C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside

AGENDA

The next meeting of the Legislative Committee
will be as follows.

PLEASE NOTE THAT WE WILL BE MEETING AT 5:00 P.M.
in the 2nd Floor Auditorium !!

Date: Thursday, August 10, 2006 – 5:00 p.m. to 7:00 p.m. Dinner will be served.

Place: San Mateo County Transit District Office[1]
1250 San Carlos Avenue
2nd Floor Auditorium
San Carlos, California

PLEASE CALL WALTER MARTONE (599-1465) IF YOU ARE UNABLE TO ATTEND.

1.	Public comment on items not on the agenda.	Presentations are limited to 3 minutes.		5:00 p.m. 5 minutes.
2.	Approval of minutes from May 11, 2006.	Action (Martone)	Pages 1-5	5:05 p.m. 5 minutes
3.	Briefing from C/CAG's Lobbyist in Sacramento (in person). A position may be taken on any legislation, including legislation not previously identified.	Potential Action (Wes Lujan)		5:10 p.m. 30 minutes
4.	Review and approval of the Monthly Update on Pending Legislation.	Action (Martone)	Pages 7-20	5:40 p.m. 10 minutes

[1]From Route 101 take the Holly Street (west) exit. Two blocks past El Camino Real go left on Walnut. The entrance to the parking lot is at the end of the block on the left, immediately before the ramp that goes under the building. Enter the parking lot by driving between the buildings and making a left into the elevated lot. Follow the signs up to the levels for public parking

For public transit access use SamTrans Bus lines 390, 391, 292, KX, PX, RX, or take CalTrain to the San Carlos Station and walk two blocks up San Carlos Avenue.

5.	Consideration of positions on ballot Propositions a) Proposition 1A – Transportation Funding Protection b) Proposition 1B – Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 c) Proposition 1C – Housing and Emergency Shelter Trust Fund Act of 2006 d) Proposition 1E – Disaster Preparedness and Flood Prevention Bond Act of 2006 e) Proposition 84 – Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute f) Proposition 90 – Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment	Action (Martone)	Pages 21-110	5:50 p.m. 50 minutes
6.	Establish date and time for next meeting (September 14, 2006).	Action (Gordon)		6:40 p.m. 5 minutes
7.	Other Items/Comments from Guests.	Potential Action (Gordon)		6:45 p.m. 5 minutes
8.	Adjournment.	Action (Gordon)		6:50 p.m.

NOTE: All items appearing on the agenda are subject to action by the Committee. Actions recommended by staff are subject to change by the Committee.

Other enclosures/Correspondence

- None

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
LEGISLATIVE COMMITTEE

MINUTES
MEETING OF JUNE 8, 2006

At 5:10 p.m. Chairwoman Deborah Gordon called the meeting to order in the Second Floor Auditorium at the San Mateo Transit District Office. A quorum was attained at 5:25 p.m.

Members Attending: Chairwoman Deborah Gordon, Vice Chair Tom Kasten, Irene O'Connell, and Jim Vreeland.

Staff/ Guests Attending: Foster City Councilwoman Pam Frisella (representing Linda Koelling), Ross Nakasone (County Manager's Office), David Burruto (Assemblyman Leland Yee's Office), Richard Napier (C/CAG Executive Director), Walter Martone (C/CAG Staff), Brisbane Councilwoman Sepi Richardson (C/CAG Board Member), Jessica Sanfill (Assemblyman Mullin's Office), Brian Lee (County Public Works), Wes Lujan and Chuck Cole (Advocation), Jim Granucci (C/CAG AVA Coordinator), and Juliet E. Cox (Goldfarb & Lipman Attorneys).

1. Public comment on items not on the agenda.

- None.

2. Approval of minutes from May 11, 2006.

Motion: To approve the minutes as presented. O'Connell/Kasten, unanimous.

3. Briefing on Eminent Domain

Juliet E. Cox from Goldfarb & Lipman Attorneys provided the briefing:

a) Ms. Cox provided the Committee with a handout that summarized the major legislative reforms to eminent domain that are currently pending and also a ballot initiative that has been submitted for qualification.
b) Legislative Committee Member Judith Christensen also provided some materials that were mailed out in advance to the Committee members.
c) Most of the reforms are in response to the Supreme Court ruling last summer in the case involving the State of Connecticut (Kelo v. City of New London). The Court said that the Federal Constitution did not prohibit local governments from defining "public use" for the purposes of using eminent domain, as the "economic development" of an area. That decision did not change California law, which is more restrictive than Connecticut law.
d) The California Legislative proposals however, are attempting to address perceived issues of unfairness to the property owner. All of these proposals are to restrict the circumstances under which a local government can use eminent domain.
e) California law currently requires the local government board to have a two-thirds majority vote before eminent domain is utilized.
f) A redevelopment agency can only use the eminent domain power if it is provided in a redevelopment plan. The Plan also states how long the power is in effect. Some of the legislative proposals are to restrict or limit the time period that eminent domain power is available to a redevelopment agency.

g) Another legislative proposal is to put limitations on the use of eminent domain for the taking of owner-occupied residential property. Generally it is more common that eminent domain is used for the taking of small business property and not owner-occupied residential property.

h) SB 53 requires the redevelopment plan to be specific about the conditions under which eminent domain can be used. Any changes to these provisions would require that the plan be amended.

i) California law (and Connecticut law) allows for the use of eminent domain to take property for economic development purposes. Therefore the Supreme Court ruling did not really change the law. It did however bring it to the public's attention that this power already exists. There is widespread perception that eminent domain is only to be used for more typical public works projects.

j) SB 1206 would place greater restrictions on the definition of "blight" and thereby limit the circumstances under which a redevelopment agency and declare blight and require the sale of property.

k) SB 1210 would require that the finding of "blight" be reconfirmed if the redevelopment plan is to be extended beyond twelve years.

l) SB 1809 requires that recorded documents include specific information about the property if it is located in a redevelopment area, so that researchers can see what potential plans there may be for the property.

m) AB 1162 is a moratorium on owner-occupied property. This bill may no longer have relevance if some of the other measures become enacted or the voters approve an Initiative.

n) There is a Federal budget bill passed last year that prohibited the use of Federal funds for condemnation and acquisition of property for economic development purposes. And there is a bill current in the Senate that would extend the prohibition.

o) SB 1650 addresses situations where a jurisdiction takes property and then changes it mind about the use of the property. It requires that a Resolution be adopted finding that the property is also necessary for this additional use. If not, they must offer the property back to the original owner at the current value, unless the owner was low income. Then the price would be closer to the original purchase price. If the owner does not want it back, it must be sold as surplus. There does not appear to be any timeline on this new local government obligation.

p) The "Anderson Initiative" appears likely that it will qualify for the November ballot. Some of its language does not relate to current California law or practices. Therefore it will be very difficult to interpret and apply. It also includes provisions that would significantly rebalance property rights. It prohibits the taking of property that would then be made available for private use and not for public use. These uses will likely have to be worked out through Legislative action and resolution in the Courts. It requires compensation to property owners, whose property values are diminished because of the down zoning of property, limiting access to property, and limiting air space over property. It therefore requires compensation to a property owner if they can show that a jurisdiction's land use decision has or might in the future cost them money. Neighboring property owners that have increases in the value of their property due to the same decision, are not required to pay anything to the one that loses value. This Initiative will make null and void all unpublished Court opinions and orders. Most eminent domain cases are settled in trial court, and these courts do not publish decisions. The compensation due to property owners would also require that future dedication requirements (to improve access to the property for example) not be included in the

calculations of the price. The government would also be required to compensate the property owner at the highest potential value of the property, even if that use of the property is not available to the private owner.

q) The Legislature is considering placing a competing measure on the ballot that would hopefully avoid many of the unintended consequences of the Anderson Initiative.

r) This Initiative may wind up being challenged in the courts under the "single subject" rule because it is so broad and contains so many different components. It is unlikely that it could be challenged as unconstitutional because the California voters are within their right to vote in a constitutional change that limits the powers of local governments.

4. Briefing from C/CAG's Lobbyist in Sacramento (in person).

Wes Lujan and Chuck Cole reported:

a) The State budget may be adopted by the deadline for the first time in 17 years.

b) There is a projected $5 billion in additional revenue from personal income tax, sales tax, and gasoline tax. This has enabled the Administration to pay back the funds that it borrowed from the schools last year.

c) Personal income tax accounts for $.53 of each general fund dollar, $.28 comes from the sales tax, and $.10 from corporation taxes.

d) $.53 of each dollar is spent on education, $.29 is spent on health and human services, and $.08 is spent on corrections.

e) About $35 billion in four new bonds have been approved for submission to the voters in the November election. The failure of the recent library bond appears to bode poorly for the passage of additional bonds in November. Even though there was no opposition to this bond, it appears that the voters were tired of elections in general, and with the advent of the computer, libraries are no longer viewed in the same way. The turnout for the elections was extremely low, again showing the apathy of the voters.

f) There will be about 41 new faces in the Legislature as a result of term limits. However a number of these individuals will not be new to the political scene. Some Assemblypersons will be moving to the Senate and vice-versa, and some retirees will be returning.

g) The race for the Governor's Office is likely to be the most expensive in history. The other Constitutional Offices will also be hard fought.

h) Included in the package of bonds for the November election, is $300 million for stormwater flood management. Hopefully C/CAG and San Mateo County jurisdictions will qualify for some of these funds.

i) ACA 13 carried by Assemblyman Harman, now Senator-Elect does not appear to be moving. Senator Harman was hammered by his opponents on this bill during the election (he only won by slightly over 200 votes), and he was counting on support from the Governor's Office for this bill, which never really materialized. It is expected that the Governor will highlight his environmental stands in the election as a way to attract cross voters. This may bode well for gaining his support for ACA 13 or a similar bill. However the Howard Jarvis group remains opposed to the stormwater component of the bill. They appear to be softer on the flood management component because of the strong public support for addressing this issue. This could cause the Governor to continue to withhold his support for ACA 13.

j) The Speaker's bill on telecommunications reform passed overwhelmingly. Advocation represented C/CAG's interests and testified against the bill. There is a great deal of political momentum on this issue. Hopefully the Senate will have a more reasonable

approach to this reform. Finally, if this bill makes it to the Governor's Desk, it is hoped that he will remember his partnership with local jurisdictions, and veto the bill.

k) AB 1546 (C/CAG's Vehicle Registration Fee) will be sun setting soon. Senator Simitian has introduced SB 1611 to allow Congestion Management Agencies to levy a $25 Vehicle Registration Fee subject to a majority vote of the public.

l) AB 2538 provides for an increase in Program, Planning, and Monitoring funds for Congestion Management Agencies. This could result in an annual increase of $400,000 in planning funds for C/CAG. The bill passed overwhelmingly in the Assembly.

m) It is expected that the Governor will propose paying back the education loan with a portion of the $5 billion in new revenue projected for the 06-07 budget. This should help with the passage of the entire budget on schedule this year.

n) The Governor appears to be reaching out to individual labor unions for support in the November election.

o) The $35 billion bond package is a multi year program. In the first year $19.5 billion is proposed.

p) Advocation will be watching the introduction of trailer bills for the bonds in order to introduce language to make it more favorable for San Mateo County to secure bond funds.

5. Review and approval of the Monthly Update on Pending Legislation.

The deadline recently passed for bills to get out of their house of origin. Therefore a number of the bills listed in the report are now Dead.

6. Consideration of positions on various bills:

c) SB 1225 – increase the Vehicle Registration Fee for the Abandoned Vehicle Abatement (AVA) Program: Jim Granucci presented this bill and recommended support.

Motion: To recommend that the C/CAG Board support SB 1225. O'Connell/Kasten, unanimous.

a) SB 1059 – Transmission Line Corridors: This bill as it was originally written, removed land use authority from local jurisdictions as it relates to the sitting of transmission lines. The League of California Cities has successfully negotiated amendments to the bill to eliminate the provisions that compromise local land use authority. The League has therefore removed its opposition to the bill and recommends that its local jurisdiction members follow suit as a show of support for the willingness of the bill's author to address the issues of concern noted.

b) Telecommunications Reform: Staff presented a package of State and Federal bills for consideration. It was noted that the Senator McCain bill has not yet been introduced; therefore it does not seem to be prudent to take a position on it at this time.

Motion: To recommend the following positions to the C/CAG Board.
SB 1059 – Remove Opposition, S 2686 – Oppose, HR 5417 – Support, Senator McCain bill – Watch, AB 2987 – Continue Opposition, SB 1627 – Oppose. O'Connell/Kasten, unanimous.

7. **Establish date and time for next meeting (August 10, 2006 at 5:00 p.m.).**

The July C/CAG meeting has been canceled and the Legislature will likely be in recess by the July 13th normally scheduled date for Legislative Committee.

8. **Other items/Comments from Guests.**

None.

9. **Adjournment.**

The meeting was adjourned at 6:50 p.m.

C/CAG AGENDA REPORT

Date: August 10, 2006

To: C/CAG Legislative Committee

From: Walter Martone

Subject: REVIEW AND APPROVAL OF THE MONTHLY UPDATE REPORT ON PENDING LEGISLATION

A position may be taken on any legislation, including legislation not previously identified.

(For further information contact Walter Martone at 599-1465 or Richard Napier at 599-1420)

RECOMMENDATION

That the Legislative Committee approve the attached monthly update report on pending legislation.

FISCAL IMPACT

Not applicable.

SOURCE OF FUNDS

Not applicable.

BACKGROUND/DISCUSSION

Attached is a list of the bills that appear to be most related to the legislative priorities established by the C/CAG Board. C/CAG staff is also be tracking approximately 135 other bills that have subject matter consistent with C/CAG's legislative priorities. August 31, 2006 is the last day for bills to be passed by the Legislature; therefore many of the bills on these lists will likely become dead after that date.

ATTACHMENTS

- Action Report With Summary By Subject.

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Budget

ACA 1 **(Calderon) Two-Year Budget.** I - 12/06/2004

Status:

04/14/2005 - ASM APPR. Referred to Coms. on BUDGET and APPR.

Calendar:

Summary

The California Constitution requires that a budget be submitted by the Governor, and that a Budget Bill be passed by the Legislature, for each fiscal year . This measure would express the intent of the Legislature to enact the necessary statutory changes, and to propose to the people the necessary constitutional changes, to enact a budget for a two -year fiscal period .

C/CAG *1* *Budget*

Eminent Domain

SB 1210 **(Torlakson) Eminent domain.** A - 06/15/2006

Status:

06/29/2006 - ASM APPR. Do pass as amended and be re-referred to the Committee on Appropriations.

Calendar:

Summary

Existing law governing settlement offers in eminent domain proceedings authorizes the recovery of litigation expenses under certain circumstances . Existing law provides that if a court finds, on motion of the defendant, that the offer of the plaintiff was unreasonable and the offer of the defendant was reasonable in light of the evidence admitted and the compensation awarded in the proceeding, then the costs allowed shall include the defendant's litigation expenses . This bill would define litigation expenses to mean the party's reasonable attorney's fees and costs, including reasonable expert witness and appraiser fees . This bill contains other related provisions and other existing laws .

C/CAG *1* *Eminent Domain*

Environment

AB 32 **(Nunez) Air pollution: greenhouse gases: California Global Warming Solutions Act of 2006 .** A - 06/22/2006

Status:

06/26/2006 - SEN RLS. Do pass as amended, and re-refer to the Committee on Rules.

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Under existing law, the State Air Resources Board, the State Energy Resources Conservation and Development Commission (Energy Commission), and the California Climate Action Registry all have responsibilities with respect to the control of emissions of greenhouse gases, as defined, and the Secretary for Environmental Protection is required to coordinate emission reductions of greenhouse gases and climate change activity in state government . This bill would enact the California Global Warming Solutions Act of 2006, to require the state board to adopt regulations on or before January 1, 2008, establishing a program to require the reporting and verification of statewide green house gas emissions, as defined . The bill would require the state board to develop an emissions baseline and monitor and enforce compliance, as specified . The bill would provide that the state board is the state agency charged with monitoringand regulating the sources and reducing emissions of gases that cause global warming. The bill would require the state board to adopt , on or before January 1, 2008, a statewide greenhouse gas emissions limit to become effective in 2020, as specified . The bill would require the Governor to establish an interagency task force to coordinate investments of state moneys and state programs that reduce emissions of greenhouse gases, promote economic growth, make information publicly available to assist sources of greenhouse gases to meet the requirements of the bill, ensure that existing state programs support the emissions limits established by the state board, monitor conditions and coordinate planning and the state's response to changing climate conditions as they impact state water supplies, air quality, environmental and public health conditions , and the state's economy, and create and maintain an Internet Web site, as specified . This bill contains other related provisions and other existing laws .

C/CAG *1* *Environment*

AB 315 **(Hancock) School facilities: energy efficiency: design standards.** A - 07/11/2006

Status:

08/30/2005 - SEN THIRD READING Read second time. To third reading.

Calendar:

Summary

Existing law, the Leroy F . Greene School Facilities Act of 1998 (the Greene Act of 1998), establishes a program in which the State Allocation Board is required to provide state per -pupil funding, including hardship funding, for new school facilities construction and school facilities modernization for applicant school districts . This bill would require the State Allocation Board, by July 1, 2007 , to adopt regulations to ensure that design standards for new school facilities constructed in whole or in part with state funds are in accordance with, among other requirements, the minimum design and construction criteria, as defined, in the specified Collaborative for High Performance Schools Best Practices Manual . The bill would also require the board to review other high performance building organizations' standards and any guidelines adopted pursuant to a specified executive order, and to adopt the standards that it deems appropriate . This bill contains other related provisions and other existing laws .

C/CAG *1* *Environment*

Housing

SB 832 **(Perata) CEQA: Infill development.** A - 05/04/2006

Status:

03/02/2006 - ASM INACTIVE FILE Placed on inactive file on request of Assembly Member Cohn.

Calendar:

Summary

The existing California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment, or to adopt a negative declaration if it finds that the project will not have that effect . Existing law exempts from CEQA a residential project located on an infill site within an urbanized area that meets specified criteria, including that the site of the project is not more than 4 acres in total area and the project does not contain more than 100 residential units . This bill would provide an alternative to those criteria if the site is located in a city with a population of more than 200,000 persons , the site is not more than 10 acres , and the project does not have less than 200 or more than 300 residential units , as adopted by a resolution of the city council .

C/CAG *1* *Housing*

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

SB 1330 **(Dunn) Housing developments: attorney's fees.** A - 05/26/2006

Status:

06/28/2006 - ASM H. & C.D. Set, first hearing. Failed passage in committee. Reconsideration granted.

Calendar:

Summary

The Planning and Zoning Law requires local agencies to make specified written findings based upon substantial evidence in the record before disapproving or conditionally approving a housing development project that renders it infeasible for the use of very low, low -, or moderate -income households, including farmworker housing . This law authorizes an applicant for a housing development project and a person who would be eligible to apply for residence in the development to bring an action for a violation of this provision . This bill would revise the attorney's fees and costs provisions in all 3 of the above provisions by requiring the court to award reasonable attorney's fees and costs, except under extraordinary circumstances in which the court finds that awarding fees would not further the purposes of these provisions, in addition to any attorney fees to which the plaintiff is entitled under a specified provision of the Code of Civil Procedure . The bill would delete the January 1, 2007, repeal date for the provisions referenced in paragraph (2) above . This bill contains other existing laws .

C/CAG *1* *Housing*

Land Use Authority

AB 1162 **(Mullin) Eminent domain.** A - 09/02/2005

Status:

09/06/2005 - SEN RLS. Re-referred to Com. on RLS.

Calendar:

Summary

Existing law authorizes public entities to seize private property under the power of eminent domain . This bill would prohibit, until January 1, 2008, a community redevelopment agency, or community development commission or joint powers agency, as specified, from exercising the power of eminent domain to acquire owner -occupied residential real property if ownership of the property will be transferred to a private party or private entity . This bill contains other related provisions .

C/CAG *1* *Land Use Authority* *CSAC-support*

ACA 15 **(Mullin) Eminent domain: redevelopment.** A - 08/23/2005

Status:

08/24/2005 - ASM G.O. Re-referred to Com. on G.O.

Calendar:

Summary

redevelopment . This measure would set forth a constitutional provision prohibiting a redevelopment agency from acquiring property through the exercise of the power of eminent domain unless it first makes a written finding that the property contains conditions of both physical and economic blight . This bill contains other existing laws .

C/CAG *1* *Land Use Authority*

SB 53 **(Kehoe) Redevelopment.** A - 08/15/2005

Status:

06/29/2006 - ASM APPR. From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 7. Noes 0.)

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area . Existing law requires that a redevelopment plan contain certain provisions and authorizes a plan to provide for the agency to acquire by gift, purchase, lease, or condemnation all or part of the real property in the project area . This bill would require redevelopment plans to contain a description of the agency's program to acquire real property by eminent domain, including prohibitions, if any, on the use of eminent domain, and a time limit for the commencement of eminent domain proceedings. This bill contains other related provisions and other existing laws .

C/CAG *1* *Land Use Authority*

SB 1059 **(Escutia) Electric transmission corridors.** A - 06/13/2006

Status:

06/28/2006 - ASM APPR. Do pass as amended and be re-referred to the Committee on Appropriations.

Calendar:

Summary

Existing law requires the State Energy Resources Conservation and Development Commission to adopt a strategic plan for the state's electric transmission grid using existing resources . Existing law requires that the plan identify and recommend actions required to implement investments needed to ensure reliability, relieve congestion, and to meet future growth in load and generation, including, but not limited to, renewable resources, energy efficiency, and other demand reduction measures . This bill would authorize the commission to designate a transmission corridor zone on its own motion or by application of a person who plans to construct a high -voltage electric transmission line within the state . The bill would provide that the designation of a transmission corridor shall serve to identify a feasible corridor in which can be built a future transmission line that is consistent with the state's needs and objectives as set forth in the strategic plan adopted by the commission . The bill would prescribe procedures for the designation of a transmission corridor zone , including publication of the request for designation and request for comments, coordination with federal agencies and California Native American tribal governments, informational hearings, and requirements for a proposed decision . This bill contains other related provisions and other existing laws .

C/CAG *Neutral* *1* *Land Use Authority*

Local Govt Finance

ACR 79 **(Aghazarian) Fee Payers Bill of Rights.** I - 07/13/2005

Status:

08/25/2005 - ASM APPR. SUSPENSE FILE In committee: Held under submission. In committee: Referred to APPR. suspense file.

Calendar:

Summary

This measure would state that a bill that would impose, increase, or extend the duration of an existing fee, or authorize the imposition of a new fee should, among other things, be approved by a 2/3 vote of the entire membership of each of the 2 houses of the Legislature .

C/CAG *1* *Local Govt Finance*

Other Local Govt Interest

AB 707 **(Hancock) Voting by mail: June 6, 2006, primary election.** A - 02/14/2006

Status:

02/16/2006 - SEN E.,R. & C. A. Re-referred to Com. on E., R. & C.A.

Calendar:

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Summary

Existing law authorizes a local, special, or consolidated election to be conducted wholly by mail if the governing body of the local agency authorizes the use of all mailed ballots for the election, the election is held on an established mailed ballot election date, and the election meets certain other specified requirements . This bill would, until January 1, 2007, authorize any county in this state to conduct the June 6, 2006, direct primary election wholly by mailed ballots if specified conditions are met . This bill contains other related provisions and other existing laws .

C/CAG *Support* *1* *Other Local Govt Interest*

Redevelopment

SB 1206 (Kehoe) Redevelopment. A - 06/19/2006

Status:

06/29/2006 - ASM APPR. From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 6. Noes 0.)

Calendar:

Summary

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight in those communities and defines a blighted area as one that is predominantly urbanized and characterized by specified conditions . This bill would revise the definition of "predominantly urbanized" and revise the conditions that characterize a blighted area . The bill would prohibit the inclusion of nonblighted parcels in a redevelopment project area for the purpose of obtaining property tax revenue from the area without substantial justification for their inclusion . This bill contains other related provisions and other existing laws.

C/CAG *1* *Redevelopment*

Sales Tax

AB 1282 (Mullin) Income taxes: credits: child care. A - 01/23/2006

Status:

06/29/2006 - SEN APPR. From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 7. Noes 0.).

Calendar:

Summary

The existing Personal Income Tax and Corporation Tax Law provide tax credits for startup expenses for child care programs or constructing a child care facility, costs for child care information and referral services, and costs paid or incurred for contributions to a qualified care plan . Under existing law these credits are only available for certain taxable years beginning before January 1, 2007. This bill would extend the credits to taxable years beginning before January 1, 2012. This bill would also require the Franchise Tax Board to report to the Legislature on the effectiveness of those credits, as specified . This bill contains other related provisions .

C/CAG *1* *Sales Tax*

Smart Growth

AB 1020 (Hancock) Transportation planning: improved travel models. A - 06/19/2006

Status:

06/27/2006 - SEN APPR. Do pass as amended, and re-refer to the Committee on Appropriations.

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Existing law requires certain transportation planning activities by the Department of Transportation and by designated regional agencies. This bill would require the department, in partnership with certain federally designated metropolitan planning organizations, a certain designated council of governments, and certain state-designated regional transportation planning agencies, to provide a notice to the Legislature by January 31, 2007, on a schedule for a comprehensive review and evaluation of current travel models and model improvements already underway. The bill would require these entities using travel models to use models that incorporate specified factors, thereby imposing a state-mandated local program, and would require the department to meet with these entities at least annually to evaluate their progress in meeting these requirements. The bill would identify other objectives that may be included in the travel models. The bill would enact other related provisions. This bill contains other related provisions and other existing laws.

C/CAG *1* *Smart Growth*

SB 521 **(Torlakson) Recording fees: Contra Costa County.** A - 03/22/2006

Status:

06/29/2006 - ASM L. GOV. From committee: Do pass. (Ayes 5. Noes 2.)

Calendar:

Summary

Existing law establishes the fees to be charged by the county recorder for recording and indexing every instrument, paper, or notice required or permitted by law to be recorded. Existing law, including provisions of the California Constitution, subject local governmental agencies to various requirements in imposing, increasing, or extending general or special taxes, fees, and other local exactions. This bill would authorize the Contra Costa County Board of Supervisors to additionally charge $ 1 for each page after the first page that is recorded for every real estate instrument, paper, or notice required or permitted by law to be recorded in Contra Costa County. The bill would require the Contra Costa County Board of Supervisors to establish a fund for deposit of the moneys raised by the increase, which shall be used to assist in the development of affordable housing for very low income households, lower income households, and moderate income households. This bill contains other related provisions.

C/CAG *Support with amendments* *1* *Smart Growth*

Solid Waste & Recycling

SB 369 **(Simitian) Solid waste: tire recycling: waste tire rubber materials.** A - 06/20/2006

Status:

06/27/2006 - ASM APPR. From committee: Do pass, but first be re-referred to Com. on APPR. (Ayes 10. Noes 0.) Re-referred to Com. on APPR.

Calendar:

08/09/06 9 a.m. - Room 4202 ASM APPROPRIATIONS

Summary

Existing law authorizes the California Integrated Waste Management Board to implement a program to award grants to cities, counties, districts, and other local governmental agencies for the funding of public works projects that use rubberized asphalt concrete. The grants are funded by an appropriation in the annual Budget Act from the California Tire Recycling Management Fund. Existing law becomes inoperative on June 30, 2006, and is repealed on January 1, 2007. This bill would instead authorize the awarding of grants for public works projects that use waste tire rubber materials, including, but not limited to, rubberized asphalt concrete and tire-derived aggregate. The bill would change several eligibility qualifications for those public works grants, including deleting districts from the eligibility list; expanding the list of materials eligible to be used; decreasing the minimum and deleting the maximum amount of materials required to be used; and increasing the maximum amount of grant money that can be awarded. This bill would recommence the grant program on January 1, 2007, and would make the program inoperative on June 30, 2010. The bill would extend the repeal date to January 1, 2011. This bill contains other related provisions and other existing laws.

C/CAG *Support* *1* *Solid Waste & Recycling*

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Stormwater (NPDES)

ACA 13 **(Harman) Local government: assessments and fees or charges.** A - 04/21/2005

Status:

05/04/2005 - ASM L. GOV. In committee: Set, first hearing. Hearing canceled at the request of author.

Calendar:

Summary

(1) The California Constitution conditions the imposition or increase of an assessment by a city, county, or special district for flood control purposes upon compliance with requirements for written notice to property owners, a public hearing, and an opportunity for majority protest . The California Constitution exempts the imposition of a flood control assessment existing on November 6, 1996, from these requirements . This measure would instead exempt from these requirements an assessment for the purposes of financing the capital costs or maintenance and operation expenses of flood control, whether the assessment existed on November 6, 1996, or is imposed after that date . This bill contains other related provisions and other existing laws .

C/CAG	*Support with amendments*	*1*	*Stormwater (NPDES)*

Telecommunications

AB 1547 **(Levine) Telecommunications: communications companies: state policies.** A - 07/12/2005

Status:

08/25/2005 - SEN INACTIVE FILE To inactive file - Senate Rule 29.

Calendar:

Summary

Existing law, the Public Utilities Act, sets forth the findings and declarations of the Legislature regarding described policies for telecommunications in California . This bill would state the intent of the Legislature to establish rules for the provision of communications services that encourage fair competition .

C/CAG		*1*	*Telecommunications*

AB 2987 **(Nunez) Cable and video service.** A - 06/22/2006

Status:

06/29/2006 - SEN E. U., & C. Do pass as amended, and re-refer to the Committee on Rules.

Calendar:

Summary

(1) Existing law provides that any city, county, or city and county may authorize by franchise or license the construction and operation of a community antenna television system and prescribe rules and regulations to protect the subscribers . Existing law requires that cable and video service providers comply with specified customer service standards and performance standards . This bill would establish a procedure for the issuance of state franchises for the provision of video service, which would be defined to include cable service and open -video systems, that would be administered by the Secretary of State . The Secretary of State would be the sole franchising authority for state franchises to provide video services . The bill would require any person or corporation who seeks to provide video service in this state to file an application with the Secretary of State for a state franchise with specified information, signed under penalty of perjury . By creating a new crime, the bill would impose a state -mandated local program . This bill contains other related provisions and other existing laws .

C/CAG	*Oppose*	*1*	*Telecommunications*

SB 850 **(Escutia) Broadband telecommunications service.** A - 03/09/2005

Status:

03/09/2006 - ASM U. & C. From committee with author's amendments. Read second time. Amended. Re-referred to committee.

Calendar:

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Summary

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law imposes various duties on the commission with regard to the provision of universal telephone and telecommunications service . This bill would make Legislative findings and declarations relating to telecommunication services, and would state the intent of the Legislature to enact legislation relating to encouraging fair competition in the provision of video service, encouraging the widespread build -out of state-of-the-art video service, providing for a state -issued franchise as an alternative to obtaining a local franchise, and permitting existing cable operators to transition to a new state -issued franchise, as provided . The bill would also state the Legislature's intent that legislation enacted to achieve those purposes not alter local governmental control of the local right of way with regard to the construction of telephone lines, as provided .

C/CAG *1* *Telecommunications*

SB 909 **(Escutia) Broadband access.** A - 01/04/2006

Status:

01/09/2006 - ASM INACTIVE FILE Placed on inactive file on request of Assembly Member Frommer.

Calendar:

Summary

Existing law provides for various programs for the development of telecommunications services in the state . This bill would, until January 1, 2010, establish the California Broadband Access Council in state government, with a specified membership, and require the council to develop a broadband access strategy to promote the ubiquitous use of high -speed Internet communications and computing technology by all Californians consistent with specified principles. This bill contains other related provisions .

C/CAG *1* *Telecommunications*

SB 1627 **(Kehoe) Wireless telecommunication facilities.** A - 06/09/2006

Status:

06/29/2006 - ASM APPR. Do pass as amended and be re-referred to the Committee on Appropriations.

Calendar:

Summary

The Planning and Zoning Law authorizes the legislative body of any county or city to adopt ordinances that, among other things, regulate the use of buildings, structures, and land as between industry, business, residences, and open space. This bill would require a city, including a charter city, or county to administratively approve an application to collocate a wireless telecommunications facility, as defined, through the issuance of a building permit or a nondiscretionary permit, as specified . This bill contains other related provisions and other existing laws.

C/CAG *Oppose* *1* *Telecommunications*

Transportation - Other

AB 2538 **(Wolk) Transportation funds: planning and programming regional agencies.** A - 05/26/2006

Status:

06/28/2006 - SEN APPR. From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 9. Noes 4.).

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Existing law generally provides for programming and allocation of funds for transportation capital improvement projects through the state transportation improvement program process administered by the California Transportation Commission . Existing law requires 25% of available funds to be programmed and expended on interregional improvement projects nominated by the Department of Transportation, and 75% of available funds to be programmed and expended on regional improvement projects nominated by regional transportation planning agencies or county transportation commissions, as applicable, through adoption of a regional transportation improvement program . Existing law authorizes a transportation planning agency or county transportation commission to request and receive up to 1% of regional improvement fund expenditures for the purposes of project planning, programming, and monitoring, but authorizes an amount up to 5% of those expenditures for a transportation planning agency or county transportation commission not receiving federal metropolitan planning funds . This bill would instead authorize each transportation planning agency or county transportation commission to request and receive up to 5% of those funds for the purposes of project planning, programming, and monitoring . The bill would change the references to "regional improvement funds " to instead refer to "county share ." The bill would make other conforming changes .

C/CAG *Support* *1* *Transportation-Other*

Transportation - Roads

SB 172 **(Torlakson) Bay area state-owned toll bridges: financing.** A - 05/27/2005

Status:

06/13/2005 - ASM TRANS. To Com. on TRANS.

Calendar:

Summary

Existing law specifies the powers and duties of the Department of Transportation, the Metropolitan Transportation Commission, and the Bay Area Toll Authority with respect to the collection and expenditure of toll revenue from the state-owned toll bridges within the geographic jurisdiction of the commission . Under existing law, this toll revenue, other than revenue from the $ 1 seismic surcharge, is deposited into the Bay Area Toll Account and controlled by the authority . Existing law requires the department and the authority to enter into a cooperative agreement that makes the department responsible for operating the bridges and for constructing improvements to the bridges financed by toll revenues . Existing law estimates the cost to seismically retrofit the state -owned bay area toll bridges and identifies funding to be made available for this purpose from various sources, including imposition of a $1 seismic retrofit surcharge . Under existing law, this surcharge revenue is deposited into the Toll Bridge Seismic Retrofit Account for expenditure by the department until completion of the seismic projects and payment of the bonds issued to finance those projects . This bill would state the Legislature's findings that the amount identified for the seismic retrofit of the state -owned toll bridges is insufficient and would state its intent to identify additional funding sources for those projects . The bill would require the seismic retrofit surcharge to be paid to the authority and deposited into the Bay Area Toll Account, and would require the department to transfer to the authority, for deposit into that account, all revenue from the surcharge . The bill would continuously appropriate all seismic surcharge revenues in the account to the authority for purposes specified by law . The bill would authorize on or after January 1, 2009, the authority to increase the seismic retrofit surcharge by $ 1. This bill contains other related provisions and other existing laws .

C/CAG *Support* *1* *Transportation-Roads* *MTC Staff support*

SB 371 **(Torlakson) Public contracts: design-build contracting: transportation entities.** A - 01/23/2006

Status:

01/31/2006 - ASM DESK In Assembly. Read first time. Held at Desk.

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Existing law sets forth requirements for the solicitation and evaluation of bids and the awarding of contracts by public entities for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement . Existing law also authorizes specified state agencies, cities, and counties to implement alternative procedures for the awarding of contracts on a design -build basis. Existing law, until January 1, 2007, authorizes transit operators to enter into a design -build contract, as defined, according to specified procedures. This bill would declare the intent of the Legislature to enact legislation that would develop an alternative and optional procedure for bidding on highway, bridge, tunnel, or public transit construction projects in the jurisdiction of any county, local transportation authority, as defined, or local or regional transportation entity, as provided, and would authorize the Department of Transportation to develop an alternative bidding procedure for highway, bridge, or tunnel projects on the state highway system .

C/CAG *Support* *1* *Transportation- MTC-support Roads*

SB 1024 **(Perata) Public works and improvements: bond measure.** A - 01/26/2006

Status:

01/31/2006 - ASM DESK In Assembly. Read first time. Held at Desk.

Calendar:

Summary

Existing law provides various funding sources for transportation purposes . This bill would enact the Safe Facilities, Improved Mobility, and Clean Air Bond Act of 2006 to authorize an unspecified amount of state general obligation bonds for specified purposes, including the state transportation improvement program, passenger rail improvements, levee improvements, flood control, restoration of Proposition 42 transportation funds, port infrastructure and security projects, trade corridors of significance, transit security projects, grade separation projects, local bridge seismic upgrade projects, state -local partnership transportation projects, emissions reduction projects, environmental enhancement projects, transit -oriented development, and housing, regional growth, and infill development purposes, subject to voter approval . This bill contains other related provisions .

C/CAG *Support* *1* *Transportation- MTC Roads* *Staff-support*

Transportation - Transit

AB 1699 **(Frommer) Commuter trains: operation.** A - 06/13/2006

Status:

06/27/2006 - SEN APPR. Do pass as amended, and re-refer to the Committee on Appropriations.

Calendar:

Summary

Existing law provides for federal regulation of safety and equipment matters relative to rail passenger and freight service, and provides for federal and state funding of various rail passenger services throughout the state . Existing law sets forth responsibilities of the Public Utilities Commission relative to railroad safety . This bill would require a transportation agency operating commuter rail service, as defined, or contracting for the operation of commuter rail service, to prohibit passengers from riding in the forward 10 rows of seats of any level of a cab car on a commuter train operating in push configuration . The bill would also, commencing January 1, 2010, prohibit these transportation agencies from operating, or contracting with a commuter rail service that operates, a commuter train in push configuration . Because the bill imposes new requirements on local agencies, it would impose a state-mandated local program . This bill contains other related provisions and other existing laws .

C/CAG *1* *Transportation- Transit*

Transportation-All

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

AB 2444 **(Klehs) Congestion management and motor vehicle environmental mitigation fees.** A - 05/03/2006

Status:

06/29/2006 - SEN E.O. Joint Rule 61(b)(13) suspended.

Calendar:

08/07/06 Upon adjournment of session - Room 112 SEN ENVIRONMENTAL QUALITY

Summary

Existing law provides for the imposition by air districts and other local agencies of fees on the registration of motor vehicles in certain areas of the state that are in addition to the basic vehicle registration fee collected by the Department of Motor Vehicles . This bill would authorize the congestion management agencies in the 9 Bay Area counties, by a 2/3 vote of all of the members of the governing board, to impose an annual fee of up to $ 5 on motor vehicles registered within those counties for a program for the management of traffic congestion . The bill would require a program with performance measures and a budget to be adopted before the fee may be imposed . The bill would require the agency to have an independent audit performed on the program and to submit a report to the Legislature on the program by July 1, 2011. The bill would require the Department of Motor Vehicles, if requested, to collect the fee and distribute the net revenues, after deduction of specified costs, to the agency . The bill would require that the fees collected may only be used to pay for programs bearing a relationship or benefit to the owners of motor vehicles paying the fee, and would require the agency to make a specified finding of fact in that regard by a 2/3 vote . This bill contains other related provisions .

C/CAG *Neutral* *1* *Transportation*
All

ACA 4 **(Plescia) Transportation Investment Fund.** A - 05/09/2005

Status:

01/10/2006 - ASM APPR. From committee: Be adopted, and re-refer to Com. on APPR. Re-referred. (Ayes 13. Noes 0.) (January 9).

Calendar:

Summary

Article XIX B of the California Constitution requires, commencing with the 2003-04 fiscal year, that sales taxes on motor vehicle fuel that are deposited into the General Fund be transferred to the Transportation Investment Fund for allocation to various transportation purposes . Article XIX B authorizes this transfer to the Transportation Investment Fund to be suspended in whole or in part for a fiscal year during a fiscal emergency pursuant to a proclamation by the Governor and the enactment of a statute by a 2/3 vote in each house of the Legislature if the statute does not contain any unrelated provision . This measure would delete the provision authorizing the Governor and the Legislature to suspend the transfer of revenues from the General Fund to the Transportation Investment Fund for a fiscal year during a fiscal emergency .

C/CAG *Support* *1* *Transportation*
All

ACA 9 **(Bogh) Motor vehicle fuel sales tax revenue.** I - 01/24/2005

Status:

01/10/2006 - ASM APPR. From committee: Be adopted, and re-refer to Com. on APPR. Re-referred. (Ayes 13. Noes 0.) (January 9).

Calendar:

Summary

Existing provisions of the California Constitution require that sales taxes on motor vehicle fuel that are deposited into the General Fund be transferred to the Transportation Investment Fund and used for transportation purposes, but allow the transfer of these revenues to be suspended in whole or in part for a fiscal year under specified circumstances by a statute enacted by a 2/3 vote of the membership of each house of the Legislature . This measure would change the vote requirement to 4/5 of the membership of each house of the Legislature in order to enact a statute suspending in whole or in part the transfer of this particular revenue from the General Fund to the Transportation Investment Fund .

C/CAG *Support* *1* *Transportation*
All

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

ACA 11 **(Oropeza) Transportation funds: loans.** I - 02/16/2005

Status:

01/10/2006 - ASM APPR. From committee: Be adopted, and re-refer to Com. on APPR. Re-referred. (Ayes 13. Noes 0.) (January 9).

Calendar:

Summary

Article XIX of the California Constitution requires excise taxes on motor vehicle fuel and certain fees imposed on motor vehicles to be used only for specified transportation and vehicle -related purposes, but authorizes these excise tax revenues to be loaned to the General Fund under certain conditions, including a requirement that the funds be repaid within 3 years. Article XIX A of the California Constitution provides that funds in the Public Transportation Account, which are derived from certain sales taxes on motor vehicle fuels, may be loaned to the General Fund or any other state fund or account under certain conditions, including a requirement that the funds be repaid within 3 years. This measure would require interest to be paid on a loan of revenues subject to either Article XIX or XIX A if the loan is not repaid during the same fiscal year in which it was made . The measure would require a loan made pursuant to Article XIX or XIX A to be made pursuant to a statute establishing the terms for repayment and would prohibit the enactment of a statute making a new loan pursuant to Article XIX or XIX A prior to the full repayment of each previous loan under Article XIX or XIX A, respectively . The measure would also prohibit a loan from being authorized by a statute during more than 2 fiscal years within any period of 10 consecutive fiscal years . The measure would also authorize tax revenues subject to Article XIX or XIX A to be loaned to other state funds or accounts in addition to the General Fund . This bill contains other related provisions and other existing laws .

C/CAG *Support* *1* *Transportation*
All

SB 1161 **(Alarcon) State highways: design-sequencing contracts.** A - 06/21/2006

Status:

06/21/2006 - ASM APPR. Read second time. Amended. Re-referred to Com. on APPR.

Calendar:

08/09/06 9 a.m. - Room 4202 ASM APPROPRIATIONS

Summary

Existing law authorizes the Department of Transportation, until January 1, 2010, to conduct a pilot project to award design-sequencing contracts, as defined, for the design and construction of not more than 12 transportation projects, to be selected by the Director of Transportation . This bill would instead generally authorize the department, until January 1, 2012, to award contracts for projects using the design -sequencing contract method, if certain requirements are met . The bill would require the department to continue the use of a peer review committee to assist the department in preparing an annual report to the Legislature describing and evaluating the outcome of the design-sequencing contracts until December 31, 2011 .

C/CAG *1* *Transportation*
All

SB 1611 **(Simitian) Congestion management fees.** A - 04/19/2006

Status:

06/29/2006 - ASM APPR. From committee: Do pass as amended, but first amend, and re-refer to Com. on APPR. (Ayes 5. Noes 2)

Calendar:

Summary

ACTION REPORT WITH SUMMARY BY SUBJECT

Legislative Update

Existing law provides for creation of congestion management agencies in various counties with specified powers and duties relative to management of transportation congestion . Existing law provides for the imposition by air districts and certain other local agencies of fees on the registration of motor vehicles in certain areas of the state that are in addition to the basic vehicle registration fee collected by the Department of Motor Vehicles . This bill would authorize a congestion management agency , or where there is no congestion management agency, the board of supervisors, to place a majority vote ballot measure before the voters of a county authorizing the imposition of an annual fee of up to $ 25 on each motor vehicle registered within the county for transportation projects and programs with a relationship or benefit to the persons paying the fee . The bill would require the ballot measure resolution to be adopted by a majority vote of the governing board of the congestion management agency or the board of supervisors, as appropriate, at a noticed public hearing and would also require the resolution to contain a specified finding of fact . The bill would require the Department of Motor Vehicles, if requested, to collect the fee and distribute the proceeds, after deduction of specified administrative costs, to the agency or the board of supervisors, as appropriate , and would enact other related provisions .

C/CAG *Support* *1* *Transportation*
All

Vehicle Abatement

AB 2681 (Pavley) Vehicles: registration fees: fines. A - 05/26/2006

Status:

06/28/2006 - SEN APPR. From committee: Do pass, and re-refer to Com. on APPR. Re-referred. (Ayes 7. Noes 6.).

Calendar:

Summary

Existing law authorizes a county to establish a service authority for the abatement of abandoned vehicles and impose a $ 1 vehicle registration fee and an additional $ 2 fee upon all commercial motor vehicles that are subject to the permanent trailer identification program . These fees are collected by the Department of Motor Vehicles . The net amount of money collected from these fees is required to be deposited in the Abandoned Vehicle Trust Fund, which is continuously appropriated to the Controller for allocation to participating service authorities, as specified . This bill would adjust the amount of these fees to an amount not to exceed $ 2, and not to exceed $ 4, respectively, rather than $ 1 and $2. Because this bill would allow for an increase in revenues in a continuously appropriated fund, this bill would thereby make an appropriation . This bill contains other related provisions and other existing laws .

C/CAG *1* *Vehicle*
Abatement

SB 1225 (Chesbro) Service authority: registration and service fees. A - 03/23/2006

Status:

06/28/2006 - ASM APPR. SUSPENSE FILE Placed on APPR. suspense file.

Calendar:

Summary

Existing law authorizes the establishment of a service authority for the abatement of abandoned vehicles and the imposition of a $ 1 vehicle registration fee in a county if the board of supervisors of that county, by a 2/3 vote, and a majority of the cities having a majority of the incorporated population within the county adopt resolutions providing for the establishment of that authority and the imposition of the $ 1 fee. Existing law imposes an additional $ 2 service fee on a commercial motor vehicle . This bill would revise the amount of the vehicle registration fee for these purposes from $ 1 to $1 or $2 , and would revise the amount of the additional service fee imposed on a commercial motor vehicle from $ 2 to $2 or $4, as established by the service authority . The bill would require the same adoption procedure set forth above for an increase of the fee from $ 1 to $2.

C/CAG *Support* *1* *Vehicle*
Abatement

C/CAG AGENDA REPORT

Date: August 10, 2006

To: C/CAG Legislative Committee

From: Walter Martone

Subject: REVIEW AND APPROVAL OF POSITIONS ON VARIOUS BALLOT PROPOSITIONS

A position may be taken on any legislation, including legislation not previously identified.

(For further information contact Walter Martone at 599-1465 or Richard Napier at 599-1420)

RECOMMENDATION

That the Legislative Committee consider developing positions on specific bills/issues for consideration by the C/CAG Board. Due to the fact that these items will appear on the ballot, C/CAG staff is not permitted to make recommendations to support, oppose, or other. We can however provide you with information to assist you in evaluating these Propositions.

a) Proposition 1A – Transportation Funding Protection
b) Proposition 1B – Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006
c) Proposition 1C – Housing and Emergency Shelter Trust Fund Act of 2006
d) Proposition 1E – Disaster Preparedness and Flood Prevention Bond Act of 2006
e) Proposition 84 – Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute
f) Proposition 90 – Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment

FISCAL IMPACT

Many of these Propositions, if approved by the voters in November, will result in significant increases in funds available to C/CAG for transportation and stormwater pollution prevention programs.

SOURCE OF FUNDS

State bonds secured by State General Fund revenues.

BACKGROUND/DISCUSSION

a) Proposition 1A – Transportation Funding Protection
This measure amends the State Constitution to further limit the conditions under which the Proposition 42 transfer of gasoline sales tax revenues for transportation uses can be suspended. Specifically, the measure requires Proposition 42 suspensions to be treated as loans to the General Fund that must be repaid in full, including interest, within three years of

suspension. Furthermore, the measure only allows suspension to occur twice in ten consecutive fiscal years. No suspension could occur unless prior suspensions (excluding those made prior to 2007-08) have been repaid in full.

b) Proposition 1B – Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

This measure authorizes the state to sell about $20 billion of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system.

c) Proposition 1C – Housing and Emergency Shelter Trust Fund Act of 2006

This measure authorizes the state to sell $2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs.

d) Proposition 1E – Disaster Preparedness and Flood Prevention Bond Act of 2006

This measure authorizes the state to sell about $4.1 billion in general obligation bonds for various flood management programs.

e) Proposition 84 – Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute

This initiative allows the state to sell $5.4 billion in general obligation bonds for safe drinking water, water quality, and water supply; flood control; natural resource protection; and park improvements.

f) Proposition 90 – Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment

This measure requires government to pay property owners if it passes certain new laws or rules that result in substantial economic losses to their property.

ATTACHMENTS

Information provided by the Legislative Analyst's Office titled "An Overview of State Bond Debt."

Impartial analysis done by the Legislative Analyst's Office and arguments presented for and against each Proposition.

a) Proposition 1A – Transportation Funding Protection
b) Proposition 1B – Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006
c) Proposition 1C – Housing and Emergency Shelter Trust Fund Act of 2006
d) Proposition 1E – Disaster Preparedness and Flood Prevention Bond Act of 2006
e) Proposition 84 – Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute
f) Proposition 90 – Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment

November, 2006

An Overview of State Bond Debt

This section provides an overview of the state's current situation involving bond debt. It also discusses the impact that the bond measures on this ballot would, if approved, have on the state's debt level and the costs of paying off such debt over time.

Background

What Is Bond Financing? Bond financing is a type of long-term borrowing that the state uses to raise money for various purposes. The state obtains this money by selling bonds to investors. In exchange, it agrees to repay this money, with interest, according to a specified schedule.

Why Are Bonds Used? The state has traditionally used bonds to finance major capital outlay projects such as roads, educational facilities, prisons, parks, water projects, and office buildings (that is, infrastructure-related projects). This is done mainly because these facilities provide services over many years, their large dollar costs can be difficult to pay for all at once, and different taxpayers benefit over time from the facilities. Recently, however, the state has also used bond financing to help close major shortfalls in its General Fund budget.

What Types of Bonds Does the State Sell? The state sells three major types of bonds. These are:

- ***General Fund-Supported Bonds.*** These are paid off from the state's General Fund, which is largely supported by tax revenues. These bonds take two forms. The majority are *general obligation* bonds. These must be approved by the voters and their repayment is guaranteed by the state's general taxing power. The second type is *lease-revenue* bonds. These are paid off from lease payments (primarily financed from the General Fund) by state agencies using the facilities the bonds finance. These bonds do not require voter approval and are not guaranteed. As a result, they have somewhat higher interest costs than general obligation bonds.

- ***Traditional Revenue Bonds.*** These also finance capital projects but are not supported by the General Fund. Rather, they are paid off from a designated revenue stream—usually generated by the projects they finance—such as bridge tolls. These bonds also are not guaranteed by the state's general taxing power and do not require voter approval.

- ***Budget-Related Bonds.*** In March 2004, the voters approved Proposition 57, authorizing $15 billion in bonds to help pay off the state's accumulated budget deficit and other obligations. Of this amount, $11.3 billion was raised through bond sales in May and June of 2004, and $3.7 billion is available for later sales. The impact on the General Fund of paying off these bonds is an annual cost of about $1.5 billion. (Current law also allows for additional debt-service payments from the Budget Stabilization Account—BSA—established by Proposition 58 in order to pay off the bonds earlier.) The bonds' repayments are also guaranteed by the state's general taxing power.

What Are the Direct Costs of Bond Financing? The state's cost for using bonds depends primarily on the amount sold, their interest rates, the time period over which they are repaid, and their maturity structure. For example, the most recently sold general obligation bonds will be paid off over a 30-year period with fairly level annual payments. Assuming that a bond issue carries a tax-exempt interest rate of 5 percent, the cost of paying it off with level payments over 30 years is close to $2 for each dollar borrowed—$1 for the amount borrowed and close to $1 for interest. This cost, however, is spread over the entire 30-year period, so the cost after adjusting for inflation is considerably less—about $1.30 for each $1 borrowed.

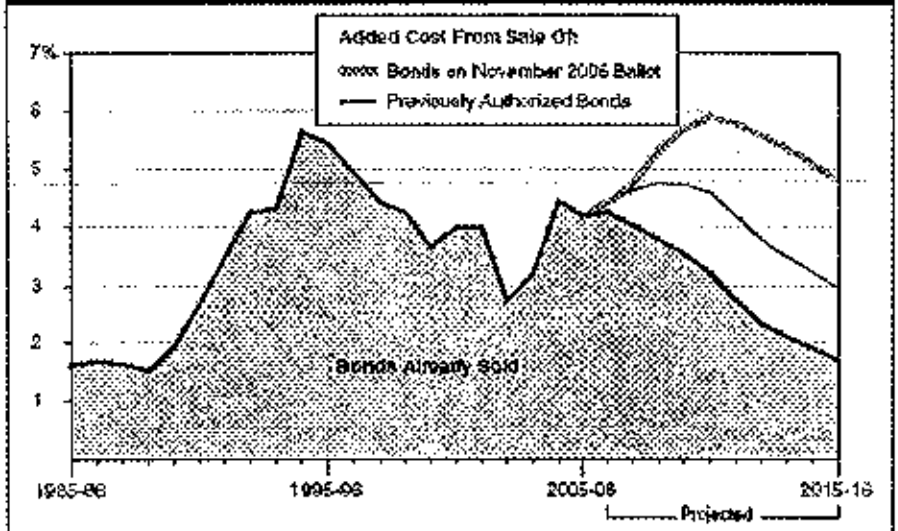
The State's Current Debt Situation

Amount of General Fund Debt. As of July 1, 2006, the state had about $45 billion of infrastructure-related General Fund bond debt outstanding on which it is making principal and interest payments. This consists of about $37 billion of general obligation bonds and $8 billion of lease-revenue bonds. In addition, the state has not yet sold about $30 billion of authorized general obligation and lease-revenue infrastructure bonds. Most of these bonds have been committed, but the projects involved have not yet been started or those in progress have not yet reached their major construction phase. The above totals do not include the budget-related bonds identified above.

General Fund Debt Payments. We estimate that General Fund debt payments for infrastructure-related general obligation and lease-revenue bonds were about $3.9 billion in 2005-06. As previously authorized but currently unsold bonds are marketed, outstanding bond debt costs will peak at approximately $5.5 billion in 2010-11. If, in addition, the annual costs of the budget-related bonds are included, total debt-service costs were $5.1 billion in 2005-06, and will rise to a peak of $8.4 billion in 2009-10. (These amounts assume additional repayments from the BSA.)

Debt-Service Ratio. One indicator of the state's debt situation is its debt-service ratio (DSR). This ratio indicates the portion of the state's annual revenues that must be set aside for debt-service payments on bonds and therefore are not available for other state programs. As shown in Figure 1, the DSR increased in the early 1990s and peaked at 5.7 percent before falling back to below 3 percent in 2002-03, partly due to some deficit-refinancing activities. The DSR then rose again beginning in 2003-04 and currently stands at 4.2 percent for infrastructure bonds. It is expected to increase to a peak of 4.8 percent in 2008–09 as currently authorized bonds are sold.

Figure 1
General Fund Debt-Service Ratio*



*Ratio of debt-service payments to revenues and transfers. Excludes budget-related bonds.

Effects of the Bond Propositions on This Ballot

There are five general obligation bond measures on this ballot, totaling $42.7 billion in new authorizations. These include:

- Proposition 1B, which would authorize the state to issue $19.9 billion of bonds to finance highway safety, traffic reduction, air quality, and port security.
- Proposition 1C, which would authorize the state to issue $2.85 billion of bonds for housing and development programs.
- Proposition 1D, which would authorize the state to issue $10.4 billion of bonds to finance kindergarten through university education facilities.

- Proposition 1E, which would authorize the state to issue $4.1 billion of bonds for flood control projects.
- Proposition 84, which would authorize the state to issue $5.4 billion of bonds to fund various resource-related projects.

The first four measures make up an infrastructure bond package approved by the Legislature and Governor. The fifth measure was placed on the ballot through the initiative process.

Impacts on Debt Payments. If the $42.7 billion of bonds on this ballot are all approved, they would require total debt-service payments over the life of the bonds of about twice that amount. The average annual debt service on the bonds would depend on the timing of their sales. If they were sold over a 10-year period, the budgetary cost would average roughly $2 billion annually.

Impact on the Debt-Service Ratio. Figure 1 shows what would happen to the state's DSR over time if all of the bonds were approved and sold. It would peak at 5.9 percent in 2010-11, and decline thereafter.

Prepared by the Legislative Analyst's Office

Return to Propositions

Return to Legislative Analyst's Office Home Page

Proposition IA

Transportation Funding Protection. Legislative Constitutional Amendment.

Background

California spends about $20 billion a year to maintain, operate, and improve its highways, streets and roads, passenger rail, and transit systems. About one-half of the funding comes from various local sources, including local sales and property taxes, as well as transit fares. The remainder comes from the state and federal levels, largely from gasoline and diesel fuel taxes, and truck weight fees.

Currently, the state levies two types of taxes on motor fuels:

- An excise tax of 18 cents per gallon on gasoline and diesel fuel. (This is generally referred to as the gas tax.)
- A statewide 6 percent tax on the sale of gasoline and diesel fuel ("sales tax").

Gas Tax. Revenues from the state excise tax on gasoline and diesel fuel used on public roads total about $3.4 billion per year. The State Constitution restricts the use of these revenues to specific transportation purposes. These include constructing, maintaining, and operating public streets and highways, acquiring right of way and constructing public transit systems, as well as mitigating the environmental effects of these facilities.

Sales Tax. The state's sales tax on gasoline and diesel fuel currently provides about $2 billion a year. Until 2002, most of the revenues from the state sales tax on gasoline were not used for transportation purposes. Instead, these revenues were used for various general purposes including education, health, social services, and corrections. Proposition 42, which was approved by voters in 2002, amended the State Constitution to dedicate most of the revenue from the sales tax on gasoline to transportation uses. Specifically, Proposition 42 requires those revenues that previously went to the General Fund be transferred to the Transportation Investment Fund to provide for improvements to highways, streets and roads, and transit systems. Proposition 42, however, allows the transfer to be suspended when the state faces fiscal difficulties. Proposition 42 is silent as to whether suspended transfer amounts are to be repaid to transportation.

Since 2002, the state has suspended the Proposition 42 transfer twice because of the state's fiscal condition. In 2003-04, the transfer was suspended partially, and in 2004-05, the full amount of the transfer was suspended. Existing law requires that these suspended amounts, with interest, be repaid to transportation by 2008-09 and 2007-08, respectively.

Proposal

This measure amends the State Constitution to further limit the conditions under which the Proposition 42 transfer of gasoline sales tax revenues for transportation uses can be suspended. Specifically, the measure requires Proposition 42 suspensions to be treated as loans to the General Fund that must be repaid in full, including interest, within three years of suspension. Furthermore, the measure only allows suspension to occur twice in ten consecutive fiscal years. No suspension could occur unless prior suspensions (excluding those made prior to 2007-08) have been repaid in full.

In addition, the measure lays out a new schedule to repay the Proposition 42 suspensions that occurred in 2003-04 and 2004-05. Specifically, the suspended amounts must be repaid and dedicated to transportation uses no later than June 30, 2016, at a specified minimum annual rate of repayment.

Fiscal Effects

This measure would have no direct revenue or cost effect. By limiting the frequency and the conditions under which Proposition 42 transfers may be suspended in a ten-year period, the measure would make it more difficult to use Proposition 42 gasoline sales tax revenues for nontransportation purposes when the state experiences fiscal difficulties. As a result, the measure would increase the stability of funding to state and local transportation in 2007 and thereafter. However, the state's authority to direct available funds to meet other nontransportation priorities in the event the state faces fiscal difficulties would be somewhat reduced.

YES ON PROPOSITION 1A: USE EXISTING GAS TAXES FOR ROADS AND TRANSPORTATION PROJECTS

In 2002, California voters made their commitment to California roads a priority by passing Proposition 42. Voters said they wanted their gas taxes spent on making roads and highways safer and less congested. But a loophole in the law has made it easy – too easy – for the politicians to use those funds for other purposes. In the last three years, nearly $2.5 billion has been siphoned away from road and highway projects – bringing critical safety and congestion relief projects to a halt.

YES ON 1A STOPS OUR EXISTING GAS TAXES FROM BEING USED FOR OTHER PROJECTS

Proposition 1A closes the loophole in the law and ensures that the gas taxes you *already* pay are spent only on transportation projects benefiting California's 20 million drivers.

YES ON 1A BUILDS NEW ROADS AND HIGHWAYS

California currently has the most congested roads in the nation and our streets and highways are in major disrepair. Drivers spend $20.7 billion in extra fuel each year and 500,000 hours stuck in traffic every day because of our overcrowded roads. Prop. 1A ensures a stable source of long-term funding to get urgently needed transportation improvement projects off the drawing board, allowing engineers to:

- Make traffic safety improvements
- Repair the most dangerous sections of state highways

SUBJECT TO COURT ORDERED CHANGES

- Reduce congestion on major freeways
- Widen freeways to prevent bottlenecks
- Complete our network of carpool lanes
- Fix neglected streets and roads
- Improve public transit

YES ON 1A MEANS A STRONGER ECONOMY

California's economy depends on a first-rate transportation system (something we used to have). Without a major emphasis on improving our infrastructure so we can move people and goods throughout the state, our economic future will suffer.

YES ON 1A: PART OF A LONG-TERM PLAN TO REBUILD CALIFORNIA

Proposition 1A is part of the Rebuild California Plan, the first comprehensive infrastructure plan in 40 years. The plan uses the taxes we're already paying to build the roads, housing, schools and water systems we need to sustain our economy and our quality of life for the long-term.

REBUILD CALIFORNIA: YES ON 1A, 1B, 1C, 1D and 1E

California's population will reach 50 million in the next 20 years – twice what our current infrastructure was designed for – and it can't be rebuilt overnight.

That's why we've got to start now.

SUBJECT TO COURT ORDERED CHANGES

To learn more about how this infrastructure plan will benefit you and your community, visit www.ReadForYourself.org.

YES ON 1A: ENSURE EXISTING GAS TAX DOLLARS ARE USED TO IMPROVE CALIFORNIA'S ROADS, HIGHWAYS AND MASS TRANSIT SYSTEMS

1. Thomas V. McKernan, President [redacted], Automobile Club of Southern California (AAA)
2. Michael Brown, Commissioner, California Highway Patrol
3. Marian Bergeson, Chair, California Transportation Commission

SUBJECT TO COURT
ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF

PROPOSITION 1A

Rebuttal Argument
Opposition to Proposition 1A
November 2006 Election

Excellent public schools and universities have made California the "Golden State." Education is the engine that drives California's economy.

Proposition 1A removes Education from being the top budget priority!

The People passed Proposition 42 with **exceptions** for drastic times. **It currently takes 2/3 of the Legislature and the Governor to agree** to borrow gasoline taxes.

Some say $2.5 billion has been "siphoned off" the gasoline taxes. The borrowed money is being repaid **with interest. And the "Rebuild California Plan" will not be affected if Proposition 1A is defeated.**

You must **Vote "NO" on Proposition 1A** unless you believe there will never again be a recession in California.

You must **Vote "NO" on Proposition 1A** unless you know there will never again be a sizeable earthquake, flood, levy break, or fire in California that requires a quick response to save lives and property.

You must **Vote "NO" on Proposition 1A** unless you think that emergency rooms, hospitals, and trauma centers will never again need to have funding priority.

And you must **Vote "NO" on Proposition 1A** unless you think it was OK to **withhold $2 billion** from the minimum guarantee to our K-12 schools, and to continue to **raise student fees** at our state colleges and universities. These terrible cuts to education would have been much worse if Proposition 1A had been in effect.

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1A

For our children, for our economy, and to make sure that we can continue to deal with the aftermath of disasters, **Vote "NO" on Proposition 1A.**

JACKIE GOLDBERG, Chair
Assembly Education Committee

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 1A

Initial Ballot Argument
Opposition to Proposition 1A
November 2006 Election

When the next recession hits, the Legislature and the Governor must be able to prioritize both cuts and expenditures.

Proposition 1A would put still more of California's budget on "automatic pilot." That means that the Governor and the Legislature won't be able to set priorities. If education, healthcare, public safety, or childcare funds are in need of money, during any recession, the **first priority** for gasoline taxes will be potholes and highways. Highways and potholes are very important. But on this ballot Proposition 1B will provide almost $20 billion dollars for Transportation.

Proposition 42 of 2002 already has strong protections for highway and pothole funds. Money can **only** be borrowed by a **2/3** vote of both houses and the signature of the **Governor**. It must be repaid and with interest for the full time it was borrowed. Proposition 1A tightens the restrictions, and makes borrowing almost impossible.

Everyone seems to agree in California that our number one priority is Public Education! But if Proposition 1A were to pass, that would no longer be true. We only have to look at recent history to understand the impact of Proposition 1A.

In 2003-04, the Legislature and the Governor borrowed $868 million dollars from the sales tax revenue on gasoline. And in 2004-05, we again borrowed $1.258 billion from the same funds. Without the ability to borrow money internally, the choices would have been to borrow from Wall Street, make massive cuts to health and education or raise taxes.

Even with about $2 billion in borrowing from gasoline tax funds, K-12 public schools still were cut $2 billion from what they were guaranteed. We also cut funds for textbooks, and maintenance of classrooms and school buildings. Community college students saw their fees more than double, rising from $11 per unit to $26 per unit, and hundreds of thousands of community college students had to quit college as a result. University of California and California State University students saw their undergraduate fees rise a whopping 30% in three years time.

We have not repaid the $2 billion cut made to K-12 education in 2004-05. And if Proposition 1A had been in effect, the cut to K-12 public education could have been $4 billion!

In bad years, the Legislature and the Governor need the flexibility to shift funds temporarily to ensure that education receives at least its minimum guarantee. The

SUBJECT TO COURT ORDERED CHANGES

Legislature and the Governor need to be able to set priorities as they come up. If there is an earthquake, flood, or major fires, or if trauma centers and emergency rooms continue to close, we need to be able to address those emergencies. Don't tie the hands of those whose job it is to reflect your priorities in the State budget. VOTE "NO" ON PROPOSITON 1A!

JACKIE GOLDBERG, Chair
Assembly Education Committee

SUBJECT TO COURT
ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST

PROPOSITION 1A

Proposition 1A Rebuttal

Proposition 1A is about upholding the will of voters and setting priorities. In 2002, nearly 70% of voters approved a measure that was supposed to dedicate our gas taxes to transportation improvements. The voters said building new roads, relieving congestion, and improving highway safety are priorities.

Unfortunately, as the opponent points out, politicians have been exploiting a loophole in that law. They've diverted nearly $2.5 billion in gas taxes that were supposed to go to transportation, and spent that money on other programs. As a result, our transportation system is badly neglected and the backlog of congestion relief, highway safety and road repair projects has grown larger.

IT'S TIME TO UPHOLD THE WILL OF VOTERS AND CLOSE THE GAS TAX LOOPHOLE ONCE AND FOR ALL.

YES ON 1A simply makes sure the gas taxes we pay at the pump are actually used to build new roads and improve our transportation system.

Prop. 1A *will not* reduce funding for education or any other state program. Education funding is constitutionally protected and Proposition 1A does not change that.

- That's why educators leading taxpayer, environmental, business, and public safety groups support Prop. 1A.

SUBJECT TO COURT
ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1A

Proposition 1A is part of the Rebuild California Plan, the first comprehensive infrastructure plan in 40 years.

VOTE YES ON 1A. Ensure our existing gas tax dollars are used to improve California's roads, highways and mass transit systems.

Steve Krull, president, California Police Chiefs Association

Mark Watts, Interim Executive Director, Transportation California

Allan Zaremberg, president, California Chamber of Commerce

SUBJECT TO COURT
ORDERED CHANGES

Proposition 1B
The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006

Background

California spends about $20 billion a year from a combination of state, federal, and local funds to maintain, operate, and improve its highways, streets and roads, passenger rail, and transit systems. These expenditures are primarily funded on a pay-as-you-go basis from taxes and user fees.

There are two primary state tax sources that fund state transportation programs. First, the state's 18 cent per gallon excise tax on gasoline and diesel fuel (generally referred to as the gas tax) generates about $3.4 billion annually. Second, revenues from the state sales tax on gasoline and diesel fuel currently provide about $2 billion a year. Additionally, the state imposes weight fees on commercial vehicles (trucks), which generate roughly $900 million a year. Generally, these revenues must be used for specific transportation purposes, including improvements to highways, streets and roads, passenger rail, and transit systems. These funds may also be used to mitigate the environmental impacts of various transportation projects. Under specified conditions, these revenues may be loaned or used for nontransportation uses.

Since 1990, voters have approved roughly $5 billion in state general obligation bonds to fund transportation. These bond proceeds have been dedicated primarily to passenger rail and transit improvements, as well as to retrofit highways and bridges for earthquake safety. As of June 2006, all but about $355 million of the authorized bonds have been spent on projects.

In addition to state funds, California's transportation system receives federal and local money. The state receives about $4.5 billion a year in federal gasoline and diesel fuel tax revenues for various transportation purposes. Collectively, local governments invest roughly $9.5 billion annually into California's highways, streets and roads, passenger rail, and transit systems. This funding comes mainly from a mix of local sales and property taxes, as well as transit fares. Local governments have also issued bonds backed mainly by local sales tax revenues to fund transportation projects.

Proposal

This measure authorizes the state to sell about $20 billion of general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system. (See "An Overview of State Bond Debt" for basic information on state general obligation bonds.)

Figure 1 summarizes the purposes for which the bond money would be used. The bond money would be available for expenditure by various state agencies and for grants to local agencies and transit operators upon appropriation by the Legislature:

- ***Congestion Reduction, Highway and Local Road Improvements***—$11.3 billion—for capital improvements to reduce congestion and increase capacity on state highways, local roads, and public transit for grants available to locally funded transportation projects, as well as for projects to rehabilitate state highways and local roads.
- ***Public Transportation***—$4 billion—to make capital improvements to local transit services and the state's intercity rail service. These improvements would include purchasing buses and rail cars, as well as making safety enhancements to existing transit facilities.
- ***Goods Movement and Air Quality***—$3.2 billion—for projects to improve the movement of goods—through the ports, on the state highway and rail systems, and between California and Mexico—and for projects to improve air quality by reducing emissions related to goods movement and replacing or retrofitting school buses.
- ***Safety and Security***—$1.5 billion—for projects to increase protection against a security threat or improve disaster response capabilities on transit systems; as well as for grants to improve the safety of rail crossings to seismically retrofit local bridges, ramps, and overpasses; and to improve security and disaster planning in publicly owned ports, harbors, and ferry terminals.

Figure 1

Proposition 1B
Uses of Bond Funds

	Amounts *(In Millions)*
Congestion Reduction, Highway and Local Road Improvements	**$11,250**
Reduce congestion on state highways and major access routes	$4,500
Increase highways, roads, and transit capacity	2,000
Improve local roads	2,000
Enhance State Route 99 capacity, safety, and operations	1,000
Provide grants for locally funded transportation projects	1,000
Rehabilitate and improve operation of state highways and local roads	750
Public Transportation	**$4,000**
Improve local rail and transit services, including purchasing vehicles and right of way	$3,600
Improve intercity rail, including purchasing railcars and locomotives	400
Goods Movement and Air Quality	**$3,200**
Improve movement of goods on state highways and rail system, and in ports	$2,000
Reduce emissions from goods movement activities	1,000
Retrofit and replace school buses	200
Safety and Security	**$1,475**
Improve security and facilitate disaster response of transit systems	$1,000
Provide grants to improve railroad crossing safety	250
Provide grants to seismically retrofit local bridges and overpasses	125
Provide grants to improve security and disaster planning in publicly owned ports, harbors, and ferry facilities	100
Total	**$19,925**

Fiscal Effects

Bond Costs. The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be about $38.9 billion to pay off both the principal ($19.9 billion) and interest ($19.0 billion). The average repayment for principal and interest would be about $1.3 billion per year.

Operational Costs. The state and local governments that construct or improve transportation infrastructure with these bond funds (by, for example, building roads and bridges or purchasing buses or railcars) will incur unknown additional costs to operate and maintain them. A portion of these costs would be offset by revenues generated by the improvements, such as transit fares and tolls.

YES ON PROPOSITION 1B: BUILD NEW ROADS AND HIGHWAYS NOW

California has the most congested highways in the nation – we spend 500,000 hours stuck in traffic every day. It's clear that the time to rebuild California's roads, highways and transportation systems is now.

Proposition 1B puts backlogged transportation projects on the fast track, reducing congestion and improving highway safety.

While Prop. 1A protects the gas tax funds we already pay at the pump, Prop. 1B is just as important, because it provides funding now to jump-start repairs of our aging highways and to start building the transportation projects we know we'll need in the future.

YES ON 1B IMPROVES SAFETY, REDUCES CONGESTION AND EXPANDS PUBLIC TRANSPORTATION

Proposition 1B will fund projects in every corner of the state. Prop. 1B invests in:

- Making safety improvements to the most dangerous highways and corridors
- Reducing congestion and travel delays
- Adding more lanes to congested highways
- Fixing local streets, roads and intersections
- Building and expanding public transportation
- Making bridges seismically safe
- Expanding carpool lanes

SUBJECT TO COURT
ORDERED CHANGES

- Providing matching funds for communities that have approved local transportation measures

YES ON 1B WILL REDUCE AIR POLLUTION AND IMPROVE AIR QUALITY

Prop. 1B includes funding to reduce air pollution by replacing old polluting school buses, expanding mass transit and expanding carpool and HOV lanes. And by reducing congestion on our freeways and roads, Prop. 1B will also help reduce car emissions - one of the leading sources of air pollution.

YES ON 1B: STRICT ACCOUNTABILITY AND NO NEW TAXES

- Prop. 1B includes important accountability measures like annual audits and reports to ensure funds are spent on intended projects.

- Prop. 1B lets us begin building roads now and pay for them as we use them - with current tax revenues and without raising taxes. It is like a mortgage on a house that lets you live in your home while you pay for it.

YES ON 1B: PART OF A LONG-TERM PLAN TO REBUILD CALIFORNIA

Proposition 1B is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools and water systems we need to sustain our economy and our quality of life for the long-term.

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT IN FAVOR OF PROPOSITION 1B

REBUILD CALIFORNIA: YES ON 1A, 1B, 1C, 1D and 1E

California's population will reach 50 million in the next 20 years – twice what our current infrastructure was designed for – and it can't be rebuilt overnight.

That's why we've got to start now.

To learn more about how this infrastructure plan will benefit you and your community, visit www.ReadForYourself.org.

YES ON 1B: SAFER ROADS, LESS POLLUTION AND REDUCED TRAFFIC CONGESTION

1. Marian Bergeson, Chair, California Transportation Commission
2. Alan C. Lloyd, Former Chair, California Air Resources Board
3. Allan Zaremberg, President ~~and CEO~~, California Chamber of Commerce

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF

PROPOSITION 18

Rebuttal Argument Against SB 1266 (Proposition 1b)

We've all heard, "some things are too good to be true." The argument in support of proposition 1b is clearly one of those times.

Instead of envisioning a home mortgage being paid for while you live in it, as the proponents would have you imagine, envision instead drowning in a sea of credit card debt. That's where California is headed.

We all want better roads and less traffic congestion. However, if the Legislature turned its attention to streamlining construction projects and easing over-burdensome regulations, we wouldn't need to borrow billions of dollars. Instead, we would use an annual portion of our general fund tax dollars with limited borrowing to complete these projects. This balanced approach would significantly reduce our need to borrow billions of dollars.

What about accountability and audits?

When was the last time an audit of state government spending showed that its programs were cost effective and timely? Quite the opposite is true. A well thought out plan for our transportation needs is the only sensible way to improve California's roadways. A hastily developed bond, with "after the fact" oversight, containing billions of dollars in borrowing is a recipe for failure.

SUBJECT TO COURT
ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF

PROPOSITION 1B

Make no mistake; a bond is not free money. You will pay for the considerable borrowing with substantial interest. NO on 1b will force the Legislature to develop a responsible bond package by including "pay as you go", environmental permitting reform, design-build efficiencies and other common sense reforms.

Michael N. Villines
California State Assemblyman, 29th District

(241 words)

SUBJECT TO COURT
ORDERED CHANGES

SB 1266 Opposition Statement

$32 billion. That is what our children and grandchildren will pay to settle the debt associated with this bond. All this for funding costly programs at the expense of desperately needed highway construction.

Make no mistake: every Member of the Legislature who voted against this bond measure supports restoring our state's crumbling transportation system. We support dedicating every dollar you pay in gas taxes to our highways. And we support building for California's future wisely. However, this measure fails to achieve these important goals in a fiscally responsible manner.

Improved transportation is a critical issue for our state, but equally important is that each additional borrowed dollar we spend worsens our budget deficit and could cause significant consequences for hard-working California families.

A fiscally responsible solution would be a "pay as you go" approach to funding much-needed transportation projects. This approach will pay for infrastructure improvements from the general fund (taxes you already pay) and allow California to borrow less money to meet its annual obligations.

By setting aside a portion of the budget each year for infrastructure, we will be able to better meet our state's complex needs and not saddle our children and grandchildren with back-breaking debt.

SUBJECT TO COURT
ORDERED CHANGES

Of further concern in this measure is the rush to spend our tax dollars. In hastily passing this bond measure, the Legislature failed to include time and cost saving opportunities such as "Design-Build" and environmental permitting reforms that would have streamlined the construction process, completing more projects with the same amount of money. Additionally, within 3 weeks after voter approval of this measure, the California Transportation Commission is required to "develop and adopt guidelines" to fund all outlined transportation programs and spend billions of your hard-earned tax dollars. Then CALTRANS and your regional and county transportation agencies must submit all potential transportation projects to the California Transportation Commission. Just think: A state government agency must put rules in place to spend billions of dollars in just 3 weeks on projects across California without allowing enough time for public oversight and review. Is this the best way to spend your tax dollars?

Significant fiscal decisions in Government should not be made without adequate time for due diligence and analysis.

Governor Schwarzenegger is right; California state government has neglected the transportation needs of our State for three decades and something needs to be done. But let's do this right. Let's go back to the drawing board and find a responsible way to focus on critically needed projects while at the same time developing a financially accountable plan that includes a "pay as you go" element, without any wasteful spending to pay for these important projects.

We should demand that our children and grandchildren have a transportation system that meets the needs of the 21st Century. That's why you need to vote "no" on this bond and force the

SUBJECT TO COURT
ORDERED CHANGES

Legislature to produce a transportation infrastructure plan for our future that is responsible, realistic and result driven.

Michael N. Villines
California State Assemblyman, 29th District

WORD COUNT: 492

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1B

Even the opponent agrees we have to start *now* to improve our state's crumbling transportation system, build new roads and relieve traffic congestion. That's exactly what Proposition 1B will do.

YES ON 1B will finally make our transportation system a priority, and provide funds we need to begin addressing the backlog of projects throughout the state to reduce congestion, improve air quality, expand mass transit, make road safety improvements, and repair local streets and roads. The longer we neglect our transportation system, the more costly and serious the problems become.

We can't afford to wait any longer.

PROPOSITION 1B IS FISCALLY RESPONSIBLE

- 1B contains strict fiscal safeguards to protect taxpayers, like annual audits and public reports to show how and where funds are spent.
- By issuing bonds, Prop. 1B will provide immediate funding to jump-start transportation projects and allow us to pay for them over the next 20 years, with existing state revenues and *without raising taxes*.
- Just like a mortgage on a home, Prop. 1B allows us to improve our transportation system now, and pay for it as we use it over the long-term.
- That's why THE CALIFORNIA TAXPAYERS' ASSOCIATION SUPPORTS 1B.

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1B

Yes on 1B is part of the Rebuild California Plan. Our economic future and our quality of life depend on a reliable transportation system that moves goods and people efficiently.

We've got to start now.

YES on 1B. Build new roads and highways, invest in traffic safety, relieve congestion, and improve mass transit.

Larry McCarthy, president, California Taxpayers' Association

Thomas V. McKernan, president, Automobile Club of Southern California (AAA)

Michael Brown, Commissioner, California Highway Patrol

SUBJECT TO COURT ORDERED CHANGES

Proposition 1C
Housing and Emergency Shelter Trust Fund Act of 2006

Background

About 200,000 houses and apartments are built in California each year. Most of these housing units are built entirely with private dollars. Some units, however, receive subsidies from federal, state, and local governments. For instance, the state provides low-interest loans or grants to developers (private, nonprofit, and governmental) to subsidize housing construction costs. Typically, the housing must be sold or rented to Californians with low incomes. Other state programs provide homebuyers with direct financial assistance to help with the costs of a downpayment.

While the state provides financial assistance through these programs, cities and counties are responsible for the zoning and approval of new housing. In addition, cities, counties, and other local governments are responsible for providing infrastructure-related services to new housing—such as water, sewer, roads, and parks.

In 2002, voters approved Proposition 46, which provided a total of $2.1 billion of general obligation bonds to fund state housing programs. We estimate that about $350 million of the Proposition 46 funds will be unspent as of November 1, 2006.

Proposal

This measure authorizes the state to sell $2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs. (See "An Overview of State Bond Debt" for basic information on state general obligation bonds.) Figure 1 describes the programs and the amount of funding that each would receive under the measure. About one-half of the funds would go to existing state housing programs. The development programs, however, are new—with details to be established by the Legislature. The major allocations of the bond proceeds are as follows:

- ***Development Programs ($1.35 Billion).*** The measure would fund three new programs aimed at increasing development. Most of the funds would be targeted for development projects in existing urban areas and near public transportation. The programs would provide loans and grants for a wide variety of projects, such as parks, water, sewage, transportation, and housing.
- ***Homeownership Programs ($625 Million).*** A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers. The funds would be used to provide downpayment assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household's income, the

cost of the home being purchased, and whether it is the household's first home purchase.

- ***Multifamily Housing Programs ($590 Million).*** The measure also would fund programs aimed at the construction or renovation of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3 percent) loans to fund part of the construction cost. In exchange, a project must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).
- ***Other Housing Programs ($285 Million).*** These funds would be used to provide loans and grants to the developers of homeless shelters and housing for farmworkers. In addition, funds would be allocated to pilot projects aimed at reducing the costs of affordable housing.

Figure 1

Proposition 1C
Uses of Bond Funds

		Amount (In Millions)
Development Programs		
Development in urban areas[a]	Grants for various projects—including parks, water, sewer, transportation, and environmental cleanup—to facilitate urban "infill" development.	$850
Development near public transportation[a]	Grants and loans to local governments and developers to encourage more dense development near public transportation.	300
Parks[a]	Grant funding for parks throughout the state.	200
		$1,350
Homeownership Programs		
Low-income households	Variety of homeownership programs for low-income households.	$290
Downpayment assistance	Deferred low-interest loans up to 6 percent of home purchase price for first-time low- or moderate-income homebuyers.	200
Local governments	Grants to local governments which reduce barriers to affordable housing. Funds would be used for homebuyer assistance.	125
Self-help construction	Grants to organizations which assist low- or moderate-income households in building or renovating their own homes.	10
		$625
Multifamily Housing Programs		
Multifamily housing	Low interest loans for housing developments for low-income renters.	$345
Supportive housing	Low-interest loans for housing projects which also provide health and social services to low-income renters.	195
Homeless youth	Low-interest loans for housing projects which provide housing for homeless young people.	50
		$590
Other Housing Programs		
Farmworker housing	Low-interest loans and grants for developing housing for farmworkers.	$135
Pilot programs[a]	Grants and loans for pilot projects to develop housing at reduced costs.	100
Homeless shelters	Grants for developing homeless shelters.	50

	$285
Total	$2,850

[a] New program.

The funds would be allocated over a number of years. The measure provides the Legislature broad authority to make future changes to these programs to ensure their effectiveness.

Fiscal Effect

Bond Costs. The cost to pay off these bonds would depend primarily on the following two factors.

- *Payment Period.* The state would likely make principal and interest payments on the bonds from the state's General Fund over a period of about 30 years.
- *Interest Rate.* Usually, the interest on bonds issued is exempt from both state and federal taxes because the bonds are for public purposes. This results in lower debt service payments for the state. Some programs proposed by this measure, however, would not be eligible for the federal tax exemption—resulting in a higher interest rate. This is because the housing programs provide funds for private purposes. (We estimate this would be the case for about 60 percent of the bonds.)

If the federally taxable bonds were sold at an average rate of 6.5 percent and the remaining bonds at an average rate of 5 percent, the cost to the state would be about $6.1 billion to pay off both the principal ($2.85 billion) and the interest ($3.3 billion). The average payment would be about $204 million each year.

Administrative Costs. The Department of Housing and Community Development and the California Housing Finance Agency would experience increased costs to administer the various housing and urban development programs. A portion of the programs' allocations—probably between $100 million and $150 million of the total bond funds—would be used to pay these administrative costs over time.

ARGUMENT IN FAVOR OF PROPOSITION 1C

YES on Proposition 1C will provide emergency shelters for battered women, affordable homes for seniors and low income families, and shelters with social services for homeless families with kids. That is why Habitat for Humanity, AARP, and California Partnership to End Domestic Violence strongly urge you to vote YES on Proposition 1C.

Importantly, this measure will be funded out of existing state resources without raising taxes.

Many of our communities face severe problems of housing affordability, homelessness, and domestic violence. Over 360,000 Californians are homeless every night.

Last year, 5,108 women and children were turned away from domestic violence shelters, because they were full. Housing affordability for working families in California is at historic lows.

Safe shelter is fundamental to a decent life. YES on Proposition 1C will:

*Expand the number of shelter beds for battered women and homeless families with children.

*Provide housing for homeless foster youths.

*Make security improvements and repairs to existing shelters.

*Provide clean and safe homes for senior citizens and low-income families.

SUBJECT TO COURT ORDERED CHANGES

Additionally, Proposition 1C helps working families afford homes and provides accessibility improvements to apartments for disabled Californians.

Proposition 1C also creates 87,000 jobs and helps improve the state's economy.

Allows Seniors to Live Independently:

This measure allows seniors to live at home without the fear of being institutionalized in a nursing home.

Helps Battered Women:

"Most cities in California don't have adequate shelters for women and children who have been beaten and abused. Proposition 1C begins to fix this bad situation."

- California State Sheriffs Association

Independent Audits and Accountability:

"This measure requires independent audits, limits administrative expenses, and contains strict accountability provisions to ensure the funds are used as promised."

- California Chamber of Commerce

Helps Foster Youth:

"Tragically, 65% of foster youth are homeless on the day they leave foster care. Proposition 1C will help them find stable homes."

- Homes 4 California

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT IN FAVOR OF PROPOSITION 1C

Critical Need For Housing and Emergency Shelters:

"Proposition 1C provides shelter for those who need help the most -- battered women, homeless families with children, and disabled seniors."

- Habitat for Humanity, Sacramento

Yes on 1C: Part of a Long-Term Plan to Rebuild California

Proposition 1C is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools and water systems we need to sustain our economy and our quality of life for the long term. Please support the long-term plan to rebuild California by voting Yes on 1A, 1B, 1C, 1D, and 1E.

To learn more about how this plan will benefit you and your community, visit www.ReadForYourself.org.

Proposition 1C provides shelters for our most vulnerable Californians: the elderly, disabled, homeless families, battered women and children. Please vote Yes on 1C for emergency shelter and housing relief without raising taxes.

- Cheryl Keenan, Executive Director, San Diego Habitat for Humanity
- Marivic Mabanag, Executive Director, California Partnership to End Domestic Violence
- Tom Porter, State Director, AARP

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1C 07/20/2006

Rebuttal to the Argument in Support of Prop 1C

Proposition 1C is fiscally irresponsible. 1C grows bureaucracy with almost $3 billion in borrowed money, burdening everyone with debt to benefit a small number of people selected by government, including financially eligible illegal immigrants.

In their "yes" argument, 1C's backers claim the bond would be "funded out of existing state resources without raising taxes." Sadly, there is no such thing as free money.

When California sells bonds, what is really happening is that the state is going into debt in your name. This debt gets repaid at about two dollars of principle and interest for every dollar borrowed.

Debt repayment has the top priority in government spending. So, money spent to repay bonds means budget cuts for education, roads, Medi-Cal, levee repair, prisons, and water projects. Or, even less money for tax cuts.

More debt = less money for priorities. And, less money for priorities = pressure to raise taxes on all Californians.

Debt should be used sparingly to build long lasting projects such as roads, bridges, dams, schools and universities.

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1C 07/20/2006

Builders build homes, not government. Fees, regulations and government interference make homes unaffordable in California. Freeing builders to build is the best affordable housing program – *and, it costs nothing!*

Adding more debt to our state's credit card hurts ALL Californians. Proposition 1C would add $600 of debt and interest payment obligations on every California family of four. That's $600 that could be returned to the people in lower taxes, or spent on roads and schools.

Be responsible: vote "no."

1. Assemblyman Chuck DeVore, Member, Assembly Budget Committee
2. Bill Leonard, Member, California State Board of Equalization
3. Mike Spence, President, California Taxpayer Protection Committee

SUBJECT TO COURT
ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 1C

Proposition 1C would add almost *$3 billion* in new government *debt* and expand bureaucracy but it won't make housing affordable in California.

Sacramento politicians placed Proposition 1C on the ballot at *3 in the morning*. Why did they vote in the middle of the night with *little debate and no oversight*? What were they trying to hide?

Proposition 1C won't make housing more affordable for the average Californian. What it will do is grow government and force the average California family of four to pay over $600 in debt and interest while INCREASING PRESSURE TO RAISE TAXES.

What will $2.85 billion of new government borrowing buy? In a state of 37 million people with over 12.2 million housing units, *not even a drop in the bucket*. Instead, Proposition 1C will empower bureaucrats to dispense cash to a select few who meet the government rules and are lucky enough to be chosen to get the money borrowed in your name.

It's true that only 14 percent of families in California can now afford the median-priced home. But, government itself is to blame for this problem. More than half the cost of a home or apartment rent in California is due to high taxes, overregulation, environmental lawsuits, fees, and government interference in the free market – all of which doubles the high cost of housing.

SUBJECT TO COURT ORDERED CHANGES

So, what do the politicians propose? Their solution: another government program that allows affordable housing only for the *lucky few who can get their hands on your money*.

The true way to make housing affordable again in California is to allow builders to build homes and condominiums and apartments and then allow people to pay to live in them – without the government telling everyone what to do and how to do it.

Instead, the text of Proposition 1C reads like the failed government housing programs of the past, with references to, "target population," "Housing Finance Committee," "supportive housing," "operating subsidies," and "pilot programs." Along with millions of dollars for bureaucracy and even *$400 million for parks that house no one at all!*

One last reason to vote "no" on Proposition 1C: *we can't afford more debt*. For every dollar we borrow, we and our children will have to repay that dollar plus a dollar in interest costs. That means the average California family will have to pay more than $600 in additional taxes over the life of this bond, half of which will be to pay the roughly $3 billion in interest fees alone.

Vote "no" on Proposition 1C. We can't afford it and it won't make housing more affordable in California.

For more information, please visit Assemblyman Chuck DeVore's website at:
www.NoProp1C.com NoProp1C@aol.com
[redacted] or email him at ~~No1C@aol.com~~.

Signed by: Assemblyman Chuck DeVore, Member
California State Assembly

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1C

Yes on Proposition 1C makes shelters and homes available to battered women, seniors, homeless children, low income families, and former foster youths. It won't solve all of these problems overnight, but it is an important step forward.

Proposition 1C will not raise taxes. The measure will be paid for out of existing state resources. Just as important, Proposition 1C requires independent audits to protect taxpayers and ensure shelters and homes are built as promised.

This measure is the result of years of planning by experts in the problems of homelessness and domestic violence, as well as the housing crisis facing the elderly, families with children, people with mental illness, and veterans.

That is why leading California organizations have endorsed Proposition 1C, including:

Habitat for Humanity, San Diego, Greater Los Angeles, Sacramento, and Fresno

AARP

Congress of California Seniors

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1C

California Partnership to End Domestic Violence

California Chamber of Commerce

Orange County Business Council

League of Women Voters

Foster Youth Alliance

Vietnam Veterans of California

Proposition 1C is a fiscally responsible part of the Rebuild California Plan, a long-term plan to build the roads, housing, schools, and flood-control systems we need for California's future.

Yes on Proposition 1C addresses problems we can't afford to ignore. It will provide clean and safe accommodations for seniors, shelters for homeless families, and secure homes for battered women. Please help California take a positive step forward by voting Yes on Proposition 1C.

- Hank Lacayo, President, Congress of California Seniors
- Peter Cameron, President, Vietnam Veterans of CA
- Marivic Mabanag, Executive Director, CA Partnership to End Domestic Violence

SUBJECT TO COURT ORDERED CHANGES

Proposition 1E
Disaster Preparedness and Flood Prevention Bond Act of 2006

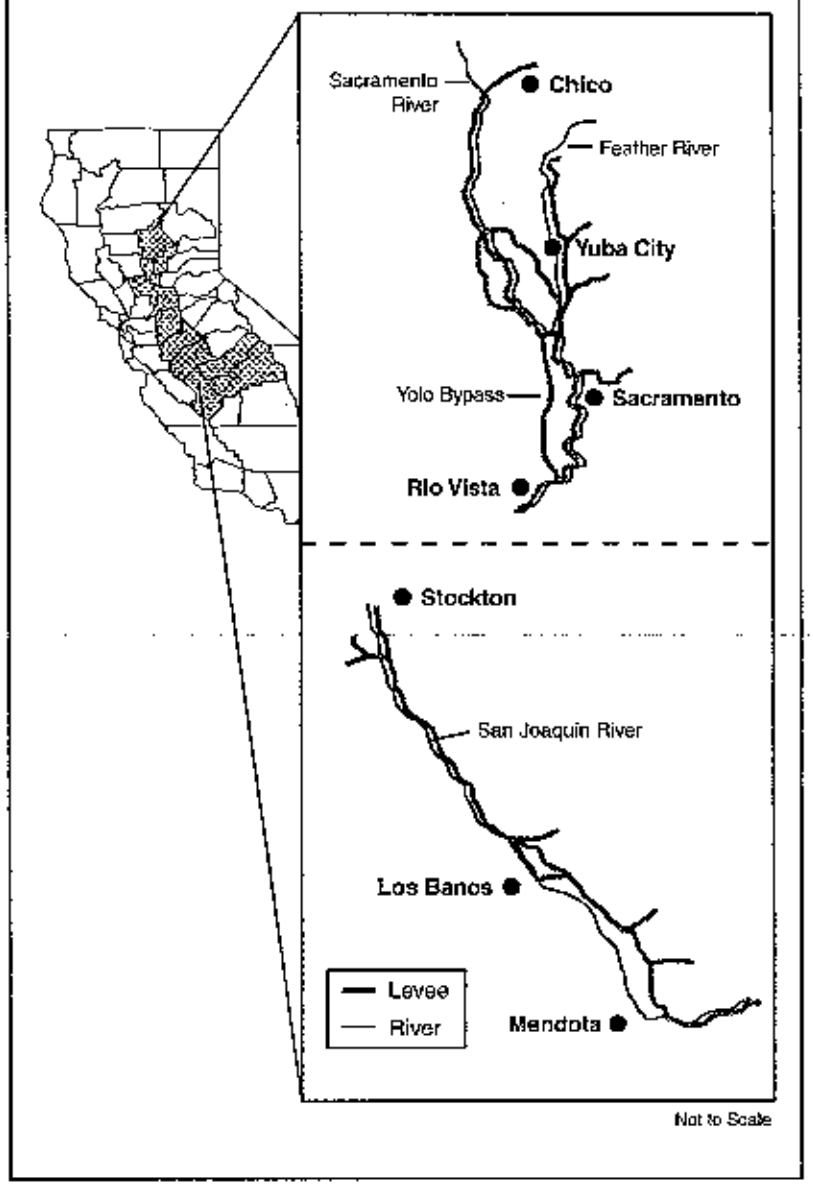
Background

State Role. Multiple agencies at each level of government (state, federal, and local) have some responsibilities for flood management. In addition, private entities own and operate some flood control facilities. The state carries out a number of programs designed to provide flood management. Some of these programs are operated directly by the state, while others provide grants to local agencies for similar purposes.

The state is primarily responsible for flood control in the Central Valley. As shown in Figure 1, the state Central Valley flood control system includes about 1,600 miles of levees, as well as other flood control infrastructure such as overflow weirs and channels. The state directly funds the construction and repair of flood management structures such as levees, typically with a federal and local cost share. For approximately 80 percent of the levees in the Central Valley flood control system, the state has turned over the operations and maintenance to local governments (primarily local flood control districts), although the state retains ultimate responsibility for these levees and the system as a whole.

Figure 1

Central Valley Flood Control System



Outside the Central Valley system, the state's role in flood management generally consists of providing financial assistance to local governments for flood control projects located throughout the state. For example, the state has provided funding for the Santa Ana River Mainstem flood control project that spans Orange, Riverside, and San Bernardino Counties. In the Sacramento-San Joaquin River Delta region (Delta), as

another example, the state has no oversight role with respect to local levee construction or maintenance (a majority of Delta levees—about 700 miles—are located outside the state system). Because a significant portion of the state's population depends on water supplies that come through the Delta, there is a state interest in the continued operation of the Delta levee system. Given this, the state has provided financial assistance over many years to local flood control districts in the Delta region to rehabilitate and maintain levees.

Funding. In general, state flood management programs have been funded from the General Fund, with some use of bond funds. Since 1996, the voters have authorized a number of state general obligation bonds, of which about $400 million has been allocated specifically for flood management purposes. Most of these bond funds for flood management have already been spent.

State funding levels for flood management have varied substantially on a year-to-year basis, largely depending on the availability of General Fund and bond monies for this purpose. For example, since 2000-01, annual state funding for flood management has varied from a low of about $60 million (2002-03) to a high of about $270 million (2000-01). In addition to state flood management programs, local governments, including flood control districts and other public water agencies, operate their own flood management programs and projects. Funding for these local programs comes from various sources, including property assessments and, in some cases, financial assistance from the state.

A law passed earlier this year provides $500 million from the General Fund for emergency levee repairs and other flood management-related costs.

The Department of Water Resources (DWR) has made rough estimates of the cost to repair and upgrade the Central Valley flood control system and levees in the Delta of between $7 billion and $12 billion.

Proposal

This measure authorizes the state to sell about $4.1 billion in general obligation bonds for various flood management programs. (See "An Overview of State Bond Debt" for basic information on state general obligation bonds.) Figure 2 summarizes the purposes for which the bond money would be available to be spent by DWR and for grants to local agencies. In order to spend these bond funds, the measure requires the Legislature to appropriate them in the annual budget act or another law.

Figure 2
Proposition 1E
Uses of Bond Funds

	Amounts (In Millions)
State Central Valley flood control system repairs and improvements; Delta levee repairs and maintenance.	$3,000
Flood control subventions (local projects outside the Central Valley).	500
Stormwater flood management (grants for projects outside the Central Valley).	300
Flood protection corridors and bypasses; floodplain mapping.	290
Total	**$4,090**

Specifically, the bond includes about $4.1 billion for various flood management activities, allocated as follows:

- ***State Central Valley Flood Control System and Delta Levees—$3 Billion.*** To evaluate, repair, and restore existing levees in the state's Central Valley flood control system; to improve or add facilities in order to increase flood protection for urban areas in the state's Central Valley flood control system; and to reduce the risk of levee failure in the Delta region through grants to local agencies and direct spending by the state.
- ***Flood Control Subventions—$500 Million.*** To provide funds to local governments for the state's share of costs for locally sponsored, federally authorized flood control projects outside the Central Valley system.
- ***Stormwater Flood Management—$300 Million.*** For grants to local agencies outside of the Central Valley system for projects to manage stormwater.
- ***Statewide Flood Protection Corridors and Bypasses—$290 Million.*** To protect, create, and enhance flood protection corridors, including flood control bypasses and setback levees; as well as for floodplain mapping.

Fiscal Effects

Bond Costs. The costs of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds were sold at an average interest rate of 5 percent, the cost would be about $8 billion to pay off both the principal ($4.1 billion) and interest ($3.9 billion). The average payment would be about $266 million per year.

Property Tax-Related Impacts. The measure provides funds for land acquisition by the state for flood management, including the development of bypasses and setback levees. Under state law, property owned by government entities is exempt from property taxation. To the extent that this measure results in property being exempted from taxation due to acquisitions by governments, local governments would receive reduced property tax revenues. Because the measure does not specify what portion of the bond funds will be used for acquisitions, the impact on local property tax revenues statewide is unknown, but is potentially up to several million dollars annually.

Operational Costs. To the extent that bond funds are used by state and local governments to purchase property or develop a new flood control project, these governments would incur unknown additional costs to operate or maintain the properties or projects.

YES ON PROPOSITION 1E: PROTECT AGAINST FLOODS, PREVENT OCEAN POLLUTION, SAFEGUARD CLEAN DRINKING WATER

California continually faces natural disasters – from earthquakes and fires to floods and mudslides. Proposition 1E is critical to prepare for these natural disasters and ensure we always have enough clean water to meet our needs.

YES ON 1E: PROTECT HOMES, PREVENT LOSS OF LIFE

Our nation learned a tragic lesson from Hurricane Katrina – we cannot continue to neglect our unsafe levees and flood control systems. One catastrophic flood would impact the entire state and disrupt the supply of clean drinking water to major cities.

Proposition 1E expedites urgent projects to protect homes and lives across the state:

- Urgent repairs and essential improvements to levees and flood control facilities
- Increased flood protection for urban areas
- Evaluation and repair of the current flood control system

"Californians deserve to know that their homes and families are protected from flooding, caused by levee failure in the Central Valley or flash flooding in Southern California or coastal areas. Proposition 1E is vital to the state's ability to ensure flood safety throughout the state."

Lester Snow

Director, California Department of Water Resources

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT IN FAVOR OF PROPOSITION 1E

YES ON 1E: PROTECT OUR OCEANS AND OUR SUPPLY OF CLEAN, SAFE DRINKING WATER

Outdated flood control systems can threaten drinking water supplies, pollute streams, and foul beaches.

- Some cities rely on water mains and sewers more than a century old that can fail at any time. Experts say that water pressure inside the pipes is often the only thing keeping them from collapsing.
- In 2001, sewer spills and overflows forced officials to issue over 2,000 beach closings and health advisories. Spills and overflows are generally caused by overused and antiquated wastewater systems.

Proposition 1E helps ensure that clean water is available for all Californians all the time by providing funds to rebuild out-of-date systems to prevent pollution and safeguard water sources.

YES ON 1E: STRICT ACCOUNTABILITY AND NO NEW TAXES

Proposition 1E won't raise taxes to pay for these important infrastructure improvements. By building safeguards now, with current revenues, we can limit the impact of disasters when they do hit. And Prop. 1E includes annual audits and tough fiscal safeguards to ensure the money is spent wisely.

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT IN FAVOR OF PROPOSITION 1E

YES ON 1E: PART OF A LONG-TERM PLAN TO REBUILD CALIFORNIA

Proposition 1E is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools and water systems we need to sustain our economy and our quality of life for the long-term.

The Rebuild California Plan: YES ON 1A, 1B, 1C, 1D and 1E

California's population will reach 50 million in the next 20 years – twice what our current infrastructure was designed for – and it can't be rebuilt overnight.

That's why we've got to start now.

To learn more about how this infrastructure plan will benefit you and your community, visit www.ReadForYourself.org.

YES on 1E: Clean Water, Flood Protection and Disaster Preparedness.

1. Henry Renteria, Director, California Office of Emergency Services
2. Michael L. Warren, President, California Fire Chiefs Association
3. Linda Adams, Secretary, California Environmental Protection Agency

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO THE ARGUMENT IN SUPPORT OF PROPOSITION 1E

After reading Prop 1E, it won't surprise you to learn that the Legislature adopted it after 3 a.m. when they got tired of arguing. They couldn't agree on a list of projects or even a list of priorities; they could only agree that THEY WANT MORE OF YOUR MONEY right away. How typical! That's what this $4,090,000,000.00 bond is all about: raising taxes to give Sacramento politicians a blank check based on vague promises that they won't waste our money this time. It's like giving a drunk one more drink for the drive home.

Our legislators have been ignoring public levees for years. Now, instead of allocating a small portion of our record-breaking revenues for levees, they want to borrow money for thirty years for repairs that will need to be repaired again long before this bond is paid off. What will we do then?

This is a TAX INCREASE. Taxpayers will be forced to spend over $8,200,000,000 to pay back this bond with interest!

At recent prices, this proposal contains funding for about 25 miles of levees, but California has far more than 2,000 miles of levees to maintain. Since this measure does nothing to reform our crazy spending practices and policies, we might not even get 25 miles of repairs. What is worse, with politicians in charge of selecting the projects (not hydrologists, scientists, and engineers), funding will be based on political influence rather than critical need. This is a recipe for disaster.

Please Vote "NO" on 1E.

Thomas N. Hudson, Executive Director
The California Taxpayer Protection Committee

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 1E

We need strong levees and clean water, but Proposition 1E is the wrong solution. This measure is full of misguided priorities and doesn't have any controls on funds. The most important thing we can do is to make sure we have enough water for our growing population but 1E doesn't spend a cent on that.

Prop 1E sounds good, but it means higher taxes for projects that local and federal governments should already be doing.

- Proposition 1E won't provide "Clean Water" to drink:

California's population is expected to grow to fifty million people in the next decade. This will place an enormous strain on our water supply. However, this bond will not provide a single drop of drinking water for California's growing population. It will not build a single water storage reservoir or water treatment facility. Yet it will give hundreds of millions to private organizations to spend on their pet projects, and lets them use these funds for their own "administrative costs."

- Benefits local urban projects:

Rural California loses under Proposition 1E. State taxpayers' money from these bonds will go to protecting cities and their water supplies. These communities and their local governments should be paying for their own water supply improvements. Local tax dollars should be used to fund these projects, not state funds.

- Federal responsibility:

SUBJECT TO COURT
ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 1E

Instead of putting the state in more debt to pay for these levee repair projects, our state should be demanding more federal funding. This is a federal responsibility, California taxes are already high and we shouldn't have to pay more taxes to protect ourselves because the federal government won't plan for disasters.

- Fiscally irresponsible:

By taking on what are really local and federal responsibilities, we are encouraging mismanagement from all levels of government. And they will expect taxpayers to foot the bill down the road rather than refocusing their priorities.

- Californians must focus on our priorities:

While our economy is slowly recovering, approving Proposition 1E would be like taking out a loan to buy new patio furniture when you can't afford to pay your mortgage or rent. At the same time, this measure means less money for other important priorities like education, health care or public safety.

The state can't take responsibility for every project in the state. These projects should be paid for by the local and federal agencies responsible for these public safety issues. If we don't make them reprioritize their spending, our children will continue to foot the bill for their short-sighted planning and mismanagement.

Proposition 1E is bad for families, bad for taxpayers, and bad for California. Vote NO on 1E.

Thomas N. Hudson, Executive Director
The California Taxpayer Protection Committee
~~8971 Base Line Road, Elverta, California 95626-9411~~
~~Telephone: (916) 991-9300, Fax: (916) 991-9500~~
~~E-mail: info@protecttaxpayers.com~~
~~Website: www.protecttaxpayers.com~~

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1E

Proposition 1E is vital to California's disaster preparedness - protecting lives and water supplies. It is our responsibility to ensure that all Californians have access to safe, clean drinking water at all times. Yes on 1E does that without raising taxes and it leverages additional federal and local funding.

WE CANNOT AFFORD TO NEGLECT OUR WATER SUPPLY AND FLOOD PROTECTION SYSTEMS

If we wait for others to fix our unsafe levees and flood control systems, we are putting our homes, drinking water supplies and children at risk in every corner of the state. By building safeguards now, we can limit the impact of disasters when they do hit. Yes on 1E provides:

- Increased flood protection for urban and rural areas, meaning a stable, clean water supply.
- Repaired and improved levees.
- Updated flood control systems – to prevent failures that can pollute our streams and oceans.

FISCALLY RESPONSIBLE

Proposition 1E uses the taxes we are already paying to make these important infrastructure improvements. Utilizing federal and local matching funds mean we can complete more of these important projects in communities across the state. And 1E has important accountability standards, including independent audits, to ensure money is spent wisely.

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1E

Proposition 1E is part of the Rebuild California Plan. It will provide the flood protection vital to sustaining our economy, protecting our supply of drinking water and preserving our quality of life for the long-term.

YES on 1E Clean Water, Flood Protection and Disaster Preparedness for Our Future.

Thomas A. Nassif, President, Western Growers

Linda Adams, Secretary, California Environmental Protection Agency

Peter Silva, Former Vice Chair, State Water Resources Control Board

SUBJECT TO COURT ORDERED CHANGES

Proposition 84

Water Quality, Safety and Supply. Flood Control. Natural Resource Protection. Park Improvements. Bonds. Initiative Statute.

Background

State Spending on Resources Programs. The state operates a variety of programs to conserve natural resources, protect the environment, provide flood control, and offer recreational opportunities for the public. The state also operates a program to plan for future water supplies, flood control, and other water-related requirements of a growing population. In addition to direct state expenditures, the state also provides grants and loans to local governments and nonprofit organizations for similar purposes. These programs support a variety of specific purposes, including:

- *Natural Resource Conservation.* The state has provided funds to purchase, protect, and improve natural areas—including wilderness and open-space areas; wildlife habitat; coastal wetlands; forests; and rivers, lakes, streams, and their watersheds.
- *Safe Drinking Water.* The state has made loans and grants to public water systems for facility improvements to meet state and federal safe drinking water standards.
- *Flood Control.* The state has funded the construction and repair of flood control projects in the state Central Valley flood control system. The state has also provided financial assistance to local agencies for local flood control projects in the Sacramento-San Joaquin River Delta and in other areas outside the Central Valley.
- *Other Water Quality and Water Supply Projects.* The state has made available funds for various other projects throughout the state that improve water quality and/or the reliability of water supplies. For example, the state has provided loans and grants to local agencies for the construction and implementation of wastewater treatment, water conservation, and water pollution reduction projects.
- *State and Local Parks.* The state operates the state park system, and has provided funds to local governments for the acquisition, maintenance, and operation of local and regional parks.

Funding for Resources Programs. Funding for these various programs has traditionally come from General Fund revenues, federal funds, and general obligation bonds. Since 1996, voters have authorized approximately $11 billion in general obligation bonds for various resources purposes. Of this amount, approximately

$1.4 billion is projected to remain available for new projects as of June 30, 2006, primarily for water-related purposes. Legislation enacted earlier this year provides $500 million from the General Fund for emergency levee repairs and other flood control-related expenditures.

Proposal

This initiative allows the state to sell $5.4 billion in general obligation bonds for safe drinking water, water quality, and water supply; flood control; natural resource protection; and park improvements. (See "An Overview of State Bond Debt" for basic information on state general obligation bonds.) Figure 1 summarizes the purposes for which the bond money would be available for expenditure by various state agencies and for loans and grants, primarily to local agencies and nonprofit organizations. In order to spend most of these bond funds, the measure requires the Legislature to appropriate them in the annual budget act or other legislation.

Figure 1
Proposition 84
Uses of Bond Funds

	Amounts (In Millions)
Water Quality	**$1,525**
• Integrated regional water management.	1,000
• Safe drinking water.	380
• Delta and agriculture water quality.	145
Protection of Rivers, Lakes, and Streams	**$928**
• Regional conservancies.	279
• Other projects—public access, river parkways, urban stream restoration, California Conservation Corps.	189
• Delta and coastal fisheries restoration.	180
• Restoration of the San Joaquin River.	100
• Restoration projects related to the Colorado River.	90
• Stormwater pollution prevention.	90
Flood Control	**$800**
• State flood control projects—evaluation, system improvements, flood corridor program.	315
• Flood control projects in the Delta.	275
• Local flood control subventions (outside the Central Valley flood control system).	180
• Floodplain mapping and assistance for local land use planning.	30
Sustainable Communities and Climate Change Reduction	**$580**
• Local and regional parks.	400
• Urban water and energy conservation projects.	90
• Incentives for conservation in local planning.	90
Protection of Beaches, Bays, and Coastal Waters	**$540**
• Protection of various coastal areas and watersheds.	360
• Clean Beaches Program.	90
• California Ocean Protection Trust Fund—marine resources, sustainable fisheries, and marine wildlife conservation.	90
Parks and Natural Education Facilities	**$500**
• State park system—acquisition, development, and restoration.	400
• Nature education and research facilities.	100
Forest and Wildlife Conservation	**$450**
• Wildlife habitat protection.	225
• Forest conservation.	180
• Protection of ranches, farms, and oak woodlands.	45
Statewide Water Planning	**$65**
• Planning for future water needs, water conveyance systems, and flood control projects.	65
Total	**$5,388**

Fiscal Effects

Bond Costs. The cost of these bonds would depend on interest rates in effect at the time they are sold and the time period over which they are repaid. The state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds were sold at an average interest rate of 5 percent, the cost would be about $10.5 billion to pay off both the principal ($5.4 billion) and interest ($5.1 billion). The average payment would be about $350 million per year.

Property Tax-Related Impacts. The initiative provides funds for land acquisition by governments and nonprofit organizations for various purposes. Under state law, property owned by government entities and by nonprofit organizations (under specified conditions) is exempt from property taxation. To the extent that this initiative results in property being exempted from taxation due to acquisitions by governments and nonprofit organizations, local governments would receive reduced property tax revenues. We estimate these reduced property tax revenues would be several million dollars annually.

Operational Costs. State and local governments may incur additional costs to operate or maintain the properties or projects, such as new park facilities, that are purchased or developed with these bond funds. The amount of these potential additional costs is unknown, but could be tens of millions of dollars per year.

ARGUMENT IN FAVOR OF PROPOSITION 84 [Argument in Support of 84]

PROP. 84 PROTECTS CALIFORNIA'S WATER, LAND AND COASTLINE.

California is growing rapidly, putting new pressure each year on our water resources, land, coast and ocean. Prop. 84 protects these vital natural resources, which are essential to our health, our economy and our quality of life.

YES on 84 PROTECTS DRINKING WATER QUALITY.

The water we drink and use to grow our food is vulnerable to contamination. Prop. 84 will:

- Remove dangerous chemicals from our water supply.
- Prevent future groundwater contamination.
- Prevent toxic runoff from flowing into our water.

Prop. 84 is essential to assure our communities CLEAN, SAFE DRINKING WATER.

Last year, there were more than 1,200 beach closing or advisory days in California. Prop. 84 will help prevent toxic pollution from storm drains from contaminating coastal waters and endangering public health.

YES on 84 ASSURES A RELIABLE WATER SUPPLY.

Prop. 84 will increase the reliability of California's water supply, through conservation and other programs. Every region in the state will benefit from this measure, while being given local control over specific projects to improve local water supply and water quality.

YES on 84 PROTECTS OUR COASTLINE AND CALIFORNIA'S NATURAL BEAUTY.

SUBJECT TO COURT ORDERED CHANGES

[7/11 @ 2:57 pm]

The measure will help clean and safeguard the ocean and beaches all along California's coastline, including the San Diego, Santa Monica, Monterey and San Francisco Bays. It will also provide for safe neighborhood parks and protect the rivers and lakes in which we swim and fish.

YES on 84 PROTECTS AGAINST FLOODING.

An earthquake or a series of major storms could damage our state's levees, causing dangerous flooding and potentially leaving up to 23 million Californians without safe drinking water.

Efforts are underway to address this urgent threat to public safety and our water supply, but much more needs to be done. Flood control experts agree that Prop. 84 is an important step forward and complements ongoing efforts to improve flood control in California.

YES on PROP. 84 PROTECTS CALIFORNIA'S ECONOMY.

Clean beaches, rivers and lakes are crucial to tourism, which contributes more than $88 billion to the state economy each year and directly supports more than 900,000 jobs. An adequate supply of clean, safe water is also needed for California's farms and cities. Prop. 84 protects the water that our economy needs to thrive.

YES on 84 WILL *NOT* RAISE TAXES – AND INCLUDES TOUGH FISCAL SAFEGUARDS.

Prop. 84:

- Is funded entirely from existing revenues, and will *not* raise taxes.
- Will bring federal matching funds into California.

SUBJECT TO COURT ORDERED CHANGES

[7/11 @ 2:57 pm]

- Includes strict accountability provisions, including yearly independent audits and a citizen's oversight committee.

PLEASE JOIN US IN VOTING YES on 84.

Conservation groups, business organizations and water districts across California support Prop. 84. For more information about the measure, please visit www.CleanWater2006.com. Your YES vote will help protect our health, economy and quality of life now and in the years to come.

PROTECT CALIFORNIA'S DRINKING WATER, LAND, COAST AND OCEAN. Vote YES on 84.

Mark Burget, Executive Director
The Nature Conservancy

Larry Wilson
Chair, Board of Directors
Santa Clara Valley Water District

E. Richard Brown, PhD
Professor, School of Public Health
University of California, Los Angeles

SUBJECT TO COURT
ORDERED CHANGES

[7/11@ 2:57pm]

REBUTTAL TO ARGUMENT IN FAVOR OF
PROPOSITION 84

Rebuttal to the Argument in Support of Proposition 84

PROPOSITION 84 CANNOT DELIVER ON ITS PROMISES

It will not benefit everyone, but everyone will pay for it through higher taxes or budget cuts for education, law enforcement, and health services.

NO on 84 PROTECTS THE PUBLIC TREASURY

Prop. 84 gives state bureaucrats the power to spend your money without effective oversight. This proposal eliminates protections against corruption and favoritism in current law and it bypasses our competitive bidding system. It prevents audits by the State Controller, the State Auditor, and even the Legislative Analyst. It exempts itself from the Administrative Procedures Act. Ask yourself why the proponents fear routine audits.

NO on 84 SENDS SACRAMENTO THE RIGHT MESSAGE:

WE NEED A RELIABLE WATER SUPPLY

This water bond does not contain ANY funds for new reservoirs, aqueducts, or water storage! The water diversions mandated by this bond will actually take away drinking water from current sources.

NO on 84 PROTECTS YOU FROM SPECIAL INTERESTS

Bond funds can be awarded to the same private organizations that placed this initiative on the ballot, campaigned for it, and bought advertising to promote it. This is a perversion of the initiative process.

NO on 84 SAVES MONEY FOR REAL FLOOD CONTROL

Flood control is vital, but less than 15% of bond funds are dedicated to

SUBJECT TO COURT
ORDERED CHANGES

that purpose — and that money could be chewed up for studies, environmental planning, environmental mitigation, and bureaucratic administration. If bureaucratic reports could stop flooding, we'd no longer have a problem.

PLEASE JOIN US IN VOTING NO on 84.

Bill Leonard, Member
California State Board of Equalization

Ron Nehring, Senior Consultant
Americans for Tax Reform

Lewis K. Uhler, President
National Tax Limitation Committee

SUBJECT TO COURT ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 84

(Ballot Title: Water Quality, Safety and Supply, Flood Control, Natural Resource Protection, Park Improvements, Bonds, Initiative Statute.)

This measure should have been titled the "Special-Interest-Hidden-Agenda Bond" because it was placed on the ballot by special interests who don't really want you to know where all your money is going to be squandered. Every special interest that helped get this boondoggle on the ballot will get a share of the taxpayers' money, but ordinary taxpayers will get nothing from this bond but higher taxes for the next three decades.

This so-called "water bond" has no funding for dams or water storage! The authors set aside billions for bureaucratic studies, unnecessary protections for rats and weeds, and other frivolous projects, but they couldn't find a single penny to build freshwater storage for our state's growing population. You have to read the text to believe it.

Only a very small portion of the funds from this enormous bond would be available for repair and maintenance of our levees, but Proposition 1E was placed on the ballot by the Legislature to provide $4,090,000,000 for these same levees. Common sense dictates that we should wait to see how that money is spent before we authorize another $5,388,000,000 in new spending. It would be foolish to lock permanent spending formulas in place, as this initiative seeks to do, when we have no idea what our future needs will be once the funds from Proposition 1E are spent.

This bond represents a huge tax increase. The proponents seem eager to avoid this unpleasant fact, but voters need to understand that bond repayment

SUBJECT TO COURT ORDERED CHANGES

takes priority over all other government spending. Once issued, bonds cannot be cancelled, repudiated, or discharged in bankruptcy; they can only be repaid with tax revenues. Our state already has a $7 billion budget deficit and there is no way to pay for this gigantic bond without higher taxes.

Local projects should be funded at the local level. This statewide bond is designed to force people in one part of the state to pay for local projects on the other side of the state. Why should people in Redding pay for urban parks in San Diego? Why tax people in Los Angeles to pay for beetle habitat restoration in Sutter County? This is poor tax policy and it was clearly designed to benefit the special interests that put this measure on the ballot. We should expect local communities to fund their own local parks and improvements; statewide bonds should be reserved for state parks, colleges, and other capital projects that benefit the whole state.

What is worse, this bond allows un-elected, unaccountable state bureaucrats to spend billions of dollars, with little or no real public oversight. Sacramento bureaucrats and special interests will love having a slush fund that they can spend without the need for public hearings and public votes in the Legislature — but we cannot allow that to happen.

Please join me in voting NO on Proposition 84.

Bill Leonard, Member
California State Board of Equalization

SUBJECT TO COURT ORDERED CHANGES

[YES ON 84 REBUTTAL]

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 84

The opponent's argument is simply wrong.

Proposition 84 provides clean water and protects our coast *without raising taxes.*

It is supported by a broad, bipartisan coalition of public interest and business groups including the League of Women Voters of California, Los Angeles Area Chamber of Commerce and The Nature Conservancy.

Here are the facts.

- Prop 84 funds crucial projects needed to assure reliable supplies of clean, safe drinking water.
- Prop 84 protects all of California's waters: our rivers, lakes, streams, beaches and bays.
- Prop 84 includes strict financial accountability, including a citizen oversight committee, annual independent audits and full public disclosure.
- Prop 84 protects our families from toxic pollution, floods and other hazards through critical public safety projects not funded by other measures.

YES on 84: BENEFITS ALL CALIFORNIANS

Prop 84 funds local priorities to improve water quality and supply in every region of the state.

YES on 84: SUPPORTED BY CALIFORNIA'S LOCAL WATER DISTRICTS

Proposition 84 is so important that water districts that provide drinking water to more than 23 million Californians all urge YES on 84.

YES on 84: PROTECTS PUBLIC HEALTH

SUBJECT TO COURT ORDERED CHANGES

{00027512.DOC.}

REBUTTAL TO ARGUMENT AGAINST

PROPOSITION 84

Prop 84 removes dangerous contaminants from drinking water, cleans up toxic chemicals that contaminate the fish we eat, and keeps dangerous polluted runoff from flowing onto our beaches and into our coastal waters.

YES on 84 protects our land, water *and* public health, for our families and for future generations.

Join local water districts, conservation organizations, business groups and public health experts in voting YES on 84.

Erich Pfuehler
California Director, Clean Water Action

Jeff Kightlinger
General Manager, Metropolitan Water District of Southern California

Kaitilin Gaffney
Conservation Director, The Ocean Conservancy

SUBJECT TO COURT ORDERED CHANGES

{00027512.DOC.}

Proposition 90

Government Acquisition, Regulation of Private Property. Initiative Constitutional Amendment.

SUMMARY

This measure amends the California Constitution to:

- Require government to pay property owners for substantial economic losses resulting from some new laws and rules.
- Limit government authority to take ownership of private property.

This measure applies to all types of private property, including homes, buildings, land, cars, and "intangible" property (such as ownership of a business or patent). The measure's requirements apply to all state and local governmental agencies.

PAYING PROPERTY OWNERS FOR ECONOMIC LOSSES

State and local governments pass laws and other rules to benefit the overall public health, safety, or welfare of the community, including its long-term economy. (In this analysis, we use the term "laws and rules" to cover a variety of government requirements, including statutes, ordinances, and regulations.)

In some cases, government requirements can reduce the value of private property. This can be the case, for example, with laws and rules that (1) limit development on a homeowner's property, (2) require industries to change their operations to reduce pollution, or (3) restrict apartment rents.

Proposal

This measure requires government to pay property owners if it passes certain new laws or rules that result in substantial economic losses to their property. Below, we discuss the types of laws and rules that would be exempt from the measure's requirements and those that might require government compensation.

What Laws and Rules *Would Not* Require Compensation?

All *existing* laws and rules would be exempt from the measure's compensation requirement. New laws and rules also would be exempt from this requirement if government enacted them: (1) to protect public health and safety, (2) under a declared state of emergency, or (3) as part of rate regulation by the California Public Utilities Commission.

What Laws and Rules *Could* Require Compensation?

While the terms of the measure are not clear, the measure provides three examples of the types of new laws and rules that could require compensation. These examples relate to land use and development and are summarized below.

- *Downzoning Property.* This term refers to decisions by government to reduce the amount of development permitted on a parcel. For example, a government action to allow construction of three homes on an acre where five homes previously had been permitted commonly is called "downzoning."
- *Limitations on the Use of Private Air Space.* This term generally refers to actions by government that limit the height of a building. For example, a government rule limiting how tall a building may be to preserve views or maintain historical character often is called a limitation of "air space."
- *Eliminating Any Access to Private Property.* This term could include actions such as closing the only public road leading to a parcel.

In addition to the examples cited above, the broad language of the measure suggests that its provisions could apply to a variety of future governmental requirements that impose economic losses on property owners. These laws and rules could include requirements relating, for example, to employment conditions, apartment prices, endangered species, historical preservation, and consumer financial protection.

Would Government Pay Property Owners for All Losses?

Under current law and court rulings, government usually is required to compensate property owners for losses resulting from laws or rules if government's action deprives the owners of virtually all beneficial use of the property.

This measure specifies that government must pay property owners if a new law or rule imposes "substantial economic losses" on the owners. While the measure does not define this term, dictionaries define "substantial" to be a level that is fairly large or considerable. Thus, the measure appears to require government to pay property owners for the costs of many more laws and rules than it does today, but would not require government to pay for smaller (or less than substantial) losses.

Effects on State and Local Governments

The measure's provisions regarding economic losses could have a major effect on future state and local government policymaking and costs. The amount and nature of these effects, however, is difficult to determine as it would depend on how the courts interpreted the measure's provisions and how the Legislature implemented it. Most notably:

- *How Many Laws and Rules Would Be Exempt From the Requirement That Government Pay Property Owners for Losses?* The measure does not require government to compensate property owners under certain circumstances

(such as actions to protect public health and safety). If these exemptions were interpreted broadly (rather than narrowly), fewer new laws and rules could require compensation.

- ***How Big Is a Substantial Economic Loss?*** If relatively small losses (say, less than a 10 percent reduction in fair market value) to a property owner required compensation, government could be required to pay many property owners for costs resulting from new laws and rules. On the other hand, if courts ruled that a loss must exceed 50 percent of fair market value to be a substantial economic loss, government would be required to pay fewer property owners.

Under the measure, state and local governments probably would modify their policymaking practices to try to avoid the costs of compensating property owners for losses. In some cases, government might decide not to create laws and rules because of these costs. In other cases, government might take alternative approaches to achieving its goals. For example, government could:

- Give property owners incentives to voluntarily carry out public objectives.
- Reduce the scope of government requirements so that any property owners' losses were not substantial.
- Link the new law or rule directly to a public health and safety (or other exempt) purpose.

There probably would be many cases, however, where government would incur additional costs as a result of the measure. These would include situations where government anticipated costs to compensate property owners at the time it passed a law—as well as cases when government did not expect to incur these costs. The total amount of these payments by government to property owners cannot be determined, but could be significant on a statewide basis.

LIMITING GOVERNMENT AUTHORITY TO TAKE PROPERTY

Eminent domain (also called "condemnation") is the power of local, state, and federal governments to take private property for a public use so long as government compensates the property owner. (In some cases, government has given the power of eminent domain to private entities, including telephone and energy companies and nonprofit hospitals. In this analysis, these private entities are included within the meaning of "government.")

Over the years, government has taken private property to build roads, schools, parks, and other public facilities. In addition to these uses of eminent domain, government also has taken property for public purposes that do not include construction of public facilities. For example, government has taken property to: help develop higher value businesses in an area, correct environmental problems, enhance

tax revenues, and address "public nuisances" (such as hazardous buildings, blight, and criminal activity).

Proposal

This measure makes significant changes to government authority to take property, including:

- Restricting the purposes for which government may take property.
- Increasing the amount that government must pay property owners.
- Requiring government to sell property back to its original owners under certain circumstances.

Below, we discuss the major changes proposed by the measure, beginning with the situations under which government could—and could not—take property.

Under What Circumstance Could Government Take Property?

Under the measure, government could take private property to build public roads, schools, parks, and other government-owned public facilities. Government also could take property and lease it to a private entity to provide a public service (such as the construction and operation of a toll road). If a public nuisance existed on a specific parcel of land, government could take that parcel to correct the public nuisance. Finally, government could take property as needed to respond to a declared state of emergency.

What Property Takings Would Be Prohibited?

Before taking property, the measure requires government to state a "public use" for the property. The measure narrows the definition of public use in a way that generally would prevent government from taking a property:

- ***To Transfer it to Private Use.*** The measure specifies that government must maintain ownership of the property and use it only for the public use it specified when it took the property.
- ***To Address a Public Nuisance, Unless the Public Nuisance Existed on That Particular Property.*** For example, government could not take *all* the parcels in a run-down area unless it showed that each and every parcel was blighted.
- ***As Part of a Plan to Change the Type of Businesses in an Area or Increase Tax Revenues.*** For example, government could not take property to promote development of a new retail or tourist destination area.

In any legal challenge regarding a property taking, government would be required to prove to a jury that the taking is for a public use as defined by this measure. In addition, courts could not hold property owners liable to pay government's attorney fees or other legal costs if the property owner loses a legal challenge.

How Much Would Government Have to Pay Property Owners?

Current law requires government to pay "just compensation" to the owner before taking property. Just compensation includes money to reimburse the owner for the property's "fair market value" (what the property and its improvements would sell for on an open market), plus any reduction in the value of remaining portions of the parcel that government did not take. State law also requires government to compensate property owners and renters for moving costs and some business costs and losses.

The measure appears to increase the amount of money government must pay when it takes property. Under the measure, for example, government would be required to pay more than a property's fair market value if a greater sum were necessary to place the property owner "in the same position monetarily" as if the property had never been taken. The measure also appears to make property owners eligible for reimbursement for a wider range of costs and expenses associated with the property taking than is currently the case.

When Would Government Sell Properties to Former Owners?

If government stopped using property for the purpose it stated at the time it took the property, the former owner of the property (or an heir) would have the right to buy back the property. The property would be assessed for property tax purposes as if the former owner had owned the property continuously.

Effects on State and Local Governments

Government buys many hundreds of millions of dollars of property from private owners annually. Relatively few properties are acquired using government's eminent domain power. Instead, government buys most of this property from *willing* sellers. (Property owners often are aware, however, that government could take the property by eminent domain if they did not negotiate a mutually agreeable sale.)

A substantial amount of the property that government acquires is used for roads, schools, or other purposes that meet the public use requirements of this measure—or is acquired to address specific public nuisances. In these cases, the measure would not reduce government's authority to take property. The measure, however, likely would increase somewhat the amount that government must pay property owners to take their property. In addition, the measure could result in willing sellers increasing their asking prices. (This is because sellers could demand the amount that they would have received if the property were taken by eminent domain.) The resulting increase in government's costs to acquire property cannot be determined, but could be significant.

The rest of the property government acquires is used for purposes that do not meet the requirements of this measure. In these cases, government could not use eminent domain and could acquire property only by negotiating with property owners on a voluntary basis. If property owners demanded selling prices that were more than the amount government previously would have paid, government's spending to acquire

property would increase. Alternatively, if property owners did not wish to sell their property and no other suitable property was available for government to purchase, government's spending to acquire property would decrease.

Overall, the net impact of the limits on government's authority to take property is unknown. We estimate, however, that is it likely to result in significant net costs on a statewide basis.

ARGUMENT IN FAVOR OF PROPOSITION 90

Proposition 90 stops eminent domain abuse!

Local governments can take homes, businesses and churches through unfair use of eminent domain. They can also take away your property value with the stroke of a pen.

We are three average Californians and it happened to us.

Local governments unfairly tried to take our property away from us and turn it over to developers to build condos, hotels and other commercial projects.

Why? Because these developers are politically connected and their projects will generate more tax revenue for local governments.

If government can take our property, it can take yours too.

- Manuel Romero had eminent domain used against his family restaurant so that a Mercedes-Benz dealership next door could use the space for a parking lot.

- Bob Blue had eminent domain used against his small luggage store – in his family for almost sixty years – so that a luxury hotel could be built.

- Pastor Roem Augustin had his church threatened with condemnation so that a developer could build condominiums.

It's wrong for senior citizens, small business owners or anyone who can't fight back to be forced to give up their property so wealthy developers can build giant retail stores, shopping malls and upscale housing developments.

SUBJECT TO COURT ORDERED CHANGES

Government can also take property without compensating property owners.

When governments pass regulations that reduce the value of your property it's called regulatory taking. When this happens you should be compensated by the government for your lost value.

Government should not be able to take your home – outright or through regulations that reduce the value of your property – without it being for a legitimate PUBLIC use and without paying for what it takes.

That's simple fairness.

That's why California needs Proposition 90, the Protect Our Homes Act.

Proposition 90 will:

- restore homeowners' rights that were gutted last year by the Supreme Court's outrageous *Kelo* decision. That ruling allows eminent domain to be used to take homes and businesses and turn them over to private developers.

- return eminent domain to legitimate public uses, such as building roads, schools, firehouses and other needs that serve the public and not the financial interests of the government and powerful developers.

- restrict government's ability to take away people's use of their property without compensating them.

SUBJECT TO COURT ORDERED CHANGES

Those who benefit financially from the status quo are spending millions to mislead voters and claim the sky is falling.

Opponents are engaging in scare tactics in order to divert attention from their REAL MOTIVE - - maintaining the status quo so they can continue to profit from taking our private property.

For example, opponents falsely claim that the measure will hurt the enforcement of environmental regulations. But all existing California environmental laws and regulations are expressly protected.

The Protect Our Homes Act protects *all of us* – and helps families for future generations - while stopping government from taking your property simply to boost tax revenue.

Save our homes and businesses.

Please vote YES on Proposition 90.

For more information, visit www.protectourhomes2006.com.

Manuel Romero, eminent domain abuse victim

Bob Blue, eminent domain abuse victim

Pastor Roem Agustin, eminent domain abuse victim

SUBJECT TO COURT ORDERED CHANGES

[REBUTTAL PROP. 90 / AGAINST]

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 90

Of course we can all agree that Californians deserve protection from eminent domain abuse. And, if Prop. 90 was a well-designed reform of eminent domain, many thoughtful Californians would support it.

However, the out-of-state drafter of Prop. 90 is attempting a bait and switch on voters. This poorly-written proposition is loaded with unrelated and far-reaching provisions that will harm, not protect, homeowners, and be very expensive for all California taxpayers.

We can't afford to be misled.

The hidden provisions in Prop. 90 create a new category of lawsuits that allow wealthy landowners and corporations to sue for huge new payouts. These lawsuits and payouts would cost California taxpayers billions of dollars every year.

That's why groups representing taxpayers, homeowners, businesses, police and fire, environmentalists and farmers all urge you to Vote NO on 90.

THE LEAGUE OF WOMEN VOTERS OF CALIFORNIA says: *"Prop. 90 would fundamentally change our system of representative democracy and put the interests of a few above the well-being of ALL Californians."*

Prop. 90 is anti-taxpayer and anti-homeowner.

That's why THE LEAGUE OF CALIFORNIA HOMEOWNERS OPPOSES PROP. 90 and says: *"Prop. 90 is a trap that actually hurts homeowners. It would cost taxpayers billions and erode basic laws that protect our communities, our neighborhoods and the value of our homes."*

Say NO to the Taxpayer TRAP. Vote NO on 90.

www.NoProp90.com

SUBJECT TO COURT ORDERED CHANGES

[7/20/06 @ 1:00]

REBUTTAL TO ARGUMENT IN FAVOR OF

PROPOSITION 90

Kenneth W. Willis, President
League of California Homeowners

Chief Michael L. Warren, President
California Fire Chiefs Association

Jacqueline Jacobberger, President
League of Women Voters of California

SUBJECT TO COURT
ORDERED CHANGES

ARGUMENT AGAINST PROPOSITION 90 [PROP. 90 OPPOSITION ARGUMENT]

The handful of wealthy landowners that paid to put Prop. 90 on the ballot are trying a classic bait and switch on California voters.

They want you to believe Prop. 90 is about eminent domain. That's the bait. But hidden in the fine print of the measure is the trap – a far-reaching section unrelated to eminent domain that would lead to huge new costs for *all California taxpayers*.

Prop. 90 would change California's constitution to enable large landowners and corporations to demand huge payouts from state and local taxpayers just by *claiming* a law has harmed the value of their property or business – no matter how important the law may be or far-fetched the claim.

According to William G. Hamm, formerly California's nonpartisan legislative analyst, "PROP. 90 could require BILLIONS OF DOLLARS IN NEW TAXPAYER COSTS EACH YEAR, if communities and the state continue to pass or enforce basic laws to protect neighborhoods, limit unwanted development, protect the environment, restrict unsavory businesses and protect consumers."

With no limit on the total costs, Prop. 90 traps taxpayers into signing a *blank check*. We all pay, while large landowners and corporations reap windfall payouts.

Here's an example of how the "taxpayer trap" works:

If local voters pass a measure to limit a new development to 500 houses – instead of 2,000 houses that a developer *wants* to build – under Prop. 90, the developer could demand a payment for the value of the remaining 1,500 houses. Even if local community services and infrastructure would be strained by the larger development, Prop. 90 would put taxpayers at risk for payment.

SUBJECT TO COURT ORDERED CHANGES

[FINAL 7/11 @ 2:25pm]

Prop. 90 is not just limited to land-use laws. Read the official analysis. Statewide consumer protection laws, restrictions on telemarketing, and worker protections would all trigger new demands for payouts.

As a result, Prop. 90 would lead to thousands of expensive lawsuits that would tie up our courts and result in added bureaucracy and red tape.

The cost of these lawsuits and payouts would rob local communities of billions of dollars in limited resources that fund fire and police protection, paramedic response, schools, traffic congestion relief and other vital services. That's why the CALIFORNIA FIRE CHIEFS ASSOCIATION, CALIFORNIA POLICE CHIEFS ASSOCIATION, and CALIFORNIA SCHOOL BOARDS ASSOCIATION oppose Prop. 90.

PROP. 90 *would trap taxpayers in a LOSE-LOSE situation*. If communities act to protect their quality of life, taxpayers could be forced to make huge payouts. Or, if communities couldn't afford the payouts, basic quality-of-life protections simply couldn't be enacted. That's why conservation groups, including the CALIFORNIA LEAGUE OF CONSERVATION VOTERS and the PLANNING AND CONSERVATION LEAGUE, warn the measure would drastically limit our ability to protect California's coastline, open spaces, farmland, air and water quality.

For more information on Prop. 90, visit *www.NoProp90.com*.

When you vote, please join groups representing California taxpayers, firefighters, law enforcement officers, educators, small businesses, land conservationists, the environment and homeowners.

Say NO to the TAXPAYER TRAP. Vote NO on PROPOSITION 90.

SUBJECT TO COURT ORDERED CHANGES

[Final 7/14 @ 2:15]

ARGUMENT AGAINST PROPOSITION 90

Chief Michael L. Warren, President
California Fire Chiefs Association

Chief Steve Krull, President
California Police Chiefs Association

Edward Thompson, Jr., California Director
American Farmland Trust

SUBJECT TO COURT
ORDERED CHANGES

(FINAL 7/11 @ 2:25pm)

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 90

DON'T BE FOOLED BY SPECIAL INTERESTS!!!

Proposition 90 protects our fundamental right to to own - and keep - our homes and private property. It's called the "AMERICAN DREAM," and government should not be in the business of destroying it.

Proposition 90 fixes the Supreme Court's outrageous *Kelo* decision.

Opponents - those who profit most from abusing eminent domain and taking private property - are shamelessly trying to mislead you and distort what Proposition 90 does.

Opponents say read the fine print. WE AGREE. You'll see:

Proposition 90 MAINTAINS EVERY current state and local environmental, consumer protection, and public safety law and regulation. Read Section 6, which states, "the provisions added to this section shall not apply to any statute, charter provision, ordinance, resolution, law, rule or regulation in effect on the date of enactment."

Proposition 90 HAS NOTHING TO DO with funding for police or firefighters.

SUBJECT TO COURT ORDERED CHANGES

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 90

The public health and safety are PROTECTED. The Legislature can enact ANY NEW LAW to ensure public health and safety.

Proposition 90 protects YOU from politicians who reward their campaign contributors by taking your private property and giving it to someone else.

The REAL opponents of Proposition 90 are those who profit by TAKING OUR HOMES AND SMALL BUSINESSES -- greedy government bureaucrats who want higher taxes and mega-developer campaign contributors who make millions using agricultural land, residential neighborhoods, businesses and churches seized through eminent domain to develop strip malls and other projects. IF THEY WIN; WE LOSE.

PROTECT OUR HOMES: VOTE YES ON 90.

Mimi Walters, Honorary Chair, California Protect Our Homes Coalition

Martyn B.Hopper, California Director, National Federation of Independent Business (NFIB)

John M. Revelli, Eminent Domain Abuse Victim

SUBJECT TO COURT ORDERED CHANGES