1,850.64)	(1,850.64)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 49-S	1ST 50% 2010-11 F/Y	(8.10)			(8.10)
DIRECT ASSESSMENT SPECIAL CHG (10.00 FEE)	TX# 50-S	7/1-12/17/10	0.00			
TOTAL FEES			**(1,858.74)**			
MISCELLANEOUS JOURNALS:						
ERAF 50% SALES TAX	TX# 44-E	SB1096/AB2115	0.00			
ERAF SALES AND USE TRUE UP 09-10	TX# 45-E	SB1096/AB2115	0.00			
ERAF 50% VLF TRANSFER	TX# 46-E	SB1096/AB2115	0.00			
ERAF LOSS-VLF, SALES TAX	TX# 47-E	SB1096/AB2115	0.00			
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**216,980.30**	121,901.28	93,289.15	1,789.87
CROSSCHECK			**216,980.30**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 4 2010-2011 FY
PREPARED BY: DP
DATE: 2/11/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
PRIOR SECURED:							
PS APPORTIONMENT	TX# 64-I	12-1 TO 1-31-11	0.00				
PS SUPPLEMENTAL			0.00				
TOTAL PRIOR SECURED			0.00				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 65-U	12-1 TO 1 31-11	28.16	28.16			
RDA PASS-THRU			0.00				
TOTAL CURRENT UNSECURED			28.16				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 66-Y	12-1 TO 1-31-11	43.40	43.40			
PRIOR UNSECURED SUPPLEMENTAL	TX# 66-Y	12-1 TO 1-31-11	0.10	0.10			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 66-Y	12-1 TO 1 31 11	0.00				
PRIOR UNSECURED RDA PASS-THRU			0.00				
TOTAL PRIOR UNSECURED			43.50				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 67-C	12-1 TO 1 31-11	417.61	210.07		207.54	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 67-C	12-1 TO 1-31-11	0.00				
RDA PASS-THRU	TX# 67-C	12-1 TO 1-31-11	(2.88)	(2.88)			
TOTAL SUPPLEMENTAL			414.73				
HOMEOWNERS:							
APPORTIONMENT	TX# 58-H	1ST 35%	1,401.98	1,401.98			
RDA TAX INCREMENT	TX# 59-H	1ST 35%	0.00				
RDA PASS-THRU	TX# 59-H	1ST 35%	0.00				
RDA PASS-THRU			0.00				
TOTAL HOMEOWNERS			1,401.98				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 53-P	11-16-12/15/10	0.00				
PUBLIC SAFETY SALES TAX	TX# 62-P	12/16-1/15/11	0.00				
BUTTE HOUSING AUTHORITY IN LIEU	TX# 51-L	2009-10 F/Y	0.00				
TOTAL MISCELLANOUS			0.00				
TOTAL			1,888.37	1,680.83	0.00	207.54	0.00
CROSSCHECK			1,888.37				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
MAY - 3 2011
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 5 2010-2011 FY
PREPARED BY: DP
DATE: 4/22/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 86-S	12/15-4/17/11	160,034.40	95,778.25		64,256.15	
UNITARY	TX# 86-S	12/15-4/17/11	14,394.38	5,061.69		9,332.69	
UNITARY RAILROAD	TX# 86-S	12/15-4/17/11	31.05	31.05			
DIRECT ASSESSMENTS	TX# 86-S	12/15-4/17/11	3,179.93				3,179.93
RDA TAX INCREMENT	TX# 81-S	2ND 50%	(3,902.50)	(3,902.50)			
RDA PASS-THRU	TX# 81-S	2ND 50%	0.00				
TOTAL SECURED			**173,737.26**				
PRIOR SECURED:							
PS APPORTIONMENT	TX# 84-I	2/1-3/31/11	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 85-U	2/1-3/31/11	151.22	151.22			
TOTAL CURRENT UNSECURED			**151.22**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 83-Y	2/1-3/31/11	68.17	68.17			
PRIOR UNSECURED SUPPLEMENTAL	TX# 83-Y	2/1-3/31/11	1.72	1.72			
PRUSECURED UNITARY APPORTIONMENT	TX# 83-Y	2/1-3/31/11	125.83	67.84		57.99	
PRIOR UNSECURED RDA TAX INCREMENT	TX# 83-Y	2/1-3/31/11	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 83-Y	2/1-3/31/11	0.00				
TOTAL PRIOR UNSECURED			**195.72**				
FEES:							
ADMINISTRATION FEE	TX# 82-S	2ND 50%	(2,828.58)	(2,828.58)			
DIRECT ASSESSMENT FEE (.30 FEE)	TX#76-S	2ND 50%	(8.10)				(8.10)
DIRECT ASSESSMENT SPECIAL CHG (10.00 FEE)	TX# 77-S	12/18-4/15/11	0.00				
TOTAL FEES			**(2,836.68)**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 72-P	1/16-2/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX# 74-P	2/16-3/15/11	0.00				
INTEREST ON ACCOUNT BALANCE	J-901	QTR END 12/10	180.66		180.66		
INTEREST ON UNAPPORTIONED TAXES	TX# 70-N	QTR END 12/10	8.25		8.25		
50% 2010-11 SALES TAX IN LIEU FROM ERAF	TX# 78-E	SB1096/AB2115	0.00				
50% VLF FUNDS FROM ERAF	TX# 79-E	SB1096/AB2115	0.00				
DISBURSEMENT OF ERAF LOSS ADJUSTMENT	TX# 80-E	SB1096/AB2115 &	0.00				
TOTAL MISCELLANOUS		R&T 97.71	**188.91**				
TOTAL			**171,436.43**	94,428.86	188.91	73,646.83	3,171.83
CROSSCHECK			**171,436.43**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 6 2010-2011 FY
PREPARED BY: DP
DATE: 6/20/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 106-U	4/1-5/31/11	41.13	36.36		4.77	
RDA PASS-THRU			0.00				
TOTAL CURRENT UNSECURED			**41.13**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 110-Y	4/1-5/31/11	100.13	96.60		3.53	
PRIOR UNSECURED SUPPLEMENTAL	TX# 110-Y	4/1-5/31/11	3.50	3.50			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 110-Y	4/1-5/31/11	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 110-Y	4/1-5/31/11	0.00				
TOTAL PRIOR UNSECURED			**103.63**				
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 90-H	2ND 35%	1,401.98	1,401.98			
RDA TAX INCREMENT	TX# 91-H	2ND 35%	0.00				
RDA PASS-THRU	TX# 91-H	2ND 35%	0.00				
APPORTIONMENT	TX# 101-H	2ND 15%	600.85	600.85			
RDA TAX INCREMENT	TX# 102-H	2ND 15%	0.00				
RDA PASS-THRU	TX# 102-H	2ND 15%	0.00				
TOTAL HOMEOWNERS			**2,002.83**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 89-P	3/16-4/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX# 99-P	4/16-5/15/11	0.00				
INTEREST ON ACCOUNT BALANCE	J-1393	QTR END 03/11	4.98		4.98		
INTEREST ON UNAPPORTIONED TAXES	TX# 93-N	QTR END 03/11	3.25		3.25		
INTEREST POSTING CORRECTION	TX# 88-M	QTR END 12/10	0.00				
INTEREST POSTING CORRECTION	TX# 113-M	QTR END 12/10	0.00				
TIMBER YIELD APPORTIONMENT	TX# 100-T	11/11-5/10/11	0.00				
TOTAL MISCELLANOUS			**8.23**				
TOTAL			**2,155.82**	2,139.29	8.23	8.30	0.00
CROSSCHECK			**2,155.82**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
JUL 25 2011
PARADISE IRRIGATION DIST.

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 7 & FINAL TEETER 2010/2011 FY
PREPARED BY: DP
DATE: 7/15/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 118-S	4/18-7/8/11	7,492.45	4,405.55		3,086.90	
DIRECT ASSESSMENTS	TX# 118-S	4/18-7/8/11	1,100.76				1,100.76
CURRENT SECURED FINAL TEETER APPMT	TX# 125-S	TEETER BUYOUT	11,106.62	6,593.62		4,513.00	
CS FINAL TEETER DIRECT ASSESSMENTS	TX# 125-S	TEETER BUYOUT	5,036.44				5,036.44
RDA PASS-THRU			0.00				
TOTAL SECURED			**24,736.27**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 121-U	6/1-7/8/11	16.94	14.86		2.08	
TOTAL CURRENT UNSECURED			**16.94**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 123-Y	6/1-7/8/11	22.12	22.12			
PRIOR UNSECURED SUPPLEMENTAL	TX# 123-Y	6/1-7/8/11	0.80	0.80			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 123-Y	6/1-7/8/11	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 123-Y	6/1-7/8/11	0.00				
TOTAL PRIOR UNSECURED			**22.92**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 117-C	2/1-7/8/11	1,099.66	383.46		716.20	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 117-C	2/1-7/8/11	0.00				
RDA PASS-THRU	TX# 117-C	2/1-7/8/11	(20.96)	(20.96)			
CURRENT SUPP FINAL TEETER APMT	TX# 127-C	TEETER BUYOUT	369.35	126.38		242.97	
SUPP FINAL TEETER RDA TAX INCREMENT	TX# 127-C	TEETER BUYOUT	0.00				
SUPP FINAL TEETER RDA PASS-THRU	TX# 127-C	TEETER BUYOUT	0.00				
TOTAL SUPPLEMENTAL			**1,448.05**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 114-P	5/16-6/15/11	0.00				
BUTTE HOUSING AUTHORITY IN LIEU			0.00				
TOTAL MISCELLANOUS			**0.00**				
TOTAL			**26,224.18**	11,525.83	0.00	8,561.15	6,137.20
CROSSCHECK			**26,224.18**				

REMITTANCES\REMIT11

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 1 2011-2012 FY
PREPARED BY: DP
DATE: 10/28/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX 20-I	7/1-9/30/11	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX 16-U	7/1-9/30/11	11,415.99	10,850.16		565.83	
RDA TAX INCREMENT	TX 18-U	2011-2012	(1,530.00)	(1,530.00)			
RDA PASS-THRU	TX 19-U	2011-2012	306.00	306.00			
TOTAL CURRENT UNSECURED			**10,191.99**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX 15-Y	7/1-9/30/11	110.17	100.80		9.37	
PRIOR UNSECURED SUPPLEMENTAL	TX 15-Y	7/1-9/30/11	10.51	10.51			
PRIOR UNSECURED UNITARY	TX 15-Y	7/1-9/30/11	0.48	0.17		0.31	
PRIOR UNSECURED RDA TAX INCREMENT	TX 15-Y	7/1-9/30/11	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX 15-Y	7/1-9/30/11	0.00				
TOTAL PRIOR UNSECURED			**121.16**				
SUPPLEMENTAL:							
HOMEOWNERS:							
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX 1-P	6/16-7/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX 10-P	7/16-8/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX 14-P	8/16-9/15/11	0.00				
INTEREST ON ACCOUNT BALANCE	J118	QEND 6/11	119.92		119.92		
INTEREST ON UNAPPORTIONED TAXES	TX 11-N	QEND 6/11	2.18		2.18		
TOTAL MISCELLANOUS			**122.10**				
TOTAL			**10,435.25**	9,737.64	122.10	575.51	0.00
CROSSCHECK			**10,435.25**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

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REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 2 2011-2012 FY
PREPARED BY: DP
DATE: 12/9/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 33-I	OCT-NOV 2011	0.00				
PS SUPPLEMENTAL			0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 31-U	OCT-NOV 2011	318.83	318.83			
RDA PASS-THRU			0.00				
TOTAL CURRENT UNSECURED			**318.83**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 32-Y	OCT-NOV 2011	58.70	58.70			
PRIOR UNSECURED SUPPLEMENTAL	TX# 32-Y	OCT-NOV 2011	3.11	3.11			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 32-Y	OCT-NOV 2011	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 32-Y	OCT-NOV 2011	0.00				
TOTAL PRIOR UNSECURED			**61.81**				
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 29-H	1ST 15% 2011-12	590.93	590.93			
RDA TAX INCREMENT	TX# 30-H	1ST 15% 2011-12	0.00				
RDA PASS-THRU	TX# 30-H	1ST 15% 2011-12	0.00				
TOTAL HOMEOWNERS			**590.93**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 26-P	9/16-10/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX# 27-P	10/16-11/15/11	0.00				
INTEREST ON ACCOUNT BALANCE	J-491	QTR END 9/11	35.42		35.42		
INTEREST ON UNAPPORTIONED TAXES	TX# 25-N	QTR END 9/11	27.86		27.86		
TIMBER YIELD APPORTIONMENT	TX# 28-T	5/11-11/10/11	0.00				
BUTTE HOUSING AUTHORITY IN LIEU			0.00				
TOTAL MISCELLANOUS			**63.28**				
TOTAL			**1,034.85**	971.57	63.28	0.00	0.00
CROSSCHECK			**1,034.85**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #3 2011-2012 FY
PREPARED BY: DP
DATE: 12/30/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 46-S	7/1-12/18/11	219,726.27	122,503.98	97,222.29	
CURRENT SECURED UNITARY	TX# 46-S	7/1-12/18/11	17,387.01	5,738.58	11,648.43	
CURRENT SECURED RAILROAD UNITARY	TX# 46-S	7/1-12/18/11	115.36	115.36		
DIRECT ASSESSMENTS	TX# 46-S	7/1-12/18/11	3,729.80			3,729.80
CURRENT SECURED RDA INCREMENT	TX# 39-S	1ST 50%	(4,297.50)	(4,297.50)		
CURRENT SECURED RDA PASS-THRU	TX# 40-S	1ST 50%	859.50	859.50		
TOTAL SECURED			**237,520.44**			
PRIOR SECURED:						
CURRENT UNSECURED:						
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
ADMINISTRATION FEE	TX# 41-S	1ST 50% 2011-12	(2,417.53)	(2,417.53)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 35-S	1ST 50% 2011-12	(9.30)			(9.30)
DIRECT ASSESSMENT SPECIAL CHG (10.00 FEE)	TX# 34-S	1ST 50% 2011-12	0.00			
TOTAL FEES			**(2,426.83)**			
MISCELLANEOUS JOURNALS:						
SALES TAX IN LIEU PER SB1096/AB2115	TX# 42-E	50% 2011-12	0.00			
SALES AND USE TRUE UP	TX# 43-E	2010-11 F/Y	0.00			
VLF TRANSFER PER SB1096/AB2115	TX# 44-E	50% 2011-12	0.00			
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**235,093.61**	122,502.39	108,870.72	3,720.50
CROSSCHECK			**235,093.61**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 4 2012-2013 FY
PREPARED BY: DP
DATE: 2/17/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 60-I	12/1-1/31/12	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 62-U	12/1-1/31/12	15.09	15.09			
TOTAL CURRENT UNSECURED			**15.09**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX#61-Y	12/1-1/31/12	39.71	39.71			
PRIOR UNSECURED SUPPLEMENTAL	TX#61-Y	12/1-1/31/12	2.54	2.54			
TOTAL PRIOR UNSECURED			**42.25**				
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 52-H	1ST 35% 2011-12	1,378.84	1,378.84			
RDA TAX INCREMENT	TX# 53-H	1ST 35% 2011-12	0.00				
RDA PASS-THRU	TX# 54-H	1ST 35% 2011-12	0.00				
TOTAL HOMEOWNERS			**1,378.84**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 51-P	11/16-12/15/11	0.00				
PUBLIC SAFETY SALES TAX	TX# 58-P	12/16-1/15/12	0.00				
INTEREST ON ACCOUNT BALANCE	J-972	QTR END 12/11	96.86		96.86		
INTEREST ON UNAPPORTIONED TAXES	TX# 56-N	QTR END 12/11	10.43		10.43		
BUTTE HOUSING AUTHORITY IN LIEU	TX# 49-L	2010-11 F/Y	0.00				
TOTAL MISCELLANOUS			**107.29**				
TOTAL			**1,543.47**	1,436.18	107.29	0.00	0.00
CROSSCHECK			**1,543.47**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015855 & 6656
REMITTANCE #5 2011/2012 FY
PREPARED BY: DP
DATE: 4/27/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 82-S	12/19-4/15/12	162,598.06	91,117.58	71,480.48	
CS UNITARY	TX# 82-S	12/19-4/15/12	17,205.65	5,677.33	11,528.32	
CS UNITARY RAILROAD	TX# 82-S	12/19-4/15/12	115.36	115.36		
DIRECT ASSESSMENTS	TX# 82-S	12/19-4/15/12	4,616.08			4,616.08
CURRENT SECURED RDA TAX INCREMENT	TX# 79-S	2ND 50% 2011/12	(4,297.50)	(4,297.50)		
CURRENT SECURED RDA PASS-THRU	TX# 80-S	2ND 50% 2011/12	859.50	859.50		
TOTAL SECURED			181,097.15			
PRIOR SECURED:						
PS APPORTIONMENT	TX# 74-I	2/1-3/31/12	0.00			
TOTAL PRIOR SECURED			0.00			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 76-U	2/1-3/31/12	81.79	81.79		
TOTAL CURRENT UNSECURED			81.79			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 73-Y	2/1-3/31/12	70.19	51.17	19.02	
PRIOR UNSECURED SUPPLEMENTAL	TX# 73-Y	2/1-3/31/12	6.11	6.11		
PRIOR UNSECURED RDA PASS-THRU	TX# 73-Y	2/1-3/31/12	0.00			
TOTAL PRIOR UNSECURED			76.30			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 75-C	7/1-3/31/12	375.22	187.47	187.75	
RDA PASS-THRU	TX# 75-C	7/1-3/31/12	18.44	18.44		
TOTAL SUPPLEMENTAL			393.66			
FEES:						
ADMINISTRATION FEE	TX# 81-S	2ND 50% 2011-12	(2,417.53)	(2,417.53)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 77-S	2ND 50% 2011-12	(9.30)			(9.30)
DIRECT ASMT SPECIAL CHG (10.00 FEE)	TX# 78-S	12/19-3/31/12	0.00			
TOTAL FEES			(2,426.83)			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 68-P	1/16-2/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 72-P	2/16-3/15/12	0.00			
ERAF 50% SALES TAX SB1096/AB2115	TX# 84-E	F/Y 2011-12	0.00			
50% VLF TRANSFER SB1096/AB2115	TX# 85-E	F/Y 2011-12	0.00			
ERAF LOSS TRF SB1096/AB2115	TX# 86-E	F/Y 2011-12	0.00			
TOTAL MISCELLANOUS			0.00			
TOTAL			179,222.07	91,399.72	83,215.57	4,606.78
CROSSCHECK			179,222.07			

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PARADISE IRRIGATION DISTRICT

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

Recd 6/20/12 ud

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 6 2011/2012
PREPARED BY: DP
DATE: 6/15/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 120-U	APR-MAY 11/12	35.69	28.34		7.35
TOTAL CURRENT UNSECURED			**35.69**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 122-Y	APR-MAY 11/12	74.65	68.71		5.94
PRIOR UNSECURED SUPPLEMENTAL	TX# 122-Y	APR-MAY 11/12	1.28	1.28		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 122-Y	APR-MAY 11/12	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 122-Y	APR-MAY 11/12	0.00			
TOTAL PRIOR UNSECURED			**75.93**			
HOMEOWNERS:						
APPORTIONMENT	TX# 91-H	2ND 35% 11/12	1,378.84	1,378.84		
RDA TAX INCREMENT	TX# 92-H	2ND 35% 11/12	0.00			
RDA PASS-THRU	TX# 93-H	2ND 35% 11/12	0.00			
TOTAL HOMEOWNERS			**1,378.84**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 90-P	3/16-4/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 106-P	4/16-5/15/12	0.00			
INTEREST ON ACCOUNT BALANCE	J-1504	3QTR 11/12	30.75		30.75	
INTEREST ON UNAPPORTIONED TAXES	TX# 96-N	3QTR 11/12	1.65		1.65	
TOTAL MISCELLANOUS			**32.40**			
TOTAL			**1,522.86**	1,477.17	32.40	13.29
CROSSCHECK			**1,522.86**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

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REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #7 JUNE 30 & FINAL TEETER 11/12
PREPARED BY: DP
DATE: 7/20/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 137-S	4/16 THRU 7/9/12	8,692.04	4,587.15	4,104.89	
DIRECT ASSESSMENTS	TX# 137-S	4/16 THRU 7/9/12	529.24			529.24
CURRENT SECURED FINAL TEETER APPMT	TX# 141-S	TEETER BUYOUT	10,223.37	5,720.56	4,502.81	
CS FINAL TEETER DIRECT ASSESSMENTS	TX# 141-S	TEETER BUYOUT	3,933.24			3,933.24
TOTAL SECURED			**23,377.89**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 134-U	JUNE 30 2012	49.08	49.08		
TOTAL CURRENT UNSECURED			**49.08**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 132-Y	JUNE 30 2012	76.74	76.74		
PRIOR UNSECURED SUPPLEMENTAL	TX# 132-Y	JUNE 30 2012	0.18	0.18		
TOTAL PRIOR UNSECURED			**76.92**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 140-C	JUNE 30 2012	158.84	203.15	(44.31)	
RDA PASS-THRU	TX# 140-C	JUNE 30 2012	2.09	2.09		
CURRENT SUPPL FINAL TEETER APPMT	TX# 142-C	TEETER BUYOUT	190.33	121.12	69.21	
RDA PASS-THRU	TX# 142-C	TEETER BUYOUT	3.39	3.39		
TOTAL SUPPLEMENTAL			**354.65**			
TOTAL			**23,858.54**	10,763.46	8,632.60	4,462.48
CROSSCHECK			**23,858.54**			

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Rec'd 8/7/12

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

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REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #8 FINAL JUNE 30 CLEAN UP 11/12
PREPARED BY: DP
DATE: 7/31/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
CURRENT UNSECURED:							
PRIOR UNSECURED:							
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 150-H	2ND 15% 11/12	590.93	590.93			
RDA TAX INCREMENT	TX# 151-H	2ND 15% 11/12	0.00				
RDA PASS-THRU	TX# 152-H	2ND 15% 11/12	0.00				
MERGED PASS-THRU	TX# 155-H	2ND 15% 11/12	0.00				
TOTAL HOMEOWNERS			**590.93**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 149-P	5/16-6/15/12	0.00				
TIMBER YIELD APPORTIONMENT	TX# 153-T	11/11-5/10/12	0.00				
TOTAL MISCELLANOUS			**0.00**				
TOTAL			**590.93**	590.93	0.00	0.00	0.00
CROSSCHECK			**590.93**				

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Rec'd
10/18/12

BUTTE COUNTY
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25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #1 2012/2013
PREPARED BY: DP
DATE: 10/12/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 22-U	7/1-9/30/12	11,618.69	10,943.07		675.62
RDA PASS-THRU			0.00			
TOTAL CURRENT UNSECURED			**11,618.69**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 19-Y	7/1-9/30/12	145.13	145.13		
PRIOR UNSECURED SUPPLEMENTAL	TX# 19-Y	7/1-9/30/12	1.91	1.91		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 19-Y	7/1-9/30/12	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 19-Y	7/1-9/30/12	0.00			
TOTAL PRIOR UNSECURED			**147.04**			
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 3-P	6/16-7/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 15-P	7/16-8/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 18-P	8/16-9/15/12	0.00			
INTEREST ON ACCOUNT BALANCE	J-71	6/12 QTR	114.62		114.62	
INTEREST ON UNAPPORTIONED TAXES	TX# 11-N	6/12 QTR	1.26		1.26	
CORRECTION OF J-71 INT JOURNAL	TX# 12-M	6/12 QTR	0.00			
TOTAL MISCELLANOUS			**115.88**			
TOTAL			**11,881.61**	11,090.11	115.88	675.62
CROSSCHECK			**11,881.61**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
DEC - 3 2012
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #1 2012/2013
PREPARED BY: DP
DATE: 11/27/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
CURRENT UNSECURED:							
PRIOR UNSECURED:							
SUPPLEMENTAL:							
HOMEOWNERS:							
FEES:							
MISCELLANEOUS JOURNALS:							
PARADISE LOW & MOD INC HOUSING	TX# 27-M	11/12 RESIDUAL DISTRIB	290.91	290.91			
TOTAL MISCELLANOUS			**290.91**				
TOTAL			**290.91**	290.91	0.00	0.00	0.00
CROSSCHECK			**290.91**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
DEC 19 2012
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 2 2012-2013
PREPARED BY: DP
DATE: 12/14/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 31-I	OCT 1- NOV 30 2012	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 35-U	OCT 1- NOV 30 2012	363.33	363.33			
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 33-Y	OCT 1- NOV 30 2012	56.16	47.69		8.47	
PRIOR UNSECURED SUPPLEMENTAL	TX# 33-Y	OCT 1- NOV 30 2012	4.15	4.15			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 33-Y	OCT 1- NOV 30 2012	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 33-Y	OCT 1- NOV 30 2012	0.00				
PRIOR UNSEC GCRDA PASS-THRU	TX# 34-Y	OCT 1- NOV 30 2012	0.00				
TOTAL PRIOR UNSECURED			**60.31**				
SUPPLEMENTAL:							
HOMEOWNERS:							
APPORTIONMENT	TX# 32-H	1ST 15% 12/13 FY	575.13	575.13			
TOTAL HOMEOWNERS			**575.13**				
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 25-P	9/16-10/15/12	0.00				
PUBLIC SAFETY SALES TAX	TX# 29-P	10/16-11/15/12	0.00				
INTEREST ON ACCOUNT BALANCE	J-445	QTR 9/12	21.60		21.60		
INTEREST ON UNAPPORTIONED TAXES	TX# 24-N	QTR 9/12	13.83		13.83		
TIMBER YIELD APPORTIONMENT	TX# 30-T	5/11-11/10/12	0.00				
MERGED CHICO RDA RESIDUAL REVENUE			0.00				
			0.00				
TOTAL MISCELLANOUS			**35.43**				
TOTAL			**1,034.20**	990.30	35.43	8.47	0.00
CROSSCHECK			**1,034.20**				

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #3 2012/2013
PREPARED BY: DP
DATE: 12/28/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 47-S	JULY-DEC 17,2012	204,253.19	119,298.03	84,955.16	
DIRECT ASSESSMENTS	TX# 47-S	JULY-DEC 17,2012	3,601.60			3,601.60
UNITARY	TX# 47-S	JULY-DEC 17,2012	23,081.99	6,203.15	16,878.84	
UNITARY RAILROAD	TX# 47-S	JULY-DEC 17,2012	95.10	95.10		
RDA TAX INCREMENT	TX# 36-S	1ST 50% 12/13 FY	(4,842.00)	(4,842.00)		
RDA PASS-THRU	TX# 37-S	1ST 50% 12/13 FY	968.50	968.50		
CHICO MERGED PASS THRU	TX# 45-S	1ST SEC DISTR 12/13	0.00			
GREATER CHICO RDA PASS THRU	TX# 46-S	1ST SEC DISTR 12/13	0.00			
TOTAL SECURED			**227,158.38**			
PRIOR SECURED:						
CURRENT UNSECURED:						
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
ADMINISTRATION FEE	TX# 38-S	1ST 50% 12/13 FY	(3,362.75)	(3,362.75)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 43-S	1ST 50% 12/13 FY	(8.85)			(8.85)
DIRECT ASMT SPECIAL CHG (10.00 FEE)	TX# 44-S	7/1-12/10/12	0.00			
TOTAL FEES			**(3,371.60)**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX			0.00			
50% SALES TAX IN LIEU 2012/2013	TX# 39-E	1ST 50% 12/13 FY	0.00			
SALES AND USE TRUE UP	TX# 40-E	2011-2012 FY	0.00			
50% VLF FUNDS TRANSFER	TX# 41-E	1ST 50% 12/13 FY	0.00			
ERAF LOSS TRANSFER	TX# 42-E	2012-13 FY	0.00			
BUTTE HOUSING AUTHORITY	TX# 49-L	2011-12 FY	0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**223,786.78**	118,360.03	101,834.00	3,592.75
CROSSCHECK			**223,786.78**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE # 4 2012/2013
PREPARED BY: DP
DATE: 2/15/2013

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS
CURRENT SECURED:						
PRIOR SECURED:						
PS APPORTIONMENT	TX# 72-I	12/1 TO 2/3/13	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 74-Y	DEC TO JAN 2013	70.09	66.46		3.63
PRIOR UNSECURED SUPPLEMENTAL	TX# 74-Y	DEC TO JAN 2013	4.32	4.32		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 74-Y	DEC TO JAN 2013	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 74-Y	DEC TO JAN 2013	0.00			
PRIOR UNSEC GCRDA RDA PASS-THRU	TX# 75-Y	2012/2013 F/Y	0.00			
TOTAL PRIOR UNSECURED			**74.41**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 73-C	7/1 TO 1/31/13	454.79	7.90		446.89
SUPPLEMENTAL RDA TAX INCREMENT	TX# 73-C	7/1 TO 1/31/13	0.00			
RDA PASS-THRU	TX# 73-C	7/1 TO 1/31/13	3.96	3.96		
TOTAL SUPPLEMENTAL			**458.75**			
HOMEOWNERS:						
APPORTIONMENT	TX# 55-H	1ST 35%	1,341.96	1,341.96		
TOTAL HOMEOWNERS			**1,341.96**			
FEES:						
ADMINISTRATION FEE CORR	TX# 54-S	1ST 50% CORR	(817.90)	(817.90)		
TOTAL FEES			**(817.90)**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 59-P	11/16-12/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 68-P	12/16-1/15/13	0.00			
INTEREST ON ACCOUNT BALANCE	J-1024	QTR END 12/12	9.51		9.51	
INTEREST ON UNAPPORTIONED TAXES	TX# 71-N	QTR END 12/12	4.56		4.56	
ABX1 26 ADMIN FEES	TX# 58-M	1ST DISTRIB 12/13	0.00			
MERGED CHICO RDA RESIDUAL REVENUE			0.00			
TOTAL MISCELLANOUS			**14.07**			
TOTAL			**1,071.29**	606.70	14.07	450.52
CROSSCHECK			**1,071.29**			

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

PAID
APR 26 2013
PARADISE IRRIGATION DISTRICT

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #5 2012-2013
PREPARED BY: DP
DATE: 4/12/2013

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
PRIOR SECURED:							
PS APPORTIONMENT	TX# 86-I	2/4-3/31/13	0.00				
TOTAL PRIOR SECURED			**0.00**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 87-U	12/1- 3/31/13	48.01	21.48		26.53	
TOTAL CURRENT UNSECURED			**48.01**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 88-Y	2/1-3/31/13	34.03	31.82		2.21	
PRIOR UNSECURED SUPPLEMENTAL	TX# 88-Y	2/1-3/31/13	2.72	2.72			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 88-Y	2/1-3/31/13	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 88-Y	2/1-3/31/13	0.00				
GCRDA RDA PASS-THRU	TX# 89-Y	2/1-3/31/13	0.00				
TOTAL PRIOR UNSECURED			**36.75**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 90-C	2/1-3/31/13	72.92	121.93		(49.01)	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 90-C	2/1-3/31/13	0.00				
RDA PASS-THRU	TX# 90-C	2/1-3/31/13	5.79	5.79			
MERGED RDA PASS-THRU	TX# 91-C	2/1-3/31/13	0.00				
GCRDA RDA PASS-THRU	TX# 92-C	2/1-3/31/13	0.00				
TOTAL SUPPLEMENTAL			**78.71**				
HOMEOWNERS:							
FEES:							
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 81-P	1/16/13-2/15/13	0.00				
PUBLIC SAFETY SALES TAX	TX# 83-P	2/16/13-3/15/13	0.00				
OROVILLE LMIHF RESIDUAL REVENUE	TX# 84-M		0.00				
TOTAL MISCELLANOUS			**0.00**				
TOTAL			**163.47**	183.74	0.00	(20.27)	0.00
CROSSCHECK			**163.47**				

EMIT-11

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

GENCY: PARADISE IRRIGATION DISTRICT
UND #: 1001-1015655 & 5656
REMITTANCE # 6 2012/2013
PREPARED BY: DP
DATE: 4/26/2013

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 101-S	12/18-4/17/13	154,685.66	90,366.87		64,318.79	
DIRECT ASSESSMENTS	TX# 101-S	12/18-4/17/13	4,893.26				4,893.26
UNITARY APPORTIONMENT	TX# 101-S	12/18-4/17/13	21,403.27	5,909.19		15,494.08	
UNITARY RAILROAD APPORTIONMENT	TX# 101-S	12/18-4/17/13	95.10	95.10			
CS RDA TAX INCREMENT	TX# 95-S	2ND 50% 2012-13	(4,842.00)	(4,842.00)			
CS RDA PASS-THRU	TX# 96-S	2ND 50% 2012-13	968.50	968.50			
GCRDA RDA PASS-THRU	TX# 97-S	2012-13	0.00				
MERGED CHICO RDA PASS-THRU	TX# 98S	2012-13	0.00				
TOTAL SECURED			**177,203.79**				
PRIOR SECURED:							
CURRENT UNSECURED:							
PRIOR UNSECURED:							
SUPPLEMENTAL:							
HOMEOWNERS:							
FEES:							
ADMINISTRATION FEE	TX# 93-S	F/Y 2012-13	(2,544.85)	(2,544.85)			
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 99-S	2ND 50% 2012-13	(8.85)				(8.85)
DIRECT ASMT SPECIAL CHG (10.00 FEE)	TX# 100-S	12/11-2/8/13	0.00				
TOTAL FEES			**(2,553.70)**				
MISCELLANEOUS JOURNALS:							
INTEREST ON ACCOUNT BALANCE	J-1453	QTR END 4/12	37.79		37.79		
INTEREST ON UNAPPORTIONED TAXES	TX# 102-N	QTR END 4/12	1.32		1.32		
VLF TRANSFER DISTRIBUTION	TX# 103-E	SB1096-AB2115	0.00				
SALES TAX DISTRIBUTION	TX# 104-E	SB1096-AB2115	0.00				
ERAF LOSS TRANSFER	TX# 105-E	R&T 97.70/71 &	0.00				
TOTAL MISCELLANOUS		SB1096-AB2115	**39.11**				
TOTAL			**174,689.20**	89,952.81	39.11	79,812.87	4,884.41
CROSSCHECK			**174,689.20**				

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #7 2012-2013
PREPARED BY: DP
DATE: 6/14/2013

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS
PRIOR SECURED:						
PS APPORTIONMENT	TX# 124-I	APR-MAY 2013	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 125-U	APR-MAY 2013	54.24	54.24		
TOTAL CURRENT UNSECURED			**54.24**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 128-Y	APR-MAY 2013	60.61	53.42		7.19
PRIOR UNSECURED SUPPLEMENTAL	TX# 128-Y	APR-MAY 2013	0.67	0.67		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 128-Y	APR-MAY 2013	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 128-Y	APR-MAY 2013	0.00			
TOTAL PRIOR UNSECURED			**61.28**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 127-C	APR-MAY 2013	416.32	420.85		(4.53)
SUPPLEMENTAL RDA TAX INCREMENT	TX# 127-C	APR-MAY 2013	0.00			
SUPPLEMENTAL RDA PASS-THRU	TX# 127-C	APR-MAY 2013	0.46	0.46		
TOTAL SUPPLEMENTAL			**416.78**			
HOMEOWNERS:						
APPORTIONMENT	TX# 108-H	2ND 35% 2012/13	1,341.96	1,341.96		
APPORTIONMENT	TX# 121-H	2ND 15% 2012/13	575.13	575.13		
TOTAL HOMEOWNERS			**1,917.09**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 109-P	3/16-4/15/13	0.00			
PUBLIC SAFETY SALES TAX	TX# 114-P	4/16-5/15/13	0.00			
TIMBER YIELD APPORTIONMENT	TX# 123-T	11/11-5/10/13	0.00			
ABX1 26 ADMIN FEES- AUD COSTS	TX# 115-M	2012-13 F/Y	0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**2,449.39**	2,446.73	0.00	2.66
CROSSCHECK			**2,449.39**			

N:\REMITTANCES\REMIT-11

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: PARADISE IRRIGATION DISTRICT
FUND #: 1001-1015655 & 5656
REMITTANCE #8 2012/2013
PREPARED BY: DP
DATE: 7/30/2013

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 19900 PID BONDS	TC 67540 PID DEL WTR
CURRENT SECURED:							
CURRENT SECURED APPORTIONMENT	TX# 145-S	4/18-7/8/13	7,432.20	4,037.03		3,395.17	
DIRECT ASSESSMENTS	TX# 145-S	4/18-7/8/13	494.98				494.98
CURRENT SECURED FINAL TEETER APPMT	TX# 148-S	2012-13 FY	8,307.84	4,723.58		3,584.26	
CS FINAL TEETER DIRECT ASSESSMENTS	TX# 148-S	2012-13 FY	3,476.88				3,476.88
TOTAL SECURED			**19,711.90**				
CURRENT UNSECURED:							
CU APPORTIONMENT	TX# 143-U	JUNE 2013	4.55	4.55			
TOTAL CURRENT UNSECURED			**4.55**				
PRIOR UNSECURED:							
PR UNSECURED APPORTIONMENT	TX# 141-Y	JUNE 2013	23.76	23.76			
PRIOR UNSECURED SUPPLEMENTAL	TX# 141-Y	JUNE 2013	0.06	0.06			
PRIOR UNSECURED RDA TAX INCREMENT	TX# 141-Y	JUNE 2013	0.00				
PRIOR UNSECURED RDA PASS-THRU	TX# 141-Y	JUNE 2013	0.00				
TOTAL PRIOR UNSECURED			**23.82**				
SUPPLEMENTAL:							
CURRENT SUPPL APPORTIONMENT	TX# 147-C	JUNE 2013	1.68	109.56		(107.88)	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 147-C	JUNE 2013	0.00				
SUPPLEMENTAL RDA PASS-THRU	TX# 147-C	JUNE 2013	(14.78)	(14.78)			
CURRENT SUPPL FINAL TEETER APPMT	TX# 150-C	2012-13 FY	125.70	73.79		51.91	
SUPP FINAL TEETER RDA TAX INCREMENT	TX# 150-C	2012-13 FY	0.00				
SUPP FINAL TEETER RDA PASS-THRU	TX# 150-C	2012-13 FY	0.00				
TOTAL SUPPLEMENTAL			**112.60**				
MISCELLANEOUS JOURNALS:							
PUBLIC SAFETY SALES TAX	TX# 137-P	5/16-6/15/13	0.00				
CA STATE PROP 1A REIMBURSEMENT	TX# 134-S	REIMBURSMENT	21,871.00	20,508.00	1,363.00		
SUPPLEMENTAL MERGED PASS-THRU	TX# 151-C	2012-2013	0.00				
SUPPLEMENTAL GCRDA PASS-THRU	TX# 152-C	2012-2013	0.00				
SUPP FINAL TEETER MERGED PASS-THRU	TX# 153-C	2012-2013	0.00				
SUPP FINAL TEETER GCRDA PASS-THRU	TX# 154-C	2012-2013	0.00				
TOTAL MISCELLANOUS			**21,871.00**				
TOTAL			**41,723.87**	29,465.55	1,363.00	6,923.46	3,971.86
CROSSCHECK			**41,723.87**				

Declaration of Steve Wong

In Support of Claimants' Response to Request for Additional Information

10-TC-12 and 12-TC-01

I, Steve Wong, declare as follows:

1. I make this declaration of my own personal knowledge, except matters set forth herein on information and belief, and as to those matters I believe them to be true, and if called upon to testify, I could and would competently testify to the matters set forth herein under oath.

2. I am the Finance Division Manager of South Feather Water & Power Agency ("South Feather"), serving in that position since January 2, 2008. My duties include financial reporting, accounting, budgeting, cash management, treasury functions, supervision of Finance Division operations and other administrative functions.

3. Attached as Exhibit A are true and correct copies of invoices received from Butte County Auditor-Controller during South Feather's last three fiscal years. Among other items, the invoices show South Feather's receipt of property tax revenue from Butte County totaling the following: $513,770.34 for FY 2010; $509,266.42 for FY 2011; and $488,953.67 for FY 2012.

4. Since becoming employed by South Feather, I have not calculated or otherwise established South Feather's appropriation limit as set forth in Proposition 4. At the request of South Feather's legal counsel, I have begun working to establish South Feather's appropriation limit and intend, after the requisite public review period, to ask South Feather's Board of Directors to adopt a resolution establishing South Feather's appropriation limit for its current fiscal year. If the resolution is adopted, South Feather will provide a copy of the resolution to the Commission and interested parties.

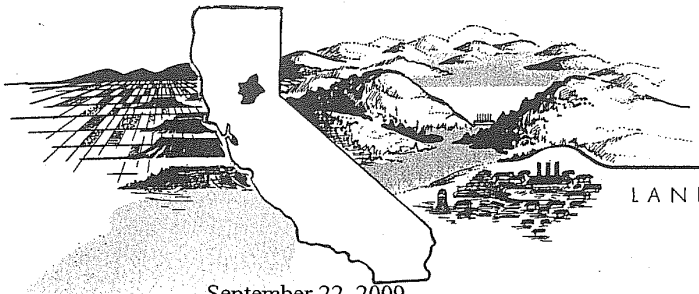
I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this the 20th day of September, 2013, at Oroville, California.

Steve Wong, Finance Division Manager
South Feather Water & Power Agency

EXHIBIT A

REMITTANCE ADVICES RECEIVED FROM BUTTE COUNTY
AUDITOR-CONTROLLER DURING SOUTH FEATHER'S
LAST THREE FISCAL YEARS

01-00-4931
Prop Tax



Butte County

LAND OF NATURAL WEALTH AND BEAUTY

OFFICE OF THE AUDITOR-CONTROLLER
COUNTY ADMINISTRATION BUILDING
25 COUNTY CENTER DRIVE • OROVILLE, CALIFORNIA 95965-3383
TELEPHONE: (530) 538-7607
FAX: (530) 538-7693

September 22, 2009

To: Special Districts

Subject: ASSEMBLY BILL X4 15 – REDUCTION OF AD VALOREM PROPERTY TAX REVENUE APPORTIONMENT FOR THE FISCAL YEAR 2009-10

The purpose of this letter is to advise you of the recent enacted State Legislation affecting your District's property tax revenues. During the 2009-10 State budget process the State Legislation passed, and the Governor signed into law, Assembly Bill (AB) X4 15, Chapter 14 which allows the State to borrow from the local taxing entities' 2009-10 property tax revenue and fully repays the local agencies' property tax revenue reductions no later than June 30, 2013.

The law adds the Revenue and Taxation (R&T) Code Section 100.06 which requires the county auditor to reduce the amount of ad valorem property tax revenue apportionments to each local taxing entity for the fiscal year 2009-10 by 8% of the total amount of ad valorem property tax revenue apportioned to that local taxing entity in the fiscal year 2008-09, and it provides a hardship provision. The hardship provision is for the local agencies that are in danger of bankruptcy or unable to provide core services to apply for a reduction or elimination of their property tax reduction to the State Department of Finance no later than October 15, 2009. The cap for the hardship exemption amount for each county is 10% of the combined total reduction amounts for all local agencies in the county. If the hardship exemption is granted, then the hardship amount will be reallocated to the other local agencies in the county to make up for the difference, which means the property tax reduction amounts of the other local agencies will be more than 8% of their 2008-09 property tax revenue.

For your budgeting purpose, we have estimated your district's reduction property tax revenue for the fiscal year as attached. We will finalize the reduction after November 15, 2009. If you have any questions regarding the computed amount, please contact Veda Musler at vmusler@buttecounty.net or (530) 538-7740.

Also attached, find "Frequently Asked Questions" document prepared by California State Association Of Counties that explains Proposition 1A including a Securitization of the repayment property tax revenue reduction through a joint powers authority.

DAVID A. HOUSER
Auditor-Controller

DAH/vm
encls

CALCULATION OF PROP 1A 8% REDUCTION TO 2008-09 AD VALORUM PROPERTY TAXES

AGENCY DESCRIPTION	CURRENT SECURED /UNITARY	SUPPLEMENTAL	CURRENT UNSECURED /AIRCRAFT	TOTAL	PROP 1A CALCULATION 8% REDUCTION
OROVILLE CEMETERY	176,055.96	4,313.08	3,240.37	183,609.41	(14,688.75)
B M A D	1,878,447.49	26,678.49	86,921.34	1,992,047.32	(159,363.79)
DURHAM MOSQ ABATE DIST	69,222.60	765.93	3,180.76	73,169.29	(5,853.54)
OROVILLE MOSQ ABATE DIST	77,028.16	2,486.39	(3,701.74)	75,812.81	(6,065.02)
C A R D	2,170,833.14	37,335.10	94,340.30	2,302,508.54	(184,200.68)
PARADISE REC & PARK DIST	1,274,486.75	14,535.16	59,405.70	1,348,427.61	(107,874.21)
DURHAM REC & PARK DIST	312,946.54	3,405.46	14,652.16	331,004.16	(26,480.33)
EL MEDIO FIRE DISTRICT	159,967.24	1,800.57	4,838.82	166,606.63	(13,328.53)
FEATHER RIVER REC & PARK	1,336,638.68	23,972.61	62,506.59	1,423,117.88	(113,849.43)
SOUTH FEATHER WATER & POWER	506,066.58	6,027.55	22,932.60	535,026.73	(42,802.14)
P I D	242,788.86	2,760.80	10,511.72	256,061.38	(20,484.91)
RECLAMATION DIST #2056	19,933.01	230.77	923.67	21,087.45	(1,687.00)
RECLAMATION DIST #777	1,444.30	15.44	66.02	1,525.76	(122.06)
L O P U D	286,266.84	3,089.03	13,096.44	302,452.31	(24,196.18)
YUBA COUNTY WATER	4,794.83	52.07	222.85	5,069.75	(405.58)
YUBA COUNTY WATER #2	7,672.78	84.09	354.91	8,111.78	(648.94)
RICHVALE SANITARY DIST	16,762.69	168.18	734.56	17,665.43	(1,413.23)
LIME SADDLE COMM SERVICE	90,668.10	985.18	4,201.06	95,854.34	(7,668.35)
RECLAMATION DIST #2054	18,523.34	188.22	825.35	19,536.91	(1,562.95)
LAKE MADRONE WATER	18,818.48	199.02	866.62	19,884.12	(1,590.73)
GRAND TOTAL ALL ENTITIES	9,853,781.44	144,332.34	433,859.54	10,431,973.32	(834,542.97)
CHECK TOTAL				10,431,973.32	

12/18/09 #21,425.50
4/20/10 #21,425.50

42,851.00

VENDOR 1426 DATE 12/28/11 NO. 1505130353

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #3 11/12	255,625.15	1001	280

AR : JE BATCH 1-01-2012
JE # 194-12-2011

RECEIVED
JAN 03 2012
S.F.W.P.
OROVILLE OFFICE

TOTAL $***255,625.15*

000015 523123

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #3 2011-2012 FY
PREPARED BY: DP
DATE: 12/30/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 67530 PR CHGS (1)
CURRENT SECURED:					
CURRENT SECURED APPORTIONMENT	TX# 46-S	7/1-12/18/11	264,241.89	264,241.89	
CURRENT SECURED UNITARY	TX# 46-S	7/1-12/18/11	9,962.06	9,962.06	
CURRENT SECURED RAILROAD UNITARY	TX# 46-S	7/1-12/18/11	249.76	249.76	
DIRECT ASSESSMENTS	TX# 46-S	7/1-12/18/11	1,620.01		1,620.01
CURRENT SECURED RDA INCREMENT	TX# 39-S	1ST 50%	(16,733.50)	(16,733.50)	
CURRENT SECURED RDA PASS-THRU	TX# 40-S	1ST 50%	1,310.50	1,310.50	
TOTAL SECURED			**260,650.72**		
PRIOR SECURED:					
CURRENT UNSECURED:					
PRIOR UNSECURED:					
SUPPLEMENTAL:					
HOMEOWNERS:					
FEES:					
ADMINISTRATION FEE	TX# 41-S	1ST 50% 2011-12	(5,022.57)	(5,022.57)	
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 35-S	1ST 50% 2011-12	(3.00)		(3.00)
DIRECT ASSESSMENT SPECIAL CHG (10.00 FEE)	TX# 34-S	1ST 50% 2011-12	0.00		
TOTAL FEES			**(5,025.57)**		
MISCELLANEOUS JOURNALS:					
SALES TAX IN LIEU PER SB1096/AB2115	TX# 42-E	50% 2011-12	0.00		
SALES AND USE TRUE UP	TX# 43-E	2010-11 F/Y	0.00		
VLF TRANSFER PER SB1096/AB2115	TX# 44-E	50% 2011-12	0.00		
BUTTE HOUSING AUTHORITY IN LIEU			0.00		
TOTAL MISCELLANOUS			**0.00**		
TOTAL			**255,625.15**	254,008.14	1,617.01
CROSSCHECK			**255,625.15**		

(1) UB ACCOUNTS ADDED TO TAXES. SW

VENDOR 1426 DATE 12/15/11 NO. 1505130311

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #2 11/12	2,166.55	1001	280

01-00-49311-2 #2,068.47

01-00-49250-2 #98.08

RECEIVED
DEC 16 2011
S.F.W.P.
OROVILLE OFFICE

TOTAL $*****2,166.55*

000018 522414

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY
OROVILLE CALIFORNIA

us bank
24 Hour Banking

90-2267
1211

1505 130311

DATE 12/15/11

PAY THIS AMOUNT $*****2,166.55*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ******2166* DOLLARS AND *55* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of
SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505130311⑈ ⑆121122676⑆153401339749⑈

VENDOR 1426 DATE 10/27/11 NO. 1505129873

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #1 11/12	22,035.53	1001	280

$21,886.78 RECEIVED
01-00-49311-2 148.75 OCT 31 2011
01-00-49250-2 $22,035.53 S.F.W.P.
OROVILLE OFFICE

TOTAL $****22,035.53*

DEBBY FOR OUR FILE TAX
" PROPERTY " STEVE 10/31/11

000014 512990

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking
OROVILLE CALIFORNIA 90-2267 / 1211

1505 129873

DATE 10/27/11

PAY THIS AMOUNT $****22,035.53*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF *****22035* DOLLARS AND *53* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of
SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505129873⑈ ⑆121122676⑆153401339749⑈

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 1 2011-2012 FY
PREPARED BY: DP
DATE: 10/28/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 67531 CUR CHGS
CURRENT SECURED:						
PRIOR SECURED:						
PS APPORTIONMENT	TX 20-I	7/1-9/30/11	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX 16-U	7/1-9/30/11	23,403.87	23,403.87		
RDA TAX INCREMENT	TX 18-U	2011-2012	(1,914.00)	(1,914.00)		
RDA PASS-THRU	TX 19-U	2011-2012	150.00	150.00		
TOTAL CURRENT UNSECURED			**21,639.87**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX 15-Y	7/1-9/30/11	222.51	222.51		
PRIOR UNSECURED SUPPLEMENTAL	TX 15-Y	7/1-9/30/11	23.20	23.20		
PRIOR UNSECURED UNITARY	TX 15-Y	7/1-9/30/11	0.29	0.29		
PRIOR UNSECURED RDA TAX INCREMENT	TX 15-Y	7/1-9/30/11	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX 15-Y	7/1-9/30/11	0.91	0.91		
TOTAL PRIOR UNSECURED			**246.91**			
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX 1-P	6/16-7/15/11	0.00			
PUBLIC SAFETY SALES TAX	TX 10-P	7/16-8/15/11	0.00			
PUBLIC SAFETY SALES TAX	TX 14-P	8/16-9/15/11	0.00			
INTEREST ON ACCOUNT BALANCE	J118	QEND 6/11	143.94		143.94	
INTEREST ON UNAPPORTIONED TAXES	TX 11-N	QEND 6/11	4.81		4.81	
TOTAL MISCELLANOUS			**148.75**			
TOTAL			**22,035.53**	21,886.78	148.75	0.00
CROSSCHECK			**22,035.53**			

VENDOR 1426 DATE 07/21/11 NO. 1505128508

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		RMT#7/FNL TEETER10/11	26,582.82	1001	280
	01-00-49311-2	#25,475.14	Rev Floor Tax AR-County Taxes		
	01-00-13900-2	1,107.68			
		#26,582.82			

TOTAL $****26,582.82*

RECEIVED
S.F.W.P.
OROVILLE OFFICE

000013 497405

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 7 & FINAL TEETER 2010/2011 FY
PREPARED BY: DP
DATE: 7/15/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	TC 67530 PR CHGS
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 118-S	4/18-7/8/11	9,724.92	9,724.92		
DIRECT ASSESSMENTS	TX# 118-S	4/18-7/8/11	164.84			164.84
CURRENT SECURED FINAL TEETER APPMT	TX# 125-S	TEETER BUYOUT	14,554.92	14,554.92		
CS FINAL TEETER DIRECT ASSESSMENTS	TX# 125-S	TEETER BUYOUT	942.84			942.84
RDA PASS-THRU			0.00			
TOTAL SECURED			**25,387.52**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 121-U	6/1-7/8/11	32.79	32.79		
TOTAL CURRENT UNSECURED			**32.79**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 123-Y	6/1-7/8/11	49.47	49.47		
PRIOR UNSECURED SUPPLEMENTAL	TX# 123-Y	6/1-7/8/11	1.78	1.78		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 123-Y	6/1-7/8/11	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 123-Y	6/1-7/8/11	0.00			
TOTAL PRIOR UNSECURED			**51.25**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 117-C	2/1-7/8/11	858.56	858.56		
SUPPLEMENTAL RDA TAX INCREMENT	TX# 117-C	2/1-7/8/11	0.00			
RDA PASS-THRU	TX# 117-C	2/1-7/8/11	(35.46)	(35.46)		
CURRENT SUPP FINAL TEETER APMT	TX# 127-C	TEETER BUYOUT	282.13	282.13		
SUPP FINAL TEETER RDA TAX INCREMENT	TX# 127-C	TEETER BUYOUT	0.00			
SUPP FINAL TEETER RDA PASS-THRU	TX# 127-C	TEETER BUYOUT	6.03	6.03		
TOTAL SUPPLEMENTAL			**1,111.26**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 114-P	5/16-6/15/11	0.00			
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**26,582.82**	25,475.14	0.00	1,107.68
CROSSCHECK			**26,582.82**			

VENDOR 1426 DATE 06/29/11 NO. 1505128145

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #6 2010/2011	4,072.82	1001	280

RECEIVED
JUN 30 2011
S.F.W.P.
OROVILLE OFFICE

TOTAL $*****4,072.82*

000013 489486

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN angle TO VERIFY SECURITY MARK

BUTTE COUNTY
OROVILLE CALIFORNIA

us bank
24 Hour Banking

90-2267
1211

1505 128145

DATE 06/29/11

PAY THIS AMOUNT $*****4,072.82*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ******4072* DOLLARS AND *82* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505128145⑈ ⑆121122676⑆153401339749⑈

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 6 2010-2011 FY
PREPARED BY: DP
DATE: 6/20/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 106-U	4/1-5/31/11	80.26	80.26		
RDA PASS-THRU			0.00			
TOTAL CURRENT UNSECURED			**80.26**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 110-Y	4/1-5/31/11	216.07	216.07		
PRIOR UNSECURED SUPPLEMENTAL	TX# 110-Y	4/1-5/31/11	7.83	7.83		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 110-Y	4/1-5/31/11	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 110-Y	4/1-5/31/11	0.22	0.22		
TOTAL PRIOR UNSECURED			**224.12**			
SUPPLEMENTAL:						
HOMEOWNERS:						
APPORTIONMENT	TX# 90-H	2ND 35%	3,094.75	3,094.75		
RDA TAX INCREMENT	TX# 91-H	2ND 35%	(487.20)	(487.20)		
RDA PASS-THRU	TX# 91-H	2ND 35%	0.00			
APPORTIONMENT	TX# 101-H	2ND 15%	1,326.32	1,326.32		
RDA TAX INCREMENT	TX# 102-H	2ND 15%	(208.80)	(208.80)		
RDA PASS-THRU	TX# 102-H	2ND 15%	0.00			
TOTAL HOMEOWNERS			**3,725.07**			
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 89-P	3/16-4/15/11	0.00			
PUBLIC SAFETY SALES TAX	TX# 99-P	4/16-5/15/11	0.00			
INTEREST ON ACCOUNT BALANCE	J-1393	QTR END 03/11	8.54			8.54
INTEREST ON UNAPPORTIONED TAXES	TX# 93-N	QTR END 03/11	7.18			7.18
INTEREST POSTING CORRECTION	TX# 88-M	QTR END 12/10	0.00			
INTEREST POSTING CORRECTION	TX# 113-M	QTR END 12/10	0.00			
TIMBER YIELD APPORTIONMENT	TX# 100-T	11/11-5/10/11	27.65	27.65		
TOTAL MISCELLANOUS			**43.37**			
TOTAL			**4,072.82**	4,057.10	0.00	15.72
CROSSCHECK			**4,072.82**			

01-00-49311-2 #4,057.10

01-00-49250-2 #15.72 G.F., INTEREST, MISC

~~49202~~

VENDOR 1426 DATE 04/27/11 NO. 1505127296

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #5 2010/2011	200,628.79	1001	280

RECEIVED
APR 28 2011
S.F.W.P.
OROVILLE OFFICE

5/2/11 ck # 450707

TOTAL $***200,628.79*

000016 479346

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking
OROVILLE CALIFORNIA 90-2267 / 1211

1505 127296

DATE 04/27/11

PAY THIS AMOUNT $***200,628.79*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ****200628* DOLLARS AND *79* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of
SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505127296⑈ ⑆121122676⑆153401339749⑈

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 5 2010-2011 FY
PREPARED BY: DP
DATE: 4/22/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST	TC 67530 PR CHGS
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 86-S	12/15-4/17/11	211,423.18	211,423.18		
UNITARY	TX# 86-S	12/15-4/17/11	8,660.42	8,660.42		
UNITARY RAILROAD	TX# 86-S	12/15-4/17/11	69.21	69.21		
DIRECT ASSESSMENTS	TX# 86-S	12/15-4/17/11	1,851.00			1,851.00
RDA TAX INCREMENT	TX# 81-S	2ND 50%	(16,225.00)	(16,225.00)		
RDA PASS-THRU	TX# 81-S	2ND 50%	0.00			
TOTAL SECURED			**205,778.81**			
PRIOR SECURED:						
PS APPORTIONMENT	TX# 84-I	2/1-3/31/11	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 85-U	2/1-3/31/11	333.80	333.80		
TOTAL CURRENT UNSECURED			**333.80**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 83-Y	2/1-3/31/11	152.48	152.48		
PRIOR UNSECURED SUPPLEMENTAL	TX# 83-Y	2/1-3/31/11	3.85	3.85		
PRUSECURED UNITARY APPORTIONMENT	TX# 83-Y	2/1-3/31/11	115.29	115.29		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 83-Y	2/1-3/31/11	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 83-Y	2/1-3/31/11	0.07	0.07		
TOTAL PRIOR UNSECURED			**271.69**			
FEES:						
ADMINISTRATION FEE	TX# 82-S	2ND 50%	(6,000.72)	(6,000.72)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX#76-S	2ND 50%	(3.60)			(3.60)
DIRECT ASSESSMENT SPECIAL CHG (10.00 FEE)	TX# 77-S	12/18-4/15/11	0.00			
TOTAL FEES			**(6,004.32)**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 72-P	1/16-2/15/11	0.00			
PUBLIC SAFETY SALES TAX	TX# 74-P	2/16-3/15/11	0.00			
INTEREST ON ACCOUNT BALANCE	J-901	QTR END 12/10	230.60		230.60	
INTEREST ON UNAPPORTIONED TAXES	TX# 70-N	QTR END 12/10	18.21		18.21	
50% 2010-11 SALES TAX IN LIEU FROM ERAF	TX# 78-E	SB1096/AB2115	0.00			
50% VLF FUNDS FROM ERAF	TX# 79-E	SB1096/AB2115	0.00			
DISBURSEMENT OF ERAF LOSS ADJUSTMENT	TX# 80-E	SB1096/AB2115 &	0.00			
TOTAL MISCELLANOUS		R&T 97.71	**248.81**			
TOTAL			**200,628.79**	198,532.58	248.81	1,847.40
CROSSCHECK			**200,628.79**			

Prop Tax 01-00-49311-2 $198,532.58

Interest 01-00-49250-2 248.81

AR 01-00-13900-2 1,847.40

200,628.79

VENDOR 1426 DATE 02/18/11 NO. 1505126396

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #4 2010/2011	3,238.21	1001	280

RECEIVED
FEB 22 2011
S.F.W.P.
OROVILLE OFFICE

01-00-49311-2

2/23/11 RECEIPT # 00438773

TOTAL $*****3,238.21*

000011 467348

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 4 2010-2011 FY
PREPARED BY: DP
DATE: 2/11/2011

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS
PRIOR SECURED:					
PS APPORTIONMENT	TX# 64-I	12-1 TO 1-31-11	0.00		
PS SUPPLEMENTAL			0.00		
TOTAL PRIOR SECURED			**0.00**		
CURRENT UNSECURED:					
CU APPORTIONMENT	TX# 65-U	12-1 TO 1-31-11	62.16	62.16	
RDA PASS-THRU			0.00		
TOTAL CURRENT UNSECURED			**62.16**		
PRIOR UNSECURED:					
PR UNSECURED APPORTIONMENT	TX# 66-Y	12-1 TO 1-31-11	97.08	97.08	
PRIOR UNSECURED SUPPLEMENTAL	TX# 66-Y	12-1 TO 1-31-11	0.23	0.23	
PRIOR UNSECURED RDA TAX INCREMENT	TX# 66-Y	12-1 TO 1-31-11	0.00		
PRIOR UNSECURED RDA PASS-THRU			0.00		
TOTAL PRIOR UNSECURED			**97.31**		
SUPPLEMENTAL:					
CURRENT SUPPL APPORTIONMENT	TX# 67-C	12-1 TO 1-31-11	470.37	470.37	
SUPPLEMENTAL RDA TAX INCREMENT	TX# 67-C	12-1 TO 1-31-11	0.00		
RDA PASS-THRU	TX# 67-C	12-1 TO 1-31-11	0.82	0.82	
TOTAL SUPPLEMENTAL			**471.19**		
HOMEOWNERS:					
APPORTIONMENT	TX# 58-H	1ST 35%	3,094.75	3,094.75	
RDA TAX INCREMENT	TX# 59-H	1ST 35%	(487.20)	(487.20)	
RDA PASS-THRU	TX# 59-H	1ST 35%	0.00		
RDA PASS-THRU			0.00		
TOTAL HOMEOWNERS			**2,607.55**		
MISCELLANEOUS JOURNALS:					
PUBLIC SAFETY SALES TAX	TX# 53-P	11-16-12/15/10	0.00		
PUBLIC SAFETY SALES TAX	TX# 62-P	12/16-1/15/11	0.00		
BUTTE HOUSING AUTHORITY IN LIEU	TX# 51-L	2009-10 F/Y	0.00		
TOTAL MISCELLANOUS			**0.00**		
TOTAL			**3,238.21**	3,238.21	0.00
CROSSCHECK			**3,238.21**		

VENDOR 1426 DATE 01/04/13 NO. 1505135773

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #3 2012/2013	239,147.27	1001	280

01-00-13900-2
01-00-49311-2

PAT - FOR OUR FILE.
SW

ACCRUAL
JE BATCH 9-01-2013
JE # 166-12-2012

RECEIVED
JAN 07 2012
S.F.W.P.
OROVILLE OFFICE

TOTAL $***239,147.27*

000015 013259

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking
OROVILLE CALIFORNIA 90-2267/1211

1505 135773

DATE 01/04/13

PAY THIS AMOUNT $***239,147.27*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ****239147* DOLLARS AND *27* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505135773⑈ ⑆121122676⑆153401339749⑈

N:\REMITTANCES\REMIT-10

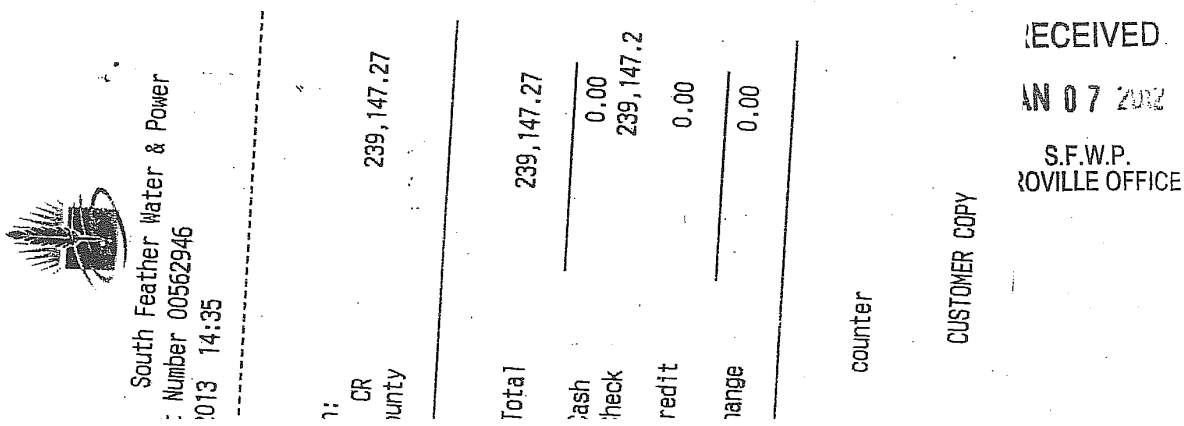
BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #3 2012/2013
PREPARED BY: DP
DATE: 12/28/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 67530 PR CHGS
CURRENT SECURED:					
CURRENT SECURED APPORTIONMENT	TX# 47-S	JULY-DEC 17,2012	252,583.95	252,583.95	
DIRECT ASSESSMENTS	TX# 47-S	JULY-DEC 17,2012	1,141.59		1,141.59
UNITARY	TX# 47-S	JULY-DEC 17,2012	10,833.37	10,833.37	
UNITARY RAILROAD	TX# 47-S	JULY-DEC 17,2012	205.90	205.90	
RDA TAX INCREMENT	TX# 36-S	1ST 50% 12/13 FY	(20,394.50)	(20,394.50)	
RDA PASS-THRU	TX# 37-S	1ST 50% 12/13 FY	1,554.50	1,554.50	
CHICO MERGED PASS THRU	TX# 45-S	1ST SEC DISTR 12/13	0.00		
GREATER CHICO RDA PASS THRU	TX# 46-S	1ST SEC DISTR 12/13	0.00		
TOTAL SECURED			**245,924.81**		
PRIOR SECURED:					
CURRENT UNSECURED:					
PRIOR UNSECURED:					
SUPPLEMENTAL:					
HOMEOWNERS:					
FEES:					
ADMINISTRATION FEE	TX# 38-S	1ST 50% 12/13 FY	(6,774.99)	(6,774.99)	
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 43-S	1ST 50% 12/13 FY	(2.55)		(2.55)
DIRECT ASMT SPECIAL CHG (10.00 FEE)	TX# 44-S	7/1-12/10/12	0.00		
TOTAL FEES			**(6,777.54)**		
MISCELLANEOUS JOURNALS:					
PUBLIC SAFETY SALES TAX			0.00		
50% SALES TAX IN LIEU 2012/2013	TX# 39-E	1ST 50% 12/13 FY	0.00		
SALES AND USE TRUE UP	TX# 40-E	2011-2012 FY	0.00		
50% VLF FUNDS TRANSFER	TX# 41-E	1ST 50% 12/13 FY	0.00		
ERAF LOSS TRANSFER	TX# 42-E	2012-13 FY	0.00		
BUTTE HOUSING AUTHORITY	TX# 49-L	2011-12 FY	0.00		
TOTAL MISCELLANOUS			**0.00**		
TOTAL			**239,147.27**	238,008.23	1,139.04
CROSSCHECK			**239,147.27**		



VENDOR 1426 DATE 12/18/12 NO. 1505135391

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #2 2012/2013	2,352.29	1001	280

RECEIVED
DEC 19 2012
S.F.W.P.
OROVILLE OFFICE

01-00-49311-2 $2,298.45

01-00-49250-2 $53.84

TOTAL $*****2,352.29*

000015 010460

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN angle TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking 1505 135391

OROVILLE CALIFORNIA 90-2267 / 1211

DATE 12/18/12 PAY THIS AMOUNT $*****2,352.29*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ******2352* DOLLARS AND *29* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505135391⑈ ⑆121122676⑆153401339749⑈

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

RECEIVED
DEC 19 2012
S.F.W.P.
OROVILLE OFFICE

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 2 2012-2013
PREPARED BY: DP
DATE: 12/14/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
PS APPORTIONMENT	TX# 31-I	OCT 1- NOV 30 2	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 35-U	OCT 1- NOV 30 2	769.26	769.26		
TOTAL CURRENT UNSECURED			**769.26**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 33-Y	OCT 1- NOV 30 2	102.86	102.86		
PRIOR UNSECURED SUPPLEMENTAL	TX# 33-Y	OCT 1- NOV 30 2	8.96	8.96		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 33-Y	OCT 1- NOV 30 2	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 33-Y	OCT 1- NOV 30 2	0.46	0.46		
PRIOR UNSEC GCRDA PASS-THRU	TX# 34-Y	OCT 1- NOV 30 2	0.00			
TOTAL PRIOR UNSECURED			**112.28**			
SUPPLEMENTAL:						
HOMEOWNERS:						
APPORTIONMENT	TX# 32-H	1ST 15% 12/13 F	1,217.69	1,217.69		
TOTAL HOMEOWNERS			**1,217.69**			
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 25-P	9/16-10/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 29-P	10/16-11/15/12	0.00			
INTEREST ON ACCOUNT BALANCE	J-445	QTR 9/12	24.55			24.55
INTEREST ON UNAPPORTIONED TAXES	TX# 24-N	QTR 9/12	29.29			29.29
TIMBER YIELD APPORTIONMENT	TX# 30-T	5/11-11/10/12	199.22	199.22		
TOTAL MISCELLANOUS			**253.06**			
TOTAL			**2,352.29**	2,298.45	0.00	53.84
CROSSCHECK			**2,352.29**			

VENDOR T44189 DATE 10/24/12 NO. 1505135075

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
	*	013-290-050-000/11	163.46	1001	280
		013-290-051-000/11	200.32	1001	280

NOT NEGOTIABLE

RECEIVED
OCT 25 2012
S.F.W.P.
OROVILLE OFFICE

01-00-13900-2
AR - County Taxes

NOT NEGOTIABLE

TOTAL $*******363.78*

NOT NEGOTIABLE

000016 000441

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking
OROVILLE CALIFORNIA 90-2267 / 1211

1505 135075

DATE 10/24/12

PAY THIS AMOUNT $*******363.78*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF *******363* DOLLARS AND *78* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of
SOUTH FEATHER WATER & POWER
2310 ORO QUINCY
OROVILLE CA 95966

David A. Houser

⑈1505135075⑈ ⑆121122676⑆153401339749⑈

VENDOR 1426 DATE 10/17/12 NO. 1505134751

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #1 12/13	23,594.64	1001	280
		TOTAL	$****23,594.64*		

000017 569111

N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

RECEIVED
OCT 18 2012
S.F.W.P.
OROVILLE OFFICE

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #1 2012/2013
PREPARED BY: DP
DATE: 10/12/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 22-U	7/1-9/30/12	23,169.23	23,169.23		
RDA PASS-THRU			0.00			
TOTAL CURRENT UNSECURED			**23,169.23**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 19-Y	7/1-9/30/12	313.04	313.04		
PRIOR UNSECURED SUPPLEMENTAL	TX# 19-Y	7/1-9/30/12	4.12	4.12		
PRIOR UNSECURED RDA TAX INCREMENT	TX# 19-Y	7/1-9/30/12	0.00			
PRIOR UNSECURED RDA PASS-THRU	TX# 19-Y	7/1-9/30/12	0.00			
TOTAL PRIOR UNSECURED			**317.16**			
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 3-P	6/16-7/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 15-P	7/16-8/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 18-P	8/16-9/15/12	0.00			
INTEREST ON ACCOUNT BALANCE	J-71	6/12 QTR	105.53			105.53
INTEREST ON UNAPPORTIONED TAXES	TX# 11-N	6/12 QTR	2.72			2.72
CORRECTION OF J-71 INT JOURNAL	TX# 12-M	6/12 QTR	0.00			
TOTAL MISCELLANOUS			**108.25**			
TOTAL			**23,594.64**	23,486.39	0.00	108.25
CROSSCHECK			**23,594.64**			

01-00-49311-2 Prop Tx $23,486.39

01-00-49250-2 Int-Misc $108.25

$23,594.64

Page 1

VENDOR 1426 DATE 08/17/12 NO.1505133971

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
	F/Y 12/13	REMIT#1 RDA RES REV	1,175.87	1001	280
		01-00-49311-2			

TOTAL $*****1,175.87*

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N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #1 RDA RESIDUAL REV DISTR. 12/13
PREPARED BY: DP
DATE: 8/10/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
OROVILLE RDA RESIDUAL REVENUE DISTB	TX# 9-M	12/13 DISBURSMENT	1,175.87	1,175.87		
MERGED CHICO RDA RESIDUAL REVENUE	TX# 10-M	12/13 DISBURSMENT	0.00			
TOTAL MISCELLANOUS			**1,175.87**			
TOTAL			**1,175.87**	1,175.87	0.00	0.00
CROSSCHECK			**1,175.87**			

VENDOR 1426 DATE 08/03/12 NO. 1505133877

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
	CLEANUP11/12	REMIT #8 FINAL	1,153.67	1001	280
		01-00-49311-2			
		TOTAL	$*****1,153.67*		

NOT NEGOTIABLE

RECEIVED AUG 07 2012 S.F.V.P. OROVILLE OFFICE

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N:\REMITTANCES\REMIT-10

BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #8 FINAL JUNE 30 CLEAN UP 11/12
PREPARED BY: DP
DATE: 7/31/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
APPORTIONMENT	TX# 150-H	2ND 15% 11/12	1,274.64	1,274.64		
RDA TAX INCREMENT	TX# 151-H	2ND 15% 11/12	(215.40)	(215.40)		
RDA PASS-THRU	TX# 152-H	2ND 15% 11/12	16.80	16.80		
MERGED PASS-THRU	TX# 155-H	2ND 15% 11/12	0.00			
TOTAL HOMEOWNERS			**1,076.04**			
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 149-P	5/16-6/15/12	0.00			
TIMBER YIELD APPORTIONMENT	TX# 153-T	11/11-5/10/12	77.63	77.63		
TOTAL MISCELLANOUS			**77.63**			
TOTAL			**1,153.67**	1,153.67	0.00	0.00
CROSSCHECK			**1,153.67**			

VENDOR 1426 DATE 07/26/12 NO. 1505133628

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
	FINAL 6/30	REMIT #7 11/12	25,113.83	1001	280

01-00-49311-2 #23,508.81

01-00-13900-2 1,605.02

#25,113.83

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OROVILLE OFFICE

TOTAL $****25,113.83*

000012 562628

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN ANGLE TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking 1505 133628

OROVILLE CALIFORNIA 90-2267 1211

DATE 07/26/12

PAY THIS AMOUNT $****25,113.83*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF *****25113* DOLLARS AND *83* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505133628⑈ ⑆121122676⑆153401339749⑈

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #7 JUNE 30 & FINAL TEETER 11/12
PREPARED BY: DP
DATE: 7/20/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	TC 67530 PR CHGS
CURRENT SECURED:					
CURRENT SECURED APPORTIONMENT	TX# 137-S	4/16 THRU 7/9/12	9,894.52	9,894.52	
DIRECT ASSESSMENTS	TX# 137-S	4/16 THRU 7/9/12	485.21		485.21
CURRENT SECURED FINAL TEETER APPMT	TX# 141-S	TEETER BUYOUT	12,627.70	12,627.70	
CS FINAL TEETER DIRECT ASSESSMENTS	TX# 141-S	TEETER BUYOUT	1,119.81		1,119.81
TOTAL SECURED			**24,127.24**		
CURRENT UNSECURED:					
CU APPORTIONMENT	TX# 134-U	JUNE 30 2012	105.86	105.86	
TOTAL CURRENT UNSECURED			**105.86**		
PRIOR UNSECURED:					
PR UNSECURED APPORTIONMENT	TX# 132-Y	JUNE 30 2012	169.41	169.41	
PRIOR UNSECURED SUPPLEMENTAL	TX# 132-Y	JUNE 30 2012	0.40	0.40	
TOTAL PRIOR UNSECURED			**169.81**		
SUPPLEMENTAL:					
CURRENT SUPPL APPORTIONMENT	TX# 140-C	JUNE 30 2012	451.83	451.83	
RDA PASS-THRU	TX# 140-C	JUNE 30 2012	(12.78)	(12.78)	
CURRENT SUPPL FINAL TEETER APPMT	TX# 142-C	TEETER BUYOUT	266.42	266.42	
RDA PASS-THRU	TX# 142-C	TEETER BUYOUT	5.45	5.45	
TOTAL SUPPLEMENTAL			**710.92**		
TOTAL			**25,113.83**	23,508.81	1,605.02
CROSSCHECK			**25,113.83**		

VENDOR 1426 DATE 06/19/12 NO. 1505133102

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #6 2011/2012	2,776.10	1001	280

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OROVILLE OFFICE

TOTAL $*****2,776.10*

01-00-49250-2 INTEREST $49.63

01-00-49311-2 PROP TAX $2,726.47

000020 555082

THE BACK OF THIS CHECK CONTAINS A SECURITY MARK - DO NOT ACCEPT WITHOUT HOLDING AT AN angle TO VERIFY SECURITY MARK

BUTTE COUNTY us bank 24 Hour Banking
OROVILLE CALIFORNIA 90-2267 / 1211

1505 133102

DATE 06/19/12

PAY THIS AMOUNT $*****2,776.10*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ******2776* DOLLARS AND *10* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

David A. Houser

Pay To The Order Of
SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

⑈1505133102⑈ ⑆121122676⑆153401339749⑈

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

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JUN 20 2012
S.F.W.P.
OROVILLE OFFICE

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 6 2011/2012
PREPARED BY: DP
DATE: 6/15/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	INTEREST
CURRENT UNSECURED:					
CU APPORTIONMENT	TX# 120-U	APR-MAY 11/12	61.13	61.13	
TOTAL CURRENT UNSECURED			**61.13**		
PRIOR UNSECURED:					
PR UNSECURED APPORTIONMENT	TX# 122-Y	APR-MAY 11/12	151.66	151.66	
PRIOR UNSECURED SUPPLEMENTAL	TX# 122-Y	APR-MAY 11/12	2.82	2.82	
PRIOR UNSECURED RDA TAX INCREMENT	TX# 122-Y	APR-MAY 11/12	0.00		
PRIOR UNSECURED RDA PASS-THRU	TX# 122-Y	APR-MAY 11/12	0.10	0.10	
TOTAL PRIOR UNSECURED			**154.58**		
HOMEOWNERS:					
APPORTIONMENT	TX# 91-H	2ND 35% 11/12	2,974.16	2,974.16	
RDA TAX INCREMENT	TX# 92-H	2ND 35% 11/12	(502.60)	(502.60)	
RDA PASS-THRU	TX# 93-H	2ND 35% 11/12	39.20	39.20	
TOTAL HOMEOWNERS			**2,510.76**		
MISCELLANEOUS JOURNALS:					
PUBLIC SAFETY SALES TAX	TX# 90-P	3/16-4/15/12	0.00		
PUBLIC SAFETY SALES TAX	TX# 106-P	4/16-5/15/12	0.00		
INTEREST ON ACCOUNT BALANCE	J-1504	3QTR 11/12	46.07		46.07
INTEREST ON UNAPPORTIONED TAXES	TX# 96-N	3QTR 11/12	3.56		3.56
TOTAL MISCELLANOUS			**49.63**		
TOTAL			**2,776.10**	2,726.47	49.63
CROSSCHECK			**2,776.10**		

VENDOR 1426 DATE 06/08/12 NO. 1505132977

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #1 ROPS 6/2012	5,881.81	1001	280

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OROVILLE OFFICE

SW

TOTAL $******5,881.81*

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BUTTE COUNTY
OROVILLE CALIFORNIA

us bank
24 Hour Banking

90-2267
1211

1505 132977

DATE 06/08/12

PAY THIS AMOUNT $******5,881.81*

VOID AFTER SIX MONTHS FROM DATE OF ISSUE

Pay THE SUM OF ******5881* DOLLARS AND *81* CENTS

DAVID A HOUSER
AUDITOR-CONTROLLER

Pay To The Order Of
SOUTH FEATHER WATER & POWER AGENCY
2310 ORO QUINCY HWY
OROVILLE CA 95966-5226

David A. Houser

⑈1505132977⑈ ⑆121122676⑆15340133974⑨

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #1 ROPS JUNE 1, 2012
PREPARED BY: DP
DATE: 6/8/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	RDA PASSTHRU
CURRENT SECURED:						
PRIOR SECURED:						
CURRENT UNSECURED:						
PRIOR UNSECURED:						
SUPPLEMENTAL:						
HOMEOWNERS:						
FEES:						
MISCELLANEOUS JOURNALS:						
JUNE 1ST ROPS PAYMENT	TX# 112-M	JULY-DEC 2012	0.00			
JUNE 1ST SUCCESSOR AGENCY PAYMENT	TX# 113-M	JULY-DEC 2012	0.00			
DISTRIBUTION OF RESIDUAL RDA FUNDS	TX# 114-M	JULY-DEC 2012	5,881.81	5,881.81		
INTEREST ON UNAPPORTIONED TAXES			0.00			
EXCESS PROCEEDS			0.00			
BUTTE HOUSING AUTHORITY IN LIEU			0.00			
TOTAL MISCELLANOUS			**5,881.81**			
TOTAL			**5,881.81**	5,881.81	0.00	0.00
CROSSCHECK			**5,881.81**			

VENDOR 1426 DATE 04/30/12 NO. 1505132492

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #5 2011/2012	188,534.72	1001	280

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OROVILLE OFFICE

011.05-2012

TOTAL $***188,534.72*

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE #5 2011/2012 FY
PREPARED BY: DP
DATE: 4/27/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	TC 67530 PR CHGS
CURRENT SECURED:						
CURRENT SECURED APPORTIONMENT	TX# 82-S	12/19-4/15/12	196,541.23	196,541.23		
CS UNITARY	TX# 82-S	12/19-4/15/12	9,855.72	9,855.72		
CS UNITARY RAILROAD	TX# 82-S	12/19-4/15/12	249.76	249.76		
DIRECT ASSESSMENTS	TX# 82-S	12/19-4/15/12	1,599.37			1,599.37
CURRENT SECURED RDA TAX INCREMENT	TX# 79-S	2ND 50% 2011/12	(16,733.50)	(16,733.50)		
CURRENT SECURED RDA PASS-THRU	TX# 80-S	2ND 50% 2011/12	1,310.50	1,310.50		
TOTAL SECURED			**192,823.08**			
PRIOR SECURED:						
PS APPORTIONMENT	TX# 74-I	2/1-3/31/12	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 76-U	2/1-3/31/12	176.43	176.43		
TOTAL CURRENT UNSECURED			**176.43**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX# 73-Y	2/1-3/31/12	112.96	112.96		
PRIOR UNSECURED SUPPLEMENTAL	TX# 73-Y	2/1-3/31/12	13.49	13.49		
PRIOR UNSECURED RDA PASS-THRU	TX# 73-Y	2/1-3/31/12	0.07	0.07		
TOTAL PRIOR UNSECURED			**126.52**			
SUPPLEMENTAL:						
CURRENT SUPPL APPORTIONMENT	TX# 75-C	7/1-3/31/12	414.59	414.59		
RDA PASS-THRU	TX# 75-C	7/1-3/31/12	19.67	19.67		
TOTAL SUPPLEMENTAL			**434.26**			
FEES:						
ADMINISTRATION FEE	TX# 81-S	2ND 50% 2011-12	(5,022.57)	(5,022.57)		
DIRECT ASSESSMENT FEE (.30 FEE)	TX# 77-S	2ND 50% 2011-12	(3.00)			(3.00)
DIRECT ASMT SPECIAL CHG (10.00 FEE)	TX# 78-S	12/19-3/31/12	0.00			
TOTAL FEES			**(5,025.57)**			
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 68-P	1/16-2/15/12	0.00			
PUBLIC SAFETY SALES TAX	TX# 72-P	2/16-3/15/12	0.00			
ERAF 50% SALES TAX SB1096/AB2115	TX# 84-E	F/Y 2011-12	0.00			
50% VLF TRANSFER SB1096/AB2115	TX# 85-E	F/Y 2011-12	0.00			
ERAF LOSS TRF SB1096/AB2115	TX# 86-E	F/Y 2011-12	0.00			
TOTAL MISCELLANOUS			**0.00**			
TOTAL			**188,534.72**	186,938.35	0.00	1,596.37
CROSSCHECK			**188,534.72**			

JE BATCH 2-05-2012

VENDOR 1426 DATE 02/17/12 NO. 1505131320

PO OR CONTRACT #	INVOICE	DESCRIPTION	AMOUNT	BUDGET UNIT	ACCOUNT
		REMIT #4 11/12	2,773.48	1001	280

DEBBY - BUTTE COUNTY FOR OUR PROPERTY TAX FILE 2012.
THANKS.
STEVE
2/23/12

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FEB 21 2012
S.F.W.P.
OROVILLE OFFICE

TOTAL $*****2,773.48*

NOT NEGOTIABLE

000011 523013

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BUTTE COUNTY
OFFICE OF THE AUDITOR-CONTROLLER
25 COUNTY CENTER DRIVE
OROVILLE, CA 95965-3383

530-538-7216

REMITTANCE ADVICE
PROPERTY TAX SECTION

AGENCY: SOUTH FEATHER WATER & POWER
FUND #: 1001-1015650
REMITTANCE # 4 2012-2013 FY
PREPARED BY: DP
DATE: 2/17/2012

DESCRIPTION	DOCUMENT NO.	FOR PERIOD DATED:	TOTAL AMOUNT	1% TAX	BONDS	INTEREST
CURRENT SECURED:						
PRIOR SECURED:						
PS APPORTIONMENT	TX# 60-I	12/1-1/31/12	0.00			
TOTAL PRIOR SECURED			**0.00**			
CURRENT UNSECURED:						
CU APPORTIONMENT	TX# 62-U	12/1-1/31/12	32.55	32.55		
TOTAL CURRENT UNSECURED			**32.55**			
PRIOR UNSECURED:						
PR UNSECURED APPORTIONMENT	TX#61-Y	12/1-1/31/12	87.66	87.66		
PRIOR UNSECURED SUPPLEMENTAL	TX#61-Y	12/1-1/31/12	5.61	5.61		
TOTAL PRIOR UNSECURED			**93.27**			
SUPPLEMENTAL:						
HOMEOWNERS:						
APPORTIONMENT	TX# 52-H	1ST 35% 2011-12	2,974.16	2,974.16		
RDA TAX INCREMENT	TX# 53-H	1ST 35% 2011-12	(502.60)	(502.60)		
RDA PASS-THRU	TX# 54-H	1ST 35% 2011-12	39.20	39.20		
TOTAL HOMEOWNERS			**2,510.76**			
FEES:						
MISCELLANEOUS JOURNALS:						
PUBLIC SAFETY SALES TAX	TX# 51-P	11/16-12/15/11	0.00			
PUBLIC SAFETY SALES TAX	TX# 58-P	12/16-1/15/12	0.00			
INTEREST ON ACCOUNT BALANCE	J-972	QTR END 12/11	114.39			114.39
INTEREST ON UNAPPORTIONED TAXES	TX# 56-N	QTR END 12/11	22.51			22.51
BUTTE HOUSING AUTHORITY IN LIEU	TX# 49-L	2010-11 F/Y	0.00			
TOTAL MISCELLANOUS			**136.90**			
TOTAL			**2,773.48**	2,636.58	0.00	136.90
CROSSCHECK			**2,773.48**			

01-00-49311-2 #2,636.58
01-00-49250-2 #136.90