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CALIFORNIA BALLOT PAMPHLET
Primary Election
JUNE 3, 1986

“What a
difference
a
Vote
makes!”



Compiled by MARCH FONG EU, Secretary of State
Analyses by WILLIAM G. HAMM, Legislative Analyst



Secretary of State

SACRAMENTO 95814

Dear Fellow Californians:

This is your California Ballot Pamphlet for the June 3, 1986, Primary Election. It contains the ballot title, a short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition. It also contains the legislative vote cast for and against each measure proposed by the Legislature.

Many rights and responsibilities go along with citizenship. Voting is one of the most important as it is the foundation on which our democratic system is built. Read carefully each of the measures and information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and exercise your rights by voting on June 3, 1986.

SECRETARY OF STATE

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COVER SLOGAN

The slogan on this ballot pamphlet cover was chosen from among 36,333 proposed entries for the Secretary of State-7/Eleven voter slogan contest. The contest, which ran from January 6 to February 15, was designed to increase voter awareness and participation. Lucretia Gunnett of Willits received \$1,000 for her winning slogan "What a difference a vote makes." Second-place winner of \$500 was Will Courtenay of San Francisco with his entry "You're needed for a group decision. Register. Vote." Third-place winner of \$250 was Territa Lowenberg of Lafayette with her slogan "Be heard, not herded. Vote!" The second- and third-place slogans will appear on the November 1986 ballot pamphlet cover.

Throughout this booklet, where space permitted, are printed slogans from the contest. Because so many clever and catchy slogans were submitted, we wanted to share as many of them as possible with you. The authors' names appear with the slogans.

Please note that Proposition 42 is the first proposition for this election. To avoid confusion with past measures, the Legislature passed a law which requires propositions to be numbered consecutively starting with the next number after those used in the November 1982 General Election. This numbering scheme runs in twenty-year cycles.

Official Title and Summary Prepared by the Attorney General

VETERANS BOND ACT OF 1986. This act provides for a bond issue of eight hundred fifty million dollars (\$850,000,000) to provide farm and home aid for California veterans.

Final Vote Cast by the Legislature on AB 286 (Proposition 42)

Assembly: Ayes 73
Noes 0

Senate: Ayes 38
Noes 0

Analysis by the Legislative Analyst

Background

Since 1921, the voters have approved a total of about \$5.7 billion of general obligation bond sales to finance the veterans' farm and home purchase (Cal-Vet) program. "General obligation" bonds are backed fully by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. All bonds previously authorized to provide loans under this program have been sold.

The money from these bond sales is used by the Department of Veterans Affairs to purchase farms, homes, and mobilehomes which are then resold to California veterans. Each participating veteran makes monthly payments to the department. These payments are in an amount sufficient to (1) reimburse the department for its costs in purchasing the farm, home, or mobilehome, (2) cover all costs resulting from the sale of the bonds, including interest on the bonds, and (3) cover the costs of operating the program.

Because the state is able to borrow at interest rates that are well below those charged to individuals, the veteran's monthly payments under this program are less than what they otherwise would be.

Proposal

This proposition would authorize the state to sell \$850 million in general obligation bonds to continue the Cal-

Vet program. The Department of Veterans Affairs advises that these bonds would provide sufficient funds to enable about 12,000 additional veterans to participate.

Fiscal Effect

1. Cost of Paying Off the Bonds

The bonds authorized by this measure would be paid off probably over a period of up to 25 years. If the bonds are sold at an interest rate of 7.5 percent, principal and interest payments would be about \$67 million per year.

Throughout its history, the Cal-Vet program has been totally supported by the participating veterans, at no direct cost to the taxpayer. However, if the payments made by those veterans participating in the program do not fully cover the principal and interest payments on the bonds, the state's taxpayers would pay the difference.

2. Other Indirect Fiscal Effects

Borrowing Costs for Other Bonds. By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

Lower State Revenues. The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making other taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

Vote June 3, 1986

Argument in Favor of Proposition 42

Californians have long recognized a special debt to those young men and women who, at great personal sacrifice, served their state and nation in time of war. This recognition has been expressed by a 63-year tradition of support for Cal-Vet bonds, which, at no cost to the taxpayers, provide California veterans with low-interest loans used to purchase or improve homes, mobilehomes, and farms. Opponents in the past have argued that the veterans not be singled out for special privileges. This argument totally ignores the fact that our veterans served their country and state unselfishly fighting for the freedom that we all enjoy because of their service. It is surely a small "privilege" that we as voters give to our veterans by approving this proposition and one which they greatly deserve.

This bond act will provide approximately 12,140 low-interest loans for veterans of Vietnam and other wars. To date, nearly 400,000 veterans have been assisted in rejoining the mainstream of California life through the ownership of a home or farm.

The Cal-Vet Program is totally self-supporting, and no taxpayer money has ever been needed to repay Cal-Vet

bonds or to run the Cal-Vet program! All principal and interest owed to bondholders and all administrative costs are repaid through contractual payments received from veterans who hold Cal-Vet loans.

The Cal-Vet Program not only provides assistance to our worthy veterans, but also a much-needed stimulus to California's overall economy by the purchase of new and existing homes and generating jobs and opportunities for businesses, professions and trades connected with the state's housing industry.

This act was approved unanimously on bipartisan votes of both houses of the State Legislature. It is endorsed by every major veterans' organization in the state.

We respectfully ask you to vote FOR the Veterans Bond Act of 1986, Proposition 42, so that California can continue to keep its commitment to the thousands of qualified veterans who need and rightfully deserve this important benefit.

RICHARD E. FLOYD
Member of the Assembly, 53rd District

No argument against Proposition 42 was filed

Text of proposed law appears on pages 40-41

Voting isn't for the elect few!
Dave Eaton, Roseville

Official Title and Summary Prepared by the Attorney General

COMMUNITY PARKLANDS ACT OF 1986. This act provides for a bond issue of one hundred million dollars (\$100,000,000) to provide funds for acquiring, developing, improving, rehabilitating, or restoring urgently needed local and regional parks, beaches, recreational areas and facilities, and historical resources.

Final Vote Cast by the Legislature on SB 806 (Proposition 43)

Assembly: Ayes 66	Senate: Ayes 40
Noes 4	Noes 0

Analysis by the Legislative Analyst

Background

In past years, the state has given money to local agencies to buy, improve or restore parks and historic properties. The state has sold general obligation bonds to raise most of this money. (General obligation bonds are backed fully by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds.) All but about \$25 million of \$561 million authorized by previous bond acts will be spent or committed to specific local projects by July 1986.

Proposal

This measure permits the state to sell \$100 million of general obligation bonds for grants to counties, cities and districts that operate parks or recreational facilities. The State Department of Parks and Recreation would divide the bond money among counties, cities, and districts, based on their population (although certain minimum allocations would be required). Counties and certain park districts would receive 40 percent of the grant money. Cities and certain other districts would receive 60 percent of the grant money. The measure also requires the grant recipient to contribute 25 percent toward the cost of property bought with the bond money.

Each grant would have to be approved by the Legislature. The grants could be used for many types of park-related purposes. These include (1) developing new parks and recreational trails, (2) fixing up existing parks, (3) buying land or paying to prevent land near a park from being developed, (4) buying historic sites or buildings, (5)

building recreational facilities, and (6) providing access to beaches.

Fiscal Effect

Paying Off the Bonds. The state would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$9 million each year if the bonds were sold at an interest rate of 7.5 percent.

Borrowing Costs for Other Bonds. By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

Lower State Revenues. The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making other taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

Operational Costs. The local agencies that acquire or improve property with bond funds would have to pay the additional costs to operate those properties. These costs may be offset partly by revenues from the new properties, such as entrance fees. These additional costs cannot be estimated.

Costs to Administer Grants. It would cost the Department of Parks and Recreation \$500,000 to \$600,000 to administer the grant program. This measure provides \$400,000 to the department for these costs. The remaining \$100,000 to \$200,000 probably would come from the state's General Fund.

Repledge your allegiance—vote!

Eunice Darwin, Fresno

Text of Proposed Law

This law proposed by Senate Bill 806 (Statutes of 1986, Ch. 5) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law expressly adds sections to the Public Resources Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 3.7 (commencing with Section 5700) is added to Division 5 of the Public Resources Code, to read:

CHAPTER 3.7. COMMUNITY PARKLANDS ACT OF 1986

Article 1. General Provisions

5700. This chapter shall be known and may be cited as the Community Parklands Act of 1986.

5701. The Legislature hereby finds and declares as follows:

(a) It is the responsibility of the state to encourage, and assist in the provision of, better parks and enhanced recreational opportunities for all citizens of California.

(b) Community, neighborhood, and regional parks, beaches, recreational areas, recreational trails, and other recreational facilities, and the preservation of historic sites and structures contribute significantly to a healthy physical and moral environment and also contribute to the economic betterment of the state.

(c) Many older parks and recreational facilities have deteriorated to the point where the original investment in them may become lost, and prompt action is necessary to restore them to usefulness.

(d) Accordingly, it is in the public interest for the state to assist counties, cities, and districts in providing these facilities for the use and enjoyment of citizens they serve.

5702. As used in this chapter, the following terms have the following meanings:

(a) "District" means any regional park district formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3 and any recreation and park district formed pursuant to Chapter 4 (commencing with Section 5780). With respect to any community which is not included within a regional park district or a recreation and park district and in which no city or county provides parks or recreational areas or facilities, "district" also means any other district which is authorized by statute to operate and manage parks or recreational areas or facilities, employs a full-time park and recreation director and offers year-round park and recreation services on lands and facilities owned by the district, and allocates a substantial portion of its annual operating budget to parks or recreation areas or facilities.

(b) "Fund" means the Community Parklands Fund.

(c) "Program" means the Community Parklands Program established by this chapter.

Article 2. Community Parklands Program.

5710. (a) The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Community Parklands Fund, which is hereby created.

(b) All money deposited in the fund shall be available for appropriation in the manner set forth in Section 5735 in an amount not to exceed one hundred million dollars

(\$100,000,000) for grants to counties, cities, and districts for the acquisition, development, rehabilitation, or restoration of real property for park, beach, recreational, or historical resources preservation purposes.

5711. (a) The total amount proposed to be appropriated for the program shall be included in a section in the Budget Bill for the 1987-88 fiscal year and each succeeding fiscal year for consideration by the Legislature and shall bear the caption "Community Parklands Program."

(b) Commencing with the Budget Bill for the 1990-91 fiscal year, any grant funds which were not accepted by a recipient or were not encumbered by the recipient within the three-year period specified in Section 5721 or which were restored pursuant to subdivision (c) of Section 5723 shall be available for appropriation for one or more projects of the type specified in Section 5712 that the Legislature deems to be of the highest priority statewide.

(c) All appropriations are subject to all limitations enacted in the Budget Act and to all fiscal procedures prescribed by law with respect to the expenditure of state funds unless expressly exempted from those laws by a statute enacted by the Legislature. The section in the Budget Act shall contain proposed appropriations only for the program contemplated by this chapter, and no funds derived from the bonds authorized by this chapter may be expended pursuant to an appropriation not contained in that section of the Budget Act.

5712. The grant funds authorized for the program may be expended by the recipient for any of the following purposes or any combination thereof:

(a) The rehabilitation, improvement, or restoration of deteriorated roads, utilities, and other structures and facilities within existing parks and recreational areas.

(b) Neighborhood, community, and regional parks.

(c) Beaches and public accessways to beaches.

(d) Historical sites and structures.

(e) Recreational areas and facilities.

(f) Hiking, bicycling, and equestrian trails.

(g) Development rights and scenic easements in connection with any acquisition made for any purpose specified in subdivisions (b) to (f), inclusive, so long as the right or easement directly enhances the enjoyment or usefulness of the acquisition.

Article 3. Administration

5720. (a) The grant funds authorized for the program shall be allocated to counties, cities, and districts on the basis of their populations, as determined by the Department of Parks and Recreation in cooperation with the Department of Finance on the basis of the most recent verifiable census data and such other population data as the Department of Parks and Recreation may require to be furnished by any county, city, or district.

(b) Forty percent of the total funds available for grants shall be allocated to counties and regional park, open-space, or park and open-space districts formed pursuant to Chapter 3 (commencing with Section 5500). Each county's allocation shall be in the same ratio as the county's population is to the state's total population, except that each county shall be entitled to a minimum allocation of one hundred thousand dollars (\$100,000). In any county

Continued on page 41

Argument in Favor of Proposition 43

Your YES vote for Proposition 43, the Community Parklands Act of 1986, will assure better recreation facilities in our communities.

Because of local funding problems,

- Many park facilities are deteriorated or remain undeveloped for full public use.
- New projects that have been in the planning stage for years have not been built.

Most of us know examples of these problems in our own communities.

Proposition 43 meets this *serious shortfall* in funding for local park and recreation projects and provides a reliable funding source for California's future recreational needs.

Our local parks are not keeping up with California's accelerating population growth. Over the next 20 years, the state's population is expected to increase by 7.3 million, to a total of over 31 million.

- Putting this in perspective, we will have to meet the recreational needs of an increased population almost as large as Los Angeles County's present population.

The demands placed on our local park system are overwhelming and continue to increase. In California, parklands operated by local government receive an average of 1,000 annual recreational visits per acre. This heavy use rapidly wears out our city, county, and district park facilities. By comparison, state parks receive only 55 annual visits per acre, and national parks receive about 4 annual visits per acre.

There is a clearly demonstrated need for funds for local park and recreation projects. Local agencies applying for funding under the most recent park bond measure learned that qualified applications for local park grants far exceed the available funds.

- In fact, last year the existing program provided only \$1 in grant funds for every \$5.80 in qualified project applications.

Proposition 43 funds will be distributed according to a simple formula based on population. Each of our communities will receive funds and will decide its own priorities for how its share will be used. Depending on the local

priority needs that are identified, funds can be used for:

- Rehabilitating and restoring deteriorated park facilities.
- Playground equipment, swimming pools, picnic areas, baseball, basketball, tennis, and other sports facilities.
- Land for new neighborhood, community, and regional parks.
- Improving public access to beaches.
- Restoring structures important to local history.
- Improving hiking, bicycling, and equestrian trails.

Over the years, state assistance for local parks has traditionally been provided through bond financing. Bonds are an especially appropriate funding source because they spread the cost over the life of recreation projects. This also takes into account the *long-term public benefits* from investing in the rehabilitation and improvement of local parks.

Proposition 43 is supported by numerous cities, counties, and local park districts, as well as by recreation, historical, conservation, and business groups. It passed the Legislature with broad bipartisan support.

Proposition 43 is a responsible way to address our future recreational needs. It guarantees that every county, city, and district providing park and recreation services will receive funds in amounts reflecting the needs of the people who reside in each jurisdiction.

Vote YES for better parks in our neighborhoods.

ROBERT PRESLEY

State Senator, 36th District

Chairman, Senate Committee on Natural Resources and Wildlife

PETER V. UEBERROTH

Commissioner of Major League Baseball

President, Los Angeles Olympic Organizing Committee

C. CARSON "CASEY" CONRAD

Executive Director, President's Council on Physical Fitness and Sports, 1970-1984

Chief, California Bureau of Athletics, Recreation, Health and Physical Education, 1953-1970

Rebuttal to Argument in Favor of Proposition 43

The supporters of Proposition 43 would have you believe that we haven't been spending any money on parks for decades.

The truth is we have been spending hundreds of millions of dollars on parks over just the past few years.

Of course, all the cities, counties and other groups that can get their hands on this money support Proposition 43 because it's not their money they will be spending.

Please force your politicians to allocate money for parks out of the tax dollars they already collect. We don't need more debt hanging over our and our children's heads.

As of last December, we as California taxpayers had general obligation bonds (debt) authorized in the amount of \$7.3 billion (\$7,300,000,000), and \$2.5 billion (\$2,500,000,000) of that was still unissued. We will pay over \$525 mil-

lion (\$525,000,000) for debt payments alone in the coming year.

Based on current interest rates and a 20-year retirement, Proposition 43 will cost us \$178 million (\$178,000,000) to pay off.

We are on the same path that the federal government was on only a few short years ago. Now it is so far in debt that fiscal responsibility has become impossible.

We simply don't need more debt. If parks are such a high priority then let's fund them a sensible way and stop wasting tax dollars on so many worthless programs.

Vote "no" for fiscal irresponsibility and on Proposition 43.

DENNIS BROWN

Member of the Assembly, 58th District

Argument Against Proposition 43

It's time that the taxpayers of the State of California had the straight scoop on what these multitude of bond issues are all about.

Your State Legislature has been playing a shell game with you for years, and, of course, the politicians always win.

It's really very clever. You see, if the politicians can get the voters to approve bond issues for motherhood and apple pie items, like parks, then they will have free rein over all of your tax dollars to waste on multibillion-dollar loser programs, like welfare and other giveaway schemes.

Proposition 43, the Community Parklands Act of 1986, is exactly one such program. Who can be against more parks and open space?

Proposition 43 should also be defeated because our State Department of Finance has predicted that over \$70 million (\$70,000,000) will be available for parks next year and approximately \$40 million (\$40,000,000) the year after that. This is money that will already be paid to the state by the working men and women of California without having to raise more funds through the expensive bond process or by raising taxes.

To prove just how absurd this new request for money is,

the voters approved a \$370 million (\$370,000,000) Parks and Recreation bond issue two years ago and have approved over \$1.2 billion (\$1,200,000,000) in park funds over the past few elections. And of that, \$420 million (\$420,000,000) hadn't even been issued as of last December.

As mentioned above, your politicians don't want to use this money for parks so that they can spend it on something else.

Unfortunately, many voters are under the assumption that bond money is free money. Nothing could be further from the truth.

If Proposition 43 passes, it will cost the taxpayers approximately \$185 million (\$185,000,000) to service that debt.

Please force your legislators in Sacramento to make the tough decisions they were elected to make on how to spend the tax dollars our government now collects. Don't give them another \$100 million (\$100,000,000) to play around with.

Vote "NO" on Proposition 43.

DENNIS BROWN

Member of the Assembly, 58th District

Rebuttal to Argument Against Proposition 43

The opponent's argument ignores the real and demonstrated need for the funds for local parks that will be provided by Proposition 43.

- The simple truth is that local governments are unable to meet the constantly growing park and recreation needs of our communities.

This measure is the responsible, traditional, and time-tested method of helping our cities, counties, and park districts to keep up with increasing population growth and the steady deterioration of older parks.

- Don't be misled by the opponent's figures.

His figures go back to 1964. That was a generation ago! Obviously, our communities have grown considerably since then, creating new needs for local recreational facilities. Also, the figures he cites include funding for programs which aren't included in Proposition 43.

The opponent seriously exaggerates the funds that will be available for local parks in 1986. He includes funding for unrelated programs and federal funds that California probably will never get because of proposed cuts in the federal budget.

- The existing program, which will expire next year, has not met the needs of local communities.

Project applications have far exceeded available funds. The purpose of Proposition 43 is to supplement these funds, assuring that our communities can meet present and future recreational needs.

- Proposition 43 makes economic sense and deserves your vote.

Vote "yes" for Proposition 43. You and your community deserve the park and recreation improvements it will provide.

ROBERT PRESLEY

State Senator, 36th District

Chairman, Senate Committee on Natural Resources and Wildlife

JIM COSTA

Member of the Assembly, 30th District

Chairman, Assembly Committee on Water, Parks and Wildlife

CHARLES O. DAVIS

President, California Park and Recreation Society

Polls are open from 7 a.m. until 8 p.m.

Official Title and Summary Prepared by the Attorney General

WATER CONSERVATION AND WATER QUALITY BOND LAW OF 1986. This act provides for a bond issue of one hundred fifty million dollars (\$150,000,000) to provide funds for water conservation, groundwater recharge, and drainage, water management, and clarifies language in the Clean Water Bond Law of 1984.

Final Vote Cast by the Legislature on AB 1982 (Proposition 44)

Assembly: Ayes 54
Noes 18

Senate: Ayes 35
Noes 0

Analysis by the Legislative Analyst

Background

Two state agencies (the Department of Water Resources and the State Water Resources Control Board) are principally responsible for managing the state's supply of water and protecting its quality. The Department of Water Resources seeks to ensure that there will be enough water to meet the needs of the population. Water conservation and groundwater recharge are two ways of making better use of existing water supplies. The State Water Resources Control Board has the job of keeping the state's waters free of pollution. A growing problem in some parts of the state is pollution caused by drainage from agricultural land.

Water Conservation. Water conservation projects typically include repair or replacement of leaky water lines and canals, or of inefficient agricultural irrigation systems.

Voters approved the Clean Water Bond Law of 1984, which, among other things, allowed the state to sell \$10 million in bonds to finance projects intended to conserve water. Financing for these projects is provided in the form of a loan to public agencies. The average amount of these loans ranges from \$1 million to \$1.5 million. The Department of Water Resources, which manages the loan program, expects that all of the \$10 million will be allocated by March 1986. According to the department, about 55 agencies that applied for water conservation loans have been turned down because there was not enough money.

Groundwater Recharge. Groundwater recharge facilities typically include ditches, pits, streambeds, or wells, where water is placed and allowed to seep underground. The water is stored underground and pumped out when needed.

There has never been a program to provide loans or grants for groundwater recharge projects. The department estimates that at least 25 water agencies in both urban and rural areas want loans for groundwater recharge facilities. The department also estimates that the average loan would range from \$1 million to \$5 million.

Agricultural Drainage Water. When crops are irrigated, the water that drains from the land may be polluted. The pollution can be caused by toxic minerals that are a

natural part of the soil (such as selenium) or by chemicals, such as pesticides, that are used on the crops.

There has never been a state program to provide loans or grants for treating or disposing of agricultural drainage water.

The State Water Resources Control Board has identified five areas in the state, totaling more than 100,000 acres of land, where agricultural drainage water is causing a pollution problem. By 1995 the board expects the number of acres with agricultural drainage problems to double.

One area of the state with water drainage problems is the western San Joaquin Valley, which contains the Kesterson Wildlife Refuge. The board has ordered the federal Bureau of Reclamation to clean up the refuge, which receives agricultural drainage water that is polluted with selenium. The polluted drainage water has harmed the wildlife that use the refuge. To keep the refuge from becoming more polluted, the bureau has set a deadline after which the drainage to the refuge must stop. As a result, either irrigation must cease, or the drainage water must be cleaned up or sent to another place.

Proposal

This measure permits the state to sell \$150 million of general obligation bonds. (General obligation bonds are backed fully by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds.) The money raised by the bond sale would be used for the following purposes:

1. **Water Conservation and Groundwater Recharge — \$75 Million.** The measure provides \$75 million for loans to public agencies for studies and construction of water conservation and groundwater recharge projects. The interest rate on these loans would be one-half of the interest rate that the state pays on the bonds. The Department of Water Resources could use up to \$3.75 million of the bond money to manage the program.

2. **Agricultural Drainage Water Projects — \$75 Million.** The measure provides \$75 million for loans to public agencies for studies and construction of treatment, storage, and disposal facilities for agricultural drainage water. The interest rate on these loans also would be one-half of the rate paid by the state. The State Water Resources Control

Board would be allowed to use up to \$3.75 million of the bond money to manage this program.

Fiscal Effect

Paying Off the Bonds. The state would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$13.4 million each year if the bonds were sold at an interest rate of 7.5 percent.

If all the loans were repaid on time, the net state cost would average \$3.5 million per year for 20 years, bringing total state costs to \$70 million. These costs would consist of: (1) the state's administrative expenses (which would not

be reimbursed by the borrower) and (2) interest on the bonds that is not covered by payments from local agencies because these agencies are charged a lower interest rate.

Borrowing Costs for Other Bonds. By increasing the amount which the state borrows, this measure may cause the state and local agencies to pay more under other bond programs. These costs cannot be estimated.

Lower State Revenues. The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making other taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

Text of Proposed Law

This law proposed by Assembly Bill 1982 (Statutes of 1986, Ch. 6) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Water Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 6.1 (commencing with Section 13450) is added to Division 7 of the Water Code, to read:

CHAPTER 6.1. WATER CONSERVATION AND WATER QUALITY BOND LAW OF 1986

13450. *This chapter shall be known and may be cited as the Water Conservation and Water Quality Bond Law of 1986.*

13451. *The Legislature finds and declares all of the following:*

(a) *An abundant supply of clean water is essential to the public health, safety, and welfare.*

(b) *An abundant supply of clean water fosters the beauty of California's environment, the expansion of industry and agriculture, maintains fish and wildlife, and supports recreation.*

(c) *The state's growing population has increasing needs for clean water supplies and adequate treatment facilities.*

(d) *It is of paramount importance that the water resources of the state be protected from pollution and conserved, and that the groundwater basins of the state be recharged whenever possible to ensure continued economic, community, and social growth.*

(e) *The chief cause of water pollution is the discharge of inadequately treated waste into the waters of the state.*

(f) *Local agencies have the primary responsibility for the construction, operation, and maintenance of facilities to cleanse our waters, to conserve water, and recharge groundwater basins.*

(g) *Rising costs of construction have pushed the costs of constructing treatment facilities and facilities to conserve water and recharge groundwater basins beyond the ability of local agencies to pay.*

(h) *Because water knows no political boundaries, it is desirable for the state to contribute to the construction of these facilities in order to meet its obligations to protect*

and promote the health, safety, and welfare of its people and the environment.

(i) *Voluntary, cost-effective capital outlay water conservation programs can help meet growing demand for clean and abundant water supplies.*

(j) *Recharge of groundwater basins is an effective way to maximize availability of scarce water supplies throughout the state.*

(k) *California's abundant streams, rivers, bays, estuaries, and groundwater are threatened with pollution from agricultural drainage water which could threaten public health and fish and wildlife resources and impede economic and social growth if left unchecked. Proper containment structures and treatment facilities could provide for the handling of agricultural drainage water in an environmentally sensitive manner.*

(l) (1) *It is the intent of this chapter to provide funds for the construction of cost-effective containment structures and treatment facilities for the treatment, storage and disposal of agricultural drainage water.*

(2) *It is the further intent of this chapter to provide funds for voluntary, cost-effective capital outlay water conservation programs and groundwater recharge facilities cooperatively carried out by local agencies and the department.*

13452. *As used in this chapter, and for purposes of this chapter, as used in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), the following words have the following meanings:*

(a) *"Board" means the State Water Resources Control Board.*

(b) *"Committee" means the Water Conservation and Water Quality Finance Committee created by Section 13454.*

(c) *"Department" means the Department of Water Resources.*

(d) *"Drainage water management units" mean land and facilities for the treatment, storage, or disposal of agricultural drainage water which, if discharged untreated, would pollute or threaten to pollute the waters of the state.*

(1) *Drainage water management units may include any of the following:*

(A) *A surface impoundment which is a natural topo-*

Continued on page 42

Argument in Favor of Proposition 44

California is a growing state, whose increasing population and expanding economy rely on a clean, abundant supply of water. There is a direct relationship between how we use water and water supply. Since supply is limited, we should use our water resources in the most efficient manner possible.

Proposition 44 will provide much-needed loans for voluntary, cost-effective water conservation programs, groundwater recharge facilities, and agricultural drainage water treatment.

Two years ago, voters approved the Clean Water Bond Law, which provided funding for wastewater treatment, water reclamation and water conservation programs. Ten million dollars was dedicated to water conservation programs. The state has received 65 applications from local agencies statewide requesting nearly \$90 million in assistance for water conservation alone. Proposition 44 will enable these local agencies to conserve water now being lost due to leaking pipes and unlined ditches and canals.

Another way to use our water more efficiently is through the refilling—or recharge—of our underground water supply. Many areas of California are using groundwater faster than nature can replenish it. Groundwater recharge has been practiced here for almost 90 years. It is a proven method of placing surplus surface water from extremely wet years into available storage space underground so that it can be used in dry years. This underground space is available in the great Central Valley and in valley areas in coastal and southern California. Moreover, as storing surface water behind dams has become more expensive, storing water underground where it does not evaporate becomes more practical, efficient, and economical.

Californians have made a strong commitment to pro-

tecting water quality. Much of our efforts have focused on treating municipal sewage water before it is discharged to our rivers, bays, and ocean waters. Today, rural areas throughout the state need to implement better treatment and containment methods because of the salt and trace element buildup in farm drainage water. This drainage problem will progressively worsen unless we take positive steps to treat and contain it.

Proposition 44 provides funding for the containment and treatment of agricultural drainage water in an environmentally safe manner, much in the same manner as municipal sewage is treated today. The principal cause of water pollution is the discharge of inadequately treated waste into our rivers and groundwater. Californians have always placed a high priority on treating wastewater so that it can be safely discharged or reused. We should confront the rural drainage problem with the same commitment we've made in treating municipal sewage water.

An abundant supply of clean water will preserve the beauty of California's environment, maintain fish and wildlife, and support recreation. A continued supply of clean water will also ensure the vitality of industry and agriculture. Most importantly, however, a clean and abundant supply of water is necessary to preserve and protect public health.

We respectfully urge your support of Proposition 44. Our water resources are too precious to squander away.

JIM COSTA

*Member of the Assembly, 30th District
Chairman, Assembly Water, Parks and Wildlife Committee*

DAVID N. KENNEDY

Director, California Department of Water Resources

JOHN K. VAN DE KAMP

Attorney General of California

Rebuttal to Argument in Favor of Proposition 44

Water conservation, storage and treatment are important.

The question is: *WHO SHOULD PAY FOR THESE PROJECTS?*

Under Proposition 44, taxpayers would pay \$150 million plus a fortune in interest on the money borrowed by the state through the sale of bonds. In addition, taxpayers would pay for the *hidden costs* which attend all sales of tax-free government bonds (see ARGUMENT AGAINST PROPOSITION 44).

Technically, and by way of clarification, sale of the bonds would be controlled by the "committee" of state government officials, selection of particular projects would be made by the State Water Resources Control Board and the Department of Water Resources subject to

legislative approval, and the funds are supposed to be "loaned" to local agencies in charge of the projects.

There is no requirement in Proposition 44, however, that these loans be fully repaid. Loans may be made at "50% of the interest rate" payable by taxpayers on the bonds, and any repayments "shall be available" to help repay the bonds but need not be used for that purpose.

The bottom line is that, under Proposition 44, taxpayers would end up subsidizing many rural area projects (including the treatment of agricultural wastewater) which are more properly funded by the businesses involved.

For this reason, I respectfully recommend a vote AGAINST Proposition 44.

GARY B. WESLEY

Attorney at Law

Argument Against Proposition 44

Is Proposition 44 worth the high cost to taxpayers?

It is a proposal by the Legislature to sell \$150 million in bonds and use the money raised to fund local water conservation, treatment and drainage programs to be selected by a "committee" of state government officials.

Fully one-half of the money raised (\$75 million) must be deposited in the "Agricultural Drainage Water Account." Clearly, big agricultural interests in California are continuing to find favor with our legislators (and the Governor, who authorized the placing of this measure on the ballot). One of the questions raised by Proposition 44, then, is whether California taxpayers wish to further subsidize big agricultural interests that are quite capable of paying their own business expenses.

Under Proposition 44, taxpayers would have to repay the money borrowed through the sale of bonds (\$150 million) plus interest.

In addition, *there are hidden costs in every bond measure.* The bonds themselves pay far less than market-level interest; however, the bonds are purchased by investors in high income-tax brackets because the interest received is completely *tax free*.

For a buyer of these bonds, 7% annual interest, for example, would be the equivalent of 14% interest earned on

an investment in the private sector *if* the buyer is in the 50% federal tax bracket. Why? Because half of the interest earned from a private investment would be taken by the government in taxes.

When high income-tax bracket investors buy tax-free bonds, they cannot invest that money in the private sector. This not only reduces the amount of capital available for private enterprise (as does running up a huge government deficit and borrowing the difference each year), but it also deprives the federal and state governments of the *tax revenues that would have been received* from income produced through investment in the private sector.

When government receives less tax money from persons and corporations that invest in tax-free bonds, **EVERY OTHER FEDERAL AND STATE TAXPAYER MUST PAY MORE TO MAKE UP THE DIFFERENCE** (unless, of course, government reduces its expenditures!).

Raising money by selling bonds which earn tax-free interest is extremely costly to taxpayers. A vote **AGAINST** this measure means that the projects to be funded, including \$75 million for agricultural drainage, are not worth the high cost to taxpayers.

GARY B. WESLEY
Attorney at Law

Rebuttal to Argument Against Proposition 44

Proposition 44, the Water Conservation and Water Quality Bond Law of 1986, makes good sense for all Californians. It will provide much-needed funding for water conservation programs, groundwater recharge facilities, and drainage water treatment and containment works.

Proposition 44 is a loan program, which means the cities, counties and other local governmental agencies that borrow money will pay it back. The sale of tax-exempt bonds is sound public policy. California voters have overwhelmingly approved the use of tax-exempt bonds in other ballot measures like the Clean Water Bond Law of 1984. Local governments could not afford to build these projects without Proposition 44 unless they imposed new taxes or redirected funds from existing programs.

The bond proceeds from the passage of Proposition 44 will create jobs in communities throughout the state and provide a boost to local businesses. This new economic activity will also generate greater tax revenues for the

state and for local governments. We all win with the passage of Proposition 44.

All projects funded under this loan program must comply with water quality laws and standards. If you favor the wise and efficient use of our water resources and believe that we should treat wastewater before discharging it into our streams and rivers, then you should vote yes on Proposition 44.

Proposition 44 will help satisfy California's need for a clean and abundant supply of water. Please join us in supporting Proposition 44.

JIM COSTA
*Member of the Assembly, 30th District
Chairman, Assembly Water, Parks and Wildlife Committee*

DAVID N. KENNEDY
Director, California Department of Water Resources

JOHN K. VAN DE KAMP
Attorney General of California

Your vote won't register unless you do. Register now!

Anita Goodin, Sacramento

Deposit of Public Moneys in Credit Unions

Official Title and Summary Prepared by the Attorney General

DEPOSIT OF PUBLIC MONEYS IN CREDIT UNIONS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. The California Constitution currently provides that Legislature may provide for the deposit of public moneys in any bank or savings and loan association in this state. This measure authorizes the Legislature to also provide for the deposit of public moneys in any credit union in this state. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: By itself, this measure has no direct fiscal effect. Legislation already approved to implement this measure could result in greater interest income to state and local governments by increasing competition for the deposit of public moneys.

Final Vote Cast by the Legislature on ACA 21 (Proposition 45)

Assembly: Ayes 69
Noes 3

Senate: Ayes 34
Noes 0

Analysis by the Legislative Analyst

Background

The California Constitution gives the Legislature specific authority to allow for the deposit of public moneys in banks or savings and loan associations located in California. (Public moneys are funds belonging to, or in the custody of, the state government or any local government.)

The Superintendent of Banks oversees deposits of public moneys made by local agencies. The State Treasurer performs a similar function for deposits of public moneys made by the state.

Proposal

This constitutional amendment would authorize the Legislature to provide for the deposit of public moneys in credit unions located in California. The Legislature has enacted a measure to permit such deposits, but the act will take effect only if the voters approve this amendment.

Fiscal Effect

By itself, this measure has no direct fiscal effect. The legislation already approved to implement this measure could result in greater interest income to the state and local governments by increasing competition for the deposit of public moneys.

You count your blessings—we'll count your VOTE!

Karen Alarcon, San Martin

Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 21 (Statutes of 1984, Resolution Chapter 106) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XI, SECTION 11

SEC. 11. (a) The Legislature may not delegate to a private person or body power to make, control, appropriate, supervise or interfere with county or municipal corporation improvements, money, or property, or to levy taxes or assessments, or perform municipal functions.

(b) The Legislature may, however, provide for the deposit of public moneys in any bank in this state or in any savings and loan association in this state *or any credit union in this state* and for ~~the~~ payment of interest, principal and redemption premiums of public bonds and other ~~evi~~
~~dences~~ *evidence* of public indebtedness by banks within or without this state. It may also provide for investment of public moneys in securities and the registration of bonds and other evidences of indebtedness by private persons or bodies, within or without this state, acting as trustees or fiscal agents.

If you have any questions about voting
call your county clerk or
registrar of voters

Argument in Favor of Proposition 45

Your yes vote on Proposition 45 would authorize the Legislature to designate credit unions as depositories of public funds. This amendment would simply add credit unions to the two financial institutions which are already authorized to receive public funds: banks and savings and loan associations.

Credit unions are cooperative financial institutions that provide traditional consumer banking services to their members. They are required to be federally insured, although state credit unions may elect to participate in a private insurance or guaranty corporation that is acceptable to the state regulator instead of federal insurance.

Presently federal law designates federal credit unions as financial institutions which are eligible to receive public funds and act as fiscal agents of the United States. Federal law also designates federally insured state credit unions as fiscal agents and depositories of the United States government. This change would permit the Legislature to provide similar statutory provisions for federal and state credit unions in California.

This constitutional amendment would permit the public officers who are responsible for the investment of public funds the choice of investing in a credit union if that financial institution would provide the best return to the public agency. This, in turn, would ensure that state and local governments receive a competitive rate for the public

funds that they have for deposit. The public finance officers would be responsible for the review and selection of any credit union from among competing financial institutions.

Credit unions which receive public funds would be regulated by the Superintendent of Banks and would be subject to the same statutory requirements as other financial institutions.

Adopted by an overwhelming vote of both the Democrats and Republicans in the State Legislature, this measure is supported by the California Credit Union League, the Department of Corporations and the 1,158 credit unions in California.

We believe that the change proposed in Proposition 45 would add flexibility to present investment options available for public finance officers, while adding no risk to the expanded choice. We strongly urge you to vote YES on Proposition 45.

ALISTER McALISTER
Member of the Assembly, 18th District

LEON L. WILLIAMS
Supervisor, 4th District
County of San Diego

ROY D. BYSEGGER
City Manager
City of Crescent City

Rebuttal to Argument in Favor of Proposition 45

As an organization composed of public officers who are responsible for the investment of public funds, the California Municipal Treasurers Association at a statewide general membership meeting voted opposition to Proposition 45.

Many of our members are active credit union participants in their own jurisdictions and respect the traditional role of these cooperative financial institutions in serving their members. As guardians of the public trust, however, we must still urge your no vote on this issue.

Proponents of Proposition 45 argue that they merely wish to offer another investment option to ensure that state and local governments receive competitive rates on public money deposits. They further argue that credit unions that accept public funds would be subject to regulation by the Superintendent of Banks. Unfortunately, the authority of this regulatory agency cannot dictate the methods of dollar settlement to depositors in some specific instances of default or closure. This is the issue.

In cases of voluntary closure of a credit union, time

delays of years might be encountered before all moneys are returned to depositors. Also during this period of time there is no statutory duty to pay further interest on deposits.

Our no-vote position on Proposition 45 was adopted by an overwhelming majority of our general assembly. This gathering was composed of those persons responsible for the investment and management of public funds.

We believe that the changes proposed in Proposition 45 are not in the best interest of sound dollar management for public agencies in California.

THOMAS C. RUPERT
City Treasurer
City of Torrance

DONALD TARNOW
Immediate Past President
California Municipal Treasurers Association

LIANE C. SCOTT
President
California Municipal Treasurers Association

Argument Against Proposition 45

In voicing opposition to this constitutional amendment the California Municipal Treasurers Association does not wish to imply that state or federal credit unions in California are bad-risk depositories for their member users.

Opposition to this proposal is based solely upon the need to protect interest accrual on public money deposits and to provide absolute liquidity of dollars deposited to ensure availability when and as they are needed.

Major concerns are centered around the form of deposit insurance covering credit union share deposits and particularly the promptness in which taxpayers' dollars can be returned in cases of default.

Our association has been informed by the National Credit Union Administration (a federal agency) that credit union closures can be of a voluntary or involuntary nature. During this past year a total of 43 closures were recorded nationally.

During the year 1985 the majority of credit union closures in the United States were of a *voluntary* nature. Unfortunately, voluntary closures, i.e. circumstances in which credit unions are solvent and simply wish to cease doing business, are the types of closures that can trigger major delays in the return of moneys to shareholders. Under this circumstance depositors must wait until assets are liquidated in order to provide sufficient funds for repay-

ment. This process can take from six months to two years or even longer to complete. During the period of liquidation no further interest accrual on deposits is required to be paid.

Remaining closures during the year 1985 were of an *involuntary* nature. Under this circumstance, deposits up to \$100,000 are insured by an insurance fund which carries the full faith and credit of the United States government. Under the instance of involuntary closure depositors (shareholders) are normally paid within a two-week period.

Again, opposition expressed by the California Municipal Treasurers Association is based upon the reasons expressed herein and is not intended to reflect upon the creditworthiness of state or federal credit unions operating in California.

THOMAS C. RUPERT
City Treasurer
City of Torrance

DONALD TARNOW
Immediate Past President
California Municipal Treasurers Association

LIANE C. SCOTT
President
California Municipal Treasurers Association

Rebuttal to Argument Against Proposition 45

Opponents' arguments of possible delays in withdrawal of investments and potential loss of interest when a credit union voluntarily liquidates is misplaced.

First, existing statutes ensure that the treasurer can protect the local agency through the statutorily required contract with the financial institution. The money deposited is deemed to be in the treasury of the local agency and is required to be secured unless waived by the treasurer. The contract must contain the conditions upon which the securities are converted to money and the procedure for conversion. The statute expressly provides that, pursuant to the contract and on the demand of the treasurer, the securities which secure the public funds shall be converted into money in order for the public agency to receive the deposited funds and "any accrued interest due." The securities pledged as collateral must equal 110% of the public funds on deposit.

The result is that existing statutes provide protection so a public agency would not have to wait to withdraw public funds or lose income in the event of a voluntary liquidation.

Secondly, the closures cited by opponents are national figures. In 1985 there were no voluntary liquidations in California. In 1983 and 1984 there were two voluntary liquidations. Both were very small credit unions.

Since the likelihood of a voluntary liquidation is remote and the statutes protect local agencies from delays in receipt of the deposited moneys or income from the investment, the concerns expressed are misplaced. We urge a yes vote for this measure.

ALISTER MCALISTER
Member of the Assembly, 18th District

HAL E. BREWER
Director of Finance, City of Riverside

Surprise the experts! Vote.

Ida Longshore, La Jolla

Official Title and Summary Prepared by the Attorney General

PROPERTY TAXATION. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Currently Constitution limits ad valorem property taxes to maximum of 1% of the property's full cash value. An exception to the 1% limit is provided for ad valorem taxes or special assessments to pay interest and redemption charges on indebtedness approved by the voters before July 1, 1978. This measure would provide a further exception to the 1% limit; it would be inapplicable to bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: By itself, measure has no fiscal effect. No increase can occur in property tax rate unless two-thirds of those voting in local election approve issuance of general obligation bonds. State costs for tax relief programs could increase, because cost of these programs rises as local property tax rate increases. State income tax revenues could decline as taxpayers deduct greater amounts for property tax payments on state income tax returns.

Final Vote Cast by the Legislature on ACA 55 (Proposition 46)

Assembly: Ayes 72
 Noes 2

Senate: Ayes 30
 Noes 2

Analysis by the Legislative Analyst

Background

Under the California Constitution, real property (such as land and buildings) is taxed on the basis of its "full cash value." The Constitution limits the tax rate on real property to 1 percent of its full cash value. This limit, however, may be exceeded in order to raise the money needed to pay off debt approved by the voters *prior* to July 1, 1978.

Before 1978, local governments and school districts issued "general obligation" bonds to finance land acquisition and building construction. General obligation bonds are backed by the issuer's promise to raise its property tax rate to assure that enough money is available to pay off the bonds. The 1-percent limit on the property tax rate, however, has prevented local governments from issuing new general obligation bonds.

Consequently, local governments and schools must either forgo land acquisition and building construction or finance these activities in other ways, such as through the sale of "revenue" bonds or through lease-purchase arrangements. These financing alternatives generally require the local government or school district to pay a higher rate of interest than the rate it would have to pay on general obligation bonds.

Proposal

This constitutional amendment would allow local gov-

ernments and schools to increase the property tax rate above 1 percent for the period necessary to pay off new general obligation bonds under the following conditions:

- two-thirds of those voting in a local election must approve the issuance of the bonds; and
- the money raised through the sale of the bonds must be used exclusively to purchase or improve real property (that is, land and buildings).

Fiscal Effect

By itself, this measure has no fiscal effect. The measure merely permits local voters to approve an increase in the property tax rate. No increase can occur in the property tax rate if this measure is adopted, unless two-thirds of those voting in a local election approve the issuance of general obligation bonds.

If local voters approve the issuance of new general obligation bonds, state costs and revenues could be affected in two ways. First, state costs for tax relief programs could increase, because the cost of these programs rises as the local property tax rate increases. Second, state income tax revenues could decline as taxpayers deduct greater amounts for property tax payments on their state income tax returns.

The most effective letter going to government: Vote Tuesday.

Michael Schaefer, La Jolla

Argument in Favor of Proposition 46

Proposition 46 protects your taxes from wasteful spending.

Proposition 46 requires a two-thirds vote by local taxpayers to use general obligation bonds to build and repair police and fire stations, community hospitals, and neighborhood schools. General obligation bonds mean major savings for taxpayers.

The State of California is already using general obligation bonds. *IF LOCAL GOVERNMENTS HAD BEEN ABLE TO USE THESE BONDS LAST YEAR THEY WOULD HAVE SAVED MORE THAN \$50 MILLION IN INTEREST COSTS.*

Proposition 46 puts local voters, not the politicians, in charge of determining when—and if—general obligation bonds should be used. Proposition 46 returns decision-making authority to local taxpayers.

Without Proposition 46, local government officials will continue to use so-called "creative financing" to borrow money at a higher cost to you. And they will continue to do this without your vote of approval.

The extra money spent on more expensive borrowing means less money for needed projects. *WHEN CITIES AND COUNTIES USE MORE COMPLICATED FINANCING SCHEMES FOR LOCAL PROJECTS, MORE MONEY GOES TO PAY INTEREST, LAWYERS, AND FINANCIAL CONSULTANTS. THIS ADDS TO YOUR TAX BILL.*

We all know the bad condition of our local streets and roads and the health hazards of toxic waste and inadequate sanitation facilities. Proposition 46 will give you a cheaper and quicker way to solve these problems.

General obligation bonds can be used only for constructing essential, permanent public facilities. They cannot be used for government employee salaries or pensions, and they cannot be used for unnecessary or temporary items like office equipment and government cars.

Proposition 46 will continue the tradition of strengthening local voter control over local financial issues. No local agency will be able to spend any of your tax dollars on general obligation bonds without your approval.

Best of all, Proposition 46 will mean LOWER interest payments and a saving of tens of millions of dollars to taxpayers.

Vote yes on Proposition 46.

DOMINIC CORTESE

Member of the Assembly, 24th District
Chair, Assembly Local Government Committee

RICHARD P. SIMPSON

Executive Vice President
California Taxpayers' Association

KIRK WEST

President
California Chamber of Commerce

No argument against Proposition 46 was filed

Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 55 (Statutes of 1984, Resolution Chapter 142) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII A,
SECTION 1

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on *(1) any indebtedness approved by the voters prior to the time this section becomes effective, July 1, 1978, or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.*

Allocation of Vehicle License Fee Taxes to Counties and Cities

Official Title and Summary Prepared by the Attorney General

ALLOCATION OF VEHICLE LICENSE FEE TAXES TO COUNTIES AND CITIES. LEGISLATIVE CONSTITUTIONAL AMENDMENT. At present the state is not required by the Constitution to allocate revenue from taxes imposed pursuant to the Vehicle License Fee Law to local governments. However, specified portions of these revenues are statutorily required to be allocated to counties and cities. This measure would require all revenues from taxes imposed pursuant to the Vehicle License Fee Law to be allocated to counties and cities on and after July 1 following its adoption except fees on trailer coaches and mobilehomes and the costs of collection and refunds. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure would have no direct fiscal effect. It would prevent Legislature from changing the law to take any portion of vehicle license fees away from counties and cities. However, measure would not necessarily affect either the level of state expenditures and revenues or the amount of vehicle license fees received by individual counties and cities as state still could reduce other forms of aid to local government or change existing formula for dividing vehicle license fee revenues between counties and cities.

Final Vote Cast by the Legislature on SCA 23 (Proposition 47)

Assembly: Ayes 62
Noes 11

Senate: Ayes 27
Noes 2

Analysis by the Legislative Analyst

Background

Motor vehicles in California are subject to an annual vehicle license fee. This fee takes the place of any local personal property taxes on motor vehicles.

The state collects the vehicle license fee and distributes the funds (less collection costs and refunds) to counties and cities. Counties receive about 60 percent of the money (\$750 million in fiscal year 1985-86) and cities receive the remaining 40 percent (\$510 million in fiscal year 1985-86). This money may be spent for any public purpose.

The formula by which this money is allocated was changed temporarily in past years so that the state could spend a portion of the revenue.

Proposal

This constitutional amendment would require the state to allocate to counties and cities all vehicle license fee revenue (less collection costs and authorized refunds).

However, the measure would permit the Legislature to change the allocation of these moneys between counties and cities. This measure does not affect the allocation of fees on trailer coaches and mobilehomes.

If approved by the voters, this measure would apply to the revenues from the fees imposed on and after July 1, 1986.

Fiscal Effect

This measure would have no direct fiscal effect. It would prevent the Legislature in the future from changing the law to take any portion of the vehicle license fees away from counties and cities. However, the measure would not necessarily affect either the level of state expenditures and revenues or the amount of vehicle license fees received by individual counties and cities. The state still could reduce other forms of aid to local government or change the existing formula for dividing vehicle license fee revenues between counties and cities.

Please dispense your common sense. Vote.
Roger Galatoire, San Francisco

Allocation of Vehicle License Fee Taxes to Counties and Cities

47

Argument in Favor of Proposition 47

Proposition 47 protects your local funds from raids by the Legislature.

PROPOSITION 47 MAKES SURE YOUR VEHICLE LICENSE FEE GOES HOME TO YOUR CITY AND COUNTY — WHERE YOU HAVE THE MOST CONTROL OVER HOW IT IS SPENT.

Proposition 47 does NOT raise your vehicle license fee one penny.

For nearly 50 years, the state government collected these fees, kept enough to cover its costs, and sent the rest back to the cities and counties.

Over the years, *these funds have been an important source of money to pay for police and fire services*, build streets and roads, maintain parks and playgrounds, and provide other local services.

BUT, IN 1979, THE LEGISLATURE GAVE ITSELF THE POWER TO DIP INTO LOCAL GOVERNMENT REVENUES TO PAY ITS OWN BILLS.

IN 1981, THE LEGISLATURE KEPT 131 MILLION DOLLARS OF YOUR COUNTY AND CITY FUNDS.

IN 1982, THE LEGISLATURE HELD ON TO 277 MILLION DOLLARS TO BALANCE ITS OWN BUDGET.

IN 1983, THE LEGISLATURE DIPPED INTO YOUR LOCAL GOVERNMENT'S POCKETBOOK ONCE AGAIN. THIS TIME, THE STATE WALKED AWAY WITH 319 MILLION DOLLARS TO PAY ITS OWN BILLS.

At the same time, cities and counties reduced paramedic services, trimmed their staffs, cut back library hours, raised fees for park and recreation facilities, and delayed repairing streets, roads and public buildings—all in an effort to avoid reducing police, sheriff and fire protection.

But while your local officials were forced to cut costs, ***THE STATE LEGISLATURE TOOK A TOTAL OF 727 MILLION DOLLARS FROM TRADITIONALLY LOCAL FUNDS TO BALANCE THE STATE BUDGET.***

Besides reducing local services, the Legislature also threw local government budgets into confusion.

Year after year, local officials had to plan city and county budgets without knowing how much of your vehicle license fees eventually would make its way back home.

THREE YEARS IN A ROW, THE LEGISLATURE COULDN'T DECIDE HOW MUCH OF THE LOCAL TAXPAYERS' MONEY TO KEEP FOR ITSELF UNTIL AFTER JULY 1, THE DEADLINE FOR MOST LOCAL BUDGETS IN CALIFORNIA.

One year—1983—the Legislature failed to act until mid-September—two and a half months late!

Finally, in 1984, the Legislature gave up the power to raid local budgets to pay its own bills. Since then counties and cities have received the full amount of your vehicle license fees. And they've been able to predict how much money would be available for local services.

But, the Legislature could—at any time—pass another law giving itself the power to use local funds to balance its own budget.

Proposition 47 requires the Legislature to send your money back to your county and city. Proposition 47 will ***MAKE SURE YOUR MONEY GOES FOR LOCAL NEEDS***, like better streets and roads, paramedic and health services, fire services and police protection.

LET'S GET THE STATE LEGISLATURE'S HAND OUT OF LOCAL GOVERNMENT'S POCKET. VOTE YES ON PROPOSITION 47.

RUBEN AYALA
State Senator, 34th District

RICHARD P. SIMPSON
*Executive Vice President
California Taxpayers' Association*

ROBERT E. WINTER
*Sheriff, Santa Clara County
President, California State Sheriffs' Association*

No argument against Proposition 47 was filed

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 23 (Statutes of 1984, Resolution Chapter 162) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XI

SEC. 15. (a) All revenues from taxes imposed pursu-

ant to the Vehicle License Fee Law, or its successor, other than fees on trailer coaches and mobilehomes, over and above the costs of collection and any refunds authorized by law, shall be allocated to counties and cities according to statute.

(b) This section shall apply to those taxes imposed pursuant to that law on and after July 1 following the approval of this section by the voters.

Official Title and Summary Prepared by the Attorney General

LEGISLATORS' AND JUDGES' RETIREMENT SYSTEMS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Limits payment of retirement allowances to members of the Legislators' Retirement System or the Judges' Retirement System, or to their beneficiaries or survivors, to higher of (1) the salary received by the person currently serving in the office in which the retired person served or (2) the highest salary received by the retired person while serving in that office. Limitation on retirement allowances applies only to members entering retirement systems for first time on or after January 1, 1987. Authorizes Legislature to define terms used in the measure. Contains other provisions. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Current retirees from these programs receive retirement benefit increases based on cost of living. Under this proposal persons entering these retirement systems after January 1, 1987, will receive retirement benefits limited to salaries of like officeholders. Because salary increases are limited by law, this measure could produce minor savings to state in future years if, over a period of time, the rate of inflation exceeds the increases in salaries paid to the current officeholders.

Final Vote Cast by the Legislature on SCA 5 (Proposition 48)

Assembly: Ayes 71
Noes 3

Senate: Ayes 37
Noes 0

Analysis by the Legislative Analyst

Background

Legislators and certain officers who are elected on a statewide basis (the Governor, for example) are covered by the Legislators' Retirement System. Judges are covered by a separate retirement system.

When a statewide elected official (such as the Governor) retires, the official's *initial* retirement benefit cannot exceed 60 percent of his or her *highest* salary. For a legislator, the *initial* retirement benefit cannot exceed two-thirds of his or her *final* salary. The retirement benefits paid to both groups of officials increase each year to offset the effects of inflation. Thus, if prices go up by 10 percent in any one year, the amount of each retirement check increases by 10 percent in the following year.

In contrast, the *salaries* paid to legislators cannot increase by more than 5 percent per year. Thus, when the rate of inflation exceeds 5 percent, the pensions paid to *retired* legislators increase faster than the salaries paid to *current* legislators. This narrows the gap between salaries and retirement benefit levels.

The salaries of statewide elected officials generally grow at the same rate as the salaries granted to state employees.

A judge's retirement benefits are limited to 75 percent of the salary paid to the judge currently serving in the

position last held by the retired judge. Each year, both the pensions paid to retired judges and the salaries paid to active judges increase by the same percentage as the increase in salaries granted to state employees.

Proposal

This constitutional amendment would set limits on retirement benefits for persons covered by the Legislators' and Judges' Retirement Systems. The limits would apply to individuals (and their beneficiaries) who first become members of these systems after December 31, 1986. If the amendment is approved, retirement benefits could not exceed the *higher* of (1) the salary paid to the person currently holding the position from which the member retired, or (2) the highest salary received by the individual during his or her term in office. (In most cases, the salary paid to the current officeholder will be higher, and thus will serve as the limit on pension benefits.)

Fiscal Effect

This measure could produce minor savings to the state in future years. Such savings would occur if, over a period of time, the rate of inflation exceeds the increases in salaries paid to the current officeholders.

An e☒ceptional idea. ☒
Bonnie Nicholls, Nevada City

Argument in Favor of Proposition 48

We must act *now* to limit the future pension benefits of public officials in California!

WE HAVE THE POWER TO PREVENT PUBLIC OFFICIALS FROM RECEIVING RETIREMENT BENEFITS THAT ARE GREATER THAN THE SALARIES OF OUR CURRENT OFFICEHOLDERS. WE HAVE THE POWER TO GUARANTEE EQUITY IN THESE PENSION BENEFITS!

Retirement systems were created to provide fair allowances to public servants, not *windfall* benefits. The scandalously high pensions now being paid to some retired public officials were never *intended* by the Legislature. Nor were they *expected* by the individuals while they were in office. But the *courts* have upheld these plans—even though they provide unearned benefits to a select few.

Proposition 48 will ensure that this situation will never happen again by amending the State Constitution to provide *permanent* limits on the *future* pensions of all judges, legislators, and constitutional officers.

WHY IS A CONSTITUTIONAL AMENDMENT NECESSARY?

The State Constitution does not include ANY limits on the pension benefits of public officials.

The actions of a legislative session 23 years ago now haunt us. All of these problem pension plans have now been repealed, but the *courts* have decreed that the pen-

sions earned while these laws were on the books must be paid! IF PROPOSITION 48 HAD BEEN IN THE STATE CONSTITUTION, WE WOULD NOT NOW BE FORCED TO SPEND TAXPAYER DOLLARS TO PROVIDE THESE EXTRAORDINARY PENSIONS!

HOW DOES PROPOSITION 48 WORK?

Proposition 48 would put a pension benefit UPPER limit in the Constitution for *judges, legislators, and constitutional officers* who are first elected after January 1, 1987.

These public officials would be prohibited from receiving a pension benefit that exceeds the greater of:

- 1) the highest salary *earned before retirement*, or
- 2) the salary of the *current officeholder*.

This new UPPER LIMIT on pension benefits would *permanently stop* the predicament we find ourselves in today—that of retired public officials being paid allowances greater than the salaries of our current officeholders.

THIS IS YOUR CHANCE TO ENACT A CONSTITUTIONAL AMENDMENT THAT WILL ASSURE THAT PUBLIC OFFICIALS CANNOT GET HIGHER PENSION BENEFITS THAN THEY DESERVE.

Vote YES on PROPOSITION 48!

WADIE P. DEDDEH
State Senator, 40th District

JIM ELLIS
State Senator, 39th District

No argument against Proposition 48 was filed

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 5 (Statutes of 1985, Resolution Chapter 90) expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE VII

First—That Section 11 is added to Article VII thereof, to read:

SEC. 11. (a) *The Legislators' Retirement System shall not pay any unmodified retirement allowance or its actuarial equivalent to any person who on or after January 1, 1987, entered for the first time any state office for which membership in the Legislators' Retirement System was elective or to any beneficiary or survivor of such a person,*

which exceeds the higher of (1) the salary receivable by the person currently serving in the office in which the retired person served or (2) the highest salary that was received by the retired person while serving in that office.

(b) *The Judges' Retirement System shall not pay any unmodified retirement allowance or its actuarial equivalent to any person who on or after January 1, 1987, entered for the first time any judicial office subject to the Judges' Retirement System or to any beneficiary or survivor of such a person, which exceeds the higher of (1) the salary receivable by the person currently serving in the judicial office in which the retired person served or (2) the highest salary that was received by the retired person while serving in that judicial office.*

(c) *The Legislature may define the terms used in this section.*

Official Title and Summary Prepared by the Attorney General

NONPARTISAN OFFICES. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Existing provisions of California Constitution provide that judicial, school, county, and city offices shall be nonpartisan, but do not prohibit a political party or party central committee from endorsing, supporting, or opposing a candidate for nonpartisan office. This measure would add a provision that no political party or party central committee may endorse, support, or oppose a candidate for such a nonpartisan office. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure has no direct state or local government fiscal impact.

Final Vote Cast by the Legislature on ACA 7 (Proposition 49)

Assembly: Ayes 64
Noes 10

Senate: Ayes 31
Noes 6

Analysis by the Legislative Analyst**Background**

The California Constitution states that judicial, school, county, and city elective offices shall be nonpartisan. However, a political party or a central committee of a political party may support or oppose persons seeking such offices.

Proposal

This constitutional amendment provides that no political party or party central committee may endorse, support, or oppose a candidate for nonpartisan elective office.

Fiscal Effect

This measure has no direct state or local fiscal impact.

If you need an absentee ballot call your
county clerk or registrar of voters

Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 7 (Statutes of 1986, Resolution Chapter 1) expressly amends the Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE II, SECTION 6

SEC. 6. ~~Judicial~~, (a) *All judicial, school, county, and city offices shall be nonpartisan.*

(b) *No political party or party central committee may endorse, support, or oppose a candidate for nonpartisan office.*

Your two cents makes good sense. Keep America free. Vote.
Judy Overholt, Fresno

A matter of pride . . . your right to decide. Register. Vote.
Cathy Hatfield, Fountain Valley

Argument in Favor of Proposition 49

VOTE YES ON PROPOSITION 49 AND KEEP THE PARTY BOSSES OUT OF ELECTIONS FOR LOCAL OFFICES AND JUDGESHIPS!

For more than 70 years, the people of California have voted for city council members, county supervisors, school board members, and judges, largely without regard for the candidates' political party memberships.

The California Constitution says, "Judicial, school, county and city offices shall be nonpartisan."

Yet, a recent California State Supreme Court decision overturned a long-understood ban on partisan electioneering in local and judicial elections. The Court said no law specifically prevents the party bosses from moving in on these elections.

PROPOSITION 49 WILL MAKE IT CLEAR THE PARTY BOSSES MUST STAY OUT OF ELECTIONS FOR JUDGESHIPS, CITY COUNCILS, COUNTY BOARDS OF SUPERVISORS, SCHOOL BOARDS, AND OTHER LOCAL OFFICES.

For most of this century, our state has enjoyed a well-deserved reputation for good, clean, effective government at the local level. California has been largely free of the machine-style politics that is typical of some Eastern states.

WHEN PARTY BOSSES HAVE HAD A STRANGLEHOLD ON LOCAL POLITICS ELSEWHERE, HOWEVER, CORRUPTION IN CITY HALL AND IN THE COURTS OFTEN HAS BEEN THE RULE . . . NOT THE EXCEPTION.

To assure that our courts will not be manipulated by political bosses, your yes vote on Proposition 49 is absolutely necessary.

WHO WOULD TRUST THE FAIRNESS OF TRIALS TO JUDGES WHO WERE CHOSEN—NOT BECAUSE THEY ARE IMPARTIAL—BUT BECAUSE THEY OWE ALLEGIANCE TO THE POLITICAL PARTIES WHICH GOT THEM ELECTED?

WHO WANTS TO RELY ON THE DECISIONS OF JUDGES WHO ARE CHOSEN—NOT BECAUSE THEY ARE WISE OR BECAUSE THEY KNOW THE LAW—BUT BECAUSE THEY HAVE PROMISED TO TOE THE PARTY LINE?

Californians do not want their judges to become beholden to political parties.

UNLESS YOU VOTE YES ON PROPOSITION 49, JUDGES MAY WELL BE INDEBTED TO PARTY BOSSES TO WIN ELECTIONS. THEIR JOBS WILL DEPEND ON IT!

Local officeholders support this amendment and are equally concerned that partisan electioneering will harm decision-making at the local level. They are concerned that the more they have to rely on money, help, and endorsements from political machines, the more they will owe the political machines.

Local officeholders do not want to have to check with the party bosses before they make decisions important to their constituents!

IF YOU WANT YOUR LOCAL OFFICIALS TO BE LOYAL TO YOU—NOT TO THE PARTY BOSSES—VOTE YES ON PROPOSITION 49.

Proposition 49 enjoys the support of the League of California Cities, the California Judges Association, the County Supervisors Association of California, more than 500 mayors and city council members, the American Association of University Women, and others, including many school districts.

LOCAL AND JUDICIAL ELECTIONS ARE NO PLACE FOR PARTY POLITICS.

KEEP THE PARTY BOSSES OUT OF LOCAL ELECTIONS AND THE COURTS.

VOTE FOR HONEST GOVERNMENT BY AND FOR THE PEOPLE. VOTE YES ON PROPOSITION 49.

RICHARD L. MOUNTJOY
Member of the Assembly, 42nd District
Author of Proposition

JOSEPH MONTOYA
State Senator, 26th District

PAT RUSSELL
President, League of California Cities

Rebuttal to Argument in Favor of Proposition 49

The argument in favor of Proposition 49 is a further insult to your intelligence and responsibility. It is completely misleading.

There are no party bosses or machines in California who are going to take over local and judicial elections. Party committees that may make endorsements are composed of your neighbors and friends—business and professional people, homemakers, workers, retired persons—ordinary citizens who actively share your concern for good government. In fact, committee members are elected by you at primary elections. They are people whom you have chosen. Proposition 49 is flagrantly discriminatory. It permits all kinds of organizations, special interest groups, big contributors, newspapers, indeed anyone, to make endorsements, except party committees. But they are the only ones accountable to you at the polls!

Proposition 49 is far too broad just to deal with partisan in-

volvement in judicial elections. It prohibits party recommendations in all city and county elections. There should be a much narrower ballot measure for judicial elections.

This proposition would bar you from receiving significant information about elections—information helpful to many voters in local elections where candidates have no party designations.

Party endorsements bind no one. Voters are free to give the party recommendations whatever weight they choose.

Don't accept gross falsehoods designed to frighten you into voting for this proposition. Don't deny yourself relevant information about candidates. Don't deny your fellow citizens their constitutional rights to express their views.

Vote no on Proposition 49.

ROBERT GIRARD
Director, Common Cause

Argument Against Proposition 49

Proposition 49 is clearly unconstitutional. It is a frontal attack on the most important kind of free speech: the right of political expression.

It is also a gross insult to you as a California voter. It implies that you cannot be trusted to make informed electoral choices if you are exposed to political endorsements. For the purpose of Proposition 49 is simple. It prohibits political parties from making public observations on the qualification of candidates for public office.

Proponents will argue that this is necessary to protect judicial integrity and impartiality by ensuring that local elections remain nonpartisan.

No one wants to return to the bad old days of partisan wheeling-dealing over judgeships. But in order to protect nonpartisanship we needn't violate our First Amendment.

The chief purpose of the First Amendment is to protect our right to discuss our government. That includes candid, public evaluations of the people running for public office. In this society, we need to share our observations and comments in order to make informed choices, for those whom we elect are entrusted with our future. Why deny the political parties of this state, which are only the collective expression of our personal political preferences, the right to join in the dialogue?

Party endorsements are only informational, not binding. The people of this state are not slaves to party affiliation. Time and

again they have proven their ability to pick their candidates on the basis of ability or philosophy. Why deny them the knowledge of a party's opinion, which is merely an indication of philosophy?

Ask yourself this question: If parties are denied the opportunity to speak out on the qualifications of candidates for office, who takes their place? You and I both know the answer: groups called "Citizens for Clean Government" or the "Law and Order Committee." Who knows what those endorsements mean?

We must support the right of each and every individual or organization to speak out publicly and candidly in the political process. This is the essence of free speech and it must be jealously guarded.

In the words of Thomas Jefferson:

"I know no safe depository of the ultimate powers of the society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion."

We have faith in our citizens' ability to make intelligent choices. We hope you share this faith and vote no on Proposition 49.

BILL LOCKYER
State Senator, 10th District

JOHAN KLEHS
Member of the Assembly, 14th District

Rebuttal to Argument Against Proposition 49

Our state has been blessed by the fact that local elected bodies and our judiciary are practically free from any sort of political corruption.

In so many Eastern and Midwestern cities, partisanism and bossism have led to institutionalized corruption. What begins as political patronage ultimately ends as political corruption.

The provision of our Constitution that has separated partisan politics from local government elections has been our finest defense of honesty.

To even think that continuing this constitutional principle deprives anyone of First Amendment rights is preposterous.

Simply stated, this is what Proposition 49 will and will not do:

Proposition 49 will meet any constitutional test.

Proposition 49 will reaffirm our State Constitution.

Proposition 49 is in no way a First Amendment issue and will not limit free speech.

Proposition 49 will retain the proven process we have enjoyed in California for nearly 75 years.

Will Rogers once said, "If it ain't broke, don't fix it." Our State Constitution has worked well through the years. A YES vote on Proposition 49 retains our Constitution the way our forefathers intended it.

We can keep honesty in government. **VOTE YES ON PROPOSITION 49.**

JOE A. DUARDO
President, California School Boards Association

LESLIE K. BROWN
President, County Supervisors Association of California

Vote. California needs your -pertise.

Lorraine Holt, Imperial

Official Title and Summary Prepared by the Attorney General

PROPERTY TAXATION. DISASTERS. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Currently, with exceptions, real property ad valorem taxes are limited to 1% of the full cash value base of the property (value in 1975-76 or, thereafter, when property is acquired from another party or new construction occurs; increased up to 2% annually for inflation). For property reconstructed after disaster, base-year value is not increased to reflect new construction if fair market value is comparable to that before disaster. This amendment similarly provides that base-year value may be transferred to comparable property acquired in same county to replace property substantially damaged or destroyed by disaster. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Beginning in 1985-86, local property tax revenues would decrease by an unknown amount. County assessors and tax collectors would have higher administrative costs which would vary from county to county, but should not be significant. State would replace revenues lost by school districts and community college districts. State income tax revenues could increase because owners of replacement property could deduct smaller amounts of property taxes on income tax returns. These effects on state costs and revenues cannot be estimated.

Final Vote Cast by the Legislature on SCA 28 (Proposition 50)

Assembly: Ayes 72
Noes 0

Senate: Ayes 28
Noes 0

Analysis by the Legislative Analyst

Background

Under the California Constitution, real property (such as land and buildings) is taxed on the basis of its "full cash value." The full cash value of a property is based on the property's market value in the year it was acquired from another party, or when it was newly constructed. The full cash value may increase by up to 2 percent each year thereafter to reflect inflation.

The Constitution provides that the full cash value of a building *rebuilt* after a disaster shall not be increased to reflect the new construction. This provision applies only when the market value of the rebuilt structure is comparable to the property's market value prior to the disaster.

Proposal

This constitutional amendment requires the Legislature to provide that a *replacement* for disaster-damaged property will have the same value for tax purposes that the original property had before the disaster. This proposal would apply to comparable replacement property acquired on or after July 1, 1985, under the following conditions:

- The Governor must have declared that a disaster occurred.

- The disaster must have reduced the market value of the property by more than one-half.
- The replacement property must be comparable to, and in the same county as, the property damaged by the disaster.

Fiscal Effect

This measure would reduce the value of some property for tax purposes, beginning in 1985-86. As a result, local property tax revenues would decrease by an unknown amount. Counties, cities and special districts would bear these revenue losses.

In addition, county assessors and tax collectors would have higher administrative costs because the full cash value of replacement properties would have to be changed. These costs, which would vary from county to county, should not be significant.

This measure also would affect state costs and revenues. First, the state would replace any revenues lost by school districts and community college districts. Second, state income tax revenues could increase because the owners of replacement property could deduct smaller amounts of property taxes on their income tax returns. These effects on costs and revenues cannot be estimated.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 28 (Statutes of 1986, Resolution Chapter 2) expressly amends the Constitution by adding two subdivisions thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII A, SECTION 2

First—That subdivision (e) is added to Section 2 of Article XIII A thereof, to read:

(e) Notwithstanding any other provision of this section, the Legislature shall provide that the base-year value of property which is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property, within the same county, that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property.

This subdivision shall apply to any comparable replacement property acquired or newly constructed on or after July 1, 1985, and to the determination of base-year values for the 1985-86 fiscal year and fiscal years thereafter.

Second—That subdivision (f) is added to Section 2 of Article XIII A thereof, to read:

(f) For the purposes of subdivision (e):

(1) Property is substantially damaged or destroyed if it sustains physical damage amounting to more than 50 percent of its value immediately before the disaster. Damage includes a diminution in the value of property as a result of restricted access caused by the disaster.

(2) Replacement property is comparable to the property substantially damaged or destroyed if it is similar in size, utility, and function to the property which it replaces, and if the fair market value of the acquired property is comparable to the fair market value of the replaced property prior to the disaster.

State wide, state pride. Vote in California.

Kim Bowles, Danville

Argument in Favor of Proposition 50

When disaster strikes, such as a flood, earthquake, landslide or fire, the California Constitution allows citizens to rebuild the destroyed structure on the *same site* and to retain their existing tax base. That is a good feature of our Constitution.

Unfortunately, there are times when it may not be wise to rebuild on the same site. For persons to remain and rebuild at the location of a previous earthquake or slide may be inviting tragedy to strike again.

Under Proposition 50, those persons who have suffered a property loss due to a disaster, as declared by the Governor, will have the *option* of either remaining and rebuilding on the same site or relocating to a site to purchase or rebuild a structure and maintain their original tax base.

Some local governments do not want to allow persons

who have suffered this kind of property loss to transfer their tax base. They want to collect more in taxes.

Vote yes on Proposition 50. Don't let government profit at the expense of those who are trying to get resettled following a disaster.

JIM ELLIS (R)
State Senator, 39th District
San Diego County

BECKY MORGAN (R)
State Senator, 11th District
San Mateo and Santa Clara Counties

DIANE WATSON (D)
State Senator, 28th District
Los Angeles County

Rebuttal to Argument in Favor of Proposition 50

Proponents of Proposition 50 are correct when they state that the California Constitution already allows property owners to *rebuild* following a disaster without facing reassessment and higher property taxes. That provision was added by voters in 1982.

Proposition 50 would add another exemption to automatic reassessment each time property is "*purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.*" Following a disaster, the property owner could choose to buy or build elsewhere.

The trouble with Proposition 50 is that it does not go far enough. There would be no need for a special exemption from reassessment for disaster victims if our legislators and the Governor would offer voters a comprehensive amendment to Article XIII A of the California Constitution that would eliminate the automatic reassessment each time property changes hands.

Such a comprehensive amendment would cost government the higher tax revenue (or "profit" as the proponents called it) generated by reassessments, and this may partly explain why our elected officials have not offered voters that alternative.

Another reason voters have not been offered the choice of eliminating automatic reassessment may be that the current arrangement is beneficial to owners of industrial, agricultural and commercial property (including giant corporations), and these owners provide the bulk of the *campaign contributions*.

Evidently, our elected officials will not give voters the choice of eliminating all unfair reassessments until we *insist* (by voting "no" on special exemptions) and *change* the way political campaigns are financed.

GARY B. WESLEY
Attorney at Law

-press yourself. Vote.
Lorraine Holt, Imperial

Argument Against Proposition 50

This measure is a proposal by the Legislature to amend Proposition 13, a constitutional limitation on property taxes approved by voters in 1978.

Proposition 50 is similar to a constitutional amendment proposed by the Legislature but rejected by voters in 1980 *except that* Proposition 50 more narrowly defines the circumstances under which the owner of residential, commercial or industrial property may rebuild or relocate following a "disaster" without paying higher property taxes.

Under Proposition 13 (now Article XIII A of the California Constitution), assessed property values generally are frozen at their 1975 levels; however, property is reassessed and higher property taxes are imposed each time the property is "*purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.*"

As a result of this reassessment each time property changes hands, new owners are required to pay far more in property taxes than do their neighbors whose property has the same value but was purchased earlier when property values were lower.

In addition, this automatic reassessment provision has caused a gradual but massive shift of the overall property

tax burden *from* owners of commercial and industrial property (which is often leased but seldom sold) *to* owners (and renters) of residential property.

Instead of offering voters an amendment to Proposition 13 which would correct these inequities, the Legislature proposes in this measure to retain the basic flaw but exempt a relatively small number of persons from the unfair tax burden the automatic reassessment provision places upon new owners and renters of residential property.

A "no" vote on Proposition 50 will send a message to the Legislature that voters want to be offered a comprehensive amendment to Proposition 13 which would eliminate the unfairness to all new owners and renters created by the automatic reassessment provision.

If assessed values are to be frozen at their 1975 levels for some owners of residential, commercial and industrial property, assessed values should be frozen at those levels for all owners.

For this reason, I respectfully recommend a "no" vote on this measure.

GARY B. WESLEY
Attorney at Law

Rebuttal to Argument Against Proposition 50

The main thrust of Proposition 13 was to protect owners of property from being forced out of their homes by ever-increasing taxes. The taxes paid in 1976 established the tax base for those existing property owners. The taxes after 1978 for new property owners were based on the price paid for the property.

The opposition wants those who have been wiped out by a disaster to pay taxes as if they had sold that destroyed property and bought another. This is a typical example of kicking people when they are down. That is not right. They should be able to transfer that tax base.

Nothing will be lost to others following the passage of

Proposition 50, and those who have suffered will be treated fairly.

Vote yes on Proposition 50.

JIM ELLIS (R)
*State Senator, 39th District
San Diego County*

BECKY MORGAN (R)
*State Senator, 11th District
San Mateo and Santa Clara Counties*

DIANE WATSON (D)
*State Senator, 28th District
Los Angeles County*

California — we're "polling" for ya!

Karen Darling, Kelseyville

Official Title and Summary Prepared by the Attorney General

MULTIPLE DEFENDANTS TORT DAMAGE LIABILITY: INITIATIVE STATUTE. Under existing law, tort damages awarded a plaintiff in court against multiple defendants may all be collected from one defendant. A defendant paying all the damages may seek equitable reimbursement from other defendants. Under this amendment, this rule continues to apply to "economic damages," defined as objectively verifiable monetary losses, including medical expenses, earnings loss, and others specified; however, for "non-economic damages," defined as subjective, non-monetary losses, including pain, suffering, and others specified, each defendant's responsibility to pay plaintiff's damages would be limited in direct proportion to that defendant's percentage of fault. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Under current law, governments often pay non-economic damages that exceed their shares of fault. Approval of this measure would result in substantial savings to state and local governments. Savings could amount to several millions of dollars in any one year, although they would vary significantly from year to year.

Analysis by the Legislative Analyst

Background

When someone is injured or killed, or suffers property damage, the injured party (or his or her survivors) may try to make the person (or business or government) who is responsible for the loss pay damages. When a lawsuit is filed, the courts decide what the damages are, who caused them, and how much the responsible party should pay. If the court finds that the injured party was partly responsible for the injury, the responsibility of the other party is reduced accordingly.

In some cases, the court decides that more than one other party is responsible for the loss. In such cases, *all* of the other parties causing the loss are responsible for paying the damages, and the injured party can collect the damages from any of them. If the other responsible parties are not able to pay their shares, a party whose relative fault is, for example, 25 percent may have to pay 100 percent of the damages awarded by the court.

These damages could be for two types of losses: "economic" and "non-economic." Economic losses are dam-

ages such as lost wages and medical costs. Non-economic losses are damages such as pain and suffering or injury to one's reputation.

Proposal

This measure changes the rules governing who must pay for *non-economic damages*. It limits the liability of each responsible party in a lawsuit to that portion of non-economic damages that is equal to the responsible party's share of fault. The courts still could require one person to pay the *full cost of economic damages*, if the other responsible parties are not able to pay their shares.

Fiscal Effect

Under current law, governments often have to pay non-economic damages that exceed their shares of fault. Thus, approval of this measure would result in substantial savings to the state and local governments. The savings could amount to several millions of dollars in any one year, although they would vary significantly from year to year.

T
Voter **B**urnout. Just one of the changes California is making!
Karen Alarcon, San Martin

Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure amends and adds sections to the Civil Code; therefore, existing sections proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. This shall be known as the "Fair Responsibility Act of 1986."

SECTION 2. Section 1431 of the Civil Code is amended to read:

~~1431.~~ §1431 *Joint Liability*

An obligation imposed upon several persons, or a right created in favor of several persons, is presumed to be joint, and not several, *except as provided in Section 1431.2, and except in the special cases mentioned in the Title title on the Interpretation interpretation of Contracts contracts.* This presumption, in the case of a right, can be overcome only by express words to the contrary.

SECTION 3. Section 1431.1 is added to the Civil Code to read:

§1431.1 *Findings and Declaration of Purpose*

The People of the State of California find and declare as follows:

a) *The legal doctrine of joint and several liability, also known as "the deep pocket rule", has resulted in a system of inequity and injustice that has threatened financial bankruptcy of local governments, other public agencies, private individuals and businesses and has resulted in higher prices for goods and services to the public and in higher taxes to the taxpayers.*

b) *Some governmental and private defendants are perceived to have substantial financial resources or insurance coverage and have thus been included in lawsuits even though there was little or no basis for finding them at fault. Under joint and several liability, if they are found to share even a fraction of the fault, they often are held financially liable for all the damage. The People—taxpayers and consumers alike—ultimately pay for these lawsuits in the form of higher taxes, higher prices and higher insurance premiums.*

c) *Local governments have been forced to curtail some essential police, fire and other protections because of the soaring costs of lawsuits and insurance premiums.*

Therefore, the People of the State of California declare that to remedy these inequities, defendants in tort actions shall be held financially liable in closer proportion to their degree of fault. To treat them differently is unfair and inequitable.

The People of the State of California further declare that reforms in the liability laws in tort actions are necessary and proper to avoid catastrophic economic consequences for state and local governmental bodies as well as private individuals and businesses.

SECTION 4. Section 1431.2 is added to the Civil Code to read:

§1431.2 *Several Liability for Non-economic Damages*

(a) *In any action for personal injury, property damage, or wrongful death, based upon principles of comparative fault, the liability of each defendant for non-economic damages shall be several only and shall not be joint. Each defendant shall be liable only for the amount of non-economic damages allocated to that defendant in direct proportion to that defendant's percentage of fault, and a separate judgment shall be rendered against that defendant for that amount.*

(b) (1) *For purposes of this section, the term "economic damages" means objectively verifiable monetary losses including medical expenses, loss of earnings, burial costs, loss of use of property, costs of repair or replacement, costs of obtaining substitute domestic services, loss of employment and loss of business or employment opportunities.*

(2) *For the purposes of this section, the term "non-economic damages" means subjective, non-monetary losses including, but not limited to, pain, suffering, inconvenience, mental suffering, emotional distress, loss of society and companionship, loss of consortium, injury to reputation and humiliation.*

SECTION 5. Section 1431.3 is added to the Civil Code to read:

§1431.3 *Nothing contained in this measure is intended, in any way, to alter the law of immunity.*

SECTION 6. Section 1431.4 is added to the Civil Code to read:

§1431.4 *Amendment or Repeal of Measure.*

This measure may be amended or repealed by either of the procedures set forth in this section. If any portion of subsection (a) is declared invalid, then subsection (b) shall be the exclusive means of amending or repealing this measure.

(a) *This measure may be amended to further its purposes by statute, passed in each house by rollcall vote entered in the journal, two-thirds of the membership concurring and signed by the Governor, if at least 20 days prior to passage in each house the bill in its final form has been delivered to the Secretary of State for distribution to the news media.*

(b) *This measure may be amended or repealed by a statute that becomes effective only when approved by the electors.*

SECTION 7. Section 1431.5 is added to the Civil Code to read:

§1431.5 *Severability.*

If any provision of this measure, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this measure to the extent it can be given effect, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby, and to this end the provisions of this measure are severable.

Argument in Favor of Proposition 51

Nothing is more unfair than forcing someone—be it a city, a county or the state, a school, a business firm or a person—to pay for damages that are someone else's fault.

That's what California's "deep pocket" law is doing—at a cost of tens of millions of dollars annually. And that's why we need Proposition 51—the Fair Responsibility Act.

Regardless of whether it is a city, county or private enterprise that is hit with huge "deep pocket" court awards or out-of-court settlements, the **TAXPAYER AND CONSUMER ULTIMATELY PAY THE COSTS** through high taxes, increased costs of goods and services, and reduced governmental services.

How does the "deep pocket" law work? Here's an illustration:

A drunk driver speeds through a red light, hits another car, injures a passenger. The drunk driver has no assets or insurance.

The injured passenger's trial lawyer sues the driver **AND THE CITY** because the city has a very "deep pocket"—the city treasury or insurance. He claims the stop light was faulty.

The jury finds the drunk driver 95% at fault, the city only 5%. It awards the injured passenger \$500,000 in economic damages (medical costs, lost earnings, property damage) and \$1,000,000 in non-economic damages (emotional distress, pain and suffering, etc.).

Because the driver can't pay anything, **THE CITY PAYS IT ALL—\$1,500,000.**

THAT'S THE "DEEP POCKET" LAW AND IT'S UNFAIR!

Under Proposition 51, the city could still pay all the victim's economic damages but only its 5% portion of the non-economic. Total: \$550,000—that's \$950,000 less!

Everyone agrees the injured passenger should be reimbursed. But there are **TWO VICTIMS**—the **ACCIDENT VICTIM** and the **TAXPAYER** who foots the bill.

Proposition 51 is a **GOOD COMPROMISE**—it takes care of both victims!

With the passage of Proposition 51:

- Liability insurance, now virtually impossible to obtain, would again be available to cities and counties.
- Private sector liability insurance premiums could drop 10% to 15%.
- The glut of lawsuits with dubious merit would be significantly reduced.

Every California county—and virtually all its cities—are **IN FAVOR OF PROPOSITION 51.**

One of the largest coalitions of school, governmental, law enforcement, small and large business, professional, labor and non-profit organizations in history urges you to **VOTE YES ON PROPOSITION 51.**

This initiative proposition was put on the ballot by hundreds of thousands of voters because repeated attempts in the Legislature to reform the unfair "deep pocket" law were thwarted by the intense lobbying of the California Trial Lawyers Association.

The trial lawyers' organization last year was the **LARGEST GIVER** of **SPECIAL INTEREST CAMPAIGN MONEY** to state legislators and is the major organized opposition to the Fair Responsibility Act.

Under the present "deep pocket" law:

- The party most at fault often doesn't pay—**THAT'S NOT FAIR!**
- You—the taxpayer and consumer—ultimately pay the "deep pocket" awards and settlements—**THAT'S NOT FAIR!**

Under Proposition 51:

- Victims and taxpayers alike are protected—**THAT'S FAIR!**
- Don't let 5,400 trial lawyers hold 26 million Californians hostage. **VOTE YES ON PROPOSITION 51!**

RICHARD SIMPSON

California Taxpayers' Association

DONNETTA SPINK

President, California State Parent-Teacher Association

ELWIN E. (TED) COOKE

President, California Police Chiefs Association

Rebuttal to Argument in Favor of Proposition 51

Proposition 51 will **NOT** lower taxes, will **NOT** lower insurance rates and will **NOT** make insurance more available.

Proposition 51 is a fraud promoted by the insurance industry, chemical manufacturers, and local government officials.

Insurance companies back Proposition 51 because they want to increase their profits—they don't want to pay the claims they owe.

Toxic chemical producers back Proposition 51 because they want to increase their profits—they don't want to be held responsible for the cancer their toxic waste dumps cause.

Local government officials back Proposition 51 because they don't want to do the job we taxpayers elected them to do—protecting the people by maintaining efficient police and fire services and safe roads.

Proposition 51 will NOT reduce taxes. This insurance company windfall won't go to you.

If Proposition 51 passes, **our welfare rolls will increase.** People who must spend their life in a wheelchair or on a respirator will **NOT** be

compensated by those who caused their injuries—they will be forced to go on welfare.

The insurance crisis is caused by a greedy insurance industry that is exempted from federal antitrust laws. There is no rate competition and thus no need to pass savings on to us.

Ralph Nader says,

"The insurance industry is using its current massive premium gouging and arbitrary cancellations as a political battering ram to further bloat profits."

When was the last time your insurance company lowered your rates? **NO** on Proposition 51—Protect your rights.

PAT CODY

DES Action

JAMES E. VERMEULEN

*Founder and Executive Director
Asbestos Victims of America*

Argument Against Proposition 51

If you or a member of your family is paralyzed for life by a drunk driver California law now protects your right to full and fair compensation for your injuries. This initiative removes that protection.

Proposition 51 is an attempt by big insurance companies to avoid paying victims for the injuries they suffer. *Passage of this initiative does nothing to guarantee that your insurance rates will be lower or that insurance will be more available than it is today.*

Our present system of justice has developed over hundreds of years to achieve the twin goals of *(one)* full compensation if you are injured because of someone else's fault and *(two)* encouraging safe and responsible practices and products. Every day, juries made up of taxpayers and consumers just like you carry out these goals. They decide who is at fault and put the responsibility where it belongs: not on innocent victims, but on drunk drivers, manufacturers of dangerous products or toxic waste and unsafe roads and highways. Where juries have been clearly wrong, appellate courts have overturned the jury awards.

But insurance companies never tell you that.

The current system works and it's fair: Those who caused the injuries pay the victims. Though juries assign a percentage of fault to those responsible, it is the involvement of everyone found guilty that caused the accident to occur. It is *not* fair to make innocent victims—who are not at fault—bear the cost, while the guilty walk away.

The insurance companies want the present system scrapped. Insurance companies have manufactured a crisis by refusing to issue policies,

even in cases where they have no claims and no losses. They point to large jury awards as the root of the problem. You should know that juries give nothing—not one dollar—in 50% of the medical malpractice and product liability cases they hear.

But the insurance companies never tell you that either.

Insurance companies refuse to promise that insurance rates will be lower or policies more available if this initiative passes. In fact, Kansas and Ohio have measures similar to this proposition, yet they are also faced with insurance "crises." Proposition 51 solves *nothing*. The only guarantee it offers is that you lose your legal rights to full and fair compensation.

The battle over Proposition 51 is more than a mud fight between insurance companies and lawyers. Every Californian has a stake in assuring that businesses and local governments behave in a safe, responsible manner, and that innocent people who are injured by dangerous products or unsafe conditions are fully and fairly compensated. These values should not be sacrificed in favor of insurance industry profits.

Don't be fooled by slick ads. Don't be tricked by big corporations into voting away your legal rights. If you want to assure your access to justice and your ability to be compensated when injured by reckless and unethical behavior, join us in voting NO on Proposition 51 on June 3rd.

DON'T GIVE AWAY YOUR RIGHTS. VOTE NO!

HARRY M. SNYDER

Regional Director, California Consumers Union of U.S., Inc.

Rebuttal to Argument Against Proposition 51

California **TAXPAYERS ARE THE VICTIMS** of the unfair "deep pocket" law—**TRIAL LAWYERS ARE THE REAL BENEFICIARIES.** **PROPOSITION 51 PROTECTS BOTH INJURED VICTIMS AND TAXPAYERS.**

• Injured victims will be **FULLY COMPENSATED** for **ALL** actual damages—present and future—medical bills, lost earnings and property damage. **VICTIMS' FAMILIES WILL NOT SUFFER FINANCIAL LOSS.**

Under Proposition 51:

• Liability insurance, now virtually impossible to obtain, could again be made available to cities and counties.

• Private sector commercial liability insurance premiums could drop 10-15%, according to D. Michael Enfield, managing director of the world's largest insurance brokerage.

IT'S A FAIR COMPROMISE. That's why one of the largest coalitions ever is supporting Proposition 51, including:

County Supervisors Association of California

League of California Cities

California Taxpayers' Association

California State PTA

California Chamber of Commerce

California Police Chiefs Association

California Community College Trustees

California Peace Officers Association

California School Boards Association

California State Sheriffs' Association

Consumer Alert

California Medical Association

Service Employees International Union, Joint Council #2

California Manufacturers Association

California Farm Bureau Federation
National Federation of Independent Business
California Dental Association
California District Attorneys Association
California Women for Agriculture
Zoological Society/San Diego
California Association of Recreation and Park Districts
Sierra Ski Areas Association

California Defense Counsel

Association for California Tort Reform

California Hospital Association

Associated General Contractors

California Restaurant Association

California Institute of Architects

Association of California School Administrators

Western United States Lifesaving Association

California Association of 4WD Clubs

All 58 COUNTIES, virtually EVERY CITY, and MANY MORE ORGANIZATIONS

(Legal limits prohibit a complete list.)

KIRK WEST

President, California Chamber of Commerce

PAT RUSSELL

President, League of California Cities

President, Los Angeles City Council

LESLIE BROWN

President, County Supervisors Association of California

Supervisor, Kings County

County Correctional Facility Capital Expenditure Bond Act of 1986

Official Title and Summary Prepared by the Attorney General

COUNTY CORRECTIONAL FACILITY CAPITAL EXPENDITURE BOND ACT OF 1986. This act provides for the construction, reconstruction, remodeling, and replacement of county correctional facilities and the performance of deferred maintenance thereon pursuant to a bond issue of four hundred ninety-five million dollars (\$495,000,000).

Final Vote Cast by the Legislature on SB 146 (Proposition 52)

Assembly: Ayes 68
Noes 2

Senate: Ayes 36
Noes 2

Analysis by the Legislative Analyst

Background

California's 58 counties have detention facilities that they use to house adults and juveniles who are serving time for committing a crime or awaiting court decisions.

More than 35 counties currently have more persons in their jails and juvenile facilities than the facilities were designed to house. The capacity of facilities maintained by several other counties probably is exceeded during peak times such as Friday and Saturday nights. In 13 counties, the courts have set limits on the number of persons that may be confined in jails at any one time.

Because of the crowded conditions in detention facilities, counties are attempting to hold down or reduce the number of persons housed in these facilities.

The voters have authorized the state to sell \$530 million in general obligation bonds to raise money for county jail improvements. (General obligation bonds are backed fully by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds.) The Board of Corrections estimates that these funds will be fully committed by 1988. The board estimates that by 1989, counties will have spent a total of about \$850 million (including the money provided by the state bond measures) to provide new space for 11,000 more persons in jails.

The Board of Corrections estimates that after the new space is provided, counties will need to spend an additional \$1 billion in order to house about 13,800 more persons in jails by 1991.

Proposal

This measure would authorize the state to sell \$495 million in general obligation bonds to raise money for county detention facilities. This money could be used to pay for the construction, reconstruction, remodeling, and replacement of county jail and juvenile facilities (including separate facilities for the care of mentally ill inmates and persons arrested because of intoxication), and for deferred

maintenance. The measure limits the amount of money that could be used for county juvenile facility projects to \$20 million.

In order for a county to receive bond funds, it would have to:

1. Provide matching funds of 25 percent of the project's costs (this requirement could be modified or waived by the Legislature),

2. Adopt a plan to prohibit the detention of juveniles in jails unless the county is permitted by law to keep them there,

3. Show that it has adequate facilities for mentally ill inmates and persons arrested because of inebriation, or that it has a plan to provide services to these persons, and

4. Show that it has made the greatest practicable use of alternatives to keeping persons in jail, such as work release, own recognizance release, or weekend work programs.

The amount of money a county would be eligible to receive would be determined by the Legislature at a future time.

Fiscal Effect

Paying Off the Bonds. The state would make principal and interest payments over a period of up to 20 years from the state's General Fund. The average payment would be about \$44.2 million each year, if the bonds were sold at an interest rate of 7.5 percent.

Borrowing Costs for Other Bonds. By increasing the amount which the state borrows, this measure may cause the state and local governments to pay more under other bond programs. These costs cannot be estimated.

Lower State Revenues. The people who buy these bonds are not required to pay state income tax on the interest they earn. Therefore, if California taxpayers buy these bonds instead of making other taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

Text of Proposed Law

This law proposed by Senate Bill 146 (Statutes of 1986, Ch. 12) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law expressly adds sections to the Penal Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Title 4.7 (commencing with Section 4475) is added to Part 3 of the Penal Code, to read:

TITLE 4.7. COUNTY CORRECTIONAL FACILITY CAPITAL EXPENDITURE BOND ACT OF 1986

CHAPTER 1. FINDINGS AND DECLARATIONS

4475. *This title shall be known and may be cited as the County Correctional Facility Capital Expenditure Bond Act of 1986.*

4476. *It is found and declared that:*

(a) *While the County Jail Capital Expenditure Bond Act of 1981 and the County Jail Capital Expenditure Bond Act of 1984 have helped eliminate many of the critically overcrowded conditions found in the 164 county jail facilities in the state, many problems remain.*

(b) *Numerous county jails and juvenile facilities throughout California are dilapidated and overcrowded.*

(c) *Capital improvements are necessary to protect life and safety of the persons confined or employed in jail facilities and to upgrade the health and sanitary conditions of those facilities.*

(d) *County jails are threatened with closure or the imposition of court supervision if health and safety deficiencies are not corrected immediately.*

(e) *Due to fiscal constraints associated with the loss of local property tax revenues, counties are unable to finance the construction of adequate jail and juvenile facilities.*

(f) *Local facilities for adults and juveniles are operating over capacity and the population of these facilities is still increasing. It is essential to the public safety that construction of new facilities proceed as expeditiously as possible to relieve overcrowding and to maintain public safety and security.*

CHAPTER 2. FISCAL PROVISIONS

4480. *The State General Obligation Bond Law is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued pursuant to this title, and the provisions of that law are included in this title as though set out in full in this chapter except that, notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of the bonds shall not exceed 20 years from the date of each respective series. The maturity of each respective series shall be calculated from the date of these series.*

4481. *As used in this title, and for the purpose of this title, the following words shall have the following meanings:*

(a) *"Committee" means the 1986 County Correctional Facility Capital Expenditure Finance Committee created by Section 4483.*

(b) *"Fund" means the 1986 County Correctional Facility Expenditure Fund.*

(c) *"County juvenile facilities" means county juvenile halls, juvenile homes, ranches, or camps, and other juvenile detention facilities.*

4482. *There is in the State Treasury the 1986 County Correctional Facility Capital Expenditure Fund, which fund is hereby created.*

4483. *For the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this title, the 1986 County Correctional Facility Capital Expenditure Finance Committee is hereby created. The committee consists of the Governor or his or her designated representative, the Controller, the Treasurer, and the Director of Finance. The County Correctional Facility Capital Expenditure Committee shall be the "committee" as that term is used in the State General Obligation Bond Law, and the Treasurer shall serve as chairman of the Committee. The Board of Corrections is hereby designated as "the board" for purposes of this title and for the purposes of the State General Obligation Bond Law.*

4484. *The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of four hundred ninety-five million dollars (\$495,000,000), in the manner provided in this title. That debt or debts, liability or liabilities, shall be created for the purpose of providing the funds to be used for the object and work specified in Section 4485 and for administrative costs incurred in connection therewith.*

4485. *Moneys in the fund may be available for the construction, reconstruction, remodeling, and replacement of county jail facilities, including, but not limited to, separate facilities for care of mentally ill inmates and persons arrested because of intoxication, and the performance of deferred maintenance on county jail facilities except that up to twenty million dollars (\$20,000,000) of the money in the fund shall be available for the construction, reconstruction, remodeling, and replacement of county juvenile facilities, and the performance of deferred maintenance on county juvenile facilities. However, deferred maintenance for jails and juvenile facilities shall only include items with a useful life of at least 10 years.*

Expenditure shall be made only if county matching funds of 25 percent are provided as determined by the Legislature, except that this requirement may be modified or waived by the Legislature where it determines that it is necessary to facilitate the expeditious and equitable construction of state and local correctional facilities.

4485.5. *During the design and planning stage for county jail facilities whose construction, reconstruction, or remodeling is financed by the fund, consideration shall be given to proper design to allow for areas where persons arrested for misdemeanors who are attempting to obtain release on bail can be safely accommodated without the necessity of unclothed body searches.*

4485.6. *In order to be eligible to receive funds derived from the issuance of General Obligation Bonds under this title, a county shall do all of the following:*

(a) *Adopt a plan to prohibit the detention of all juveniles in county jails unless otherwise authorized by law.*

Continued on page 46

Argument in Favor of Proposition 52

Most Californians believe that those who commit serious crimes should go to jail. The Legislature and the trial courts have responded by making it tougher on criminals. Mandatory jail time is now required for many serious crimes. Jail sentences have been lengthened for many others. However, California's criminal justice system is only as strong as its weakest link, and the county jails are the weakest link. Unless new jails are built, our system will no longer be able to house the criminals that our courts convict.

The jails in 46 counties are seriously overcrowded. Some of them are currently housing over twice the number of prisoners they were designed to accommodate. Twenty-five counties are being sued because their jails are so overcrowded. Thirteen jails are operating under court-ordered population limits which have forced the release of some inmates into the community.

The typical county jail is over 30 years old. A third are over 40 years old. Most jails were built to hold less dangerous prisoners than are currently being sentenced. As state prisons have become overcrowded, county jail populations have come to include more serious and more violent offenders. Jails that were adequate to house minor offenders can no longer assure the safety of prisoners, jail staff or the community they serve. The chances of riots and es-

capas increase as jail conditions worsen. An overcrowded jail generally does not have space to permit the separation of people awaiting trial on minor charges from dangerous criminals.

Californians have approved bond measures before to assist with the construction of new jails. But California continues to grow and the need for new jail facilities continues to increase. A county will not get money from this measure just by asking for it. It will first have to prove that its jail facility is being operated efficiently and it will have to demonstrate a sufficient need to qualify for bond funds. Further, a county receiving money from this measure will have to put up 25% of the cost of the new facilities.

Passage of this measure is desperately needed if we are to continue to house criminals in county jails and separate them from law-abiding citizens.

We urge you to vote "yes" on Proposition 52.

PAT NOLAN
Assembly Republican Leader
41st Assembly District

ROBERT PRESLEY
State Senator, 36th District
Author of Proposition 52

RICHARD ROBINSON
Member of the Assembly, 72nd District

Rebuttal to Argument in Favor of Proposition 52

The proponents of this measure would have us believe that the county jails are overcrowded with criminals convicted of serious crimes. In fact, over half the population of the county jails are people awaiting trial, many of whom are innocent and will have their charges dropped.

The latest report from the State Board of Corrections mentions that overcrowding of jails is, to a large extent, due to unwillingness by the counties to use alternatives to incarceration. Some of the language in this proposition seems to indicate that the counties will be required to implement less expensive alternatives to incarceration, as well as to provide separate facilities for drunks and the mentally disordered. In fact, the Legislature deliberately amended this measure to prevent enforcement of those very provisions. As it stands now, this measure does *not* require counties to remove juveniles from adult facilities,

only to "plan" to remove them. It does *not* require counties to provide detoxification centers for drunks or community care facilities for the mentally disordered, only to "plan" for such services.

Those are pretty large loopholes and a lot of your tax dollars will flow through them. In some counties a single jail cell costs \$45,000; in other counties the price tag for a single cell rises to \$100,000.

There are too many people behind bars who don't belong there. Let's correct that situation before we spend another \$495 million on new jails.

Vote *NO* on Proposition 52.

CLEVE JONES
Legislative Advocate
Friends Committee on Legislation

Join a class action: Vote!
Thomas Starr Terrill, Anderson

County Correctional Facility Capital Expenditure Bond Act of 1986

52

Argument Against Proposition 52

Once again, California taxpayers are being asked by the Legislature to spend more money on county jail facilities. In 1981 they asked for, and received, \$280 million. In 1984 they asked for, and received, \$250 million. Now they want another \$495 million.

Everyone agrees that California jails are overcrowded, but new jail construction is unable to keep up with demand and is, at best, only a temporary solution. The jails are overcrowded because many counties are not using alternatives to incarceration such as work-furlough projects, county parole and bail programs—all appropriate and less expensive alternatives to costly county jails.

10–15% of the offenders currently locked up in county jails are there for being drunk in public; another 10–15% are mentally disordered persons, many of whom are homeless. Some counties continue to lock up juveniles in adult facilities. For these people we need detoxification centers, community care facilities and youth programs, not more jail cells.

This situation creates an extraordinary financial burden for you, the taxpayer, who must pay not only for jail construction, but also for jail staffing, prisoner necessities such

as food and clothing and work programs, training and education. This burden exists not through lack of alternatives to the high cost of county jails, but through lack of leadership in state government.

The Legislature is eager to send criminals to jail for ever-longer terms to satisfy the public's fear of crime, but we question if they haven't gone too far, overloading the county jails with non-assaultive offenders who could be better dealt with in less costly ways with no compromise of the public's safety.

It's time for the Legislature to stop offering the public the deceptive "solution" of placing more and more people behind bars. Instead, we need thoughtful and innovative long-range planning, not more expensive stopgap measures.

If our approach to this issue doesn't change, California taxpayers will continue to shovel billions of dollars into an apparently bottomless pit of jail construction.

Vote no on Proposition 52.

CLEVE JONES
Legislative Advocate
Friends Committee on Legislation

Rebuttal to Argument Against Proposition 52

The opponents are incorrect and have apparently chosen to ignore the simple facts which prove the need for this measure.

Californians have said that they want their state to be tough on crime. Our criminal justice system is handling more criminals than ever before. More serious criminals are being sent to jail than ever before. Jail sentences are longer than ever before. California continues to be a rapidly growing state and there are no signs that the demands on the criminal justice system will ease.

Our jails were filled to overcrowding in 1984 and Californians voted to approve a bond measure then which would provide funds to construct additional facilities. Again, the jails are seriously overcrowded and, again, additional funds are needed to build new ones. It's as simple as that.

The choices are equally simple. Either we build new jails to house the serious criminals that our courts convict or we release them back into the communities from which they came.

We urge you to vote "yes" on Proposition 52. This measure will cost each citizen of California less than \$2 per year.

It is necessary. We urge your support for it.

PAT NOLAN
Assembly Republican Leader
41st Assembly District

ROBERT PRESLEY
State Senator, 36th District
Author of Proposition 52

RICHARD ROBINSON
Member of the Assembly, 72nd District

There's strength in YOUNity—Vote!
Dorothy Hollingsworth, Anderson

Proposition 42 Text of Proposed Law

This law proposed by Assembly Bill 286 (Statutes of 1985, Ch. 972) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law adds sections to the Military and Veterans Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Article 5s (commencing with Section 998.074) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5s. Veterans Bond Act of 1986

998.074. *This article may be cited as the Veterans Bond Act of 1986.*

998.075. *The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" refer both to this article and that law.*

998.076. *As used herein, the following words shall have the following meanings:*

(a) "Bond" means veterans bond, a state general obligation bond issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

(b) "Committee" means the Veterans' Finance Committee of 1943.

(c) "Board" means the Department of Veterans Affairs.

(d) "Fund" means the Veterans' Farm and Home Building Fund of 1943.

(e) "Bond Act" means this article authorizing the issuance of state general obligation bonds and adopting the State General Obligation Bond Law by reference.

998.077. *For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the Veterans' Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than eight hundred fifty million dollars (\$850,000,000) in the manner provided herein.*

998.078. *All bonds authorized by this article, when duly sold and delivered as provided herein, constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.*

There shall be collected annually in the same manner and at the same time as other state revenue is collected a sum of money, in addition to the ordinary revenues of the state, sufficient to pay the principal and interest on these bonds as provided herein, and all officers required by law to perform any duty in regard to the collection of state revenues shall collect this additional sum.

On the dates on which funds are remitted pursuant to

Section 16676 of the Government Code for the payment of the then maturing principal and interest of the bonds in each fiscal year, there shall be returned into the General Fund all of the money in the Veterans' Farm and Home Building Fund of 1943, not in excess of the principal of and interest on any bonds then due and payable, except as herein provided for the prior redemption of the bonds, and, if the money so returned on the remittance dates is less than the principal and interest then due and payable, the balance remaining unpaid shall be returned into the General Fund out of the Veterans' Farm and Home Building Fund of 1943 as soon as it shall become available, together with interest thereon from the dates of maturity until so returned at the same rate of interest as borne by the bonds, compounded semiannually.

998.079. *There is hereby appropriated from the General Fund, for purposes of this article, a sum of money that will equal both of the following:*

(a) *That sum annually necessary to pay the principal of, and the interest on, the bonds issued and sold as provided herein, as that principal and interest become due and payable.*

(b) *That sum necessary to carry out Section 998.080, appropriated without regard to fiscal years.*

998.080. *For purposes of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of a sum of money not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold pursuant to this article. Any sums withdrawn shall be deposited in the Veterans' Farm and Home Building Fund of 1943. All money made available under this article to the board shall be returned by the board to the General Fund from receipts from the sale of bonds sold under this article, together with interest at the rate of interest fixed in the bonds so sold.*

998.081. *Upon request of the board, supported by a statement of its plans and projects approved by the Governor, the committee shall determine whether to issue any bonds authorized under this article in order to carry out the board's plans and projects, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out these plans and projects progressively, and it is not necessary that all the bonds be issued or sold at any one time.*

998.082. *So long as any bonds authorized under this article are outstanding, the Director of Veterans Affairs shall, at the close of each fiscal year, require a survey of the financial condition of the Division of Farm and Home Purchases, together with a projection of the division's operations, to be made by an independent public accountant of recognized standing. The results of each survey and projection shall be reported in writing by the public accountant to the Director of Veterans Affairs, the California Veterans Board, and the committee.*

The Division of Farm and Home Purchases shall reimburse the public accountant for these services out of any money which the division may have available on deposit with the Treasurer.

998.083. *The committee may authorize the Treasurer to sell all or any part of the bonds authorized by this article at the time or times fixed by the Treasurer.*

Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

998.084. Out of the first money realized from the sale

of bonds as provided herein, there shall be redeposited in the General Obligation Bond Expense Revolving Fund, established by Section 16724.5 of the Government Code, the amount of all expenditures made for the purposes specified in that section, and this money may be used for the same purpose and repaid in the same manner whenever additional bond sales are made.

Proposition 43 Text of Proposed Law

Continued from page 7

that embraces all or part of the territory of a regional park, open-space, or park and open-space district whose board of directors is not the county board of supervisors, the amount allocated to the county shall be apportioned between the county and the regional district in proportion to the population of the county that is included within the territory of the regional district and the population of the county that is outside the territory of the regional district.

(c) (1) Sixty percent of the total funds available for grants shall be allocated to cities and districts, other than regional park, open-space, or park and open-space districts. Each city's and each such district's allocation shall be in the same ratio as the city's or district's population is to the combined total of the state's population that is included in incorporated areas and in unincorporated areas within districts, except that each city or district shall be entitled to a minimum allocation of twenty thousand dollars (\$20,000). In any instance in which the boundary of a city overlaps the boundary of a district, the population in the area of overlapping jurisdictions shall be attributed to each jurisdiction in proportion to the extent to which each operates and manages parks and recreational areas and facilities for that population. In any instance in which the boundary of a city overlaps the boundary of a district, and in the area of overlap the city does not operate and manage parks and recreational areas and facilities, all grant funds shall be allocated to the district.

(2) Each city and other district whose boundaries overlap, shall develop a specific plan for allocating the grant funds in accordance with the formula specified in paragraph (1). If, by October 1, 1986, the plan has not been agreed to by the affected jurisdictions and submitted to the Department of Parks and Recreation, the Director of Parks and Recreation shall determine the allocation of the grant funds among the affected jurisdictions.

5721. (a) Individual applications for grants shall be submitted to the department for approval as to conformity with the requirements of this chapter. The application shall be accompanied by certification from the planning agency of the applicant that the project for which the grant is applied is consistent with the park and recreation element of the applicable city or county's general plan or the district's park and recreation plan and will satisfy a high priority need. In order to utilize available grant funds as effectively as possible, overlapping or adjoining jurisdictions are encouraged to combine projects and submit a joint application.

(b) The minimum amount that the applicant may request for any individual project is twenty thousand dollars (\$20,000).

(c) Every application shall comply with the California

Environmental Quality Act (Division 13 (commencing with Section 21000)).

(d) Grants that are wholly or partially for the acquisition of real property shall be made on the basis of 75 percent state funds and 25 percent local matching funds or property donated to be part of the project. The grant recipient shall certify to the department that there is available, or will become available prior to the commencement of any work on the project, matching funds or property in the required amount from a nonstate source. Certification of the source and amount or value shall be set forth in the application.

(e) The director shall annually forward a statement of the total amount to be appropriated in each fiscal year for projects approved for grants to the Director of Finance for inclusion in the Budget Bill. The amount of grant funds to be allocated to each eligible jurisdiction shall be published in the Governor's Budget for the fiscal year in which the appropriation for those grants is to be made and, as soon as possible thereafter, a list of projects for which grants have been approved shall be made available by the department.

(f) Grant funds shall be encumbered by the recipient within three years of the date the appropriation became effective, regardless of the date when the project was approved by the department pursuant to this section.

5722. Grant funds may be expended for development, rehabilitation, or restoration only on lands owned by, or subject to a lease or other long-term interest held by, the applicant. If the lands are not owned by the applicant, the applicant shall first demonstrate to the satisfaction of the director that the development, rehabilitation, or restoration will provide benefits commensurate with the type and duration of interest in land held by the applicant. No grant funds may be expended for any purpose that is not directly related to the operation and management of parks and recreational areas and facilities.

5723. (a) No grant funds authorized by this chapter shall be disbursed until the applicant agrees that any property acquired or developed with those funds shall be used by the applicant only for the purpose for which the funds were requested and that no other use of the property shall be permitted except by specific act of the Legislature.

(b) No funds shall be disbursed unless the applicant agrees to maintain and operate the property to be acquired or developed for a period commensurate with the type of project and the proportion of state funds and local matching funds or property allocated to the capital costs of the project.

(c) No funds shall be disbursed unless the applicant agrees to make the property to be acquired or developed open to use by the public by a date specified in the agreement. That date shall not be more than three years after the date upon which the project was approved by the

department pursuant to Section 5721. The department may grant a postponement of the specified date if the property is not or will not be open to use by the public by the specified date due to circumstances wholly beyond the control of the applicant. If the property is not open to use by the public by the date specified in the agreement, and any postponement thereof granted by the department, the grant funds shall be restored in full to the department and the applicant shall become ineligible to receive any further funds that may become available pursuant to this chapter. Any funds restored pursuant to this section shall be deposited in the fund and shall be available for appropriation pursuant to subdivision (b) of Section 5711.

5724. Any grant made pursuant to this chapter, and the performance of the applicant in expending the grant, may be audited at any time by the department.

5725. Of the total funds available for appropriation pursuant to this chapter, an amount, not to exceed four hundred thousand dollars (\$400,000), may be appropriated for state administrative costs directly incurred in connection with this chapter.

Article 4. Fiscal Provisions

5730. Bonds in the total amount of one hundred million dollars (\$100,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds shall, when sold, be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

5731. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds maturing each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which shall be necessary to collect that additional sum.

5732. There is hereby appropriated from the General Fund, for the purpose of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as principal and interest become due and payable.

(b) The sum which is necessary to carry out the provi-

sions of Section 5733, appropriated without regard to fiscal years.

5733. For the purposes of carrying out this article, the Director of Finance may, pursuant to appropriate authority in each annual Budget Act, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any moneys made available under this section shall be returned to the General Fund from moneys received from the sale of bonds for the purpose of carrying out this chapter. The money withdrawn from the General Fund shall be returned to the General Fund with interest at the rate earned by the money in the Pooled Money Investment Account during the time the money was withdrawn from the General Fund pursuant to this section.

5734. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

5735. Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the Community Parklands Program Finance Committee is hereby created. The committee consists of the Controller, the Director of Finance, and the Treasurer. For purposes of this chapter, the Community Parklands Program Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law, and the Treasurer shall serve as chairperson of the committee.

5736. All money deposited in the fund which is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

5737. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

5738. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this chapter are severable.

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graphic depression, artificial excavation, or diked area formed primarily of earthen materials, which is designed to hold an accumulation of drainage water, including, but not limited to, holding, storage, settling, and aeration pits, evaporation ponds, percolation ponds, other ponds, and lagoons. Surface impoundment does not include a landfill,

a land farm, a pile, an emergency containment dike, tank, or injection well.

(B) Conveyance facilities to the treatment or storage site, including devices for flow regulation.

(C) Facilities or works to treat agricultural drainage water to remove or substantially reduce the level of constituents which pollute or threaten to pollute the waters of the state, including, but not limited to, processes utilizing ion exchange, desalting technologies like reverse os-

mosis, and biological treatment.

(D) An injection well.

(2) Any or all of the drain water management units, including the land under the unit, may consist of separable features, or an appropriate share of multipurpose features, of a larger system, or both.

(e) "Fund" means the 1986 Water Conservation and Water Quality Bond Fund.

(f) "Groundwater recharge facilities" mean land and facilities for artificial groundwater recharge through methods which include, but are not limited to, (1) percolation using basins, pits, ditches and furrows, modified streambed, flooding, and well injection or (2) in-lieu recharge. "Groundwater recharge facilities" also mean capital outlay expenditures to expand, renovate, or restructure land and facilities already in use for the purpose of groundwater recharge.

Groundwater recharge facilities may include any of the following:

(1) Instream facilities for regulation of water levels, but not regulation of streamflow by storage to accomplish diversion from the waterway.

(2) Agency-owned facilities for extraction.

(3) Conveyance facilities to the recharge site, including devices for flow regulation and measurement of recharge waters.

Any part or all of the project facilities, including the land under the facilities, may consist of the separable features, or an appropriate share of multipurpose features, of a larger system, or both.

(g) "In-lieu recharge" means accomplishing increased storage of groundwater by providing interruptible surface water to a user who relies on groundwater as a primary supply, to accomplish groundwater storage through the direct use of that surface water in lieu of pumping groundwater. In-lieu recharge would be used rather than continuing pumping while artificially recharging with the interruptible surface waters. However, bond proceeds shall not be used to purchase surface water for use in lieu of pumping groundwater.

(h) "Local agency" or "agency" means any city, county, district, joint powers authority, or other political subdivision of the state involved with water management.

(i) "Project" means all of the following:

(1) Groundwater recharge facilities.

(2) Voluntary, cost-effective capital outlay water conservation programs.

(3) Drainage water management units.

(j) "Voluntary, cost-effective capital outlay water conservation programs" mean those feasible capital outlay measures to improve the efficiency of water use through benefits which exceed their costs. The programs include, but are not limited to, lining or piping of ditches; improvements in water distribution system controls such as automated canal control, construction of small reservoirs within distribution systems which conserve water that has already been captured for use, and related physical improvements; tailwater pumpback recovery systems; major improvements or replacements of distribution systems to reduce leakage; and capital changes in on-farm irrigation systems which improve irrigation efficiency such as sprinkler or subsurface drip. In each case, the department shall determine that there is a net savings of water as a result

of each proposed project and that the project is cost effective.

13453. There is hereby created the 1986 Water Conservation and Water Quality Bond Fund in the State Treasury. There shall be established in the fund a Water Conservation and Groundwater Recharge Account for the purpose of implementing Section 13458, and an Agricultural Drainage Water Account for the purpose of implementing Section 13459.

13454. (a) There is a Water Conservation and Water Quality Finance Committee consisting of the Governor or the Governor's designated representative, the Controller, the Treasurer, the Director of Finance, the Director of the Department of Water Resources, and the Executive Director of the State Water Resources Control Board.

(b) The Water Conservation and Water Quality Finance Committee is the "committee" as that term is used in the State General Obligation Bond Law.

13455. (a) The committee may create a debt or debts, liability or liabilities, of the State of California in the aggregate amount of one hundred fifty million dollars (\$150,000,000), in the manner provided in this chapter. The debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in this section and in Sections 13458 and 13459.

(b) The department may enter into contracts and may adopt rules and regulations necessary to carry out the purposes of Section 13458.

(c) The department may expend not more than 2½ percent of the total amount of the bonds authorized to be issued under this chapter for the administration of Section 13458.

(d) The board may enter into contracts and may adopt rules and regulations necessary to carry out the purposes of Section 13459.

(e) The board may expend not more than 2½ percent of the total amount of the bonds authorized to be issued under this chapter for the administration of Section 13459.

(f) The department or the board may expend funds necessary to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

13456. All bonds which have been duly sold and delivered constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is pledged for the punctual payment of both principal and interest.

There shall be collected annually in the same manner, and at the same time as other state revenue is collected, the amount, in addition to the ordinary revenues of the state, required to pay the principal of, and interest on, the bonds. It is the duty of all officers charged by law with any duty in regard to the collection of that revenue to perform each and every act which is necessary to collect this additional amount.

All money deposited in the fund which has been derived from premium and accrued interest on bonds sold is available for transfer to the General Fund as a credit to expenditures for bond interest.

13457. The State General Obligation Bond Law is adopted for the purpose of the issuance, sale, and repayment of, and other matters with respect to, the bonds

authorized by this chapter. The provisions of that law are included in this chapter as though set out in full in this chapter, except that, notwithstanding any provision in the State General Obligation Bond Law, the bonds authorized under this chapter shall bear the rates of interest, or maximum rates, fixed from time to time by the Treasurer with the approval of the committee. The maximum maturity of the bonds shall not exceed 50 years from the date of the bonds or from the date of each respective series. The maturity of each respective series shall be calculated from the date of the series.

13458. (a) The sum of seventy-five million dollars (\$75,000,000) of the money in the fund shall be deposited in the Water Conservation and Groundwater Recharge Account and, notwithstanding Section 13340 of the Government Code, is appropriated for expenditure in the 1986-87 fiscal year for loans to local agencies to aid in the acquisition and construction of voluntary, cost-effective capital outlay water conservation programs and groundwater recharge facilities and the purposes set forth in this section. Loans made in the 1986-87 fiscal year may not be authorized sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations, to the policy committee of the Assembly as designated by the Speaker of the Assembly and the policy committee of the Senate designated by the Senate Rules Committee, and the Chairperson of the Joint Legislative Budget Committee.

(b) Any contract entered into pursuant to this section may include provisions as may be determined by the department. However, any contract concerning an eligible, voluntary, cost-effective capital outlay water conservation program shall be supported by or shall include, in substance, all of the following:

(1) An estimate of the reasonable cost and benefit of the program.

(2) An agreement by the local agency to proceed expeditiously with, and complete, the program.

(3) A provision that there shall be no moratorium or deferment on payments of principal or interest.

(4) A loan period of up to 20 years with an interest rate set annually by the department at 50 percent of the interest rate computed by the true interest cost method on bonds most recently issued pursuant to this chapter. The interest rate set for each contract shall be applied throughout the contract's repayment period. There shall be a level annual repayment of principal and interest on the loans.

(5) A provision that the project shall not receive any more than five million dollars (\$5,000,000) in loan proceeds from the department.

The department shall set priority for loans under this subdivision on the basis of the cost effectiveness of the proposed project, with the most cost-effective projects receiving the highest priorities.

(c) Any contract concerning an eligible project for groundwater recharge shall be supported by or shall include, in substance, all of the following:

(1) A finding by the department that the agency has the ability to repay the requested loan, that the project is economically justified, and that the project is feasible from an engineering and hydrogeologic viewpoint.

(2) An estimate of the reasonable cost and benefit of the project, including a feasibility report which shall set

forth the economic justification and the engineering, hydrogeologic, and financial feasibility of the project, and shall include explanations of the proposed facilities and their relation to other water-related facilities in the basin or region.

(3) An agreement by the agency to proceed expeditiously to complete the project in conformance with the approved plans and specifications and the feasibility report and to operate and maintain the project properly upon completion throughout the repayment period.

(4) A provision that there shall be no moratorium or deferment on payment of principal or interest.

(5) A loan period of up to 20 years with an interest rate set annually by the department at 50 percent of the interest rate computed by the true interest cost method on bonds most recently issued pursuant to this chapter. The interest rate set for each contract shall be applied throughout the contract's repayment period. There shall be a level annual repayment of principal and interest on the loans.

(6) A provision that the project shall not receive any more than five million dollars (\$5,000,000) in loan proceeds from the department.

The department shall give priority under this subdivision to projects of agencies located in overdrafted groundwater basins and those projects of critical need, to projects whose feasibility studies show the greatest economic justification and the greatest engineering and hydrogeologic feasibility as determined by the department, and to projects located in areas which have existing water management programs.

(d) The department may make loans to local agencies, at the interest rates authorized under this section and under any terms and conditions as may be determined necessary by the department, for the purposes of financing feasibility studies of projects potentially eligible for funding under this section. No single potential project shall be eligible to receive more than one hundred thousand dollars (\$100,000), and not more than 3 percent of the total amount of bonds authorized to be expended for purposes of this section may be expended for this purpose. A loan for a feasibility study shall not decrease the maximum amount of any other loan which may be made under this section.

13459. (a) The sum of seventy-five million dollars (\$75,000,000) of the money in the fund shall be deposited in the Agricultural Drainage Water Account is appropriated for expenditure in the 1986-87 fiscal year for loans to agencies to aid in the construction of drainage water management units for the treatment, storage, or disposal of agricultural drainage water and the purposes set forth in this section. The board may loan an agency up to 100 percent of the total eligible costs of design and construction of an eligible project. Loans made in the 1986-87 fiscal year may not be authorized sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations, to the policy committee of the Assembly as designated by the Speaker of the Assembly and the policy committee of the Senate designated by the Senate Rules Committee, and the Chairperson of the Joint Legislative Budget Committee.

(b) Any contract for an eligible project entered into pursuant to this section may include such provisions as determined by the board and shall include, in substance,

all of the following provisions:

(1) An estimate of the reasonable cost of the eligible project.

(2) An agreement by the agency to proceed expeditiously with, and complete, the eligible project; commence operation of the containment structures or treatment works upon completion and to properly operate and maintain the works in accordance with applicable provisions of law; provide for payment of the agency's share of the cost of the project, including principal and interest on any state loan made pursuant to this section; and, if appropriate, apply for and make reasonable efforts to secure federal assistance for the state-assisted project.

(c) All loans pursuant to this section are subject to all of the following provisions:

(1) Agencies seeking a loan shall demonstrate, to the satisfaction of the board, that an adequate opportunity for public participation regarding the loan has been provided.

(2) Any election held with respect to the loan shall include the entire agency except where the agency proposes to accept the loan on behalf of a specified portion, or portions, of the agency, in which case the referendum shall be held in that portion or portions of the agency only.

(3) Loan contracts may not provide a moratorium on payment of principal or interest.

(4) Loans shall be for a period of up to 20 years with an interest rate set annually by the board at 50 percent of the interest rate computed by the true interest cost method on bonds most recently issued pursuant to this chapter. The interest rate set for each contract shall be applied throughout the contract's repayment period. There shall be a level annual repayment of principal and interest on loans.

(5) The board in considering eligible projects shall give preference to technologies which treat drainage water where the board finds that the technology is readily available and economically feasible for the agency.

(6) No single project may receive more than twenty million dollars (\$20,000,000) in loan proceeds from the board.

(d) The board may make loans to local agencies, at the interest rates authorized under this section and under any terms and conditions as may be determined necessary by the board, for purposes of financing feasibility studies of projects potentially eligible for funding under this section. No single potential project shall be eligible to receive more than one hundred thousand dollars (\$100,000), and not more than 3 percent of the total amount of bonds authorized to be expended for purposes of this section may be expended for this purpose. A loan for a feasibility study shall not decrease the maximum amount of any other loan which may be made under this section.

13460. Money deposited in the fund pursuant to any provision of law requiring repayments to the state for assistance financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund as a reimbursement for payment of bond principal and interest.

13461. There is hereby appropriated from the General Fund, for the purpose of this chapter, an amount equal to the sum of the following:

(a) The amount necessary annually to pay the principal of, and the interest on, the bonds issued and sold pursuant

to this chapter, as the principal and interest become due and payable.

(b) The amount necessary to carry out Section 13462, which is appropriated without regard to fiscal years.

13462. For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of amounts not to exceed the amount of the unsold bonds which the committee has authorized to be sold for the purpose of carrying out this chapter.

The amounts withdrawn shall be deposited in the fund and shall be disbursed by the department or the board in accordance with this chapter. Any money made available under this section to the department or the board shall be returned to the General Fund from money received from the sale of bonds. The withdrawals from the General Fund shall be returned to the General Fund with interest at the rate which would have otherwise been earned by those withdrawals in the Pooled Money Investment Fund.

13463. Upon request of the department or the board, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized under this chapter.

13464. The committee may authorize the Treasurer to sell all, or any part, of the bonds at times fixed by the Treasurer.

13465. Notwithstanding Sections 13458 and 13459, the committee may proscribe further terms and conditions for loan contracts to authorize a deferment on payment of all or part of the principal.

13466. For the 1987-88 fiscal year and each year thereafter, a loan may be made by the department or the board only upon the specific approval of the Legislature, by an act enacted after the receipt of a report filed pursuant to Section 13467.

13467. (a) The department shall annually submit a report to the Legislature on the status of the loan program authorized under Section 13458, including a prioritized list of projects eligible for funding, and the need for financial assistance for voluntary, cost-effective capital outlay water conservation programs and groundwater recharge facilities.

(b) The board shall annually submit a report to the Legislature on the status of the loan program authorized under Section 13459, including a prioritized list of projects eligible for funding, and the status of agricultural drainage problems on a statewide basis.

13468. It is the intent of language in Section 13998.8(i)(3), Section 13999.10(d), and Section 13999.11(d) of the Water Code which was enacted by the voters in the Clean Water Bond Law of 1984 that "the average interest rate paid by the state on general obligation bonds in the calendar year immediately preceding the year in which the loan agreement is made" means the interest rate computed by the true interest cost method on the bonds most recently issued pursuant to the Clean Water Bond Law of 1984.

13469. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

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(b) Demonstrate that it has adequate facilities for mentally ill inmates or detainees and for those persons arrested because of inebriation, or demonstrate that it has a plan for the provision of services to these persons.

(c) Demonstrate that it has utilized, to the greatest practicable extent, alternatives to jail incarceration such as sheriff's work release under Section 4024.2, own recognition release, and weekend work programs.

4485.7. Moneys in the fund may be available for construction of joint-use correctional facilities housing county and state or federal prisoners or any combination thereof in proportion to the county's benefit.

4486. (a) When sold, the bonds authorized by this title shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereon.

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

(c) All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

4487. All money deposited in the fund pursuant to any provision of law requiring repayments to the state for assistance financed by the proceeds of the bonds authorized by this title shall be available for transfer to the General Fund. When transferred to the General Fund, this money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which have been paid from the General Fund.

4488. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this title such an amount as will equal the following:

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

(b) That sum as is necessary to carry out the provisions of Section 4489, which sum is appropriated without regard to fiscal years.

4489. For the purpose of carrying out the provisions of this title, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an

amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this title. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the board in accordance with this title. Any money made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this title. These withdrawals from the General Fund shall be returned to the General Fund with interest at the rate which would have otherwise been earned by these sums in the Pooled Money Investment Fund.

4490. The committee may authorize the Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the Treasurer.

4491. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 4485 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

4492. Notwithstanding Section 16305.7 of the Government Code, all interest or other increment resulting from the investment of moneys deposited in the fund shall be credited to the fund.

4493. Money in the fund may only be expended for projects specified in this title as allocated in appropriations made by the Legislature.

4494. (a) It is the intent of the people in enacting this bond act that jail authorization and construction proceed as quickly as possible. Due to the severe shortage of jail facilities and the need to begin construction of jail facilities as soon as possible, all decisions of the board regarding construction, reconstruction, remodeling, or replacement of jail facilities financed by this title shall be final.

(b) No court shall have jurisdiction over these decisions of the board absent a showing, beyond a reasonable doubt, of a gross abuse of discretion by the board.

(c) Should an action be commenced alleging gross abuse of discretion by the board, no court shall have jurisdiction to delay, prohibit, or interfere with the construction, reconstruction, remodeling, or replacement of the subject jail facilities. The sole remedy available to the court is a mandate that steps be taken to mitigate the abuse of discretion.

(d) Nothing in this title is intended in any way to delay, prohibit, or interfere with the construction of jail facilities.

4495. If any provision of this title, or the application thereof, is held to be invalid, that invalidity shall not affect the other provisions or applications of the title which can be given effect without the invalid provision or application, and to this end the provisions of this title are severable.

COMMONLY ASKED QUESTIONS ABOUT VOTING

1. When is the last day I can register to vote for the election?
The 29th day before the election (May 5, 1986).
2. Who can register to vote?
Any citizen can register to vote if he or she is 18 years old by election day, a resident of California, and is not imprisoned or on parole for the conviction of a felony.
3. I have just moved. Do I need to reregister?
Yes. Your voter registration should always reflect your current residence address.
4. I want to change political parties. Do I need to reregister?
Yes. Be sure to fill out the "prior registration" portion of the voter registration form.
5. I did not vote in the last election. Do I need to reregister?
In general, you are registered for as long as you remain at the same address, and you should continue to receive election materials in the mail.
6. I have not voted in several years. Do I need to reregister?
Again, as long as you have not moved you should still be registered. However, it would not hurt to check with your local elections official to be sure that your name has not been inadvertently removed from the voter registration lists.
7. I am in the military. How do I register to vote?
You may register using your base address to determine your county of residence.
8. I will be 18 years old before the day of the election but after the close of registration. Can I register to vote?
Yes. As long as you are 18 by election day you are eligible to vote.
9. If people do not vote in the June Primary Election will they be able to vote in the November General Election?
Yes.
10. I have moved. Can I change my address over the phone?
No, but you may notify the elections officer by mail.
11. I just moved next door (or to another apartment in the same building). Do I need to reregister?
Yes.
12. I am away at school. Do I use my address at college or my parents' address?
Either one, but only one.
13. I am on probation for a felony. Can I register to vote?
No. You may register when your probation period is completed.
14. What information will I get before the election?
You should get this California Ballot Pamphlet and a mailing containing a sample ballot and related material.
15. Where do I go to vote?
Your polling place address is printed in the material you receive with your sample ballot.

MARCH FONG EU

Secretary of State

1230 J STREET

SACRAMENTO, CA 95814

BULK RATE
U.S.
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Secretary of
State

In an effort to reduce election costs, the State Legislature has authorized the Secretary of State and counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or registrar of voters.

CERTIFICATE OF SECRETARY OF STATE

March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 3, 1986, and that the foregoing pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 24th day of March 1986.



March Fong Eu

MARCH FONG EU
Secretary of State

**ELECTION
MATERIAL**