Date Printed: 06/16/2009

JTS Box Number:	IFES_75
Tab Number:	67
Document Title:	California Ballot Pamplet - Primary Election (Draft)
Document Date:	Jun-88
Document Country:	United States -- California
Document Language:	English
IFES ID:	CE02095

Rec'd 3/68

California

BALLOT PAMPHLET

DRAFT

MARCH 24, 1988

Primary Election

JUNE 7, 1988

Compiled by MARCH FONG EU Secretary of State

Analyses by ~~ELIZABETH G. HILL~~ Legislative Analyst

Dear Fellow Californians:

This is your California Ballot Pamphlet for the June 7, 1988, 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 all 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 7, 1988.

MARCH FONG EU
Secretary of State

Please note that Proposition 66 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.

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66 Elected County Assessor

Official Title and Summary Prepared by the Attorney General

ELECTED COUNTY ASSESSOR. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Presently, the State Constitution requires the offices of district attorney and sheriff to be elective in both charter and noncharter counties. This measure amends the Constitution to provide the office of assessor shall also be an elective office in charter and noncharter counties. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: This measure would have no direct state or local fiscal effect.

Final Vote Cast by the Legislature on SCA 35 (Proposition 66)

Assembly: Ayes 65	Senate: Ayes 38
Noes 0	Noes 0

Analysis by the Legislative Analyst

Background

The county assessor is responsible for determining the value of all private property that is subject to the local property tax. The office of county assessor in all of the state's 58 counties is currently filled by election. However, the office may be changed to an appointive office with the approval of local voters.

Proposal

This constitutional amendment requires the office of the county assessor to be filled by election in all counties, thereby removing the option to make the office appointive.

Fiscal Effect

This measure would have no direct state or local fiscal effect.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment 35 (Statutes of 1988, Resolution Chapter 1) expressly amends the Constitution by amending sections thereof; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XI, SECTIONS 1 AND 4

First—That Section 1 of Article XI thereof is amended to read:

SEC. 1. (a) The State is divided into counties which are legal subdivisions of the State. The Legislature shall prescribe uniform procedure for county formation, consolidation, and boundary change. Formation or consolidation requires approval by a majority of electors voting on the question in each affected county. A boundary change requires approval by the governing body of each affected county. No county seat shall be removed unless two-thirds of the qualified electors of the county, voting on the proposition at a general election, shall vote in favor of such removal. A proposition of removal shall not be submitted in the same county more than once in four years.

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

Second—That Section 4 of Article XI thereof is amended to read:

SEC. 4. County charters shall provide for:

(a) A governing body of 5 or more members, elected (1) by district or, (2) at large, or (3) at large, with a requirement that they reside in a district. Charter counties are subject to statutes that relate to apportioning population of governing body districts.

(b) The compensation, terms, and removal of members of the governing body. If a county charter provides for the Legislature to prescribe the salary of the governing body, such compensation shall be prescribed by the governing body by ordinance.

(c) An elected sheriff, an elected district attorney, *an elected assessor*, other officers, their election or appointment, compensation, terms and removal.

(d) The performance of functions required by statute.

(e) The powers and duties of governing bodies and all other county officers, and for consolidation and segregation of county officers, and for the manner of filling all vacancies occurring therein.

(f) The fixing and regulation by governing bodies, by ordinance, of the appointment and number of assistants, deputies, clerks, attaches, and other persons to be employed, and for the prescribing and regulating by such bodies of the powers, duties, qualifications, and compensation of such persons, the times at which, and terms for which they shall be appointed, and the manner of their appointment and removal.

(g) Whenever any county has framed and adopted a charter, and the same shall have been approved by the Legislature as herein provided, the general laws adopted by the Legislature in pursuance of Section 1(b) of this article, shall, as to such county, be superseded by said charter as to matters for which, under this section it is competent to make provision in such charter, and for which provision is made therein, except as herein otherwise expressly provided.

(h) Charter counties shall have all the powers that are provided by this Constitution or by statute for counties.

66 Elected County Assessor

Argument in Favor of Proposition 66

County assessors are an integral part of each county's government. They are responsible for providing objectively fair tax assessments and, accordingly, must be accountable to people, not politics. Unfortunately, the Constitution currently allows for the possibility that county assessors be appointed instead of elected by the voters. That poses a threat to the independence of an office that should be free from the influence or control of other elected officials.

Two years ago the Los Angeles County Board of Supervisors placed the question of appointing a county assessor on the ballot. Los Angeles County rejected "Proposition B" by 85% of those voting. However, other county boards of supervisors may not be responsible enough to ask the voters that question before making the decision to place county assessors under their political control by having them appointed. We believe that voters throughout California should have the inalienable right to elect county assessors. Assessment procedures must be free of political pressures from other elected officials.

Proposition 66 will ensure that all county assessors be elected, along with county sheriffs, district attorneys, and boards of supervisors.

BARRY KEENE
Senate Majority Leader
State Senator, 2nd District

KEN MADDY
Senate Minority Leader
State Senator, 14th District

VIRGINIA A. LOFTUS
Assessor, County of Shasta
President, California Assessors' Association

Rebuttal to Argument in Favor of Proposition 66

The argument in favor of Proposition 66 is misleading. Under existing law, *local voters* have the power to decide whether the county assessor will be elected or appointed.

In counties with their own "charters," whether the assessor is elected like a politician or appointed based on ability and integrity is determined by the county charter. Only local voters may amend a county charter (*California Constitution, Article XI*).

In "general law" counties, the State Legislature currently provides that the assessor shall be elected unless local voters decide that the assessor will be appointed (*California Government Code, Section 24009*).

Proposition 66 is undemocratic. It would take away the power of local voters to decide whether the county assessor will be elected or appointed.

A narrow special interest group (incumbent county assessors) may prefer to be accountable only to voters by standing election every four years; however, voters in some counties may decide that "electing" a county assessor against whom no one has *the money to run* does not promote accountability.

A "no" vote on Proposition 66 preserves the power of local voters to decide whether their county's assessor will be elected or appointed.

GARY B. WESLEY
Attorney at Law

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

Argument Against Proposition 66

In recent years, California voters have amended our State Constitution to require that the sheriff and district attorney in each county be elected (and not simply appointed by the elected county board of supervisors).

Requiring the election of the county sheriff and district attorney makes sense for two reasons: (1) the law grants considerable discretion to these local law enforcement officials, and (2) they may be called upon to investigate or prosecute members of the county board of supervisors.

This measure would place in our State Constitution the requirement that all county assessors be elected as well.

Unlike the county sheriff and district attorney, the county assessor is not given broad discretion under the law and is not called upon to investigate or prosecute members of the county board of supervisors. The assessor's job simply is to compute and collect local taxes.

The attributes of a good assessor are competence, diligence and, in large counties, the ability to administer dozens or hundreds of employees. There is no particular need to have the assessor elected by county voters and not appointed by the county board of supervisors. Indeed, the board of supervisors probably can evaluate the qualifications and job performance of an assessor better than voters who must rely on the news media or campaign literature to provide the information.

The issue presented by this measure, however, is NOT whether county assessors should be elected or appointed. The question is whether we should place in our State Constitution a requirement that *in every county* the assessor be elected regardless of the wishes of local voters.

Legally speaking, there are two types of counties in California. "Charter" counties have adopted local charters (i.e., constitutions). County charters govern the operation of those counties' governments and, under existing law, may provide for the election or appointment of the county assessor. County charters may be amended by local voters.

"General law" counties have not adopted local charters and are subject to general laws concerning their operation enacted by the State Legislature. The State Legislature currently provides for the election of a county assessor in all general law counties. The Legislature could eliminate this requirement through legislation and provide for the appointment of county assessors in general law counties. Alternatively, the Legislature could provide through legislation that county supervisors or local voters be allowed to decide whether that county's assessor would be elected or appointed.

If Proposition 66 passes, local voters in charter counties and the Legislature with respect to general law counties would be stripped of the authority to decide whether the county assessor would be elected or appointed.

Whether county assessors should be elected or appointed is a decision best left to local voters in charter counties and the Legislature with respect to general law counties. Accordingly, I respectfully suggest a "no" vote on Proposition 66.

GARY B. WESLEY
Attorney at Law

Rebuttal to Argument Against Proposition 66

The opposition says a good assessor should be competent, diligent and able to administer employees. An appointed person can possess these qualities, but nonetheless be overly responsive to political pressure in determining assessments. Electing assessors protects against favoritism and improper assessment practices by requiring their accountability at the ballot box. If you cherish that accountability, vote YES on Proposition 66.

BARRY KEENE
Senate Majority Leader
State Senator, 2nd District

KEN MADDY
Senate Minority Leader
State Senator, 14th District

VIRGINIA A. LOFTUS
Assessor, County of Shasta
President, California Assessors' Association

67 Second Degree Murder of Peace Officer. Minimum Term. Legislative Initiative Amendment

Official Title and Summary Prepared by the Attorney General

SECOND DEGREE MURDER OF PEACE OFFICER. MINIMUM TERM. LEGISLATIVE INITIATIVE AMENDMENT. Existing law enacted by initiative provides second degree murder penalty is 15 years to life in prison. Minimum term is reduced by good behavior credits, but not by parole. This measure increases the minimum prison term for second degree murder to 25 years in cases where the murderer knew or should have known the victim was a specified peace officer engaged in the performance of his or her duties. Person guilty of second degree murder under such circumstances must serve a minimum of 25 years without reduction. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Measure will have a relatively minor impact on state costs and the state's prison population.

Final Vote Cast by the Legislature on SB 402 (Proposition 67)

Assembly: Ayes 66	Senate: Ayes 24
Noes 1	Noes 0

Analysis by the Legislative Analyst

Background

Under California law, the crime of murder is divided into two categories: first degree and second degree. Generally, "first degree murder" is planned, or takes place during the commission of certain other crimes, or involves torture or the use of poison or certain destructive devices. Murder not involving these elements is "second degree." The punishment for first degree murder is one of the following: 25 years to life in state prison, life in state prison without the possibility of parole, or death. The punishment for second degree murder is 15 years to life in state prison.

Current law allows state prison inmates to earn credits to reduce their time in prison. According to the State Attorney General, persons sentenced for 25 years to life in state prison for first degree murder and persons sentenced for second degree murder can reduce their prison time by up to one-third by earning credits for (1) good behavior and (2) participation in prison education or training programs. The earned credits, however, do not automatically establish the time of release. That date is decided by the Board of Prison Terms.

Proposal

This measure increases the punishment for persons convicted of second degree murder when the victim was a peace officer performing his or her duties and the murderer knew or should have known this. The new sentence would be 25 years to life in prison. The term "peace officer" includes various types of law enforcement officers, such as deputy sheriffs, city police officers, members of the California Highway Patrol or State Police, and correctional officers. The measure also requires these convicted persons to spend at least 25 years in prison. They may not earn credits to reduce their prison time.

Fiscal Effect

This measure will result in additional state costs due to longer prison terms. Based on historical trends, a small number (probably fewer than 10 persons per year) will be convicted of second degree murder of a peace officer. As a result, this measure will have a relatively minor impact on state costs and the state's prison population.

Text of Proposed Law

This law proposed by Senate Bill 402 (Statutes of 1987, Chapter 1006) is submitted to the people in accordance with the provisions of Article II, Section 10 of the Constitution.

This proposed law amends a section of the Penal Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Section 190 of the Penal Code is amended to read:

190. *(a)* Every person guilty of murder in the first degree shall suffer death, confinement in state prison for life without possibility of parole, or confinement in the state prison for a term of 25 years to life. The penalty to be applied shall be determined as provided in Sections 190.1, 190.2, 190.3, 190.4, and 190.5.

~~Every~~ *Except as provided in subdivision (b), every* person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 15 years to life.

The provisions of Article 2.5 (commencing with Section 2930) of Chapter 7 of Title 1 of Part 3 of the Penal Code shall apply to reduce any minimum term of 25 or 15 years in a state prison imposed pursuant to this section, but such person shall not otherwise be released on parole prior to such time.

(b) Every person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 25 years to life if the victim was a peace officer, as defined in subdivision (a) of Section 830.1, subdivision (a) or (b) of Section 830.2, or Section 830.5, who was killed while engaged in the performance of his or her duties, and the defendant knew or reasonably should have known that the victim was such a peace officer engaged in the performance of his or her duties.

The provisions of Article 2.5 (commencing with Section 2930) of Chapter 7 of Title 1 of Part 3 of the Penal Code shall not apply to reduce any minimum term of 25 years in state prison when the person is guilty of murder in the second degree and the victim was a peace officer, as defined in this subdivision, and such person shall not be released prior to serving 25 years confinement.

67 Second Degree Murder of Peace Officer. Minimum Term. Legislative Initiative Amendment

Argument in Favor of Proposition 67

Your vote for Proposition 67 will substantially increase the minimum penalty for second degree murder of a peace officer in the line of duty. The Legislature and the Governor strongly support this change and have already acted to raise the minimum penalty by passing SB 402, Chapter 1006 of 1987, by Senator Robert Presley. The new law cannot take effect, however, without the approval of the voters.

The murder of peace officers is a serious and growing problem in California. Fifty front-line officers were killed in violent assaults between 1980 and 1986. Such killings are an assault upon the very fabric of a free and lawful society. Yet, under current law, a killer convicted of the second degree murder of a peace officer could serve as few as 10 years in prison after time off for good behavior.

By voting for Proposition 67 you will approve the Legislature's decision to raise the minimum penalty to 25 years in prison. That is 25 years *minimum*. There will be no time off for good behavior. When a criminal kills a cop, there will be no leniency.

Law enforcement officers are the public's last line of defense. We ask these men and women to take enormous risks on our behalf. We owe it to them to punish their killers to the fullest extent of the law.

Join us in support of our peace officers by voting for Proposition 67.

ROBERT PRESLEY
State Senator, 36th District

SHERMAN BLOCK
Sheriff, Los Angeles County

JOHN K. VAN DE KAMP
Attorney General of California

Rebuttal to Argument in Favor of Proposition 67

The proponents of Proposition 67 would like you to believe that the issue at hand is whether or not you support our peace officers in the lawful and sometimes hazardous discharge of their duties. If that were the question you'd find no argument here. Unfortunately, the question isn't that clear and simple.

Proposition 67 asks us to sentence a criminal convicted of an unplanned act of violence to a longer term than that given to a criminal who committed a meticulously planned, premeditated murder. Obviously, neither action should or can be condoned; however, it is only sensible to mete out the harsher punishment to the individual that planned, schemed, and intended to commit the murder. Proposition 67 doesn't do that. It would make the penalty for second degree murder tougher than the penalty for first degree murder.

Proposition 67 isn't well thought out. *All* California peace officers risk their lives for our protection. But this proposition treats some officers differently than others. Some peace officers are covered, some are not.

We agree that tough sentences for those who murder peace officers are called for. Unfortunately, Proposition 67 doesn't establish a predictable, consistent penalty. It doesn't protect all peace officers. Proposition 67 just doesn't make sense.

ROBERT J. CAMPBELL
Member of the Assembly, 11th District

THOMAS J. NOLAN, JR.
President, Attorneys for Criminal Justice

RICHARD HIRSCH
Past President, Attorneys for Criminal Justice

Second Degree Murder of Peace Officer. Minimum Term. Legislative Initiative Amendment

67

Argument Against Proposition 67

Most laws that are introduced to be tough on crime are submitted with the best of intentions. They usually are pursued because some criminal didn't get what he or she deserved in punishment. Unfortunately, this crime proposal is inconsistent, nonsensical and ill-conceived.

How is it inconsistent? The provisions would apply to the murder of some peace officers, but not others. Kill a probation officer and the provisions apply. Kill an arson investigator, and they do not. The provisions would not apply if the victim was a university police officer, an officer with the transit police, school district, or numerous other agencies. Punishment should be swift *and* predictable. Pass this measure and it would not be.

Why is this measure nonsensical? It could make the penalty for second degree murder tougher than the penalty for first degree murder. Existing law provides 25 years to life for first degree murder, but allows for work or good behavior credits that could reduce the first degree sentence to 16 years. This measure specifies that 25 years is the minimum time that can be served for second degree murder of a peace officer. Do we really want to provide any incentives for murderers to premeditate and commit their crimes in the first degree?

This measure is ill-conceived. It does not increase the possible penalty for murder; that already is life in prison. All this measure does is remove the incentive for good behavior and prohibit persons convicted of second degree murder from participating in a work credit program. Work credit programs were created to make managing prisoners easier, to give the prisoners some incentive to work and learn some skills while in prison, rather than allowing them to indulge in years of idleness.

California's peace officers lay their lives on the line for us every day. They deserve, and have long received, my support. Unfortunately, Proposition 67 would be bad law. It is ill-conceived, inconsistent, and extremely nonsensical.

ROBERT J. CAMPBELL
Member of the Assembly, 11th District
THOMAS J. NOLAN, JR.
President, Attorneys for Criminal Justice
RICHARD HIRSCH
Past President, Attorneys for Criminal Justice

Rebuttal to Argument Against Proposition 67

The opposition's claims about Proposition 67 are wrong.

Proposition 67 is for the protection of "front line" peace officers—deputy sheriffs, city police, marshals, Highway Patrol officers and correctional officers. These are the officers most subject to dangerous and life-threatening situations.

Proposition 67 makes the minimum penalty for second degree murder of a peace officer tougher: another 15 years before parole eligibility.

Why this change? When a murder is spontaneous or when the criminal is not armed and uses the officer's weapon, it is nearly impossible to prove the act was premeditated and thus first degree murder. Because of this, district attorneys must often charge for the lesser crime of second degree murder in order to ensure a conviction. The result is this: A cop is dead and the killer can be free after as few as 10 years.

Don't believe for a moment the opposition's argument that Proposition 67 might encourage a criminal to premeditate the murder of a peace officer. When it's premeditated, it's murder in the first degree with special circumstances and for that the penalty is death or life without the possibility of parole.

We ask peace officers to risk their lives to protect us. They deserve this important change in the law.

Vote *Yes* on Proposition 67. Let's make certain the punishment fits the crime.

ROBERT PRESLEY
State Senator, 36th District
SHERMAN BLOCK
Sheriff, Los Angeles County
JOHN K. VAN DE KAMP
Attorney General of California

68 Legislative Campaigns. Spending and Contribution Limits. Partial Public Funding. Initiative Statute

Official Title and Summary Prepared by the Attorney General

LEGISLATIVE CAMPAIGNS. SPENDING AND CONTRIBUTION LIMITS. PARTIAL PUBLIC FUNDING. INITIATIVE STATUTE. Limits political contributions to state legislative candidates per election to $1,000 from each person, $2,500 from each organization, and $5,000 from each "small contributor" political committee, as defined. Establishes Campaign Reform Fund to which individuals may designate up to $3 annually from income taxes. Provides legislative candidates who receive specified threshold contributions from other sources, and meet additional requirements, may receive with limitation matching campaign funds from Campaign Reform Fund. Establishes campaign expenditure limits for candidates accepting funds from Campaign Reform Fund. Provides civil and criminal penalties for violations. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Annual revenue loss from tax return designation to Campaign Reform Fund is estimated at $9 million starting in 1988–89. Annual state administrative costs will be about $1.9 million. Any surplus state campaign funds which exceed $1 million after the November general election will go back to the state's General Fund. If the amount of matching funds claimed by candidates is more than the amount available in the Campaign Reform Fund, the payment of matching funds is made on a prorated basis.

Analysis by the Legislative Analyst

Background

Federal law limits the amount of money that an individual may give as a political campaign contribution to a candidate for federal elective office and to the candidate's campaign committee. California law generally does *not* impose any similar limits on political campaign contributions. Both federal law and the state's Political Reform Act of 1974, however, require candidates for public office to report contributions they receive and money they and their campaign committees spend.

Federal law permits individuals to designate $1 of their federal income tax payments to be made available to candidates for President of the United States for use in their political campaigns. California law does not contain any similar provision for direct state funding of campaigns for state elective office. California law, however, does allow a state taxpayer to claim an income tax credit of up to $50 for political contributions.

Proposal

In summary, this measure:

- Establishes limits on campaign contributions that can be made to all candidates for the State Assembly and the State Senate; and
- Provides state matching funds to these candidates if they agree to comply with limits on spending for their legislative campaigns.

Limits on Campaign Contributions

The measure establishes separate limits for different types of contributors, and imposes other restrictions on campaign contributions.

1. **Individual Persons.** Contributions from a person to a candidate, or to the candidate's campaign committee, are limited to $1,000 per election. There also are limitations on contributions to political parties, and to committees not controlled by the candidate. Also, no individual may contribute more than $25,000, in total, to all legislative candidates and their campaign committees over a two-year period.

2. **Organizations.** Contributions from an organization to a candidate, or the candidate's campaign committee, are limited to $2,500 per election. Other limitations include a $200,000 limit on the amount that an organization can give, in total, to all legislative candidates and their campaign committees over a two-year period.

3. **Small Contributor Political Action Committees.** Contributions from these committees to a candidate, or his or her campaign committee, are limited to $5,000 per election. There also are other limitations including a $200,000 limit on the amount that each such committee can give, in total, to all legislative candidates and their campaign committees over a two-year period.

4. **Other Restrictions.**

- Contributions may be made to any candidate for legislative office *only* in those years that the candidate's name appears on the ballot.
- A candidate for the Assembly cannot accept more than $50,000 in total, per election, from all organizations or small contributor political action committees. The similar limit for a candidate for the Senate is $75,000.
- Political parties and legislative caucus committees cannot contribute more than $50,000 to an Assembly candidate for a general election. Also, these groups cannot make contributions for primary or certain special elections. The similar limit for a candidate for the Senate is $75,000.
- No transfers of funds are permitted between individual candidates or between their campaign committees.
- Legislators and legislative candidates are prohibited from accepting more than $2,000 in gifts or honoraria from any one source during a two-year period.
- Any person who makes independent expenditures supporting or opposing a legislative candidate is

prohibited from accepting any contributions in excess of $1,000 from persons or $2,500 from organizations.

5. **Other Provisions.** The contribution limits apply to all candidates, regardless of whether they accept public matching funds. These limits, however, are not operative until the candidate has raised $35,000. The contribution and expenditure limits, and the public matching fund provisions are adjusted each year to reflect changes in the Consumer Price Index.

Partial State Funding for Legislative Candidates

1. **Source of Funds.** State income taxpayers may voluntarily decide that part of their income tax payments (up to $3 for single tax returns, and up to $6 for joint returns) can be used to finance state campaign matching payments.

2. **Use of These Funds.** Each candidate for the State Assembly may elect to receive up to $75,000 in state matching funds for a primary election, and up to $112,500 for general, and other (special) elections. Each candidate for the State Senate may elect to receive up to $125,000 for a primary election, and up to $175,000 for general, and other (special) elections.

3. **Eligibility to Receive Funds.** In order to receive state funds, a candidate must comply with campaign spending limits, collect a minimum level of private contributions, and be opposed by a candidate who has qualified for state matching funds, or who has more than $35,000 available to finance a campaign. Further, the candidate may contribute no more than $50,000 per election from personal funds to the campaign.

4. **State Matching Fund Ratios.** Cash contributions totaling $250 or less from a registered voter in the candidate's district are matched by the state on a five-to-one basis. Other contributions totaling $250 or less are matched on a three-to-one basis. No matching funds are available for contributions received from the candidate or the candidate's immediate family.

5. **Campaign Spending Limitations.** This measure places campaign spending limits on candidates who accept state matching funds. Assembly limits are $150,000 for each candidate in a primary election and $225,000 for a general election. Senate limits are $250,000 for each candidate in a primary election and $350,000 for a general election. The spending limits do not apply, however, if an opposing candidate who does not accept matching funds receives contributions or spends more than these amounts.

Administration and Enforcement

The State Fair Political Practices Commission has the primary responsibility for administering and enforcing this measure. The Franchise Tax Board and the State Controller also are involved in administering this measure.

Fiscal Effect

Revenues. Allowing taxpayers to designate part of their income tax payments for campaign matching funds and certain administrative costs will reduce State General Fund revenues. The amount of the reduction is unknown, but if taxpayer participation is similar to that for the Presidential Election Fund, the annual revenue loss will be about $9 million, starting in 1988–89.

Administrative Costs. State administrative costs will be about $1.9 million a year. Most of this cost (up to $1.2 million) will be incurred by the Fair Political Practices Commission and will be financed out of the designated income tax funds. The other administrative costs of up to $0.7 million are for the Franchise Tax Board and the State Controller.

Surplus State Campaign Funds. The voluntary income tax designation program will start with taxes on 1988 incomes (returns due in April 1989). The payment of state campaign matching funds will presumably start during the 1990 elections. The amount of funds that the candidates will claim during these elections is unknown, because some of the candidates may not qualify for matching funds and others may decline to participate in the program. However, any surplus state campaign funds which exceed $1 million after the November general election will go back to the state's General Fund. If the amount of matching funds claimed by candidates is more than the amount available in the Campaign Reform Fund, the payment of matching funds is made on a prorated basis.

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 Government Code, and repeals and adds sections to the Revenue and Taxation Code; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 5 is added to Title 9 of the Government Code as follows:

CHAPTER 5. THE CAMPAIGN SPENDING LIMITS ACT OF 1986

Article 1. Findings and Purposes

85100. Title

This chapter shall be known as the Campaign Spending Limits Act of 1986.

85101. Findings and Declarations

The people find and declare each of the following:

(a) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of legislative candidates.

(b) Campaign spending for California legislative campaigns is escalating to dangerous levels. The average legislative race cost nearly four hundred fifty thousand dollars ($450,000) in 1984. Million dollar electoral contests for seats which pay thirty-three thousand seven hundred thirty-two dollars ($33,732) a year are increasingly common.

(c) The rapidly increasing costs of political campaigns have forced many legislative candidates to raise larger and larger percentages of money from statewide interest groups with a specific financial stake in matters before the Legislature. This has caused the public perception that legislators' votes are being improperly influenced by monetary contributions. This perception is undermining the credibility and integrity of the Legislature and the governmental process.

(d) The average legislative candidate now raises over 90% of his or her campaign contributions from sources outside his or her own district. This has caused the growing public perception that legislators are less interested in the problems of their own constituents than the problems of wealthier statewide contributors.

Continued on page 52

68 Legislative Campaigns. Spending and Contribution Limits. Partial Public Funding. Initiative Statute

Argument in Favor of Proposition 68

VOTE FOR HONESTY AND INTEGRITY IN GOVERNMENT!

VOTE TO LIMIT CAMPAIGN SPENDING!

VOTE *"YES"* ON PROPOSITION 68, THE *REAL* CAMPAIGN REFORM INITIATIVE!

It's time to stop the corrupting influence of money in Sacramento. *Campaign spending has skyrocketed out of control.* Some politicians now spend over a million dollars for an office paying $37,105.

Where do the politicians get that kind of money? *From a handful of wealthy special interest lobbyists with a financial stake in legislative decisions!* These groups contribute over 80% of all campaign money. Less than 10% of candidates' money comes from residents of their district.

CALIFORNIA'S TAXPAYERS CAN NO LONGER AFFORD A GOVERNMENT CONTROLLED BY SPECIAL INTERESTS. When the lobbyists pay the campaign bills, we pay the price:

- *The state loses billions of dollars a year in tax loopholes* for special interests.
- *Consumers pay hundreds of millions more each year* under laws that favor major contributors.
- *The environment and the public's health and safety are repeatedly sacrificed* to the special interests.

MONEY IS CORRUPTING THE DEMOCRATIC PROCESS! Citizens feel powerless and alienated. The million-dollar campaigns, mudslinging ads, laws based on money, not merit—IT'S GOT TO STOP NOW!

THE SOLUTION: PROPOSITION 68 WILL:

- *Limit campaign spending* in legislative races. California currently has *no* laws to stop wasteful spending and end elected officials' dependence on special interest money.
- *Limit the size of campaign contributions.* Money talks. Current law puts *no limit* on how much big contributors can give.
- *Prohibit non-election-year fundraising.* Legislators should spend their time making laws, not money. Almost all off-year money is *given to incumbents by lobbying groups interested in pending legislation.* Officeholders outspent their challengers by almost 50:1 in the last election, and NOT A SINGLE INCUMBENT LEGISLATOR WAS DEFEATED!
- *Allow taxpayers, without increasing their taxes, to voluntarily earmark $3 to fund campaign reform.* For once, you get to tell the politicians how to spend your money, and you can have it replace special interest contributions.

SEND A MESSAGE TO SACRAMENTO: IT'S TIME TO SERVE THE PUBLIC, NOT THE SPECIAL INTERESTS.

Proposition 68 is sponsored by a broad coalition of civic and citizens' groups—business, labor, law enforcement, consumers, environmentalists. Proposition 68's proposal for reform has been endorsed by virtually every leading newspaper in California. A *partial* list of supporters includes:

Walter Gerken, Pacific Mutual
Sierra Club
California Council of Churches
Laborers' International Union, AFL-CIO
William Honig, Superintendent of Public Instruction
Mexican American Legal Defense & Educational Fund
Reverend H. H. Brookins
Neil Harlan, Chairman, McKesson Corporation
Planning & Conservation League
Joseph D. McNamara, San Jose Chief of Police
American Association of University Women
Urban League, Sacramento
Common Cause
Congress of California Seniors
Consumers Union
Donald Kennedy, President, Stanford University
California Newspaper Publishers
Southern Christian Leadership Conference, L.A.
Peter Scott, CEO, DiGiorgio Corporation
California Conference of Machinists
Hollywood Women's Political Committee
Edmund "Pat" Brown, Former Governor and Attorney General
National Council of Jewish Women

VOTE "YES" ON PROPOSITION 68, THE CAMPAIGN REFORM INITIATIVE SPONSORED BY THE CITIZENS OF CALIFORNIA.

CAROL FEDERIGHI
President, League of Women Voters of California

RAOUL TEILHET
Administrative Director, California Federation of Teachers

DANIEL LOWENSTEIN
Professor, UCLA School of Law
Former Chairman, California Fair Political Practices Commission

Rebuttal to the Argument in Favor of Proposition 68

Who can argue against the proponents' attack on skyrocketing campaign spending? Or their outrage over the influence of special interest money?

While we share their outrage, WE DO NOT BELIEVE TAXPAYER-FINANCED CAMPAIGN SPENDING IS THE SOLUTION.

Proposition 68 is a badly flawed, loophole-ridden document.

How can we believe Proposition 68 will "end the dependence of elected officials on special interest money" as its backers claim, when its actual provisions allow politicians to use special interest contributions to qualify for matching taxpayer dollars?

How can we believe that Proposition 68 will limit campaign spending, when its actual provisions say its "spending limits" can be legally broken by any candidate who chooses to do so?

The truth is that Proposition 68 proposes to "limit" campaign spending to TWICE what was spent in Senate campaigns in 1986 and THREE TIMES what was spent in Assembly races.

And Proposition 68 will allow the politicians to vote themselves UNLIMITED increases in taxpayer-financed campaign spending WITHOUT A VOTE OF THE PEOPLE.

Proposition 68 will allow special interest candidates, single issue groups, and extremist organizations to exploit its provisions to use *our* tax dollars for *their* causes.

Let's not make things worse by creating a taxpayer-supported welfare system for the politicians and special interests.

Keep the politicians out of your pocketbook.

VOTE NO ON PROPOSITION 68.

JOHN KEPLINGER
Former Executive Director
California Fair Political Practices Commission

ALICE HUFFMAN
President, Committee to Protect the Political Rights of Minorities

LEWIS K. UHLER
President, National Tax Limitation Committee

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

Legislative Campaigns. Spending and Contribution Limits. Partial Public Funding. Initiative Statute

68

Argument Against Proposition 68

TAXPAYERS BEWARE!

Proposition 68 is a wolf in sheep's clothing.

Its backers say there's too much special interest money influencing our Legislature. And who can disagree?

What is their solution? They want to use *your* tax dollars to help the politicians pay for *their* campaigns!

Will this reduce the influence of special interests? ABSOLUTELY NOT!

Wealthy interests who can produce large numbers of individual $250 contributions, for example, will be more influential than ever. (When was the last time *you*—or any other ordinary citizen—made just one $250 campaign contribution?)

Under Proposition 68, every $250 check a candidate gets from a doctor, insurance executive, or banker will be matched by $750 to $1,250 in tax revenues.

How much will all this cost? It could be as much as $50,000,000 or $60,000,000 or even more. And every tax dollar Proposition 68 gives a politician is a dollar the state *won't* be able to spend on our schools, law enforcement, health care and other vital services.

But this is just the beginning. Should Proposition 68 pass, it will give legislators a blank check to vote *themselves* big increases in tax dollars for their campaigns *WITHOUT A VOTE OF THE PEOPLE.*

Worse yet, Proposition 68 will encourage irresponsible extremist groups to run candidates for legislative office—not to win election, but to become eligible for tax dollars to finance their cause.

Proposition 68 makes candidates backed by such groups eligible for *millions* of *your* tax dollars, NO MATTER HOW REPUGNANT THEIR VIEWS OR HOW FEW VOTES THEY GET AT THE POLLS.

The supporters of Proposition 68 are well intentioned, but misguided. Their "reforms" will only make a bad system even worse.

Please, VOTE NO ON PROPOSITION 68!

JOHN KEPLINGER
Former Executive Director
California Fair Political Practices Commission

Rebuttal to Argument Against Proposition 68

Did you know that you already pay hundreds of dollars every year to finance political campaigns right now?

The special interests who give millions of dollars to pay for political campaigns pass that cost on to you, the consumer. In addition, the special breaks they get for their money cost you hundreds of millions more.

According to newspaper accounts, the tax loopholes the politicians give the special interests cost you billions more every year.

Proposition 68 does not raise taxes one penny!

Our schools, our law enforcement agencies, our health care services are not getting their fair share in Sacramento because they cannot compete with the special interests for the money politicians are handing out.

TEACHERS, SENIORS, CONSUMERS, CIVIC AND BUSINESS GROUPS ALL SUPPORT PROPOSITION 68 BECAUSE THEY ARE LOSING THE BATTLE IN SACRAMENTO RIGHT NOW.

It's time the voters told the politicians where they want their tax dollars spent! Proposition 68 lets you *voluntarily* earmark $3 to a fund that replaces special interest funding of campaigns. Free of their dependence upon special interests, legislators can stop cutting money from schools and other services to pay for favors to the special interests.

The fund envisioned by Proposition 68 represents about *1/500th of 1%* of the budget. That works out to about 22 cents per person—a good investment.

By the way, Proposition 68 was drafted to ensure that only candidates with broad public support would qualify for funding. *Do not be tricked by the wild claims of our opponents!*

GEOFFREY COWAN
Chair, Common Cause of California

JOHN K. VAN DE KAMP
Attorney General, State of California

BILL HONIG
Superintendent of Public Instruction, State of California

69 Acquired Immune Deficiency Syndrome—AIDS. Initiative Statute

Official Title and Summary Prepared by the Attorney General

ACQUIRED IMMUNE DEFICIENCY SYNDROME — AIDS. INITIATIVE STATUTE. Declares that AIDS is an infectious, contagious and communicable disease and that the condition of being a carrier of the HTLV-III virus or other AIDS-causing viral agent is an infectious, contagious and communicable condition. Requires each be placed on the list of reportable diseases and conditions maintained by the Department of Health Services. Provides each is subject to quarantine and isolation statutes and regulations. Provides that Health Services Department personnel and all health officers shall fulfill the duties and obligations set forth in specified statutory provisions to preserve the public health from AIDS. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: The net fiscal impact of this measure is unknown—and could vary greatly, depending on what actions are taken by health officers and the courts to implement it. If current practices used for the control of AIDS are continued, there would be no substantial change in direct costs. If the measure were interpreted to require changes in AIDS control measures by state local health officers, depending upon the level of activity, the cost of implementing it could range from millions to hundreds of millions of dollars.

Analysis by the Legislative Analyst

Background

Acquired immune deficiency syndrome (AIDS) is a disease that impairs the body's normal ability to resist harmful diseases and infections. The disease is caused by a virus—the human immunodeficiency virus (HIV)—that is spread through intimate sexual contact or exposure to the blood of an infected person. As of the preparation of this analysis, there is no readily available method to detect whether a person actually *has* the AIDS virus. A test does exist to detect whether a person has ever been *infected* with the AIDS virus and, as a result, has developed antibodies to it. A person infected with the AIDS virus may or may not develop the AIDS disease after a period of years. There is no known cure for AIDS, which is ultimately fatal.

AIDS became a recognized disease in 1981. Since then almost 12,000 persons in California have been diagnosed as having this disease, and about 7,000 of them have died. The State Department of Health Services estimates that possibly 500,000 persons in California are currently infected with the AIDS virus. The department estimates that by 1991 a total of approximately 50,000 AIDS cases will have been identified in the 10 years since AIDS became a recognized disease.

Existing Laws Covering Communicable Diseases. Local health officers have broad authority to take actions they believe are necessary to protect public health and prevent the spread of disease-causing organisms. However, this broad authority is limited to situations where there is a reasonable belief that the individual affected has or may have the disease and poses a danger to the public. The kind of action taken by health officers varies, depending on how easily an organism is spread from one person to another. For example, to prevent the spread of a disease, local health officers may require isolation of infected or diseased persons, and quarantine of exposed persons. In addition, persons infected with a disease-causing organism may be excluded from schools for the duration of the infection and excluded from food handling jobs. In some cases, these actions may be taken with respect to persons suspected of having the infection or the disease.

Current AIDS Reporting Requirements. Physicians and other health care providers are now required to report the names of persons who have certain listed communicable diseases to local health officers who, in turn, report the cases to the State Department of Health Services. As of the preparation of this analysis, AIDS is not on the list of communicable diseases that must be reported to local health officers. However, AIDS is being reported under a regulation that requires an unusual disease, not listed as a communicable disease, to be reported by local health officers. Under other provisions of law, hospitals are required to report the names of persons who have AIDS to local health officers who, in turn, report the cases to the State Department of Health Services.

With limited exceptions, existing law does not allow the release of the names or other identifying information for persons who take a blood test to determine the presence of antibodies to the AIDS virus. This test indicates that a person has been infected with the virus. Counties must report to the state the number of cases in which blood tests performed at certain facilities reveal that a person has been infected with the virus.

According to the State Department of Health Services, persons who have AIDS and persons who are capable of spreading the AIDS virus are subject to existing communicable disease laws. However, no health officer has ever taken any official action to require persons infected with the AIDS virus to be isolated or quarantined, because there is no medical evidence which demonstrates that the AIDS virus is transmitted by casual contact with an infected person. In addition, no health officer has recommended excluding persons with AIDS, or those who are capable of spreading AIDS, from schools or jobs.

Proposal

This measure declares that AIDS and the "condition of being a carrier" of any virus that causes AIDS are

communicable diseases. The measure also requires the State Department of Health Services to add these conditions to the list of diseases that must be reported. The effect of these provisions would be to require that the names of those who are "carriers of the AIDS virus," in addition to those who have the disease, be reported. No test to determine whether a person is a "carrier of the AIDS virus" is readily available. It is likely, however, that the HIV antibody test would be interpreted as a test for the AIDS virus for purposes of the measure, because medical professionals use the test in this manner.

If the measure is interpreted to require reporting the names of individuals who test positive for the HIV antibody, the measure would affect existing laws related to testing. First, the measure would require certain state-funded testing programs to obtain the names of persons receiving the tests in order to facilitate reporting to local health officers as mandated by the measure. Currently, these tests are provided on an anonymous basis. Second, the measure would require release of these names to local health officers if the test shows that the person has the HIV antibody.

The measure also states that the Department of Health Services and all health officers "shall fulfill all of the duties and obligations specified" under the applicable laws "in a manner consistent with the intent of this act." Although the meaning of this language could be subject to two different interpretations, it most likely means that the laws and regulations which currently apply to other communicable diseases shall also apply to AIDS and the "condition of being a carrier" of the AIDS virus. Thus, health officers would continue to exercise their discretion in taking actions necessary to control this disease. Based on existing medical knowledge and health department practices, few, if any, AIDS patients and carriers of the AIDS virus would be placed in isolation or under quarantine. Similarly, few, if any, persons would be excluded from schools or food handling jobs. If, however, the language is interpreted as placing new requirements on health officers, it could result in new actions such as expanding testing programs for the AIDS virus, imposing isolation or quarantine of persons who have the disease, and excluding persons infected with the AIDS virus from schools and food handling positions.

Fiscal Effect

The fiscal effect of this measure could vary greatly, depending on how it would be interpreted by state and local health officers and the courts. If current practices used for the control of AIDS are continued, there would be no substantial net change in state and local costs as a *direct* result of this measure. Under this circumstance, if the AIDS antibody test is interpreted as demonstrating that a person is a carrier of AIDS, the primary effect of this measure would be to require the reporting of persons who are carriers of the virus that causes AIDS.

The fiscal impact could be very substantial, however, if the measure were interpreted to require changes in AIDS control measures by state and local health officers, either voluntarily or as a result of a change in medical knowledge on how the disease is spread, or as a result of court decisions that mandate certain control measures. Ultimately, the fiscal impact would depend on the level of activity that state and local health officers might undertake with respect to (1) identifying, isolating, and quarantining persons infected with the virus, or having the disease, and (2) excluding those persons from schools or food handling positions. The cost of implementing these actions could range from millions of dollars to hundreds of millions of dollars per year.

In summary, the net fiscal impact of this measure is unknown—and could vary greatly, depending on what actions are taken by health officers and the courts to implement this measure.

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 proposes to add new provisions to the law; therefore, the new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. The purpose of this act is to:

(a) Enforce and confirm the declaration of the California Legislature set forth in Health and Safety Code Section 195 that acquired immune deficiency syndrome (AIDS) is serious and life threatening to men and women from all segments of society, that AIDS is usually lethal and that it is caused by an infectious agent with a high concentration of cases in California;

(b) Protect victims of acquired immune deficiency syndrome (AIDS), members of their families and local communities, and the public health at large; and

(c) Utilize the existing structure of the State Department of Health Services and local health officers and the statutes and regulations under which they serve to preserve the public health from acquired immune deficiency syndrome (AIDS).

SECTION 2. Acquired immune deficiency syndrome (AIDS) is an infectious, contagious and communicable disease and the condition of being a carrier of the HTLV-III virus or any other viral agent which may cause acquired immune deficiency syndrome (AIDS) is an infectious, contagious and communicable condition and both shall be placed and maintained by the director of the Department of Health Services on the list of reportable diseases and conditions mandated by Health and Safety Code Section 3123, and both shall be included within the provisions of Division 4, of such code and the rules and regulations set forth in Administrative Code Title 17, Part 1, Chapter 4, Subchapter 1, and all personnel of the Department of Health Services and all health officers shall fulfill all of the duties and obligations specified in each and all of the sections of said statutory division and administrative code subchapter in a manner consistent with the intent of this Act, as shall all other persons identified in said provisions.

SECTION 3. In the event that any section, subsection or portion thereof of this Act is deemed unconstitutional by a proper court of law, then that section, subsection or portion thereof shall be stricken from the Act and all other sections, subsections and portions thereof shall remain in force, alterable only by the people, according to process.

69 Acquired Immune Deficiency Syndrome—AIDS. Initiative Statute

Argument in Favor of Proposition 69

Proposition 69 extends existing public health codes for communicable diseases to AIDS and AIDS virus carriers. This means that the same public health codes that already protect you and your family from other dangerous diseases will protect you from AIDS. Proposition 69 will keep AIDS out of our schools, out of commercial food establishments, and give health officials the power to test and quarantine where needed. These measures are not new; they are the same health measures applied, *by law,* every day, to every other contagious disease.

Today AIDS is out of control. Present "policy" is a disaster. There were about 500,000 AIDS carriers in California in 1985, according to health authorities. At that time the number of cases of this highly contagious disease was doubling approximately every 6–12 months. Even assuming that the doubling rate had slowed to every 24 months, this would mean an estimated 1 million Californians infected with the AIDS virus today. Many of these newly infected persons can thank those who fought against Proposition 64 for their tragic condition.

The number of "unexplained" AIDS cases—cases not in "high-risk" groups, such as homosexuals and intravenous drug users—continues to grow at alarming rates. Indeed, the majority of cases worldwide fall into no identifiable "risk group" whatsoever. The AIDS virus has been found living in many bodily fluids, including blood, saliva, respiratory fluids, sweat, and tears, and it can survive upwards of seven days outside the body. There presently exists no cure for the sick, and no vaccination for the healthy. It is 100% lethal.

AIDS is the gravest public health threat our nation has ever faced. Traditional California public health law clearly states that certain proven public health measures *must* be taken to protect the public from *any* communicable disease, and no competent medical professional denies AIDS is "communicable." Nevertheless, politicians and special interest groups have circumvented the public health laws. California's current "AIDS testing confidentiality" statute even prohibits doctors from disclosing AIDS infection status to health authorities, endangering medical and law enforcement personnel, and the general public. For the first time in our history, a deadly disease is being treated as a "civil rights" issue, rather than as a public health issue.

Under present policy, since health officials generally do not know who is infected, there is little they can do either to prevent the infected person from infecting others, or to get that person proper medical attention before they develop full AIDS. Many who spoke against Proposition 64 now call for testing and contact tracing. Had it passed, these measures would already be in effect. How many more Californians must become sick and die before we act to stop this epidemic?

The medical facts are clear. The law is clear. Common sense agrees. You and your family have the right to protection from *all* contagious diseases, including AIDS—the deadliest of them all. If you agree, vote YES on Proposition 69.

KHUSHRO GHANDHI
California Director, National Democratic Policy Committee (NDPC), and Member, Los Angeles County Democratic Party Central Committee

JOHN GRAUERHOLZ, M.D., F.C.A.P.
(Fellow, College of American Pathologists)

LYNDON H. LAROUCHE, JR.
Candidate for the 1988 Democratic Party Presidential Nomination

Rebuttal to Argument in Favor of Proposition 69

They're at it again, spreading the same misinformation and falsehoods that were rejected overwhelmingly by California voters in 1986.

We urge you to vote NO on Proposition 69

Don't be misled by the proponents' "facts." Medical evidence proves that AIDS is not "highly contagious" like other diseases. No one has contracted AIDS through the air, through food or other casual contact. There is no "alarming" increase in "unexplained" AIDS cases. The proponents' "1 million AIDS cases" is a total fiction.

Make no mistake about it. AIDS is a serious public health crisis, requiring vast increases in governmental funding and action. But the last thing we need is an irrational measure like Proposition 69 which could cost billions of dollars to enforce and only make the epidemic worse.

Proposition 69 threatens the health of all Californians. It would cripple medical researchers seeking a cure and vaccine for AIDS. It could also result in the testing, unemployment and quarantine of millions of Californians—including many who are perfectly healthy.

We can't allow public health policy to be dictated by political extremists with no medical training. Let's stop this madness once and for all.

Proposition 69 won't prevent a single case of AIDS. It is designed merely to instill panic to advance the political career of a man who is under indictment on federal criminal charges.

Don't let the proponents play games with our lives. Vote NO on Proposition 69.

LAURENS WHITE, M.D.
President, California Medical Association

MARILYN RODGERS
President, California Nurses Association

C. DUANE DAUNER
President, California Association of Hospitals and Health Systems

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Acquired Immune Deficiency Syndrome—AIDS. Initiative Statute

69

Argument Against Proposition 69

Proposition 69 is virtually identical to a measure which was defeated by California voters in 1986 by the overwhelming margin of 72% to 28%.

Proposition 69 must be defeated again for the safety and public health of all Californians. It is an irrational, inappropriate and misguided approach to a serious public health problem. The proponents of this measure want to create an atmosphere of fear, misunderstanding, inadequate health care and panic. In fact, the name of their campaign committee is PANIC.

Public health decisions must be left in the hands of the medical profession and public health officials or we will endanger the lives of Californians. The California Medical Association, Nurses Association and Hospital and Health Systems Association, as well as public health officials recognize the danger of allowing political extremists to dictate state public health and medical policy.

This type of repressive and discriminatory action forced upon Californians by the proponents will not serve to limit the AIDS problem, but rather could prolong the spread of this terrible disease. The fear of quarantine or other discriminatory measures, including loss of jobs, will make people reluctant to be tested. Fearing social isolation, individuals at risk will avoid early medical intervention and testing, driving AIDS underground.

Enforcement of this measure could cost the taxpayers billions of dollars to quarantine and isolate AIDS carriers and could require public health officials to do so. Proposition 69 could also require blood tests of every schoolchild and teacher. Mandatory testing and quarantine would serve no medical purpose because there are no documented cases of AIDS ever being transmitted by casual contact.

Californians from all walks of life know they must unite to end this dreadful epidemic. Californians can be proud that doctors and public health officials have acted in a professional, rational and responsible manner to protect the health of Californians and have taken all appropriate precautions as they are needed. This kind of initiative can only divide, create panic and force thousands not to get tested or treated because of fear.

Join us in once again rejecting the extremes of the proponents. Vote NO on Proposition 69.

LAURENS WHITE, M.D.
President, California Medical Association

MARILYN RODGERS
President, California Nurses Association

C. DUANE DAUNER
President, California Association of Hospitals and Health Systems

Rebuttal to Argument Against Proposition 69

The argument against Proposition 69 is actually an argument against use of traditional public health measures to stop *any* disease. AIDS is a disease of persons infected with the AIDS virus. Infected persons infect uninfected persons, and the infection is spreading. Medical literature has documented cases of nonsexual, non-needle-transmitted infection. At least three health care workers, and a mother caring for an infected child, may pay with their lives for discovering that needles or sexual intercourse are not necessary to transmit AIDS.

Research indicates that other infections in AIDS virus carriers, like tuberculosis or herpes, can activate the AIDS virus and lead to full-blown AIDS. Identification of infected persons makes treatment of such "coinfections" possible and may forestall progression to full AIDS.

There is no vaccine, and no cure, for this deadly disease, but research has provided better tests. The opponents of Proposition 69 oppose widespread testing to identify and treat those at risk of developing AIDS and infecting others. Their "policy" makes it virtually impossible to treat and educate those most "at risk." The opponents' "policy" is to allow the uninfected to become infected, the infected to become sick, and the sick to die, preferably cheaply.

Proposition 69 enables health authorities to use traditional public health measures to stop AIDS. The cost is small compared to the cost of the growing number of AIDS cases resulting from the present nonpolicy.

Restore a traditional public health policy in California. Vote YES on Proposition 69.

KHUSHRO GHANDHI
California Director, National Democratic Policy Committee (NDPC), and Member, Los Angeles County Democratic Party Central Committee

JOHN GRAUERHOLZ, M.D., F.C.A.P.
(Fellow, College of American Pathologists)

LYNDON H. LAROUCHE, JR.
Candidate for the 1988 Democratic Party Presidential Nomination

70 Wildlife, Coastal, and Park Land Conservation Bond Act. Initiative Statute

Official Title and Summary Prepared by the Attorney General

WILDLIFE, COASTAL, AND PARK LAND CONSERVATION BOND ACT. INITIATIVE STATUTE. This act authorizes a general obligation bond issue of seven hundred seventy-six million dollars ($776,000,000) to provide funds for acquisition, development, rehabilitation, protection, or restoration of park, wildlife, coastal, and natural lands in California including lands supporting unique or endangered plants or animals. Funds from bond sales would be administered primarily by or through California Department of Parks and Recreation, Wildlife Conservation Board, and State Coastal Conservancy with funds made available to other state and local agencies and nonprofit organizations. Contains provisions in event other conservation bond acts are enacted. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Assuming all the bonds are sold at 7.5 percent interest and state repays the principal and interest over 20 years, the overall cost of repayment would be about $1.4 billion. To the extent these bonds increase amount state borrows, state and local governments may pay more interest on other bond programs. State income taxes could be reduced to the extent California taxpayers invest in these tax-free bonds instead of other taxable investments.

Analysis by the Legislative Analyst

Background

In past years, the state has purchased, protected, and improved park, wildlife, and natural areas, and has given money to local governments for similar purposes. The state has sold general obligation bonds to raise a large part of the money for these purposes. All but about $40 million of $1.6 billion authorized by the previous bond acts will be spent or committed to specific projects by July 1988.

Proposal

This measure would permit the state to sell $776 million in general obligation bonds for natural resource-related purposes. The measure has a special provision under which part of the total bonding authority (up to $335 million) could be canceled. This would happen if the voters approve, at either the June or November 1988 election, other natural resource bond measures which have about the same amounts of money for some of the same purposes.

General obligation bonds are backed by the state, meaning that the state will use its taxing power to assure that enough money is available to pay off the bonds. Revenues deposited in the state's General Fund would be used to pay the principal and interest costs on the bonds. General Fund revenues come primarily from the state corporate and personal income taxes and the state sales tax.

The bond money would be used to buy land or pay landowners to prevent land from being developed, restore lands to a more natural state, build new parks and trails, improve existing parks, and increase public access to beaches and natural areas. The bond money would be divided as follows:

1. **Local Parks and Open Space—$351 Million.** Local governmental agencies and nonprofit groups would use most of this money to buy and improve parks, beaches, wildlife and natural areas, and recreation areas. Some of the money also would be used to preserve farmlands and restore historic buildings and sites. The measure divides this money three ways:
   - $185 million to be given to specific local agencies for specific purposes.
   - $137 million to be divided among local agencies based on population.
   - $29 million to be awarded on a competitive or need basis.

2. **State Parks—$154 Million.** The state would use this money to buy or improve property for state parks, beaches, and recreation areas. The measure includes $99 million to buy land to add to specific parks. The other $55 million is to improve parks and buy small pieces of land to expand existing parks; the state would decide where to spend this money.

3. **Fish and Wildlife—$148 Million.** The state would use $81 million to buy and improve land in specific areas to protect wildlife, and $50 million to buy and protect important or unique natural and wildlife areas. The remaining $17 million would be used to improve streams and rivers for salmon, trout, and steelhead, and to enforce fish and game laws.

4. **Coastal Resources — $83 Million.** State and local agencies and nonprofit groups would use this money to buy and restore natural lands in the coastal and San Francisco Bay areas to improve public access in those areas and to preserve coastal farming. Most of this money would be for projects in specific locations, including $25 million to buy land or prevent development in order to protect scenic views along the Big Sur coast.

5. **Other Purposes—$40 Million.** The state and nonprofit groups would use $30 million to buy land in the Santa Monica Mountains area for parks or open space. The remaining $10 million would be for programs in urban areas to grow and protect trees and restore streams.

The measure also would allow some of the bond money to be used for administrative costs to oversee funded projects.

This measure differs in two major ways from previous bond acts for similar purposes. First, the measure itself

appropriates $414 million directly to the state and local agencies that will spend the money. Under previous bond measures, the Legislature had to approve specific spending proposals after the voters approved the bonds. Second, this measure identifies many specific projects and parks for funding. Under previous measures, state and local agencies and the Legislature generally chose where and how to spend the bond money within broad categories.

Fiscal Effect

Direct Costs of Paying Off the Bonds. For these types of bonds, the state typically would make principal and interest payments from the state's General Fund over a period of up to 20 years. Assuming all of the authorized bonds are sold at an interest rate of 7.5 percent, the cost would be about $1.4 billion to pay off both the principal ($776 million) and interest (about $600 million). The average payment for principal and interest would be about $65 million per year.

If, however, a smaller amount of bonds is issued because the voters approve other bond measures which have about the same amounts of money for some of the same purposes, the cost of this measure would be less.

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 interest under other bond programs. These costs cannot be estimated.

Impact on 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 state and local governments which buy or improve property with bond funds would have to pay the additional costs to operate or manage those properties. These costs may be offset partly by revenues from those properties, such as entrance fees. These net additional costs cannot be estimated.

Text of Proposed Law

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

This initiative measure adds sections to the Fish and Game Code and 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. This act shall be known and may be cited as the California Wildlife, Coastal, and Park Land Conservation Act of 1988.

SEC. 2. Division 5.8 (commencing with Section 5900) is added to the Public Resources Code, to read:

DIVISION 5.8. CALIFORNIA WILDLIFE, COASTAL, AND PARK LAND CONSERVATION ACT

CHAPTER 1. GENERAL PROVISIONS

5900. This division shall be known and may be cited as the California Wildlife, Coastal, and Park Land Conservation Act.

5901. The people of California find and declare all of the following:

(a) Parks, wildlife habitat, beaches, and open-space lands are vital to maintaining the quality of life in California. As the state's population increases, it is of growing importance to provide parks and recreational opportunities to the residents of California.

(b) Preservation of California's unique natural heritage is in the interest of all Californians.

5902. As used in this division, the following terms have the following meanings:

(a) "Conservation easement" means an interest in real property as defined in Section 815.1 of the Civil Code.

(b) "District" means any regional park or open-space district formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3 of Division 5 and any recreation and park district formed pursuant to Chapter 4 (commencing with Section 5780) of Division 5. With respect to any community or unincorporated region which is not included within a regional park or open-space 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.

(c) "Fund" means the California Wildlife, Coastal, and Park Land Conservation Fund of 1988 created pursuant to Section 5906.

(d) "Historical resource" includes, but is not limited to, any building, structure, site areas, or place which is historically or archeologically significant, or is significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California.

(e) "Historical preservation project" means a project designed to preserve an historical resource which is either listed in the National Register of Historic Places or is registered as either a state historical landmark or point of historical interest pursuant to Section 5021.

(f) "Local coastal program" means any program created under Section 30108.6.

(g) "Natural lands" means an area of relatively undeveloped land which (1) has substantially retained its characteristics as provided by nature or has been substantially restored, or which can be feasibly restored, to a near-natural condition, and which has outstanding wildlife, scenic, open-space, or park resources, or a combination thereof, or (2) meets the definition of open-space land in Section 65560 of the Government Code.

(h) "Nonprofit organization" means any charitable organization described in Section 501(c)(3) of the federal Internal Revenue Code, which has among its primary purposes the conservation and preservation of wetlands or of lands predominantly in their natural, scenic, historical, agricultural, forested, or open-space condition.

(i) "Park" means a tract of land with outstanding scenic, natural, open-space, or recreational values, set apart to conserve natural, scenic, cultural, or ecological resources for present and future generations, and to be used by the public as a place for rest, recreation, education, exercise, inspiration, or enjoyment.

(j) "Riparian habitat" means lands that contain habitat which grows close to and which depends upon soil moisture from a nearby freshwater source.

(k) "Stewardship" means the development and implementation of major programs for the protection, rehabilitation, restoration, and enhancement of the basic natural systems and outstanding scenic features of the state park system. It does not mean the maintenance or alteration of facilities, developments, or any physical installations whose original purpose was not the protection of natural scenic resources.

(l) "Wetlands" means lands which may be covered periodically or permanently with shallow water and which include saltwater marshes, freshwater marshes, open or closed brackish water marshes, swamps, mudflats, fens, and vernal pools.

5903. For the purposes of the State General Obligation Bond Law, "state grant" or "state grant moneys" means moneys received by the state from the sale of bonds authorized by law for the purposes of this division which are available for grants to counties, cities, cities and counties, districts, and nonprofit organizations.

CHAPTER 2. CALIFORNIA WILDLIFE, COASTAL, AND PARK LAND CONSERVATION PROGRAM

5905. Wildlife, coastal, and park land conservation is in the public interest and is necessary to keep these lands in open-space, natural, and recreational uses, to provide clean air and water, to protect significant environmental and scenic values of wildlife and plant habitat, riparian and wetland areas, and other open-space lands, and to provide opportunities for the people of California to enjoy, appreciate, and visit natural environments and recreational areas.

It is the intent of the People of California in enacting this division that it be carried out in the most expeditious manner possible, and that all state officials implement this division to the fullest extent of their authority.

5906. The California Wildlife, Coastal, and Park Land Conservation Fund of 1988 is hereby created.

Continued on page 56

70 Wildlife, Coastal, and Park Land Conservation Bond Act. Initiative Statute

Argument in Favor of Proposition 70

PLEASE VOTE YES ON PROPOSITION 70.

Proposition 70 will protect California's beautiful, natural, scenic and recreational lands for ourselves, our children and our grandchildren.

California is blessed with a magnificent natural heritage that is second to none. The quality of life in California depends on preserving this heritage: our popular park and recreation areas, our unique fisheries and wildlife habitat, and our spectacular coastline.

But our wildlife, coast and parklands could be lost if we don't take steps to protect them now. California is growing at the rate of a new city the size of San Francisco each year. This growth puts tremendous pressure on our wildlife habitat, open space and parks. We need Proposition 70 to protect these areas and make them available for public use.

California's largest industry is tourism. This clean, vital industry relies heavily on our world-famous coastline, diverse fish and wildlife populations, beautiful state and local park system, and historical resources. Proposition 70 protects our tourism industry, and helps preserve the tens of thousands of jobs associated with it.

Proposition 70 is endorsed by hundreds of conservation, civic and business organizations throughout California, including:

League of Women Voters
California Park and Recreation Society
National Audubon Society
Sacramento Chamber of Commerce
Defenders of Wildlife
San Diego Building Industry Association
Save San Francisco Bay Association
California Waterfowl Association
Sierra Club
Planning and Conservation League

A YES vote on Proposition 70 protects and develops our urban parks. That's why it is supported by LOS ANGELES, SAN DIEGO, SACRAMENTO, RIVERSIDE, SAN BERNARDINO, SAN FRANCISCO, SANTA CLARA, ALAMEDA, AND CONTRA COSTA COUNTIES and many others, as well as dozens of cities including LOS ANGELES, SAN DIEGO, RIVERSIDE, FRESNO AND SACRAMENTO.

PROPOSITION 70 would improve, preserve and expand some of California's most beautiful and threatened resources. Just a few examples:

Southern California
Los Angeles County beaches
Wildlife lands and parks in the Santa Monica and Santa Susana Mountains
Riverside Citrus Heritage Park
San Diego's San Dieguito and Tijuana River Valleys
Orange County open space areas
San Bernardino County Agricultural Preserve
Anza Borrego State Park
Santa Barbara's coastline

Central California
Big Sur coastline
Fresno's San Joaquin River Parkway
Nipomo Dunes
Sacramento's American River Parkway
Hope Valley near Lake Tahoe
Central Valley wetlands

Northern California
Mt. Diablo, Mt. Tamalpais and Coe State Parks
New East Bay and San Francisco Peninsula Parks
East Bay Shoreline State Park
San Francisco Bay wetlands
Redwood State Parks
Big Basin and Castle Rock State Parks

New programs to improve spawning habitat will enhance fishing for salmon and trout. Rare and endangered species such as the bald eagle and the sea otter would also be protected, as would other important wildlife species such as deer, waterfowl and the monarch butterfly.

Preserve fish and wildlife, protect a beautiful coastline, and improve parks for ourselves and our children: you can accomplish all this by voting YES ON PROPOSITION 70.

ALAN CRANSTON
United States Senator

PETE WILSON
United States Senator

LEO McCARTHY
Lieutenant Governor

Rebuttal to Argument in Favor of Proposition 70

Proponents say that we need Proposition 70 to make more of our parkland available for public use. *But if they were honest about it* they would tell you that Proposition 70 does little to provide for that public use.

Here are some other facts that proponents don't discuss:

- More than half the state is already in public ownership, land that could be developed for your enjoyment and that of your children and grandchildren. But more than 90 percent of the funds in Proposition 70 can be spent for more land acquisition. Less than 10 percent is specifically earmarked for development of existing parklands.
- Sponsors of Proposition 70 added millions of dollars' worth of pet projects in exchange for campaign contributions and/or the promise of signatures to qualify it for the ballot—essentially carving out pieces of the state for an elite few, not the general public.
- If Proposition 70 is approved, millions of your tax dollars will be going to private corporations to acquire land that you may never see, let alone be able to use.
- Proposition 70 could jeopardize funds for other essential needs: needs for education, road repair and clean water systems.

Let's be honest. Proposition 70 is too expensive, threatens funds for other needed programs and places private interests ahead of public need.

Vote "NO" on Proposition 70. *Let's not make a billion-dollar mistake!*

STEVE PEACE
Member of the Assembly, 80th District
Member, Assembly Committee on Water, Parks and Wildlife

CHRIS CHANDLER
Member of the Assembly, 3rd District
Member, Assembly Committee on Water, Parks and Wildlife

JOHN W. ROSS
Executive Vice President
California Cattlemen's Association

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Wildlife, Coastal, and Park Land Conservation Bond Act. Initiative Statute

70

Argument Against Proposition 70

Proposition 70 is an example of the initiative process gone wrong. Very wrong.

The sponsors of this initiative have rejected the advice of park planning professionals who have historically recommended our spending priorities to the Legislature for approval. Instead, they are offering you an elitist system of park planning where special interest groups and individuals have actually bought and sold the future recreational needs of our children.

As incredible as it sounds, Proposition 70 represents a new version of "Let's Make a Deal," whereby millions of dollars of special projects were added to this enormous spending proposal in exchange for campaign contributions and/or the promise to gather signatures to qualify the initiative. The proponents of this ultimate pork barrel scheme will not refute this distasteful fact because it's sad but true.

A careful examination of the initiative reveals several other troubling features that make this proposal unlike any other park bond proposal ever offered to the voters.

- At $776 million, this is the most expensive park bond proposal ever to face taxpayers. Since the 1926 authorization to sell bonds for park purposes, $1.6 billion has been approved. This proposal would increase this *62-year* total by 50 percent in just one vote.
- When interest is added to the bond's principal, the total cost to the State General Fund could exceed $1.3 billion.
- Less than 10 percent of the $776 million is specifically allocated for development, restoration or rehabilitation of already-acquired facilities. At last count, the state lacked general plans for 84 percent of existing state parkland acreage. This means that no permanent development can occur on these lands and the public does not even have access to many of their parks. Obviously, funds are needed for more development of existing land, not more acquisition.
- This aggressive acquisition program will continue the extensive erosion of local property tax bases that has resulted from the government's ownership of over 50 million acres of our state's 100 million acres. This further loss of property tax revenue would come at a time when many cities and counties are struggling to meet the demand for services by adding new special taxes such as per-parcel taxes and sales tax overrides.

We have concluded that Proposition 70 is based more on special interest priorities than public need. Appropriating more than a billion dollars for parkland acquisition at a time when we have yet to fully develop and manage existing parks is not a wise use of time or effort. The need for transportation financing, funds for schools and school facilities, construction and repair of sewer systems and drinking water facilities, and the need for new and refurbished state prisons and county jail facilities all seem greater than additional state parkland acquisitions. This initiative has the potential to limit these other crucial programs.

Proposition 70 deserves a "NO" vote.

STEVE PEACE
Member of the Assembly, 80th District
Member, Assembly Committee on Water, Parks and Wildlife

TRICE HARVEY
Member of the Assembly, 33rd District
Member, Assembly Committee on Water, Parks and Wildlife

HENRY J. VOSS
President, California Farm Bureau Federation

Rebuttal to Argument Against Proposition 70

More than 700,000 Californians put Proposition 70 on the ballot because the Legislature failed to act. Every part of Proposition 70 stands on its own merits, and will provide permanent benefits to all Californians.

Proposition 70 achieves the right balance: Two thirds of the funds will protect wildlife and preserve parkland. One third will develop our existing state and local parks and protect historic sites. Proposition 70 does not raise taxes, or limit funding for other important state needs.

Proposition 70 is endorsed by counties representing nearly three quarters of California's population, and by many business, farming and conservation organizations including:

Riverside Chambers of Commerce
American Farmland Trust
California Trout
American Association of University Women
Nature Conservancy
Pacific Coast Federation of Fishermen's Associations
California Council of Churches
Santa Cruz Chamber of Commerce

and many leading Californians including State Controller Gray Davis, Mayor Tom Bradley, Mayor Art Agnos, National Park Service Director William Penn Mott, former State Parks Director Pete Dangermond, former Mayor Dianne Feinstein, and businessman David Packard.

The California Park and Recreation Society, made up of thousands of park professionals, enthusiastically supports Proposition 70. Proposition 70 will cost each Californian less than two dollars a year from existing taxes: a small price to pay to preserve our precious fisheries, wildlife, parks and beaches.

With the increasing demand for outdoor recreation we need to restore our fish and wildlife, provide new park facilities, and preserve our coastline. Protect your environmental heritage. Please join us in voting YES ON PROPOSITION 70.

JOHN K. VAN DE KAMP
Attorney General of California

GERALD R. FORD
Former President of the United States

DEANE DANA
Chairman, Los Angeles County Board of Supervisors

71 Appropriations Limit Adjustment. Initiative Constitutional Amendment

Official Title and Summary Prepared by the Attorney General

APPROPRIATIONS LIMIT ADJUSTMENT. INITIATIVE CONSTITUTIONAL AMENDMENT. Constitution limits tax revenues state and local governments annually appropriate for expenditure: allows "cost of living" and "population" changes. "Cost of living" defined as lesser of change in US Consumer Price Index or per capita personal income; measure redefines as greater of change in California Consumer Price Index or per capita personal income. "State population" redefined: includes increases in K–12 or community college average daily attendance greater than state population growth. Local government "population" redefined: includes increases in residents and persons employed. Specifies motor vehicle and fuel taxes are fees excluded from appropriations limit. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Change in the appropriations limit inflation adjustment will allow increased state appropriations of up to $700 million in 1988–89, and increasing amounts annually thereafter. Change in the population adjustment will allow further undetermined increase in state appropriations. State's ability to appropriate additional funds as a result of increased state limit is dependent on receipt of sufficient revenue. Based on estimates contained in Governor's Budget, state revenues will not be sufficient in 1988–89 to fund any additional appropriations allowed by this measure. In future years, economy's performance will determine whether and to what extent state revenues will be available to fund such additional appropriations. Local government and school district appropriation limits will be increased by unknown but significant amounts. Change in the treatment of state transportation-related revenues would have no fiscal effect because of the limit adjustment formula.

Analysis by the Legislative Analyst

Background

Under the California Constitution, most government entities (including the state, cities, counties, schools and special districts) have a limit on the amount of taxes they can appropriate each year. This appropriations limit does not apply to *nontax* revenues, such as user fees. The limit also does not apply to certain types of expenditures, such as debt service on voter-approved general obligation bonds.

The limit is adjusted each year to reflect changes in inflation and population. The adjustment for inflation is made using the *lower* of the change in (1) the United States Consumer Price Index or (2) California per capita personal income. The adjustment for population is based on the change in each entity's residential population, except the adjustment for schools is made using the change in units of average daily attendance (ADA).

The limit also must be adjusted whenever the responsibility for providing services is shifted from one entity of government to another (or to the private sector), or when the source of funds for a program is shifted from taxes to user fees. These shifts are known as "transfers of financial responsibility."

Whenever a government entity does not appropriate all of its tax revenues, these "excess revenues" must be returned to taxpayers within two years.

Proposal

This measure makes several changes in how the appropriations limit operates.

First, this measure changes the annual inflation adjustment. Specifically, it changes the adjustment to reflect the *higher* of the change in (1) the California Consumer Price Index or (2) California per capita personal income, rather than the *lower* of the change in the United States Consumer Price Index or the change in California per capita personal income.

Second, this measure changes the annual population adjustment. For the *state's* adjustment, it requires that the growth in the average daily attendance of K–12 school districts and community colleges be included, to the extent that these factors exceed the percentage growth in statewide population. For the *local* adjustment, it gives local governments the option, in addition to the change in residential population, to include the growth in the number of persons employed within their jurisdictions.

Third, this measure requires the appropriations limits for 1986–87 and 1987–88 to be recalculated to reflect the revised cost-of-living and population changes in determining the limits for 1988–89 and future years.

Fourth, this measure changes the way some state tax revenues are treated for purposes of calculating the appropriations limit. Specifically, state tax revenues which are now dedicated for transportation purposes must be treated as "user fees" which are not subject to the limit. These revenues include: (1) the excise tax on motor vehicle fuels; (2) motor vehicle weight fees; and (3) vehicle registration fees. This change represents a "transfer of financial responsibility," and the measure specifies how the required adjustment to the appropriations limit is made.

Finally, this measure requires the Commission on State Finance to report annually to taxpayers how state revenues were spent in the preceding fiscal year, and the amount of the state's appropriations which is subject to the limit.

Fiscal Effect

This measure increases the appropriations limits of all government entities in California. As a result, governments may be able to spend or retain tax proceeds which

under current law could be subject to return to taxpayers.

- The change in the inflation adjustment will allow increased state appropriations of up to $700 million in 1988–89, and increasing amounts annually thereafter. The change in the population adjustment factor will allow a further increase in state appropriations, but the size of the change cannot be determined at this time. The ability of the state to appropriate additional funds as a result of the increased state limit is dependent on the receipt of sufficient revenue. Based on the estimates contained in the Governor's Budget, state revenues will not be sufficient in 1988–89 to fund any additional appropriations allowed by this measure. In future years, the economy's performance will determine whether and to what extent state revenues will be available to fund such additional appropriations.
- The appropriations limits of local governments and school districts also will be increased by unknown but significant amounts.
- The change in the treatment of state transportation-related revenues would have no fiscal effect because of the limit adjustment formula contained in this measure.

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 the Constitution by amending and adding sections thereto; 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 AMENDMENTS TO ARTICLE XIII B

SECTION 1. This amendment shall be known as the "Government Spending Limitation and Accountability Act."

SECTION 2. The People of the State of California find and declare that:

(1) A strong and effective constitutional limitation on government spending is necessary to guarantee accountability to taxpayers and force the politicians to set priorities and manage our tax dollars efficiently.

(2) The state and local government spending limitation contained in the California Constitution is out of date and no longer provides taxpayers with an effective tool for controlling government spending.

(3) Since its adoption in 1979, the current limit has failed to reflect the many changes in California's economy. As a result, already-collected tax revenues cannot be used to maintain the current level of education, crime prevention, public safety, and other vital public services.

(4) The current limit also has failed to reflect the changing and growing needs of California taxpayers. With 100,000 new children entering our schools each year, enrollments are increasing much faster than the overall growth in population.

(5) Adoption of this act will not increase state or local taxes or remove any funds from existing programs, including education, law enforcement, health care and senior services.

(6) Current law, assuring that the spending limit may be changed only by a vote of the people, is retained; and if the voters do raise the spending limit, that change must be voted on every four years.

(7) As taxpayers, we should be told the manner in which government is spending our hard-earned dollars. To guarantee accountability to taxpayers, the existing Commission on State Finance shall report annually to the taxpayers, how state revenues are spent and the amount of the state appropriations subject to limitation. Such reports can be prepared at minimal cost, using existing information, and can be mailed to taxpayers along with other tax information.

(8) Taxes and fees on motor vehicle fuels are currently earmarked for transportation purposes and should be treated as user fees. This act properly treats them as user fees, subject to the taxpayer protections provided by Proposition 13, without adversely affecting other public services.

(9) Adjustments are necessary to update the existing spending limitation to reflect the real growth of California's economy and the needs of its citizens, and enable taxpayers to hold government accountable for the proper enforcement of this act.

SECTION 3. Article XIIIB, Section 8(e) of the California Constitution is amended to read:

SEC. 8(e) "Cost of living" shall mean the Consumer Price Index for ~~the United States as reported by~~ the ~~United States Department of Labor~~ *State of California as reported by the Division of Labor Statistics and Research* or successor agency of the ~~United States Government~~ *State of California*; provided, however, that for purposes of Section 1, the change in *the* cost of living from the preceding year shall in no event ~~exceed~~ *be less than* the change in California per capita personal income from said preceding year;

SECTION 4. Article XIIIB, Section 8(f) of the California Constitution is amended to read:

SEC. 8(f) "Population" of any entity of government, other than a school district, shall be determined by a method prescribed by the Legislature, provided that such determination shall be revised, as necessary, to reflect the periodic census conducted by the United States Department of Commerce; or successor agency of the United States Government. The population of any school district shall be such school district's average daily attendance as determined by a method prescribed by the Legislature;. *In addition, for the state, population shall include any increases in average daily attendance for the K–12 or community college system which are in excess of the percentage growth in state population. In the case of local governments other than schools, such determination shall consider increases in the number of persons employed as well as residing within the jurisdiction.*

SECTION 5. Section 12 is hereby added to Article XIIIB of the California Constitution:

SECTION 12. The Commission on State Finance shall report annually to the taxpayers how state revenues received during the preceding fiscal year are spent and the amount of the state's appropriations subject to limitation under the provisions of this Article.

SECTION 6. Section 13 is hereby added to Article XIIIB of the California Constitution:

SECTION 13. Changes to Section 8 adopted at the time this section is added to the Constitution shall be considered effective commencing with the 1986–87 fiscal year for purposes of calculating the appropriations limit of each entity of government for the 1988–89 fiscal year and each year thereafter.

SECTION 7. Section 14 is hereby added to Article XIIIB of the California Constitution:

SECTION 14. (a) For purposes of this Article, taxes and fees imposed on motor vehicles and motor vehicle fuels to the extent they are appropriated for the purposes specified in Article XIX shall be deemed user fees.

(b) Commencing with the 1988–89 fiscal year, the appropriations limit for each fiscal year shall be reduced by an amount equal to the amount of revenues which but for subdivision (a) would be classified as proceeds of taxes.

(c) In computing the appropriations limit for the 1989–90 fiscal year and succeeding fiscal years, the appropriations limit for the immediately prior fiscal year shall be determined to be the amount of the appropriations limit prior to the reduction made in subdivision (b).

(d) For purposes of this section, "revenues which but for subdivision (a) would be classified as proceeds of taxes" includes only those revenues which would have been generated by laws in effect at the time this section becomes effective.

SECTION 8. If any section, part, clause or phrase in this Article is for any reason held invalid or unconstitutional, the remaining portions of this Article shall not be affected but shall remain in full force and effect.

71 Appropriations Limit Adjustment. Initiative Constitutional Amendment

Argument in Favor of Proposition 71

There are two issues on which most Californians agree:

(1) Government spending should be restricted by strong, workable limits; and

(2) The existing state and local government spending limit, passed in 1979, *MUST BE UPDATED.*

The only question: How to update the outmoded limit?

Here's the problem:

CALIFORNIA HAS CHANGED DRAMATICALLY IN THE PAST DECADE. Our state's economy has grown. *More than 140,000 new children enter our schools each year.* Our senior population has almost doubled. More criminals are behind bars. Traffic has increased. Many new, unanticipated problems such as AIDS and toxic waste threaten our citizens.

The existing limit, tied to national inflation, NOT California's economy, *doesn't allow us to spend already-collected taxes on current problems.* It's unworkable and ineffective. It has become a shell game for politicians and is full of loopholes for clever bureaucrats.

Unless we update the limit, according to the Commission on State Finance, even though funds will be available, *$23 BILLION IN CUTS WILL BE MADE FROM CURRENT SERVICE LEVELS*—cuts in education, law enforcement, senior services and health care—in the next 10 years.

Here's the sensible solution:

We need a common-sense limit. Proposition 71 makes reasonable changes allowing us to meet present needs and future challenges while keeping firm limits on the politicians. *IT DOES NOT RAISE STATE OR LOCAL TAXES.*

It will:

- Allow us to use already-collected taxes to deal with critical problems thereby avoiding the need for future tax increases.
- Retain important provisions of the existing limit, such as the requirement that the limit may *ONLY* be *CHANGED BY A VOTE OF THE PEOPLE.*
- Update the limit in a manner that benefits *ALL* Californians, NOT JUST ONE SPECIAL INTEREST!
- Provide the flexibility necessary to keep up with California's economy and population—the fastest growing in the nation.

Proposition 71 makes these fair, common-sense changes:

- It requires the limit reflect our growing school population. With *140,000 new children entering our schools every year* Proposition 71 is necessary for schools to keep up.
- It uses the CALIFORNIA Consumer Price Index (CPI), not the National CPI, to determine annual adjustments and requires the limit keep pace with our economy. *OUR limit should reflect CALIFORNIA, NOT other states.*
- It requires an *annual report* by the Commission on State Finance to the taxpayers on what the spending limit is and *HOW OUR TAX DOLLARS ARE SPENT.* Government must be accountable to the people.

The current limit is outdated. Proposition 71 is necessary if we expect government to deal with *new problems such as AIDS and toxic waste disposal.*

Proposition 71 is well balanced and fair. It FAVORS NO SPECIAL INTERESTS. The needs of schools, law enforcement, seniors, fire protection, health care, and transportation are all treated in an even-handed manner. It makes the system more accountable and *IT WILL NOT RAISE TAXES.*

That's why citizens from all walks of life and over 100 major statewide organizations representing over *5 MILLION TAXPAYERS* are *sponsoring* Proposition 71.

VOTE YES ON PROPOSITION 71.

BILL HONIG
State Superintendent of Public Instruction

CAROL J. FEDERIGHI
President, League of Women Voters of California

JOSEPHINE D. BARBANO
American Association of Retired Persons/California (AARP)

Rebuttal to Argument in Favor of Proposition 71

They're at it again, folks.

This time they want to increase government spending some 6.1 billion dollars over the next 4 years.

And the people who stand to gain the most are leading the effort:

- Giant public employee unions.
- Powerful special interests.
- Ambitious politicians.

Together they are out to destroy the "Gann Spending Limit," which voters approved in 1979 with 74.3% of the vote.

They have used a very misleading title for their initiative: "Government Spending Limitation and Accountability Act."

First, let's look at the "limitation" part of their proposition: It will allow government spending to increase at approximately twice the rate of the present "Gann Limit." If Proposition 71 had been in effect since 1979, state government spending would have been allowed to grow $6.3 billion more than it has. In the next 4 years, state spending could go up an extra $6.1 billion more if you allow Proposition 71 to pass.

Where will that $6 billion come from? Proposition 71 is very silent about this point, but government gets its money from taxing people. So much for Proposition 71's claim to limit government spending.

Next, let's look at Proposition 71's "accountability." We find no accountability whatsoever.

It doesn't guarantee that education will get even a dollar of these new funds, and the same for roads, flood control, and other essential needs such as fire and police protection.

What it does do is give the Legislature a blank check to spend billions of dollars any way it wants—more welfare, more boondoggle, more bureaucrats and higher salaries.

Just last year, for example, we retired a member of the State Board of Equalization with a guaranteed annual pension of over $190,000 a year. Sad to say that's the kind of accountability we have come to expect from our Legislature. So much for the "accountability" of Proposition 71.

We truly believe that if the public employee unions ultimately have their way, and Proposition 71 is passed, larger salaries and pensions will become the first order of the day.

The "Gann Limit" (Proposition 4) was specifically designed to stop runaway government spending and taxation.

The "Gann Limit" has served the people of California well. Government spending has been brought under control, there have been no general tax increases, and California's climate for new jobs and businesses has improved dramatically.

Under the "Gann Limit," government spending cannot increase any faster than the rise in population and inflation, thus preventing wild spending sprees by politicians—unless the people *vote* for an increase.

Now along comes Proposition 71, which would effectively wipe out the "Gann Limit" and open the door to huge tax increases.

The real effect of Proposition 71 is to ensure that government in California will never again be "troubled" by any limit on its spending. Without the accountability of the current Gann Limit, you—the taxpayer—will end up paying the bills.

Give the politicians a budget, not a blank check. Vote NO on Proposition 71.

PAUL GANN
Proponent of "Gann Spending Limit"

JOHN HAY
Past President, California Chamber of Commerce

TOM MEZGER
Yolo County Taxpayers Association

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Argument Against Proposition 71

Why change the Gann spending limit? So the politicians, bureaucrats and special interests can spend more, of course. And spending more means taxing more. Say goodbye to future tax rebates and hello to tax hikes.

Through this initiative, public employee unions and welfare rights groups seek to repeal the Gann limit. But Californians like the limit. So promoters of this initiative have disguised the repeal, calling it an "adjustment." But if *their* limit had been in effect since 1979, California governments could have spent $15 billion *more* last year alone and $56 billion more since 1979 than under the Gann limit.

The Gann limit is flexible, but firm. Spending may increase annually reflecting California's economic and population growth (including school enrollment).

Proposition 13 and the Gann limit together have restored power to the taxpayers. These limits provide certainty and peace of mind to everyone, including senior citizens on fixed incomes.

Our schools have been amply funded, including provision for new students with over 50% of the State General Fund going to education. Expenditures have risen from $3,000 to over $4,200 per pupil in five years. Bill Honig acknowledges that education is receiving its "fair share." California teachers are 4th highest paid in the nation. Extra funds have gone to current teachers rather than hiring new teachers to bring down class size.

Keep our Gann spending limit working for the taxpayers of California. Say NO to the politicians and special interests who want spending *unlimited.*

LEWIS K. UHLER
Co-Chairman, Californians Against Higher Taxes, and President, National Tax Limitation Committee

WM. CRAIG STUBBLEBINE
Von Tobel Professor of Economics
Claremont McKenna College

Rebuttal to Argument Against Proposition 71

False statements and *faulty assertions* in the argument *against Proposition 71* are so numerous and outrageous they must be examined under the spotlight of truth.

They claim Proposition 71's campaign is led by "powerful special interests."

Do they mean such *members of the sponsoring coalition* as the *AMERICAN ASSOCIATION OF RETIRED PERSONS/CALIFORNIA (AARP), LEAGUE OF WOMEN VOTERS, CALIFORNIA PTA,* and the *CALIFORNIA FIRE CHIEFS ASSOCIATION?*

Or the *CALIFORNIA CATHOLIC CONFERENCE OF BISHOPS, CALIFORNIA COUNCIL OF CHURCHES,* and the *CALIFORNIA ASSOCIATION OF HIGHWAY PATROLMEN?*

Or the *more than 100 other major statewide organizations* that *represent millions of taxpayers* and comprise the coalition sponsoring Proposition 71?

They fail to note that Proposition 71 *WILL NOT RAISE STATE OR LOCAL TAXES.* Instead, the initiative would *inject some common sense into the spending limit* by permitting the limited use of already-collected and available tax revenues for schools, roads and other desperately needed public services.

They falsely claim Proposition 71 would be a "blank check" for the Legislature to spend billions "any way it wants." The facts: The *Legislature* would *still need a two-thirds majority vote* and the Governor's approval on every spending bill. The *spending limit law would still apply* to every expenditure financed by state or local government tax dollars.

In fact, all the protections against tax increases that are contained in *PROPOSITION 13* are *RETAINED INTACT BY PROPOSITION 71.*

Don't be deceived by the *FALSE STATEMENTS* being spread *BY OUR OPPONENTS!*

VOTE YES on PROPOSITION 71!

JOHN K. VAN DE KAMP
Attorney General

JOHN SONNEBORN
Chair, California Commission on Aging

CRAIG MEACHAM
President, California Police Chiefs Association

72 Emergency Reserve. Dedication of Certain Taxes to Transportation. Appropriation Limit Change. Initiative Constitutional Amendment

Official Title and Summary Prepared by the Attorney General

EMERGENCY RESERVE. DEDICATION OF CERTAIN TAXES TO TRANSPORTATION. APPROPRIATION LIMIT CHANGE. INITIATIVE CONSTITUTIONAL AMENDMENT. Requires three percent of total state General Fund budget be included in reserve for emergencies and economic uncertainties. Provides net revenues derived from state sales and use taxes on motor vehicle fuels be used only for public streets, highways, and mass transit guideways. (Three-year phase-in.) Requires two-thirds vote of Legislature or majority vote of voters before taxes on motor vehicle fuels may be raised. Reserve and fuel tax revenues excluded from appropriation limit. Prohibits Legislature from lowering local sales tax rates in effect January 1, 1987. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Measure has two major fiscal effects. First, changes in state's appropriation limit will result in increased state appropriations authority of up to $1.6 billion in 1988–89, $1.5 billion in 1989–90, and slightly larger amounts in future years. As a result, the state may be able to spend or retain tax proceeds which otherwise would be returned to the taxpayers. State's ability to appropriate additional funds as a result of increased state limit is dependent on receipt of sufficient revenue. Based on estimates contained in Governor's Budget, state revenues will not be sufficient in 1988–89 to fund any additional appropriations allowed by this measure. In future years, economy's performance will determine whether and to what extent state revenues will be available to fund such additional appropriations. Second, the requirement that certain sales tax revenues be expended only for transportation purposes results in an increase in the amount of revenues available for transportation purposes while reducing the amount available for education, health, welfare and other General Fund expenditures. This shift in funding will amount to about $200 million in 1988–89, about $430 million in 1989–90, and about $725 million in 1990–91, and increasing amounts thereafter.

Analysis by the Legislative Analyst

Background

Under the California Constitution, most government entities (including the state, cities, counties, schools and special districts) have a limit on the amount of taxes they can appropriate each year. This appropriations limit does not apply to *nontax* revenues, such as user fees. The limit also does not apply to certain types of expenditures, such as debt service on voter-approved general obligation bonds.

The limit must be adjusted whenever the responsibility for providing services is shifted from one entity of government to another (or to the private sector), or when the source of funds for a program is shifted from taxes to user fees. These shifts are known as "transfers of financial responsibility."

Whenever a government entity does not appropriate all of its tax revenues, these "excess revenues" must be returned to taxpayers within two years.

The California Constitution requires that revenues from certain state taxes imposed on motor vehicles and motor vehicle fuels (for example, the 9-cents-per-gallon tax on gasoline) be used solely for transportation purposes. Revenues collected from the state's 4¾-percent sales tax on motor vehicle fuels are not subject to this requirement. Currently, these sales tax revenues go to the state's General Fund, which is used to support education, health, welfare and other state programs.

The Bradley-Burns Uniform Local Sales and Use Tax Law allows local governments to impose a 1¼-percent local sales tax. The state collects these revenues and returns them to cities and counties.

Finally, the state maintains a reserve fund known as the Special Fund for Economic Uncertainties (SFEU). This reserve provides a source of funds to pay for unexpected costs. The amount of funds allocated to this reserve is determined by the Legislature and the Governor each year as part of the budget process. In recent years, this reserve has amounted to between 1½ percent and 3 percent of General Fund expenditures. The appropriation of tax revenues to the reserve fund is subject to the limit, but the subsequent expenditure of funds from the SFEU is exempt.

Proposal

This measure makes several changes in how the appropriations limit operates.

- First, it changes the way certain state tax revenues are treated for purposes of the limit.
- Second, it requires the state to use revenues from the *sales* tax on motor vehicle fuels only for street, highway and mass transit guideway purposes.
- Finally, it requires the state to begin each fiscal year with a reserve equal to 3 percent of General Fund expenditures.

Transportation-Related Tax Revenue Changes. This measure changes the way some state tax revenues are treated for purposes of the appropriations limit. Specifically, state tax revenues which are now dedicated for transportation purposes must be treated as "user fees" which are not subject to the limit. These revenues include: (1) the 9-cents-per-gallon excise tax on motor vehicle fuels; (2) motor vehicle weight fees; and (3) vehicle registration fees. This change represents a "transfer of financial responsibility," and this measure specifies how the required adjustment to the appropriations limit is made. Further, this measure requires that any increase

in these "user fees" be approved by two-thirds of the Legislature, or by a majority of the voters voting at a regularly scheduled statewide election.

- This measure also requires the Governor to report to the Legislature on February 1 of each year on the next year's appropriations limit and appropriations subject to the limit.

Sales Tax Changes. This measure requires that the state (but not the local) sales tax revenues from sales of motor vehicle fuels be used only for street, highway, and mass transit guideway purposes. This requirement is phased in over a three-year period. Under current law, these revenues are deposited in the General Fund and can be used for any state purpose.

- This measure specifies that these revenues also must be treated as "user fees" which are not subject to the appropriations limit. However, the measure specifies that no reduction in the state's limit may be made to reflect this "transfer of financial responsibility." Because the sales tax revenues would be excluded, there would be extra room within the state's limit to make appropriations.
- Finally, this measure prohibits the Legislature from reducing the 1¼ percent local sales tax rate.

New General Fund Reserve. This measure requires that a new reserve be created within the state's General Fund. Each annual state budget must include an appropriation to this reserve to bring it up to 3 percent of the total General Fund budget. In addition, it transfers the balance in the SFEU as of June 30, 1988, to the new reserve.

- This measure also specifies that any appropriation made *to* this new reserve fund is not subject to the state's appropriations limit. However, an appropriation made *from* this new reserve is subject to the limit, unless it is designated as a special appropriation for "urgent and unexpected" needs. The measure limits the amount of special appropriations which can be made in any year to 2 percent of total General Fund expenditures. This exempt treatment of special appropriations would be repealed immediately upon the effective date of any future constitutional amendment which changes certain provisions of the appropriations limit, including the definitions of "proceeds of taxes" and the annual "cost-of-living" adjustment.

Fiscal Effect

- This measure has two major fiscal effects.
- First, the changes to the state's appropriations limit will allow increased state appropriations of up to $1.6 billion in 1988–89, $1.5 billion in 1989–90, and slightly larger amounts in future years. As a result, the state may be able to spend or retain tax proceeds which otherwise could be subject to return to taxpayers.
- The bulk of this additional appropriations authority results from the provisions of this measure which: (a) require a new reserve and specify the treatment of appropriations to and from this reserve; and (b) declare state sales tax revenues from motor vehicle fuels to be "user fees," without making a corresponding reduction in the appropriations limit. These two increases are partially offset by net decreases in appropriations authority resulting from the change in treatment of other motor vehicle-related revenues.
- Based on the estimates contained in the Governor's Budget, the state will not have sufficient revenue in 1988–89 to fund any additional appropriations allowed by this measure. In future years, the economy's performance will determine whether and to what extent state revenues will be available to fund such additional appropriations.
- Second, the requirement that certain state sales tax revenues be spent only for street, highway and mass transit guideway purposes results in an increase in the amount of revenues available for those purposes. However, it also reduces the amount of revenues available for education, health, welfare and all other General Fund expenditures. This *shift* of funding from general state purposes to transportation purposes, to be phased in over three years, will amount to about $200 million in 1988–89, about $430 million in 1989–90, about $725 million in 1990–91, and increasing amounts annually thereafter. To the extent that revenues are not available to pay for additional appropriations, as indicated above, this shift of general purpose revenues to street, highway and mass transit guideway purposes will require a corresponding reduction in expenditures for other General Fund programs.
- In summary, the approval of this measure by the voters will have the following state fiscal effects.
- In the 1988–89 fiscal year:
  - The state government's appropriations limit will be increased by up to $1.6 billion. If the Governor's Budget estimates prove to be correct, revenues will be insufficient to fund any of this additional appropriation authority; and
  - $200 million of existing state sales tax revenues will be shifted from General Fund programs to street, highway and mass transit guideway purposes.
- In subsequent fiscal years, the economy's performance will determine whether and to what extent revenues are available to:
  - Offset the General Fund revenue loss from the shift in sales tax revenues, and
  - Fund additional appropriations authorized by this measure.

Text of Proposed Law appears on pages 62–63

72 Emergency Reserve. Dedication of Certain Taxes to Transportation. Appropriation Limit Change. Initiative Constitutional Amendment

Argument in Favor of Proposition 72

California can have safer roads and better schools *without* higher taxes and unlimited government spending . . .

. . . if you vote YES on Proposition 72.

In 1979, Californians wisely placed a limit on excessive government spending. Known as the "Gann Limit," this limit permits the state budget to grow at the same rate as our population and inflation.

Under the Gann Limit, California has prospered and there have been *no* general tax increases.

Proposition 72 has been carefully written to maintain the original Gann Limit formula while providing state government more flexibility to solve the highway gridlock crisis and meet other urgent and unexpected needs.

Proposition 72 will:

1. Dedicate the 700-million-dollar-per-year sales tax on gasoline and diesel fuel to the building and maintenance of highways, roads and mass transit guideways. Under current law, this money is placed in the State General Fund, and only a fraction of it is used for transportation. *The taxes you pay at the pumps should be used for highways.*
2. Allow expected state surpluses to be used to protect schools, law enforcement and other important state programs from any loss of funding when the gasoline and diesel fuel sales tax is dedicated to transportation.
3. Establish a permanent emergency reserve fund which may be used by the Legislature for urgent and unexpected needs of our schools, public health programs, senior citizens and others. This fund will have tough controls to prevent wasteful spending. A two-thirds vote of the Legislature and approval by the Governor will be required before any emergency reserve money can be spent.

Californians now spend some 300,000 hours a day in traffic jams. By the year 2000, we can look forward to roads carrying an additional 15 million cars and trucks with an estimated 150% increase in personal and business travel.

But California's highway construction programs have declined 96% in the last 20 years.

Unless we act now, the future economic health of California will be severely threatened, together with the safety of everyone who drives on our roads.

Proposition 72 offers a balanced and moderate approach to the many problems facing California.

Under Proposition 72, taxes currently being collected from those who use our highways will be used for road and freeway improvements. There will be no tax increases or additional taxes as a result of Proposition 72.

Proposition 72 will keep the original Gann Limit formula intact and continue protecting taxpayers from huge increases in taxes and government spending.

The same taxpayer organizations which brought you Proposition 13 and the Gann Limit are leading the campaign for Proposition 72 and urge you to vote—Vote YES.

PAUL GANN
President, People's Advocate

JOEL FOX
President, Howard Jarvis' California Tax Reduction Movement

DORIS ALLEN
Assemblywoman, 71st District

Rebuttal to Argument in Favor of Proposition 72

It's disheartening to see Paul Gann being used so shamelessly by the big land developers promoting Proposition 72.

Because anyway you look at it, this is a SPECIAL INTEREST initiative *signaling disaster for schools and taxpayers!*

Incredibly, its promoters are attempting to sell Proposition 72 by claiming it will lead to better schools!

No one has ever argued—not until now—that *TAKING MILLIONS OF DOLLARS AWAY FROM SCHOOLS* will improve them! Sounds like the new math!

But that's exactly what Proposition 72 would do—*take $700 million directly away from schools, law enforcement, seniors and others and give it to transportation.* Check for yourself! Read the impartial analysis in this Voters' Pamphlet.

We all want better highways, but at WHOSE expense?

Proposition 72's promoters—THE STATE'S WEALTHIEST DEVELOPERS—want new highways NOW and don't care WHERE the money comes from.

Furthermore, transit ALREADY gets $700 million as a result of the gasoline sales tax. That's right! Now the developers want to *DOUBLE-DIP* and take another $700 million.

We say: *"DON'T TAKE IT FROM OUR KIDS!"*

Shame on the greedy developers for shortchanging our schools and other vital services!

The developers, *hiding behind the recognized need to change the spending limit,* want to save themselves millions at the expense of schoolchildren and taxpayers.

What's more, Proposition 72 would give the *GOVERNOR EXCLUSIVE POWER to CALCULATE THE LIMIT,* and *ENCOURAGE POLITICIANS to PLAY GAMES with the LIMIT and RAISE IT BY BILLIONS!*

VOTE NO ON PROPOSITION 72!

ED FOGLIA
President, California Teachers Association

RICHARD PETERSON
President, California Fire Chiefs Association

MARY ANNE HOUX
President, California School Boards Association

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

Emergency Reserve. Dedication of Certain Taxes to Transportation. Appropriation Limit Change. Initiative Constitutional Amendment

72

Argument Against Proposition 72

Proposition 72 benefits only two groups of Californians: big developers and Sacramento politicians. For CALIFORNIA TAXPAYERS and SCHOOLCHILDREN *it would be disastrous.*

Proposition 72 would:

- Take away over *$700 MILLION FROM* our *SCHOOLS,* law enforcement, health care and seniors!
- Provide a TAXPAYER-FUNDED BONANZA for PRIVATE DEVELOPERS!
- *GIVE* this *GOVERNOR,* and any future Governor, the *EXCLUSIVE POWER TO SET* a new spending *LIMIT* every year. *No one individual should be given that sole authority!*
- Allow the *POLITICIANS* to *PLAY* even more *GAMES* with the state's *SPENDING LIMIT* and even *RAISE IT BY BILLIONS* of dollars!

Strong claims? Let's take a look at the facts.

First, according to the nonpartisan Legislative Analyst, Proposition 72 would *remove over $700 million* in sales tax revenues on gasoline each year from the state's General Fund—currently spent on education, health care, law enforcement, fire protection, senior and other services—and *use it solely for transportation purposes.*

We agree that transportation is an important need in California. But *WHY SHOULD THE HIGHWAY LOBBY BE PERMITTED TO BUILD ROADS AT THE EXPENSE OF SCHOOLCHILDREN,* seniors, law enforcement and others?

The bottom line is that the *PROMOTERS OF PROPOSITION 72*—a group of *BIG DEVELOPERS* and allied *SPECIAL INTERESTS* led by a wealthy Orange County developer, one of the state's *LARGEST OWNERS OF UNDEVELOPED LAND*—want lots of money in a hurry and apparently don't care WHOM they take it from.

Second, Proposition 72 would give the Governor, whoever he or she might be, the exclusive power to calculate the spending limit every year. The state spending limit could quickly become a political tool of the Governor.

Third, despite the promoters' professed intentions about maintaining a state reserve fund, Proposition 72 would do the very opposite. It clearly *ENCOURAGES THE POLITICIANS TO USE UP THE STATE'S RESERVE IN ORDER TO RAISE THE LIMIT*—an incentive for unsound and imprudent spending of taxpayer dollars! According to the nonpartisan Legislative Analyst, Proposition 72 could increase the limit *BY $1.4 BILLION* when it becomes fully effective and larger amounts thereafter!

Proposition 72 is helpful in ONLY one way: It demonstrates that virtually *EVERYONE recognizes that changes are necessary* in the existing government spending limit—*EVEN* its original author, *Paul Gann.* Unfortunately, *PROPOSITION 72* proposes to make exactly the WRONG changes in the spending law! It *MAKES THINGS WORSE FOR OUR SCHOOLS and DOES NOTHING TO HELP OUR HARD-PRESSED LOCAL GOVERNMENTS!*

Instead of properly addressing the concerns of ALL Californians, Proposition 72 is an unconscionable attempt by certain *SPECIAL INTERESTS* to *SAVE THEMSELVES UNTOLD MILLIONS* at the expense of everyone else. These private developers want taxpayers to foot the bill for the road construction necessary to support THEIR new subdivisions.

The choice is clear: When it comes to EDUCATING CHILDREN OR HELPING DEVELOPERS, common sense says:

"DON'T CHEAT THE KIDS!"

Don't let the developers get away with it!

VOTE NO ON PROPOSITION 72!

BILL HONIG
State Superintendent of Public Instruction

HELEN H. LINDSEY
President, California State PTA

TOM NOBLE
President, California Association of Highway Patrolmen (CHP)

Rebuttal to Argument Against Proposition 72

I have four children, eleven grandchildren and two great-grandchildren. Education is the key to their future and I would never do anything to damage the quality of our schools.

I also authored Proposition 8, the Victims' Bill of Rights, and was a leader in the campaign to unseat former Chief Justice Rose Bird. Law enforcement leaders know that I'm on their side in the war on crime.

Proposition 72 was carefully written to protect schools, law enforcement and other vital services from loss of funds when the gasoline sales tax is used to provide better and safer roads.

UNDER PROPOSITION 72, EVERY DOLLAR REMOVED FROM THE GENERAL FUND WILL BE REPLACED BY SURPLUS TAX REVENUES.

If the surplus isn't big enough, we give the Legislature and Governor authority to make up the difference! And the people opposing Proposition 72 are aware of that fact.

The opponents of Proposition 72 include the same public employee unions and big-spending politicians who fight every reasonable attempt to reduce taxes and control government spending.

THE SPONSORS OF PROPOSITION 72 ARE THE TWO LARGEST TAXPAYER ORGANIZATIONS IN CALIFORNIA. We have never "developed" anything other than a well-deserved reputation for saving taxpayers billions of dollars. I have never campaigned to benefit any corporation or special interest and I never will.

Proposition 72 will enable California to finance improvements in our transportation system and necessary services without raising taxes or adding to our multi-billion-dollar debt.

Please vote YES on Proposition 72.

PAUL GANN

73 Campaign Funding. Contribution Limits. Prohibition of Public Funding. Initiative Statute

Official Title and Summary Prepared by the Attorney General

CAMPAIGN FUNDING. CONTRIBUTION LIMITS. PROHIBITION OF PUBLIC FUNDING. INITIATIVE STATUTE. Limits annual political contributions to a candidate for public office to $1,000 from each person, $2,500 from each political committee, and $5,000 from a political party and each "broad based political committee," as defined. Permits stricter local limits. Limits gifts and honoraria to elected officials to $1,000 from each single source per year. Prohibits transfer of funds between candidates or their controlled committees. Prohibits sending newsletters or other mass mailings, as defined, at public expense. Prohibits public officials using and candidates accepting public funds for purpose of seeking elective office. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Measure would result in net savings to state and local governments. State administrative costs would be about $1.1 million a year when measure is fully operational. These costs would be more than completely offset by savings of about $1.8 million annually resulting from ban on publicly funded newsletters and mass mailings. Local governments would have unknown annual savings primarily from the ban on publicly funded newsletters and mass mailings.

Analysis by the Legislative Analyst

Background

Federal law limits the amount of money that an individual may give as a political campaign contribution to a candidate for federal elective office or to the candidate's campaign committee. California law generally does *not* impose any similar limits on political campaign contributions. Both federal law and the state's Political Reform Act of 1974, however, require candidates for public office to report contributions they receive and money they and their campaign committees spend.

California law does not generally permit any public money to be spent for campaign activities. A few local government agencies, however, have authorized the payment of public matching funds to candidates for certain local elected offices.

Proposal

In summary, this measure:

- Establishes limits on campaign contributions for all candidates for state and local elective offices;
- Prohibits the use of public funds for these campaign expenditures; and
- Prohibits state and local elected officials from spending public funds on newsletters and mass mailings.

Limits on Campaign Contributions

The measure establishes separate limits for different types of contributors.

1. **Persons.** Contributions from any person to a candidate, or to the candidate's campaign committee, are limited to $1,000 per fiscal year. Contributions to a political committee or political party are limited to $2,500 per fiscal year. The measure defines "person" to include an individual, business firm, association, or labor organization.

2. **Political Committees.** Contributions from any committee to a candidate or the candidate's campaign committee are limited to $2,500 per fiscal year.

3. **Political Parties and Broad-Based Political Committees.** Contributions from any political party or broad-based political committee to a candidate or the candidate's campaign committee are limited to $5,000 per year. A broad-based political committee is defined as one which receives contributions from more than 100 persons and makes contributions to five or more candidates.

4. **Other Restrictions.**
   - No transfers of funds are permitted between individual candidates or between their campaign committees.
   - State and local elected officials are prohibited from accepting more than $1,000 in gifts or honoraria from any one source during a calendar year.

5. **Other Provisions.**
   - This measure does not affect any existing limitation on campaign contributions enacted by a local government that imposes lower contribution limits. In addition, any local government may enact its own lower limitations.
   - The personal contribution limits only apply to financial or other support provided to a political committee or broad-based political committee if the support is used for making contributions directly to a candidate. The contribution limits do not apply if the contributions are used by the committee for other purposes, such as administrative costs.
   - The time periods over which the contribution limits apply are modified in the case of special elections and special runoff elections.

Public Funding Prohibition

No candidate may accept any public funds for the purpose of seeking elective office.

Newsletters and Mass Mailings

Public funds cannot be used by state and local elected officials to pay for newsletters or mass mailings.

Administration and Enforcement

The State Fair Political Practices Commission has the primary responsibility for administering and enforcing this measure.

Fiscal Effect

The measure would result in net savings to the state and local governments. State administrative costs will be about $1.1 million a year, when the measure is fully operational, and would be financed from the state's General Fund. Most of this cost would be incurred by the Fair Political Practices Commission. These costs would be offset by annual savings of about $1.8 million resulting from the prohibition on the expenditure of public funds for newsletters and mass mailings.

Local government agencies also would experience unknown annual savings. These savings would result primarily from the prohibition on public expenditures for newsletters and mass mailings.

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 Government 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. Chapter 5 (commencing with Section 85100) is added to Title 9 of the Government Code, to read:

CHAPTER 5. LIMITATIONS ON CONTRIBUTIONS

Article 1. Applicability and Definitions

85100. This chapter shall be known and cited as the "Campaign Contribution Limits Without Taxpayer Financing Amendments to the Political Reform Act."

85101. (a) Nothing in this chapter shall affect the validity of a campaign contribution limitation in effect on the operative date of this chapter which was enacted by a local governmental agency and imposes lower contribution limitations.

(b) Nothing in this chapter shall prohibit a local governmental agency from imposing lower campaign contribution limitations for candidates for elective office in its jurisdiction.

85102. The following terms as used in this chapter have the following meanings:

(a) "Fiscal year" means July 1 through June 30.

(b) "Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, association, committee, and labor organization.

(c) "Political committee" means a committee of persons who receive contributions from two or more persons and acting in concert makes contributions to candidates.

(d) "Broad based political committee" means a committee of persons which has been in existence for more than six months, receives contributions from one hundred or more persons, and acting in concert makes contributions to five or more candidates.

(e) "Public moneys" has the same meaning as defined in Section 426 of the Penal Code.

85103. The provisions of Section 81012 shall apply to the amendment of this chapter.

85104. The provisions of this chapter shall become operative on January 1, 1989.

Article 2. Candidacy

85200. Prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective office shall file with the commission a statement signed under penalty of perjury of intention to be a candidate for a specific office.

85201. (a) Upon the filing of the statement of intention pursuant to Section 85200, the individual shall establish one campaign contribution account at an office of a financial institution located in the state.

(b) Upon the establishment of an account, the name of the financial institution, the specific location, and the account number shall be filed with the commission within 24 hours.

(c) All contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate's controlled committee shall be deposited in the account.

(d) Any personal funds which will be utilized to promote the election of the candidate shall be deposited in the account prior to expenditure.

(e) All campaign expenditures shall be made from the account.

85202. (a) A candidate may only accept contributions from persons, political committees, broad based political committees, and political parties and only in the amounts specified in Article 3 (commencing with Section 85300). A candidate shall not accept contributions from any other source.

(b) All contributions deposited into the campaign account shall be deemed to be held in trust for expenses associated with the election of the candidate to the specific office for which the candidate has stated, pursuant to Section 85200, that he or she intends to seek or expenses associated with holding that office.

Article 3. Contribution Limitations

85300. No public officer shall expend and no candidate shall accept any public moneys for the purpose of seeking elective office.

85301. (a) No person shall make, and no candidate for elective office, or campaign treasurer, shall solicit or accept any contribution or loan which would cause the total amount contributed or loaned by that person to that candidate, including contributions or loans to all committees controlled by the candidate, to exceed one thousand dollars ($1,000) in any fiscal year.

(b) The provisions of this section shall not apply to a candidate's contribution of his or her personal funds to his or her own campaign contribution account.

85302. No person shall make and no political committee, broad based political committee, or political party shall solicit or accept, any contribution or loan from a person which would cause the total amount contributed or loaned by that person to the same political committee, broad based political committee, or political party to exceed two thousand five hundred dollars ($2,500) in any fiscal year to make contributions to candidates for elective office.

85303. (a) No political committee shall make, and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee to that candidate for elective office or any committee controlled by that candidate to exceed two thousand five hundred dollars ($2,500) in any fiscal year.

(b) No broad based political committee or political party shall make and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee or political party to that candidate or any committee controlled by that candidate to exceed five thousand dollars ($5,000) in any fiscal year.

(c) Nothing in this Chapter shall limit a person's ability to provide financial or other support to one or more political committees or broad based political committees provided the support is used for purposes other than making contributions directly to candidates for elective office.

85304. No candidate for elective office or committee controlled by that candidate or candidates for elective office shall transfer any contribution to any other candidate for elective office. Transfers of funds between candidates or their controlled committees are prohibited.

85305. (a) This Section shall only apply to candidates who seek elective office during a special election or a special runoff election.

(b) As used in this Section, the following terms have the following meanings.

(1) "Special election cycle" means the day on which the office becomes vacant until the day of the special election.

(2) "Special runoff election cycle" means the day after the special election until the day of the special runoff election.

(c) Notwithstanding Section 85301 or 85303 the following contribution limitations shall apply during special election cycles and special runoff election cycles.

(1) No person shall make, and no candidate for elective office, or campaign treasurer, shall solicit or accept any contribution or loan which would cause the total amount contributed or loaned by that person to that candidate, including contributions or loans to all committees controlled by the candidate, to exceed one thousand dollars ($1,000) during any special election cycle or special runoff election cycle.

(2) No political committee shall make, and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee to that candidate for elective office or any committee controlled by that candidate to exceed two thousand five hundred dollars ($2,500) during any special election cycle or special runoff election cycle.

(3) No broad based political committee or political party shall make and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee or political party to that candidate or any

Continued on page 63

73 Campaign Funding. Contribution Limits. Prohibition of Public Funding. Initiative Statute

Argument in Favor of Proposition 73

Proposition 73 will reform the way political campaigns are financed in California WITHOUT GIVING YOUR TAX MONEY TO POLITICIANS!

Proposition 73 is the *ONLY CAMPAIGN FINANCE PROPOSAL THAT APPLIES TO ALL CALIFORNIA ELECTED OFFICES* including State Senate, State Assembly, statewide constitutional offices and local offices.

Clearly, too much money is being spent on political campaigns today. Candidates and officeholders can be unduly influenced by special interest groups that donate large amounts of money.

Currently in California there is NO LIMIT on the amount that any one DONOR can CONTRIBUTE to a CANDIDATE for office. Contributions of $10,000, $20,000 or $30,000 are routine. $100,000 contributions are becoming commonplace. Proposition 73 will place a reasonable contribution limit on how much any one donor can give to a candidate.

If Proposition 73 is enacted:

Individual contributions to a campaign would be limited to $1,000 per year.

Contributions from businesses and labor unions would be limited to $2,500 per year.

Contributions from political action committees would be limited to $5,000 per year.

Proposition 73 would also:

Place a limit on the amount of money a candidate could take as an honorarium for such things as giving a speech.

Prohibit "transfers"—the practice of political power brokers collecting and transferring huge amounts of money to their anointed candidates.

MOST IMPORTANT OF ALL, PROPOSITION 73 ACCOMPLISHES THIS NEEDED REFORM OF CAMPAIGN FINANCING WITHOUT GIVING YOUR HARD-EARNED TAX MONEY TO POLITICIANS.

In fact, it flatly PROHIBITS candidates' use of any tax money in order to campaign for office.

Too much money is spent on political campaigns today! IT CERTAINLY MAKES NO SENSE TO OPEN THE BIGGEST MONEY SOURCE OF ALL, THE TAXPAYERS' PURSES AND WALLETS.

Keeping government spending under control is hard enough. Imagine how much harder it will be to keep politicians from spending more tax money on the most important thing in their lives—getting elected and reelected.

TAXPAYER FINANCING OF POLITICAL CAMPAIGNS MAKES NO SENSE!

- *STATE SENATE AND ASSEMBLY RACES ALONE COULD COST TAXPAYERS $70 MILLION EVERY TWO YEARS. THIS IS MONEY THAT COULD OTHERWISE PAY FOR POLICE PROTECTION, FIRE PROTECTION OR SCHOOLS.*
- Your tax money would be given to candidates you disagree with. In fact, it would allow *EXTREMIST CANDIDATES SUCH AS COMMUNISTS OR MEMBERS OF THE KU KLUX KLAN TO HAVE THEIR CAMPAIGNS PAID FOR WITH YOUR TAX DOLLARS.*

Fortunately, you have an alternative to taxpayer financing of political campaigns.

PROPOSITION 73 IS THAT ALTERNATIVE.

Every effort to reform the way political campaigns are financed without taxpayer money has been defeated in the State Legislature. In fact, a bill identical to Proposition 73 was defeated by the Legislature at its first committee hearing!

YOU KNOW, THE POLITICIANS WON'T CHANGE A SYSTEM WHICH IS RUN FOR THEIR BENEFIT BY ENACTING THESE VITALLY NEEDED REFORMS. YOU MUST DO THE JOB OR IT WON'T GET DONE AT ALL!!

We must control the overwhelming power that special interests have over our legislative process. It's time for campaign contribution reform.

VOTE YES ON PROPOSITION 73!

JOEL FOX
President, California Tax Reduction Movement

DAN STANFORD
Former Chairman, Fair Political Practices Commission, 1983–85

Rebuttal to Argument in Favor of Proposition 73

DON'T BE FOOLED.

PROPOSITION 73 WAS WRITTEN BY THREE INCUMBENT POLITICIANS. ITS MAIN SUPPORTERS ARE SOME OF THE LARGEST SPECIAL INTEREST LOBBYISTS IN CALIFORNIA.

The proponents of Proposition 73 admit that too much money is being spent on political campaigns. *But Proposition 73 does nothing to limit campaign spending!* In fact, Proposition 73 would actually prohibit the citizens of California from imposing limits on campaign spending.

The proponents of Proposition 73 admit that candidates and officeholders are unduly influenced by large contributions from special interest lobbyists. *But Proposition 73 does nothing to reduce the influence of the special interests!*

Under Proposition 73's so-called "limits," a single special interest group could give incumbent legislators as much as $600,000 per year, or $1.2 million per election cycle. *That's even more than the state's largest lobbying groups contribute now.* JUST IMAGINE HOW MUCH INFLUENCE $1.2 MILLION CAN BUY!

The proponents of Proposition 73 say that they want to limit campaign spending without any public financing. That sounds nice. What they don't tell you is that the *U.S. Supreme Court has ruled that we can't limit campaign spending without providing some form of public funding.* And we can't have effective campaign reform without limiting spending.

PROPOSITION 68 LIMITS CAMPAIGN SPENDING.

PROPOSITION 73 DOES NOT.

PROPOSITION 68 ACHIEVES REAL CAMPAIGN REFORM.

PROPOSITION 73 DOES NOT.

PROPOSITION 68 IS THE CITIZENS' IDEA FOR REFORM.

PROPOSITION 73 IS THE POLITICIANS' AND SPECIAL INTEREST LOBBYISTS' IDEA OF "REFORM."

DON'T BE FOOLED!

VOTE "NO" ON PROPOSITION 73!

CAROL FEDERIGHI
President, League of Women Voters of California

LUCY BLAKE
Executive Director, California League of Conservation Voters

JOHN K. VAN DE KAMP
Attorney General, State of California

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

Campaign Funding. Contribution Limits. Prohibition of Public Funding. Initiative Statute

73

Argument Against Proposition 73

DON'T BE FOOLED!!!

Proposition 73 is the politicians' and lobbyists' attempt to hold onto their power using the disguise of campaign reform.

Proposition 73 does nothing to reduce the influence of big-money contributors.

Proposition 73 would actually prohibit citizens from limiting campaign spending in California.

VOTE "NO" ON PROPOSITION 73!

PROPOSITION 73 IS A FRAUD PROMOTED BY THE POLITICIANS AND SPECIAL INTEREST LOBBYISTS.

The politicians and lobbyists in Sacramento have joined forces in hopes of confusing the public and preventing you from enacting true campaign reform. DON'T BE FOOLED! *Proposition 73 is not reform.*

- Proposition 73 was drafted by three incumbent politicians. Between them, they received *over $2 million* in campaign money for their last elections. One of these legislators alone spent well over $800,000, and *he didn't even have an opponent!* DO THESE SOUND LIKE SPONSORS OF *REAL* CAMPAIGN REFORM?
- Proposition 73 was placed on the ballot with over $250,000 received from incumbent legislators and five of the largest special interest groups in the state. In the last election, *these five lobbying groups contributed over $3 million to legislative candidates!* DO THESE SOUND LIKE SUPPORTERS OF *REAL* CAMPAIGN REFORM?

WHY DO THESE POLITICIANS AND LOBBYISTS WANT PROPOSITION 73? Because it serves their interests and protects them from *true* campaign reform!

PROPOSITION 73 WILL DO NOTHING TO REDUCE THE INFLUENCE OF SPECIAL INTEREST LOBBYISTS AND WILL ACTUALLY PREVENT MEANINGFUL CAMPAIGN FINANCE REFORM:

The real problem with today's election system is *runaway campaign spending.* By 1990, the average Assembly or Senate race will cost $1 million. Yet not only does Proposition 73 fail to limit campaign spending, *it actually prohibits any spending limits in all future campaigns!* NO WONDER THE POLITICIANS AND BIG-SPENDING LOBBYISTS SUPPORT PROPOSITION 73.

Without spending limits, legislators will continue to spend their time stuffing their war chests with money received from special interest groups who want something in return. *And the more money the politicians raise, the more we pay*—in higher taxes, in laws that give special breaks to big contributors, and in elected officials who ignore the needs of the average citizen.

Proposition 73's contribution limits will not solve the campaign finance problem. *Proposition 73's purported "limits" are so full of loopholes that they will have virtually no impact.* A single lobbying group can still give over $2 million to candidates for the Legislature at a single election! NO WONDER THE POLITICIANS AND BIG-SPENDING LOBBYISTS SUPPORT PROPOSITION 73.

The civic and business leaders and organizations who have been working for real campaign finance reform—such as the League of Women Voters and Common Cause—do not support Proposition 73. Passage of Proposition 73 could prevent Proposition 68 from taking effect.

DON'T BE FOOLED!!!

PROPOSITION 73 IS A *TRICK* DESIGNED TO DEFEAT THE *REAL* CAMPAIGN REFORM CONTAINED IN PROPOSITION 68 AND TO PROHIBIT THE CITIZENS FROM EVER CONTROLLING CAMPAIGN SPENDING.

THE SUPPORTERS OF PROPOSITION 73 ARE THE VERY POLITICIANS AND LOBBYISTS WHO PROFIT FROM THE CURRENT SYSTEM.

DON'T BE FOOLED!!!

VOTE *"NO"* ON PROPOSITION 73!

WALTER ZELMAN
Executive Director, California Common Cause

ROY ULRICH
Chairman, California Tax Reform Association

TOM K. HOUSTON
Former Chairman, California Fair Political Practices Commission

Rebuttal to Argument Against Proposition 73

WE MUST REFORM THE WAY POLITICAL CAMPAIGNS ARE FINANCED!

YOU HAVE A CLEAR CHOICE!

Proposition 73 will *PROHIBIT* politicians and special interests from using your tax money to run their campaigns.

IN CONTRAST, Proposition 68 GIVES A BLANK CHECK WORTH MILLIONS OF YOUR TAX DOLLARS TO POLITICIANS, INCLUDING EXTREMISTS, SUCH AS COMMUNISTS OR MEMBERS OF THE KU KLUX KLAN!

The opponents of Proposition 73 understand we are part of a small minority in the Legislature fighting for campaign reform. But these special interests are so intent on increasing their political influence by using your tax money that they will tell any lie!

The *FACT* is that their rival initiative, Proposition 68, was placed on the ballot with nearly *$500,000 in contributions from California's largest corporations and other special interests,* including insurance companies, banks, major developers and other huge corporations that contribute hundreds of thousands of dollars to political campaigns. These same special interests regularly lobby matters before the Legislature.

Under their plan, Proposition 68, contributions from corporations, labor unions and other special interests would be matched with $3 of your tax money for each $1 contributed. WHY ALLOW THESE SPECIAL INTERESTS TO MULTIPLY THEIR POLITICAL INFLUENCE WITH YOUR TAX MONEY?

TAXPAYERS SHOULD NOT BE FORCED TO SHELL OUT UP TO $70 MILLION EVERY TWO YEARS FOR THEIR EXTRAVAGANT PLAN.

Join nearly 600,000 of your fellow Californians who placed Proposition 73 on the ballot. Support true campaign finance reform WITHOUT RAIDING THE STATE TREASURY.

Vote YES on Proposition 73.

QUENTIN L. KOPP
State Senator, 8th District
Independent/San Francisco and San Mateo Counties

JOSEPH B. MONTOYA
State Senator, 26th District
Democratic/Los Angeles County

ROSS JOHNSON
Member of the Assembly, 64th District
Republican/Orange County

74 Deddeh Transportation Bond Act

Official Title and Summary Prepared by the Attorney General

DEDDEH TRANSPORTATION BOND ACT. This act provides for a bond issue of one billion dollars ($1,000,000,000) to provide funds for capital improvements for local streets and roads, state highways, and exclusive public mass transit guideways.

Final Vote Cast by the Legislature on SB 140 (Proposition 74)

Assembly: Ayes 54	Senate: Ayes 27
Noes 14	Noes 7

Analysis by the Legislative Analyst

Background

California finances its transportation system with a combination of federal, state and local money. Historically, most of this money has come from taxes and fees paid by those who use the system. For example, state funds come from a tax of 9 cents per gallon on motor vehicle fuels—mainly gasoline and diesel fuel. The state also collects truck weight fees. These tax and fee revenues are used for state highways, rail transit projects, and local streets and roads, as follows.

State Highway and Rail Transit. About half of the revenues from the motor vehicle fuel tax and all of the revenues from truck weight fees are used for state purposes. In 1988–89, these revenues will amount to about $1 billion. The state will use these funds to (1) design, build and maintain state highways, (2) match federal funds to build new and reconstruct existing highways, and (3) fund rail transit projects. In recent years, state funds have not grown enough to keep pace with demands for transportation improvements. As a result, the state's ability to finance highway and rail transit capital improvements has been reduced.

Local Streets and Roads. The other half of state fuel tax revenues is used by cities and counties for local streets and roads. In 1988–89, these funds will total about $600 million. In addition, counties can impose, if approved by the voters, a local sales tax of up to 1 percent for transportation purposes. At present, four counties have adopted a ½-percent sales tax for transportation. Several other counties are requesting voter approval for a similar tax at this June election.

Counties also can impose a per-gallon tax on motor vehicle fuels, in 1-cent increments, for transportation uses, when the tax is approved by the voters. So far, no county has adopted such a tax.

Proposal

This measure authorizes the state to sell $1 billion of general obligation bonds for capital improvements on state highways, rail transit, and local streets and roads. Capital improvements include project design, land purchases and construction activities. General obligation bonds are backed 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 state will use General Fund revenues to pay the principal and interest costs of the bonds. General Fund revenues are derived primarily from the state corporate and personal income taxes and the state sales tax.

The bond money would supplement other state and federal transportation moneys. All these funds would be applied toward target levels of transportation activities established in current law. These target levels include: (1) $1 billion annually to expand the state's highway system, (2) $75 million annually for rail transit projects, and (3) $15 million annually for highway soundwall (noise abatement) projects. In addition, the bond money could be used to provide $300 million in 1990–91 to match local funds to improve certain state highways, local roads, or rail transit projects.

Fiscal Effect

Direct Costs of Paying Off the Bonds. The state would make principal and interest payments on these bonds from the state's General Fund over a period of about 20 years. Assuming all of the authorized bonds are sold at an interest rate of 7.5 percent, the cost would be about $1.8 billion to pay off both the principal ($1 billion) and interest (about $790 million). The average payment for principal and interest would be about $90 million per year.

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.

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 140 (Statutes of 1988, Ch. 24) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

PROPOSED LAW

SEC. 17. Chapter 17 (commencing with Section 2700) is added to Division 3 of the Streets and Highways Code, to read:

CHAPTER 17. DEDDEH TRANSPORTATION BOND ACT

Article 1. General Provisions

2700. This chapter shall be known and may be cited as the Deddeh Transportation Bond Act.

2701. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the Transportation Improvement Finance Committee created pursuant to Section 2712.

(b) "Department" means the Department of Transportation.

(c) "Fund" means the Transportation Improvement Bond Fund created pursuant to Section 2705.

Article 2. Transportation Improvement Program

2705. The proceeds of notes and bonds issued and sold pursuant to this chapter shall be deposited in the Transportation Improvement Bond Fund, which is hereby created.

2706. The money in the fund, upon appropriation by the Legislature, shall be available for expenditure without regard to fiscal years for state highway and exclusive public mass transit guideway capital improvements in accordance with Chapter 2 (commencing with Section 14520) of Part 5.3 of Division 3 of Title 2 of the Government Code and for local community transportation capital improvements on local streets and roads, state highways, and those guideway projects.

Article 3. Fiscal Provisions

2710. Notes and bonds in the total amount of one billion dollars ($1,000,000,000), exclusive of refunding bonds, 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 notices and 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 notes and bonds as the principal and interest become due and payable.

2711. (a) Except as provided in subdivision (b), the notes and 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 notes and bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

(b) Notwithstanding any other provision of this chapter or the State General Obligation Bond Law, the following applies:

(1) Each issue of bonds authorized by the committee shall have a final maturity of 20 years and shall be structured to provide, as nearly as possible, level principal payments over the life of the bonds.

(2) Any bonds may be called and redeemed prior to their stated maturity only from the proceeds of refunding bonds or from funds appropriated by the Legislature which are proceeds of taxes of the state anticipated to exceed the state's appropriations limit for any fiscal year, if the amount used to redeem the bonds does not exceed the amount which is certified by the Controller to be the excess of proceeds of taxes for that fiscal year, as those terms are defined in Article XIII B of the California Constitution. For purposes of this paragraph, the use of proceeds of taxes to redeem bonds prior to their stated maturity shall be deemed to be the payment of debt service on the bonds within the meaning of Article XIII B. The dedication of the proceeds of taxes to an escrow fund to redeem the bonds on the first date on which they may be redeemed shall also be deemed as payment of debt service on the bonds within the meaning of Article XIII B.

2712. (a) The Transportation Improvement Finance Committee is hereby created. For purposes of this chapter, the Transportation Improvement Finance Committee is "the committee" as that term is 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 committee consists of the Treasurer, the Director of Finance, the Controller, the Director of Transportation, and the Lieutenant Governor, or their designated representative. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Transportation is designated the "board."

2713. The committee shall determine whether it is necessary or desirable to issue notes and bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 2706, and if so, the amount of notes and bonds to be issued and sold. Successive issues of notes and bonds may be issued and sold to carry out those actions progressively, and it is not necessary that all of the notes and bonds so authorized be issued and sold at any one time. The committee shall consider program funding needs, revenue projections, financial market conditions, and other necessary factors in determining the shortest feasible term for the notes and bonds issued.

2714. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, the sum, in addition to the ordinary revenues of the state, required to pay the principal of, and interest on, the notes and bonds due and payable 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 is necessary to collect the additional sum.

2715. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, without regard to fiscal years, for the purpose of this chapter, an amount equal to that sum annually necessary to pay the principal of, and the interest on, the notes and bonds issued and sold pursuant to this chapter as the principal and interest become due and payable.

2716. Money may be transferred from the fund to the State Transportation Fund to reimburse the State Highway Account for expenditures made subsequent to the adoption of this chapter by the voters for the purposes of state highway and exclusive public mass transit guideway capital improvements in accordance with Chapter 2 (commencing with Section 14520) of Part 5.5 of Division 3 of Title 2 of the Government Code as specified in Section 2706.

The aggregate amounts that may be transferred under this sections shall not be in excess of amounts appropriated by the Legislature from the fund for that purpose.

2717. The board may request a loan from the General Fund or the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter.

The amount of the request shall not exceed the amount of the unsold notes and bonds which the committee has, by resolution, authorized to be sold for the purposes of carrying out this chapter. Money received from the sale of bonds shall be used to repay the loan.

Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

2718. All money deposited in the fund which is derived from premium and accrued interest on notes and 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.

2719. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of the state for the issuance of bonds shall include approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

2720. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of notes and 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.

2721. The Department of Transportation shall be responsible for the administration of all money in the fund. In consultation with the Treasurer and the Director of Finance, the department shall establish the procedures necessary to ensure compliance with all state and federal laws pertaining to the sale and use of general obligation bonds.

74 Deddeh Transportation Bond Act

DRAFT

Argument in Favor of Proposition 74

A yes vote on Proposition 74 is a vote for more and better highways. It is a vote for better public transportation and better local streets and roads.

If you are one of the millions of Californians meeting irritating delays driving to and from work, Proposition 74 is especially important to you. Even if you are not a California commuter, Proposition 74 is still important to you. Making sure people and goods can move efficiently on our state's transportation system means getting products and services where they are needed and at a lower price. More efficient highways also mean cleaner air.

The roads and public transportation built with Proposition 74 money will be working for all Californians into the next century. Proposition 74 will let all Californians who benefit, then and now, share in the cost.

Proposition 74 will provide a billion dollars for transportation. Local governments will be eligible to share $300 million for whatever local priorities call for—streets, roads, public transportation improvements, or locally important additions to the state highway system. Seven hundred million dollars will be used for state highways, public transportation facilities, and soundwalls along busy freeways.

Our state has the finest transportation system in the country. We have pioneered designs and technology that are imitated all over the world. We have met the challenge of building a highway system that is second to none. Now the challenge is to add the new lanes, the new interchanges, and the new highways in growing areas that California must have for jobs and healthy economy.

We urge you to vote YES on Proposition 74.

GEORGE DEUKMEJIAN
Governor
WADIE DEDDEH
Member of the Senate, 40th District
TOM HAWTHORNE
Chairman, California Transportation Commission

Rebuttal to Argument in Favor of Proposition 74

A yes vote on Proposition 74 does not begin to meet California's transportation needs. *A yes vote is a vote for the most expensive streets and highways in our state's history.*

In fact, this bond measure is a revolutionary departure from a decades-old pay-as-you-go tradition that allowed us to build the nation's best transportation system. For this $1 billion, California taxpayers will pay more than $2 billion in debt service and other costs. We don't have to travel down this road of fiscal mismanagement.

Only 1/15th of our minimal transportation needs over the next decade will even be addressed by Proposition 74, so let's recognize this bond proposal for what it is—an expensive hoax on the state's taxpayers.

Californians are being asked to approve an unprecedented $6 billion in bonds this year. What the sponsors don't talk about is the fact that *this transportation bond costs taxpayers twice as much as the pay-as-you-go system that the state has traditionally used.*

A no vote on Proposition 74 sends a message to the Legislature and the Governor that Californians want real answers to our transportation needs. A no vote says our state is not willing to blindly travel down a path of deficit financing.

Vote for fiscal responsibility. Vote no on Proposition 74 and tell state government that you want real transportation solutions, not expensive propositions that won't even do the job.

Sincerely,

VIC FAZIO
Congressman, 4th District
JOHN GARAMENDI
State Senator, 5th District
GOVERNOR EDMUND G. (PAT) BROWN
Former Governor, State of California

DRAFT

Deddeh Transportation Bond Act 74

Argument Against Proposition 74

Transportation *is* a critical problem in California. However, bond financing *is not* an effective solution for the state's taxpayers.

This 1.1-billion-dollar bond will cost today's taxpayers and our children more than $2 billion when the interest costs are finally paid for twenty years down the road.

Historically, Californians have built the best highway system in the nation on a pay-as-you-go basis. When we needed new roads or transit systems we paid for them through the gas tax and other direct revenue sources. The revolutionary change we are being asked to approve in bond financing for highway construction is just another step down the road of fiscal irresponsibility.

If this example of deficit financing would solve California's transportation problems, what's around the corner might not be so frightening. But it won't. The California Transportation Commission estimates that over the next five years our state will still be *$1.6 billion short of meeting our immediate transportation needs*, so even if this bond is approved we will merely speed through one warning sign of impending gridlock for a brief moment while we borrow against our children's future in the same motion. This bond act does not represent progress, but a blind denial of the challenges ahead in the mistaken belief that our transportation problems will simply fade away.

Under the Deukmejian Administration, California is now last of all 50 states in per capita spending on highways. This band-aid, deficit financing approach of taking out loans to pay for transportation is too expensive and too shortsighted. For decades, both Republicans and Democrats have agreed that pay-as-you-go funding of transportation is the responsible path to take. Members of both parties also acknowledge that between $15 and $20 billion will be needed to meet the state's transportation requirements by the year 2000.

There is no free lunch when it comes to addressing our transportation needs. Let's face this issue squarely and vote no on Proposition 74. Bond financing of our transportation system represents a radical break with California's past, and a betrayal of California's future.

Sincerely,

JOHN GARAMENDI
State Senator, 5th District
BILL LOCKYER
State Senator, 10th District
MIKE ROOS
Speaker pro Tempore, State Assembly

Rebuttal to Argument Against Proposition 74

Proposition 74 is a cost-effective way to build more roads and improve California's transportation network, without raising your taxes.

THE OPPONENTS' ALTERNATIVE TO PROPOSITION 74 IS TO INCREASE TAXES OVER A BILLION DOLLARS. IF THAT'S WHAT THEY WANTED, WHY DIDN'T THEY PLACE A TAX INCREASE PROPOSAL ON THE BALLOT AND LET THE PEOPLE VOTE ON IT?

Bonds have been used to build public facilities of all kinds in California, and are used for transportation in ~~many~~ MANY other states. They can effectively be used to build roads here in California as well.

Every resident who has a mortgage payment or a car payment recognizes that it makes good sense to invest in major purchases and pay back the investment over time. The same holds true for the transportation system you and your children will use for years to come.

Proposition 74 does not replace historic funding methods. It helps meet today's unique transportation challenges. It guarantees that projects planned throughout the state will be built. It assures that we will receive our full share of federal highway funds.

THE BONDS IN PROPOSITION 74 ARE NOT REQUIRED TO BE PAID BACK OVER 20 YEARS AS THE OPPONENTS CLAIM. PROPOSITION 74 ALLOWS THEM TO BE PAID OFF AT AN EARLIER TIME AT A SAVING TO THE TAXPAYERS.

We need to address our critical transportation needs *now*. The opposition agrees that additional funding is necessary to improve California's transportation network. But other than raising taxes, the opposition offers no solutions. Let us use a method employed in many other states to allow us to build new roads *now*.

GEORGE DEUKMEJIAN
Governor
WADIE DEDDEH
Member of the Senate, 40th District
TOM HAWTHORNE
Chairman, California Transportation Commission

75 School Facilities Bond Act of 1988 DRAFT

Official Title and Summary Prepared by the Attorney General

SCHOOL FACILITIES BOND ACT OF 1988. This act provides for a bond issue of eight hundred million dollars ($800,000,000) to provide capital outlay for construction or improvement of public schools.

Final Vote Cast by the Legislature on AB 48 (Proposition 75)

Assembly: Ayes 72	Senate: Ayes 33
Noes 1	Noes 0

Analysis by the Legislative Analyst

Background

The State School Building Lease-Purchase Program provides most of the money used by local public school districts to construct, reconstruct, or modernize school facilities. In order to receive money under this program, school districts must (1) meet specified eligibility requirements, and (2) contribute matching funds, based on the maximum amount of fees which they are allowed to collect from developers, as discussed below.

School districts also may raise funds for school facilities construction and reconstruction in three other ways. These are:

1. **The Mello-Roos Community Facilities Act of 1982.** Since January 1, 1983, school districts have been authorized to form special "community facilities" districts. Subject to the approval of two-thirds of the voters, these special districts can sell bonds to raise revenue to build new, or rehabilitate existing, school facilities. The bonds are paid off by a tax levied upon the real property located within the special district.

2. **Local General Obligation Bonds.** Proposition 46 on the June 1986 ballot gave school districts the ability to sell local school construction bonds, subject to a two-thirds voter approval. These bonds are paid off by increased property taxes.

3. **Developer Fees.** Since January 1, 1987, school districts have been authorized to impose developer fees. As of June 1, 1988, the maximum fee is $1.53 per square foot on new construction of residential buildings, and 25 cents per square foot on new construction of commercial or industrial buildings. These fees can be used only for construction or reconstruction of school facilities.

School Facilities Funding Needs. The total number of additional school facilities needed to meet current enrollment in the state is not known. As of January 27, 1988, however, applications submitted by school districts for state funding of new school construction projects totaled approximately $2.6 billion. In addition, applications for state funding of reconstruction or rehabilitation of school facilities totaled approximately $1 billion. Currently, there are no state funds available to fund these requests.

Proposal

This measure would authorize the state to sell $800 million in general obligation bonds to pay for (1) the construction, reconstruction, or modernization of elementary and secondary school facilities through the State School Building Lease-Purchase Program, (2) portable classrooms, and (3) air-conditioning equipment and insulation materials for year-round schools. General obligation bonds are backed 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 state will use General Fund revenues to pay the principal and interest costs of the bonds. General Fund revenues come primarily from the state corporate and personal income taxes and the state sales tax.

The money raised from the bond sales would be used as follows:

- At least $590 million would be used for the construction of *new* school facilities.
- No more than $120 million could be used for the reconstruction or modernization of *existing* school facilities.
- No more than $50 million could be used to purchase portable classrooms.
- No more than $40 million could be used to buy and install air-conditioning equipment and insulation materials for eligible school districts with year-round school programs.

Fiscal Effect

This measure will have a fiscal effect whether it is approved or rejected by the voters.

A. **Fiscal Effect if *Approved* by the Voters.**

- **Direct Costs of Paying Off the Bonds.** For these types of bonds, the state typically would make principal and interest payments from the state's General Fund over a period of up to 20 years. Assuming all of the bonds are sold at an interest rate of 7.5 percent, the cost would be about $1.4 billion to pay off both the principal ($800 million) and interest (about $630 million). The average payment for principal and interest would be about $70 million per year.
- **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.
- **Impact on 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 taxable investments, the state would collect less taxes. This loss of revenue cannot be estimated.

B. Fiscal Effect if *Not Approved* by the Voters

- **Local Matching Contribution Would Be Eliminated.** If this measure is not approved by the voters, existing law provides for termination of the requirement that matching contributions be made by school districts participating in the State School Building Lease-Purchase Program. The loss of local matching funds would result either in (1) fewer schools being constructed under this program, or (2) potential, unknown additional state cost to the program to pay the entire amount of any school facility it finances.

Text of Proposed Law

This law proposed by Assembly Bill 48 (Statutes of 1988, Ch. 25) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

PROPOSED LAW

SECTION 1. Chapter 21.8 (commencing with Section 17697) is added to Part 10 of the Education Code, to read:

CHAPTER 21.8. SCHOOL FACILITIES BOND ACT OF 1988

17697. This chapter may be cited as the School Facilities Bond Act of 1988.

17697.10. The State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and that law.

17697.15. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 15909.

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

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

17697.20. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the Leroy F. Greene State School Building Lease-Purchase Law of 1976 (Chapter 22 (commencing with Section 17700)), the purposes authorized under Section 17697.75, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of eight hundred million dollars ($800,000,000), exclusive of refunding bonds issued pursuant to Section 17697.85, in the manner provided herein, but not in excess thereof.

17697.25. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

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

On the several dates of maturity of the principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund exclusive of funds transferred pursuant to subdivision (f) of Section 6217 of the Public Resources Code, not in excess of the principal of and interest on the bonds then due and payable, except as herein provided for the prior redemption of the bonds, and, in the event the money so returned on the dates of maturity is less than the principal and interest then due and payable, then the balance remaining unpaid shall be returned to the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

17697.30. All money deposited in the fund under Section 17732 and pursuant to Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code shall be available only for transfer to the General Fund, as provided in Section 17697.25. When transferred to the General Fund, the money shall be applied as a reimbursement of the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by the transfer of funds.

17697.35. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, an amount that will equal the following:

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

(b) The sum as is necessary to carry out Section 17697.40, which sum is appropriated without regard to fiscal years.

17697.40. For the purposes of carrying out the provisions of this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds sold for the purpose of carrying out this chapter.

17697.45. Upon request of the board from time to time, supported by a statement of the apportionments made and to be made under Chapter 22 (commencing with Section 17700), the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to fund the apportionments, and, if so, the amount of bonds to be issued and sold. The Treasurer shall sell the bonds so determined at such different times as necessary to service expenditures required by the apportionments.

17697.50. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, the computation to be made on a 360-day-year basis.

17697.55. 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.

17697.60. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 17697.25 to pay principal and interest on bonds.

17697.65. With respect to the proceeds of bonds authorized by this chapter, all provisions of Chapter 22 (commencing with Section 17700) shall apply.

17697.70. Out of the first money realized from the sale of bonds under this chapter, there shall be repaid any moneys advanced or loaned to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act.

17697.75. (a) Of the proceeds from the sale of bonds pursuant to this chapter:

(1) Not more than one hundred twenty million dollars ($120,000,000) may be used for the reconstruction or modernization of facilities within the meaning of Chapter 22 (commencing with Section 17700).

(2) Not more than forty million dollars ($40,000,000) may be used for the purchase and installation of air-conditioning equipment and insulation materials pursuant to Section 42250.1.

(3) Not more than fifty million dollars ($50,000,000) may be used for the acquisition of portable classrooms for use in accordance with Chapter 25 (commencing with Section 17785).

(b) Notwithstanding subdivision (a), in the event the board determines at any time that the maximum amount made available pursuant to any of the paragraphs in that subdivision exceeds the amount necessary to fund the qualified recipients of the apportionment authorized under that paragraph, the board may expend any portion of that excess for the construction of new school facilities pursuant to Chapter 22 (commencing with Section 17700) or for any one or more of the purposes described in subdivision (a).

17697.80. 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.

17697.85. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of these bonds shall include the approval of any bonds issued to refund any bonds originally issued or previously issued refunding bonds.

17697.90. The board may request the Pooled Money Investment Board to make a loan from the pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

75 School Facilities Bond Act of 1988

Argument in Favor of Proposition 75

More than 140,000 new students are entering California's public schools EACH YEAR. Housing these new students means building an average of 10 classrooms every day, seven days a week, 52 weeks a year!

California presently has overcrowded schools and a severe classroom shortage because of population growth. Yet, over the next two years, California must find additional classroom space for more than a QUARTER OF A MILLION NEW STUDENTS.

Our schools are improving: Test scores are up and students are taking more challenging courses than ever before. But this progress is threatened by an explosion in public school enrollments.

Your YES vote on Proposition 75 will provide classrooms for these students, prevent overcrowding, and help avoid double sessions.

In addition to funding new school construction, your YES vote on Proposition 75 will promote more efficient use of existing school buildings. It will help provide new schools in growing areas and badly needed repairs to older schools.

Funding for school construction in California is a partnership between local schools and the state. Using bonds to pay for schools is a safe and financially sound California tradition. Your YES vote on Proposition 75 WILL NOT RAISE TAXES. Your YES vote on Proposition 75 will fulfill the state's commitment to relieve the serious overcrowding facing our schools.

Please join us in voting YES on Proposition 75.

GEORGE DEUKMEJIAN
Governor

BILL HONIG
Superintendent of Public Instruction

JACK O'CONNELL
Member of the Assembly, 35th District

Rebuttal to Argument in Favor of Proposition 75

If I thought giving more money to education would solve the problem, I would be the first to give.

However, our schools are NOT improving. Test scores have gone up slightly only because Superintendent Honig changed the way we calculate test scores. Progress in education is not being threatened as much by a lack of classroom space as it is by a lack of confidence on the part of those people who are being asked to foot the bill.

For many years we had a declining enrollment in our public school systems. During that time we sold off many school sites, hired more bureaucrats and increased employee benefits far beyond what the private sector can expect.

As an example, one school district pays up to $4,582 a year per employee for a most generous health plan. It allows for school employees to have cosmetic surgery—from facelifts to tummy tucks—paid for by the taxpayer. That very school district recently announced a dropout rate of over 40%.

But, many districts currently expend around 90% of their budget on employee salaries and benefits.

Then when they have no money for new construction, they come crying to the voters for bond approval.

Well, I say NO DICE! Let the educational bureaucracy go back to the drawing board and get rid of cosmetic surgery, restrict the $100,000-plus salaries and benefit packages, and free vacation retreats. Then come back to the voters with a program that helps children.

Vote NO on Proposition 75.

TED COSTA
Assistant to Paul Gann
People's Advocate

DRAFT

School Facilities Bond Act of 1988 — 75

Argument Against Proposition 75

Proposition 75 is part of a 6.2-billion-dollar bond package agreed to by our Legislature for the June and November ballots.

There are three facts voters should know before deciding:

- SOMEONE IS GOING TO HAVE TO PAY OFF THESE BONDS. WHEN YOU ADD INTEREST THEY COST 2 TO 3 TIMES AS MUCH.
- BONDS ARE AN END-RUN AROUND THE GANN SPENDING LIMIT PASSED BY VOTERS IN 1979 BY OVER 74%.
- CALIFORNIA TAXPAYERS ARE ALREADY OVERBURDENED WITH A MASSIVE PUBLIC DEBT.

Listed below are many of California's outstanding public debts:

100,000,000,000 dollars[1] (100 billion)	For post-retirement health care benefits to 1.4 million state and local employees.
11,000,000,000 dollars[2] (11 billion)	Unfunded liability of the teachers' retirement system.
600,000,000 dollars[2]	Unfunded liability of the judges' retirement system.
20,000,000 dollars[2]	Unfunded liability of the legislators' retirement system.
23,000,000,000 dollars[3] (23 billion)	Certificates of participation.
10,000,000,000 dollars[3] (10 billion)	Estimated local government debt.
20,000,000,000 dollars[4] (20 billion)	Other state bonds.
7,000,000,000 dollars[5] (7 billion)	Accrued vacation and sick leave time of governmental employees.

[1] According to Legislative Analyst's Office: "Funding PERS Health Care Costs" October 28, 1987.

[2] Official actuarial shortfalls. Employees have a contractual right to receive a pension.

[3] California Debt Advisory Commission, Vol. 6, No. 2, February 1987.

[4] Voter-approved.

[5] According to Legislative Analyst's Office, July 21, 1986: as the amount it would take to buy out accrued vacation and sick leave time of state and local employees.

The California State Budget is well over 40 billion dollars a year. That amount is ample to finance the many worthwhile spending needs of this state.

And now comes Proposition 75. It's just another straw on the backs of the taxpayers that burdens their future and ultimately means less money for future worthwhile projects.

The state's educational bureaucracy has received over one billion dollars in new funding over the last 4 years. In addition, lottery proceeds have generated over 2 billion dollars for our schools.

Taxpayers have a right to expect accountability from the state's educational bureaucracy. But, thus far, I've seen very little.

Even many school board members can't figure out exactly how 2 billion dollars in lottery proceeds is being spent.

Voters, please join with me and vote NO on Proposition 75. LET'S DEMAND OUR SCHOOLS LIVE WITHIN THEIR BUDGETS.

TED COSTA
Assistant to Paul Gann
People's Advocate

Rebuttal to Argument Against Proposition 75

- CALIFORNIA IS THE LARGEST AND MOST PROSPEROUS STATE IN THE NATION. IF CALIFORNIA WERE A SEPARATE COUNTRY IT WOULD BE THE 7TH RICHEST NATION ON EARTH.
- CALIFORNIA'S ECONOMY CAN EASILY HANDLE THE ADDITIONAL BONDS PROPOSED BY PROPOSITION 75 TO FINANCE CRITICALLY NEEDED SCHOOLS.
- CALIFORNIA HAS THE LOWEST LEVEL OF BONDED DEBT OF ANY LARGE INDUSTRIAL STATE IN THE NATION.
- PROPOSITION 75 USES THE SAME FINANCING MECHANISM THAT IS PREFERRED BY PRIVATE INDUSTRY TO FUND THEIR CAPITAL OUTLAY PROJECTS.
- PROPOSITION 75 CONFORMS TO THE LETTER AND THE SPIRIT OF THE GANN SPENDING LIMIT. THE SPENDING LIMIT SPECIFICALLY ALLOWS THE USE OF BONDS TO BUILD SCHOOLS.
- SCHOOL DISTRICTS ARE PROHIBITED BY LAW FROM USING LOTTERY FUNDS FOR CONSTRUCTION. LOTTERY FUNDS ARE BEING USED AS THE VOTERS INTENDED: TO IMPROVE CLASSROOM INSTRUCTION.
- SINCE 1983 CALIFORNIA HAS RAISED EDUCATIONAL STANDARDS AND TIGHTENED FINANCIAL CONTROLS. OUR SCHOOLS ARE IMPROVING.
- USING BONDS TO BUILD SCHOOLS FOR THE NEXT GENERATION OF CALIFORNIANS IS A FAIR DEAL FOR TAXPAYERS. VOTE YES ON PROPOSITION 75.

GEORGE DEUKMEJIAN
Governor

BILL HONIG
Superintendent of Public Instruction

JACK O'CONNELL
Member of the Assembly, 35th District

76 Veterans Bond Act of 1988

DRAFT

Official Title and Summary Prepared by the Attorney General

VETERANS BOND ACT OF 1988. This act provides for a bond issue of five hundred ten million dollars ($510,000,000) to provide farm and home aid for California veterans.

Final Vote Cast by the Legislature on AB 69 (Proposition 76)

Assembly: Ayes 77	Senate: Ayes 32
Noes 0	Noes 1

Analysis by the Legislative Analyst

Background

Since 1921, the voters have approved a total of about $6.6 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.

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 $510 million in general obligation bonds for the Cal-Vet program. The Department of Veterans Affairs advises that these bonds would provide sufficient funds to enable about 6,300 additional veterans to participate.

Fiscal Effect

Direct Cost of Paying Off the Bonds. The bonds authorized by this measure probably would be paid off over a period of up to 25 years. Assuming all of the authorized bonds are sold at an interest rate of 7.5 percent, the cost would be about $1.1 billion to pay off both the principal ($510 million) and interest (about $610 million). The average payment for principal and interest would be about $45 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.

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.

Impact on 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 69 (Statutes of 1988, Ch. 26) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

PROPOSED LAW

SEC. 2. Article 5t (commencing with Section 998.085) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5t. Veterans Bond Act of 1988

998.085. This article may be cited as the Veterans Bond Act of 1988.

998.086. 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.

998.087. 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.

998.088. 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 five hundred ten million dollars ($510,000,000) in the manner provided herein.

998.089. 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.

998.090. 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 998.091, appropriated without regard to fiscal years.

998.091. 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.

998.092. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter. The amount of the request shall not exceed the amount of unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The board shall execute whatever documents are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

998.093. 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.

998.094. 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.

998.095. 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.

998.096. 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.

998.097. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

76 Veterans Bond Act of 1988

DRAFT

Argument in Favor of Proposition 76

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 best expressed by a 67-year tradition of support for Cal-Vet bonds which, *at no cost to taxpayers,* provides California veterans with loans used to purchase or improve homes, mobilehomes, and farms.

This bond act will provide approximately 9,500 low-interest loans for veterans of Vietnam and veterans of other wars who have been disabled. It will allow these more recent veterans to join nearly 400,000 veterans of World War I, World War II, and Korea who have been assisted in rejoining the mainstream of California life through ownership of a home or farm. There are still approximately 500,000 veterans eligible for the Cal-Vet Home Loan Program.

The most remarkable feature of the Cal-Vet Program is the fact that it is totally self-supporting. All principal and interest owed to bondholders and all administrative costs are repaid through contractual payments received from veterans who hold Cal-Vet loans. *No taxpayer money has ever been needed to repay Cal-Vet bonds or to run the Cal-Vet Program!*

Along with assisting veterans, the Cal-Vet Program provides a needed stimulus to California's overall economy as money used to purchase new and existing homes generates jobs and opportunities for businesses, professions, and trades connected with the state's housing industry.

This act was approved overwhelmingly on bipartisan votes of the Assembly and the Senate. It is endorsed by every major veterans' organization in the state.

We respectfully ask you to vote FOR the Veterans Bond Act of 1988 so that California can continue to keep its commitment to the thousands of qualified veterans who need and rightfully deserve this important benefit.

STEVE CLUTE
Member of the Assembly, 68th District

RUBEN AYALA
Member of the Senate, 34th District

Rebuttal to Argument in Favor of Proposition 76

Debt is debt! Don't let anyone tell you it can't cost you. Should a state economic problem develop, and the vets would be unable to make their payments causing the Cal-Vet program to default on its bond obligation, it would then be the responsibility of the state to pick up the tab. That means more money out of the taxpayers' pocket, in this case it could mean hundreds of millions of dollars.

The national debt is now trillions of dollars of which we Californians owe approximately $\frac{1}{10}$th; we don't need to contribute any more by adding our state debt obligations.

The state and nation are both up to their "bazoos" in debt and only a "bozo" would want more.

Vote NO on Proposition 76.

H. L. RICHARDSON
State Senator, 25th District

Argument Against Proposition 76

I am a World War II veteran. Also, I have been a California legislator for 22 years and have watched the state go deeper and deeper into bond indebtedness. As of June 30, 1987, the total bond indebtedness of the state was $23,100,000,000.00 ($23.1 billion). Now, over $3,100,000,000.00 ($3.1 billion) in additional bond indebtedness is being offered, at this election, to the taxpayers.

I believe the state is already up to its "bazoo" in debt! Vote NO on Proposition 76.

H. L. RICHARDSON
State Senator, 25th District

Rebuttal to Argument Against Proposition 76

As we have stated in the previous argument the Cal-Vet Home Loan Program and the bonds used to finance this program have *never* cost the taxpayers one cent. The entire cost of the bond, including principal, interest and administrative cost, is borne entirely by the borrower of the funds. The brokerage houses in the State of California have always rated the Cal-Vet bonds as AAA. The state has never defaulted on these bonds during its 67 years of experience *because the entire cost is borne by the people who borrow the funds.*

The Cal-Vet bonds are a benefit to the veterans of California that the veterans pay for themselves, with the state being a cosigner for the bonds.

STEVE CLUTE,
State Assemblyman, 68th District
RUBEN AYALA
State Senator, 34th District

77 California Earthquake Safety and Housing Rehabilitation Bond Act of 1988

Official Title and Summary Prepared by the Attorney General

CALIFORNIA EARTHQUAKE SAFETY AND HOUSING REHABILITATION BOND ACT OF 1988. This act provides for a bond issue of one hundred fifty million dollars ($150,000,000) to provide funds for a California Earthquake Safety and Housing Rehabilitation program.

Final Vote Cast by the Legislature on AB 2032 (Proposition 77)

Assembly:	Senate:
Ayes 58	Ayes 27
Noes 16	Noes 4

Analysis by the Legislative Analyst

Background

The state administers various housing programs to help meet the need in California for affordable and decent housing. One of these programs, a housing rehabilitation program, provides deferred-payment loans for the purchase and repair of housing units occupied primarily by low-income persons. Generally, this program provides loans at 3 percent annual interest with no repayment of principal until the end of the loan period (which can range up to 30 years).

Proposal

This measure authorizes the state to sell $150 million in general obligation bonds for housing rehabilitation programs. General obligation bonds are backed 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 state's General Fund would pay the principal and interest costs on these bonds. General Fund revenues come primarily from state corporate and personal income taxes and sales taxes.

The Department of Housing and Community Development would use the $150 million for two purposes:

Earthquake-Safety Rehabilitation Program. The department would use $80 million for a new program of deferred-payment loans to owners of potentially unsafe apartment buildings. The loans would be used to reinforce apartments built with masonry materials (such as stone, brick, tile, and cinder block) in order to increase their ability to withstand earthquakes. For a building to be eligible for a loan, it must be identified by a local government as being potentially hazardous. This new program would operate under the general guidelines of the existing housing rehabilitation program.

Existing Housing Rehabilitation Program. The department would use the remaining $70 million for its existing housing rehabilitation program of deferred- payment loans to homeowners and owners of rental housing. The loans would be used to purchase and repair housing units to ensure that they are safe and fit for occupancy.

The measure would allow the department to transfer unused moneys every two years between the earthquake-safety rehabilitation program and the housing rehabilitation program. The measure further provides that loan repayments would be used to make more loans under these programs rather than to pay off the bonds.

Fiscal Effect

Direct Cost of Paying Off the Bonds. For these types of bonds, the state typically would make principal and interest payments from the state's General Fund over a period of about 20 years. Assuming all of the authorized bonds are sold at an interest rate of 7.5 percent, the cost would be about $270 million to pay off both the principal ($150 million) and interest ($120 million). The average payment would be about $13 million each year.

Borrowing Costs for Other Bonds. By increasing the amount that the state borrows through bond sales, this measure may cause the state and local governments to pay higher interest costs on bonds sold to support other programs. These higher interest costs, which would result from higher interest rates, cannot be estimated.

Impact on 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 taxable investments, the state would collect less income taxes. This loss of revenue cannot be estimated.

This law proposed by Assembly Bill 2032 (Statutes of 1988, Ch. 27) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

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

PROPOSED LAW

SEC. 2. Chapter 12.45 (commencing with Section 8878.15) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 12.45. CALIFORNIA EARTHQUAKE SAFETY AND HOUSING REHABILITATION BOND ACT OF 1988

Article 1. General Provisions

8878.15. This chapter shall be known and may be cited as the California Earthquake Safety and Housing Rehabilitation Bond Act of 1988.

8878.16. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words have the following meanings:

(a) "Committee" means the California Earthquake Safety and Housing Rehabilitation Finance Committee.

(b) "Department" means Department of Housing and Community Development.

(c) "Fund" means the Housing Rehabilitation Loan Fund establish by Section 50661 of the Health and Safety Code.

(d) "Local agency" means any city, city and county, or county.

Article 2. California Earthquake Safety and Housing Rehabilitation Program

8878.20. (a) Of the proceeds of bonds issued and sold pursuant to this chapter, eighty million dollars ($80,000,000) shall be deposited in a special account in the Housing Rehabilitation Loan Fund and shall be used by the department, in accordance with the criteria and priorities now or hereafter established by statute, to make deferred payment loans to increase the ability of unreinforced masonry multifamily residential structures to withstand earthquakes. To be eligible for a loan funded pursuant to this section, not less than 70 percent of the tenants shall be households specified in Section 50079.5 of the Health and Safety Code.

(b) Prior to making commitments under this program for loans in a particular local agency's jurisdiction, the department shall determine that the local agency has completed an inventory of the unreinforced masonry structures within its jurisdiction and has adopted a mitigation ordinance pursuant to Section 8875.2 or Section 19163 of the Health and Safety Code. The local agency shall establish criteria, terms, and conditions to identify eligible rental housing development. Only structures identified as potentially hazardous buildings by a local agency, in accordance with criteria of Section 8875, shall be eligible for the loans.

(c) All seismic safety rehabilitation improvements made with loans funded pursuant to this section shall be in accordance with a plan developed for the structure by a civil engineer or architect.

(d) Loans made pursuant to this section shall constitute liens in favor of the department. Payments of the principal of, and interest on, the loans shall be deposited in the Housing Rehabilitation Loan Fund.

8878.21. Of the proceeds of bonds issued and sold pursuant to this chapter, seventy million dollars ($70,000,000) shall be deposited in a special account in the Housing Rehabilitation Loan Fund and shall be used by the department, in accordance with the criteria and priorities now or hereafter established by statute, for the housing rehabilitation loan programs authorized by Chapter 6.5 (commencing with Section 50660) of Part 2 of Division 31 of the Health and Safety Code, including the Special User Housing Rehabilitation Program authorized by Section 50670 of the Health and Safety Code, but not including the special program authorized by Section 50662.5. However, none of the moneys allocated pursuant to this section shall be used to make deferred payment loans to acquire residential hotels.

8878.22. Notwithstanding the allocation of bond proceeds specified in Sections 8878.20 and 8878.21, the director of the department every two years, commencing June 30, 1990, may reallocate the bond proceeds pursuant to this section between the accounts established in the Housing Rehabilitation Loan Fund by Sections 8878.20 and 8878.21. The director of the department may reallocate these moneys as necessary to satisfy program needs if demand for loans from one of the accounts substantially exceeds the level of funding therein and there is an unencumbered balance in the other account which exceeds the amount of loans for which there are then pending applications. The amount of any transfer from an account in the Housing Rehabilitation Loan Fund pursuant to this section may not include moneys for which loan applications from potentially eligible applicants are then pending.

Article 3. Fiscal Provisions

8878.25. Bonds in the total amount of one hundred fifty million dollars ($150,000,000), exclusive of refunding bonds issued pursuant to Section 8878.34, 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. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding general obligations of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest thereof.

8878.26. 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.

8878.27. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this chapter, the California Earthquake Safety and Housing Rehabilitation Finance Committee is hereby created. For purposes of this chapter, the California Earthquake Safety and Housing Rehabilitation Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, the Director of Finance, or their designated representatives, a person appointed by the Senate Rules Committee, a person appointed by the Speaker of the Assembly, and the Executive Director of the Seismic Safety Commission. The Treasurer shall serve as the chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, the Department of Housing and Community Development is designated the "board."

(c) The board may adopt rules and regulations establishing requirements for local administration of the financing program to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds.

8878.28. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Sections 8878.20 and 8878.21, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

8878.29. There shall be collected annually in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, these bonds as provided herein, and all officers required by law to perform any duty in regard to the collection of state revenues shall collect that additional sum.

8878.30. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes 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 the principal and interest become due and payable.

(b) The sum which is necessary to carry out the provisions of Section 8878.31, appropriated without regard to fiscal years.

8878.31. For the purposes of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any money made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds for the purpose of carrying out this chapter.

8878.32. 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.

8878.33. 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.

8878.34. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of these bonds shall include the approval of any bonds issued to refund any bonds originally issued or previously issued refunding bonds.

8878.35. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for the purposes of carrying out the provisions of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. The board shall execute such documents as are required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

77 California Earthquake Safety and Housing Rehabilitation Bond Act of 1988

Argument in Favor of Proposition 77

The threat of a significant earthquake is a real fear and danger to all Californians. Proposition 77 will dedicate funds to finance necessary structural improvements to protect residential housing from earthquake damage.

When Los Angeles was hit last October with a major earthquake, 80% of some 700 apartment buildings which suffered damage were of "unreinforced masonry"—those buildings made of cement blocks and unreinforced brick that are the most vulnerable to a significant earthquake. Almost 1,400 families were displaced. In San Francisco, some 25,000 apartments are built of unreinforced masonry. Unreinforced masonry structures are found in virtually every community in California.

Proposition 77 will provide an $80 million loan program to finance the structural improvements needed to strengthen many of the residential structures that have been identified by city and county governments as posing the greatest threat in the event of an earthquake. This work is necessary to protect not only those living in the building but also those who may be working in or, by chance, be near one of these structures at the time of an earthquake.

The recent earthquake in the Los Angeles area is a powerful reminder that we must better prepare ourselves for the next one. Without a program to address this need in advance, government will be left with the far more expensive alternative of dealing with death and destruction. We must act prudently now to protect ourselves.

Proposition 77 also will provide $70 million to rehabilitate residential housing structures. We have an urgent and continuing obligation to provide affordable housing to meet the increasingly unfilled housing needs for Californians. It is estimated that some 875,000 apartment units need to be rehabilitated simply to meet basic health and safety standards. Sufficient, safe, clean and affordable housing is not available for many Californians, particularly those with special needs such as the elderly and handicapped. Proposition 77 would provide money to rehabilitate existing housing to improve and preserve our neighborhoods.

Proposition 77 will provide a program to improve and protect California's affordable housing stock.

WILLIE L. BROWN, JR.
Speaker of the Assembly

DOMINIC L. CORTESE
Assemblyman, 24th District
Member of the Seismic Safety Commission

RICHARD FLOYD
Assemblyman, 53rd District

Rebuttal to Argument in Favor of Proposition 77

The State Legislature is asking voters to approve an unprecedented $6 billion ($6,000,000,000) in bonds to finance numerous government projects.

They asked for billions in the last election, and, win or lose on June 7th, they are already planning billions more for this November's ballot.

We urge you to vote *NO* on all the bond measures on this ballot. Even if you consider the proposal a good one, please note that you and other taxpayers now and for 30 years will have to pay the interest on these bonds.

We were unable to see the proponent's arguments before we wrote this rebuttal because the legislators waited until one month after the statutory deadline to place this measure on the ballot.

There was no discussion in the state government as to *whether or not* these bonds would be proposed. There was only discussion as to *how much* they would be requesting and *when* the people would be asked to vote.

Democratic and Republican politicians are never happier than when they are spending the taxpayers' money. With bond financing, these legislators can show their support for popular projects without immediately raising taxes to pay for them. People in the future, though, will have to pay hefty interest charges to the bondholders.

Just say NO to the politicians in Sacramento. VOTE *NO* on Proposition 77 and vote NO on all the other bond measures on this ballot.

TED BROWN
Chairman, Libertarian Party of California
Candidate for U.S. Congress, 22nd District

CURTIS S. HELMS
Libertarian candidate for State Assembly, 41st District

WILLIAM T. "BILL" LAKE
Libertarian candidate for State Assembly, 46th District

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Argument Against Proposition 77

"bond," n. anything that binds, fastens, or confines; imprisonment, captivity; a duty or obligation imposed by a contract, promise, etc.

The State Legislature asks you to approve $150 million in bonds to finance low-income housing and to provide loans to make old buildings earthquake-safe. We urge you to vote NO.

The politicians say that bonds are a painless way to finance a program that is important to them. Using a credit card to buy a stereo or TV is painless, too—until the bill arrives. Californians will be stuck paying interest on these bonds for 30 years, a very painful proposition indeed.

The legislators only seek bond financing of this expensive housing proposal because voters have limited their ability to constantly raise government spending. Bonds are exempt from Proposition 4, adopted by a 74% vote of the people in 1979, which limits the growth of state budgets. The maximum has now been reached, and these politicians are scrambling to deceive the taxpayers while still maintaining all their government handouts for special interest groups.

This $150 million program is unnecessary in any event. Government planning and bureaucratic actions have reduced the supply of low-income housing and now they want our hard-earned money to be spent trying to correct the problem.

There are many examples. Community redevelopment agencies have declared numerous low-income housing units to be "blighted." These have been torn down and replaced by skyscrapers and other buildings owned by politically favored developers. The poor have been thrown out into the streets.

City officials have gone on a rampage against owners of old, run-down buildings, fining and jailing them for building code violations. These owners either raise rents to cover the costs of remodeling or take the housing off the market completely. The poor are again thrown out into the streets.

Rent control laws violate all free market principles because they do not allow apartment owners to profit from their investments. Fear of government regulation and price controls prevents people from privately building new housing units. Nixonian-style wage and price controls didn't work fifteen years ago, and they don't work now.

Private solutions to housing problems are always preferable to government actions. Investors should be able to build housing units without regulation. Private agencies that care for the poor and homeless, like the Los Angeles Mission, are much more efficient and economical than wasteful, bureaucracy-ridden government programs.

Send a message to Sacramento. We don't want debt. Our children and grandchildren don't want debt. VOTE *NO* ON PROPOSITION 77 and vote NO on all the other bond measures on this ballot.

TED BROWN
Chairman, Libertarian Party of California
Candidate for U.S. Congress, 22nd District

CURTIS S. HELMS
Libertarian candidate for State Assembly, 41st District

WILLIAM T. "BILL" LAKE
Libertarian candidate for State Assembly, 46th District

Rebuttal to Argument Against Proposition 77

The opponents of this measure would have you believe that it is not a sound financial investment for government to protect lives and property from the next significant earthquake. It is not only a sound financial investment but also sound public policy.

The recent earthquake in the Los Angeles area resulted in six deaths and about 200 injuries. According to the Red Cross, it left some 9,000 men, women and children seeking emergency shelters. Government allocated $111 million of taxpayer moneys for disaster relief.

While we can't yet predict an earthquake, we can act to prevent death and protect property.

It is both fiscally prudent and necessary to develop responsible programs to meet the housing demands of our citizenry. Proposition 77 will generate funds to make loans—loans that will be paid back—to make existing California housing safe. Proposition 77 will work to maintain the integrity of our neighborhoods and to make housing available for our children and for special populations like our seniors and the handicapped.

Proposition 77, for once, will have government act to avert a crisis—not simply pay to clean up after one. It is a responsible and responsive housing program for the health and safety of all Californians.

We urge you to vote "aye" on Proposition 77.

WILLIE L. BROWN, JR.
Speaker of the Assembly

DOMINIC L. CORTESE
Member of the Assembly, 24th District
Member of the Seismic Safety Commission

RICHARD FLOYD
Member of the Assembly, 53rd District

Proposition 68: Text of Proposed Law

Continued from page 13

(e) Legislative candidates are raising less money in small contributions and more money in large individual and organizational contributions. This has created the public impression that the small contributor has an insignificant role to play in political campaigns.

(f) High campaign costs are forcing legislators to spend more time on fundraising and less time on the public's business. The constant pressure to raise contributions is distracting legislators from urgent legislative matters.

(g) Legislators are responding to high campaign costs by raising large amounts of money in off-election years. This fundraising distracts legislators from important public matters, encourages contributions which may have a corrupting influence and gives incumbents an unfair fundraising advantage over potential challengers.

(h) Incumbents are raising far more money than challengers. In the 1984 general election, Assembly incumbents outspent their challengers by a 14-to-1 ratio and won 100% of their contests. In 1983, a non-election year, incumbent legislators raised $14.3 million while their challengers raised less than fifty thousand dollars ($50,000). In 1984, out of 100 legislative races in the primary and general elections, only two incumbents were defeated. The fundraising advantages of incumbency are diminishing electoral competition between incumbents and challengers.

(i) The integrity of the legislative process, the competitiveness of campaigns and public confidence in legislative officials are all diminishing.

85102. Purpose of this Chapter

The people enact this Act to accomplish the following purposes:

(a) To ensure that individuals and interest groups in our society have a fair and equal opportunity to participate in the elective and legislative processes.

(b) To reduce the influence of large contributors with a specific financial stake in matters before the Legislature, thus countering the perception that legislation is influenced more by the size of contributions than the merits of legislation or the best interests of the people of California.

(c) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive expenditures or large contributions, thereby promoting public discussion of the important issues involved in political campaigns.

(d) To limit overall expenditures in legislative campaigns, thereby reducing the pressure on legislative candidates to raise large campaign war chests beyond the amount necessary to communicate reasonably with voters.

(e) To provide a neutral source of campaign financing by allowing individual taxpayers voluntarily to dedicate a portion of their state taxes to defray a portion of the costs of legislative campaigns.

(f) To increase the importance of in-district contributions.

(g) To increase the importance of smaller contributions.

(h) To eliminate off year fundraising.

(i) To reduce excessive fundraising advantages of incumbents and thus encourage competition for elective office.

(j) To allow candidates and legislators to spend a lesser proportion of their time on fundraising and a greater proportion of their time discussing important legislative issues.

(k) To improve the disclosure of contribution sources in reasonable and effective ways.

(l) To ensure that serious candidates are able to raise enough money to communicate their views and positions adequately to the public, thereby promoting public discussion of the important issues involved in political campaigns.

(m) To help restore public trust in the state's legislative and electoral institutions.

Article 2. Definitions

85200. Interpretation of this Chapter

Unless the term is specifically defined in this chapter or the contrary is stated or clearly appears from the context, the definitions set forth in Chapter 2 (commencing with Section 82000) shall govern the interpretation of this chapter.

85201. Legislative Caucus Committee

"Legislative caucus committee" means a committee controlled by the caucus of each political party of each house of the Legislature. Each party of each house may establish only one such committee which shall not be considered to be a candidate-controlled committee. A "legislative caucus committee" may make contributions to any candidate running for legislative office.

85202. Small Contributor Political Action Committee

"Small contributor political action committee" means any committee which meets all of the following criteria:

(a) All the contributions it receives from any person in a twelve month period total $50 or less.

(b) It has been in existence at least six months.

(c) It contributes to at least five candidates.

(d) It is not a candidate-controlled committee.

85203. Qualified Campaign Expenditure

(a) "Qualified campaign expenditure" for legislative candidates includes all of the following:

(1) Any expenditure made by a candidate for legislative office, or by a committee controlled by such a candidate, for the purpose of influencing or attempting to influence the actions of the voters for or against the election of any candidate for legislative office.

(2) Any transfer of anything of value made by the legislative candidate's controlled committee to any other committee.

(3) A non-monetary contribution provided at the request of or with the approval of the legislative candidate, legislative officeholder or committee controlled by the legislative candidate or legislative officeholder.

(4) That portion of a slate mailing or other campaign literature produced or authorized by more than one legislative candidate which is the greater of the cost actually paid by the committee or controlled committee of the legislative candidate or the proportionate share of the cost for each such candidate. The number of legislative candidates sharing costs and the emphasis on or space devoted to each such candidate shall be considered in determining the cost attributable to each such candidate.

(b) "Qualified campaign expenditure" does not include any payment if it is clear from the surrounding circumstances that it was not made for political purposes.

85204. Two-Year Period

"Two-year period" means the period commencing with January 1 of an odd-numbered year and ending with December 31 of an even-numbered year.

85205. Campaign Reform Fund

"Campaign Reform Fund" means the fund created by Section 18775 of the Revenue and Taxation code.

85206. Organization

"Organization" means a proprietorship, labor union, firm, partnership, joint venture, syndicate, business trust, company, corporation, association or committee which has 25 or more employees, shareholders contributors, or members.

Article 3. Contribution Limitations

85300. Limitations on Contributions from Persons

(a) No person shall make to any candidate for legislative office and the controlled committee of such a candidate and no such candidate and the candidate's controlled committee shall accept from each such person a contribution or contributions totaling more than one thousand dollars ($1,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(b) No organization shall make to any candidate for legislative office and the controlled committee of such a candidate and no such candidate and the candidate's controlled committee shall accept from each such organization a contribution or contributions totaling more than two thousand five hundred dollars ($2,500) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(c) No person shall make to any committee which supports or opposes any legislative candidate and no such committee shall accept from each such person a contribution or contributions totaling more than one thousand dollars ($1,000) per year.

(d) No organization shall make to any committee which supports or opposes any legislative candidate and no such committee shall accept from each such organization a contribution or contributions totaling more than two thousand five hundred dollars ($2,500) per year.

85301. Limitations on Contributions from Small Contributor Political Action Committees

(a) No small contributor political action committee shall make to any candidate for legislative office and the controlled committee of such a candidate, and no such candidate and the candidate's controlled committee shall accept from a small contributor political action committee a contribution or contributions totaling more than five thousand dollars ($5,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(b) No small contributor political action committee shall make to any committee supporting or opposing a legislative candidate and no such committee shall accept from a small contributor political action committee a contribution or contributions totaling more than five thousand dollars ($5,000) in a two-year period.

85302. Limitations on Contributions to Political Parties and Legislative Caucus Committees

No person, including an organization or a small contributor political action committee, shall make to any political party committee supporting or opposing legislative candidates or legislative caucus, and no such party committee or legislative caucus committee shall accept from each such person a contribution or contributions totaling more than five

thousand dollars ($5,000) in a two-year period.

85303. Limitations on Contributions from Political Parties and Legislative Caucuses

No more than a total of fifty thousand dollars ($50,000) in the case of an Assembly candidate, and a total of seventy-five thousand dollars ($75,000) in the case of a Senate candidate, for a general election or special runoff election, shall be accepted in contributions from legislative caucus committees and political party committees by any candidate and the controlled committee of such a candidate. No legislative caucus committee or political party shall make a contribution to a legislative candidate running in a primary election or special election.

85304. Seed Money

The limitations in Sections 85300 and 85301 shall not apply to contributions to a candidate for legislative office until the candidate has raised thirty-five thousand dollars ($35,000) in the election year.

85305. Limitations on Contributions from Non-Individuals

No more than a total of fifty thousand dollars ($50,000) in the case of an Assembly candidate, and a total of seventy-five thousand dollars ($75,000) in the case of a Senate candidate, for either a primary, general, special or special runoff election, shall be accepted in contributions from non-individuals by any candidate and the controlled committee of such a candidate. Contributions from political parties and legislative caucuses shall be exempt from this provision.

85306. Limitations on Total Contributions from Persons

No person shall make to legislative candidates or to committees supporting legislative candidates contributions aggregating more than twenty-five thousand dollars ($25,000) in a two-year period. Contributions to and contributions from political parties and legislative caucuses shall be exempt from this provision.

85307. Limitations on Total Contributions from Organizations or Small Contributor Political Action Committees

No organization or small contributor political action committee shall make to legislative candidates or to committees supporting legislative candidates contributions aggregating more than two hundred thousand dollars ($200,000) in a two-year period. Contributions from political parties and legislative caucuses shall be exempt from this section.

85308. Prohibition on Transfers

(a) No candidate and no committee controlled by a candidate or candidates for legislative office or controlled by a legislator or legislators, other than a legislative caucus committee or political party, shall make any contribution to a candidate running for legislative office or to any committee supporting such a candidate including a legislative caucus committee or party committee.

(b) This section shall not prohibit a candidate from making a contribution from his or her own personal funds to his or her candidacy or to the candidacy of any other candidate for legislative office.

85309. Prohibition on Off Year Contributions

(a) No legislative candidate or legislator or any controlled committee of such a candidate or legislator shall accept any contribution in any year other than the year in which the legislative candidate or legislator is listed on the ballot as a candidate for legislative office.

(b) No legislative caucus committee or political party committee supporting or opposing legislative candidates shall accept any contribution in an odd-numbered year.

85310. Limitations on Payments of Gifts and Honoraria

No legislator or legislative candidate and any fund controlled by such a person shall receive more than two thousand dollars ($2,000) in honoraria and gifts in a two-year period from any person other than a member of the candidate's family as specified in Section 82030 (b) (9).

85311. Return of Contributions

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and in addition it is returned to the donor within fourteen (14) days of receipt.

85312. Aggregation of Payments

For purposes of the contribution limitations in Sections 85300–85307, inclusive, and Section 85310, the following shall apply:

(a) All payments made by a person, organization or small contributor political action committee whose contributions or expenditure activity is financed, maintained or controlled by any business entity, labor organization, association, political party or any other person or committee, including any parent, subsidiary, branch, division, department or local unit of the business entity, labor organization, association, political party or any other person, or by any group of such persons shall be considered to be made by a single person, committee or small contributor political action committee.

(b) Two or more entities shall be treated as one person when any of the following circumstances apply:

(1) The entities share the majority of members of their boards of directors.

(2) The entities share two or more officers.

(3) The entities are owned or controlled by the same majority shareholder or shareholders.

(4) The entities are in a parent-subsidiary relationship.

(c) An individual and any general partnership in which the individual is a partner, or an individual and any corporation in which the individual owns a controlling interest, shall be treated as one person.

(d) No committee which supports or opposes a candidate for legislative office shall have as officers individuals who serve as officers on any other committee which supports or opposes the same candidate. No such committee shall act in concert with, or solicit or make contributions on behalf of, any other committee. This subdivision shall not apply to treasurers of committees if these treasurers do not participate in or control in any way a decision on which legislative candidate or candidates receive contributions.

85313. Loans

(a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of this chapter.

(b) Every loan to a candidate or the candidate's controlled committee shall be by written agreement and shall be filed with the candidate's or committee's campaign statement on which the loan is first reported.

(c) The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed shall not be subject to the contribution limits of this chapter.

(d) Extensions of credit (other than loans pursuant to subdivision (c)) for a period of more than thirty (30) days are subject to the contribution limitations of this chapter.

85314. Family Contributions

(a) Contributions by a husband and wife shall be treated as separate contributions and shall not be aggregated.

(b) Contributions by children under 18 shall be treated as contributions by their parents and attributed proportionately to each parent (one-half to each parent or the total amount to a single custodial parent).

85315. Candidate for Statewide or Local Office

The contribution limitations shall not apply to any contributions to a candidate for legislative office where such contributions are made to support the candidate's campaign for a specifically named statewide or local elective office, and all of the following conditions are met:

(a) The candidate specifically names the non-legislative office being sought.

(b) A separate committee and account for the non-legislative office being sought shall be established for the receipt of all contributions and the making of all expenditures in connection with the non-legislative office.

(c) The contributions to be exempted from the contribution limitations in this chapter are made directly to this separate committee's account.

(d) No expenditures from such an account shall be made to support the legislative candidate's campaign, or any other candidate's campaign for legislative office.

85316. One Campaign Committee and One Checking Account per Candidate

A legislative candidate shall have no more than one campaign committee and one checking account out of which all expenditures shall be made. This section shall not prohibit the establishment of savings accounts, but no qualified campaign expenditures shall be made out of these accounts.

85317. Time Periods for Primary Contributions and General Election Contributions

For purposes of the contribution limitations, contributions made at any time before July 1 of the election year shall be considered primary contributions, and contributions made from July 1 until December 31 of the election year shall be considered general election contributions. Contributions made at any time after the seat has become vacant and up through the date of the election shall be considered contributions in a special election, and contributions made after the special election and up through fifty-eight (58) days after the special runoff election shall be considered contributions in a special runoff election.

Article 4. Expenditure Limitations

85400. Expenditure Limitations for Assembly Candidates

No candidate for State Assembly who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) One hundred fifty thousand dollars ($150,000) in a primary election.

(b) Two hundred twenty-five thousand dollars ($225,000) in a general, special, or special runoff election.

85401. Expenditure Limitations for State Senate Candidates

No candidate for State Senate who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Two hundred fifty thousand dollars ($250,000) in a primary election.

(b) Three hundred fifty thousand ($350,000) in a general, special or special runoff election.

85402. Expenditure Limitations Lifted—Primary Elections

In the primary election, if a candidate who declines to accept payments from the Campaign Reform Fund receives contributions or makes qualified campaign expenditures in excess of the expenditure limits, or if an independent committee or committees spend more than fifty thousand dollars ($50,000) in support of, or in opposition to any legislative candidate, the expenditure limitation shall no longer be applicable to all candidates who seek the party nomination for the same seat. In addition, each candidate, other than the candidate who exceeded the expenditure limits, shall be permitted to receive an additional thirty-five thousand dollars ($35,000) free of contribution limitations, in accordance with Section 85304.

85403. Expenditure Limitations Lifted—Non-Primary Elections

In the general, special or special runoff election, if a candidate who declines to accept payments from the Campaign Reform Fund receives contributions or makes qualified campaign expenditures in excess of the expenditure limits, or if an independent expenditure committee or committees spend more than fifty thousand dollars ($50,000) in support of or in opposition to any legislative candidate, the expenditure limitations shall no longer be applicable to all candidates running for the same seat in the general, special or special runoff election. In addition, each candidate, other than the candidate who exceeded the expenditure limits, shall be permitted to receive an additional thirty-five thousand dollars ($35,000) free of contribution limitations, in accordance with Section 85304.

85404. Notification by Candidate Who Exceeds Expenditure Limitations

A candidate who has declined to accept payments from the Campaign Reform Fund and receives contributions or spends an amount over the expenditure limitations shall notify all opponents and the Commission by telephone and by confirming telegram the day the limitations are exceeded.

85405. Time Periods for Primary Election Expenditures and General Election Expenditures

For purposes of the expenditure limitations, qualified campaign expenditures made at any time before June 30 of the election year shall be considered primary election expenditures, and qualified campaign expenditures made from July 1 until December 31 of the election year shall be considered general election expenditures. Qualified campaign expenditures made at any time after the seat has become vacant and up through the date of the election shall be considered expenditures in a special election, and qualified campaign expenditures made after the special election and up through 58 days after the special runoff election shall be considered expenditures in a special runoff election. However, in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period when they are used. Payments for goods or services used in both time periods shall be prorated.

Article 5. Campaign Reform Fund

85500. Candidate Acceptance or Rejection of Funds

Each candidate for legislative office, at the time of filing his or her Declaration of Candidacy, shall file a statement of acceptance or rejection of financing from the Campaign Reform Fund. If a candidate agrees to accept financing from the Campaign Reform Fund, the candidate shall comply with the provisions of Article 4 of this Act. A candidate who agrees to accept financing from the Campaign Reform Fund may not change that decision. A candidate who does not agree to accept such financing shall notify all opponents and the Commission by telegram on the day such a candidate raises, spends or has cash on hand of more than thirty-five thousand dollars ($35,000).

85501. Qualification Requirements

In order to qualify to receive payments from the Campaign Reform Fund, a candidate shall meet all the following requirements:

(a) The candidate has received contributions (other than contributions from the candidate or his or her immediate family) of at least twenty thousand dollars ($20,000) in contributions of one thousand dollars ($1,000) or less if running for the Assembly, or at least thirty thousand dollars ($30,000) in contributions of one thousand dollars ($1,000) or less if running for the Senate. Only contributions received on or after January 1 of the election year or, if a special election, after the Declaration of Candidacy is filed, may be counted for the above threshold. For purposes of this subsection, a loan, a pledge or a non-monetary contribution shall not be considered a contribution.

(b) In the primary election, the candidate is opposed by a candidate running for the same nomination who has qualified for payments from the Campaign Reform Fund or has raised, spent or has cash on hand of at least thirty-five thousand dollars ($35,000).

(c) In the general election, the candidate is opposed by a candidate who has qualified for payments from the Campaign Reform Fund or has raised, spent or has cash on hand of at least thirty-five thousand dollars ($35,000).

(d) The candidate contributes no more than fifty thousand dollars ($50,000) per election from his or her personal funds to the legislative campaign.

85502. Campaign Reform Fund Formula

A candidate who is eligible to receive payments from the Campaign Reform Fund shall receive payments on the basis of the following formulas:

(a) For a contribution or contributions (other than a contribution from the candidate or his or her immediate family) totaling two hundred fifty dollars ($250) or under from a single source received on or after January 1 of the election year or, if a special election, after the Declaration of Candidacy is filed, a matching ratio of three dollars ($3) from the Campaign Reform Fund for each dollar received.

(b) For a contribution or contributions (other than a contribution from the candidate or his or her immediate family) totaling two hundred fifty ($250) or under from an individual who is a registered voter in the candidate's district and whose contribution is made on or after January 1 of the election year or, if a special election, after the candidate's Declaration of Candidacy is filed, a matching ratio of five dollars ($5) from the Campaign Reform Fund for each dollar received.

(c) For purposes of this section, a loan, a pledge or a non-monetary payment shall not be considered a contribution.

85503. Candidate Request for Payment

The Commission shall determine the information needed to be submitted to qualify for payment from the Campaign Reform Fund. A candidate may not request less than ten thousand dollars ($10,000) in payments at any one time from the Campaign Reform Fund; provided, however, that in the 14 days preceding an election, a candidate may not request less than two thousand five hundred ($2,500) in such payments.

85504. Maximum Funds Available to Candidate

No candidate shall receive payments from the Campaign Reform Fund in excess of the following amounts:

(a) For an Assembly candidate, seventy-five thousand dollars ($75,000) in the primary election and one hundred twelve thousand five hundred dollars ($112,500) in the general, special or special runoff election.

(b) For a Senate candidate, one hundred twenty-fivethousand dollars ($125,000) in the primary election and one hundred seventy-five thousand ($175,000) in the general, special or special runoff election.

85505. Timing of Payments to Candidates

The Controller shall make payments from the Campaign Reform Fund in the amount certified by the Commission. Payments shall be made no later than 3 business days after receipt of the request by the candidate. If the Commission determines the money in the Campaign Reform Fund is not, or may not be, sufficient to satisfy the full entitlements of the eligible candidates, the Commission shall notify the Controller to withhold sufficient amounts as may be necessary to assure that the eligible candidates will receive a pro rata share of their entitlements. The amount withheld shall be paid when the Commission determines that there is sufficient money in the Fund to pay the amounts or portions of the amounts. No payments shall be made from any source other than the Campaign Reform Fund.

85506. Surplus Funds

(a) Surplus funds remaining after all obligations are met by the candidate shall be returned to the Campaign Reform Fund after the general election based on a ratio of the public funds received by a candidate compared to the private funds raised by the candidate for each election.

(b) A legislative candidate who has more than one hundred thousand dollars ($100,000) in surplus funds after he or she complies with subdivision (a) shall either return all funds over one hundred thousand dollars ($100,000) to his or her contributors on a pro rata basis or shall donate the surplus over one hundred thousand dollars ($100,000) to the Campaign Reform Fund.

Article 6. Independent Expenditures

85600. Independent Expenditures for Mass Mailings

(a) Any person who makes independent expenditures for a mass mailing which supports or opposes any candidate for legislative office shall put the following statement on the mailing:

NOTICE TO VOTERS
(Required by State Law)

This mailing is not authorized or approved by any legislative candidate or election official.

It is paid for by _____.
(name)

_____
Address, City, State

(b) The statement required by this section shall appear on the envelope and on each page or fold of the mass mailing in at least 10-point type, not subject to the half-tone or screening process, and in a printed or drawn box set apart from any other printed matter.

85601. Contribution Limitations

Any person who makes independent expenditures supporting or opposing a legislative candidate shall not accept any contribution in excess of the amounts set forth in Section 85300(c) and (d).

85602. Limitations on Persons Who Make Independent Expenditures and Contributions to Candidates

Any person who makes a contribution of one hundred dollars ($100) or more to a candidate for legislative office shall be considered to be acting in concert with that candidate and shall not make independent expenditures and contributions in excess of the amounts set forth in Sections 85300 and 85301 in support of that candidate or in opposition to that candidate's opponent.

85603. Reproduction of Materials

Any person who reproduces, broadcasts or distributes any material which is drafted, printed, prepared or previously broadcast by a legislative candidate or a committee controlled by such a candidate shall report such an expenditure as a non-monetary contribution to such candidate or committee.

85604. Notice of Independent Expenditures

Any person who makes independent expenditures of more than ten thousand dollars ($10,000) in support of or in opposition to any legislative candidate shall notify the Commission and all candidates in that legislative district by telegram each time this threshold is met.

Article 7. Agency Responsibilities

85700. Duties of the Fair Political Practices Commission

The Fair Political Practices Commission, in addition to its responsibilities set forth in Sections 83100 et seq., shall also:

(a) Adjust the expenditure limitations, contribution limitations and public financing provisions in January of every even-numbered year to reflect any increase or decrease in the Consumer Price Index. Such adjustments shall be rounded off to the nearest hundred for the limitations on contributions and the nearest thousand for the limitations on expenditures and the public financing provisions.

(b) Prescribe the necessary forms for filing the appropriate statements.

(c) Verify the requests for payment for Campaign Reform Funds.

(d) Prepare and release studies on the impact of this title. These studies shall include legislative recommendations which further the purposes of this title.

85701. Duties of the Franchise Tax Board

The Franchise Tax Board shall audit each candidate who has received payments from the Campaign Reform Fund in accordance with the procedures set forth in Sections 90000 et seq.

SECTION 2. Chapter 18.6 (commencing with Section 18775) is added to Part 10 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 18.6. CAMPAIGN REFORM FUND DESIGNATION

18775. Tax Checkoff

Every individual whose income tax liability for any taxable year is three dollars ($3) or more may designate an amount up to three dollars ($3) of that tax liability to be deposited into the Campaign Reform Fund. In the case of a joint return of husband and wife having an income tax liability of six dollars ($6) or more, each spouse may designate that an amount up to three dollars ($3) of that tax liability shall be paid to the Fund. Taxpayer designations of funds shall not increase that taxpayer's tax liability. Money in this Fund shall be available for distribution in accordance with the provisions of Chapter 5 of Title 9, commencing with Section 85100 of the Government Code. The Franchise Tax Board shall place on the top third of the first page of all personal tax returns required to be filed on or after January 1, 1987, the following language:

Do you want $3 of the taxes you are already paying to go to this Fund?

CAMPAIGN REFORM FUND

[ ] YES [ ] NO

If joint return, does your spouse want $3 to go to this fund?

[ ] YES [ ] NO

NOTE: Checking "YES" will not increase the taxes you pay or reduce your refund.

18776. Return of Surplus Money in Campaign Reform Fund

All money over $1 million, adjusted for cost of living changes, remaining in the Campaign Reform Fund as of January 31 in the year following a general election shall be refunded to the General Fund.

SECTION 3. Section 17245 of the Revenue and Taxation Code (which currently reads as follows) is repealed:

~~17245. In computing taxable income there shall be allowed as a deduction political contributions by any person in excess of one hundred dollars ($100) (two hundred dollars ($200) on a joint return) in any year, except that no deduction shall be allowed for contributions which are designated pursuant to Section 18730.~~

SECTION 4. Section 83122.5 is added to the Government Code to read:

83122.5. Appropriation to Fair Political Practices Commission

There is hereby appropriated from the Campaign Reform Fund to the Fair Political Practices Commission a sum of five hundred thousand dollars ($500,000), adjusted for cost of living changes, during each fiscal year, for expenditures to support the operations of the Commission to carry out its responsibilities pursuant to the Campaign Spending Limits Act of 1986. The expenditure of funds under this appropriation shall be subject to the normal administrative review given to other state appropriations. The Legislature shall appropriate additional amounts to the Commission and other agencies as may be necessary to carry out the provisions of this title.

SECTION 5. Section 91000 of the Government Code is amended to read:

91000. *Violations; Criminal*

(a) Any violation of Chapter 5 of this title commencing with Section 85100 is a public offense punishable by imprisonment in a state prison or in a county jail for a period not exceeding one year.

~~(a) Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.~~

(b) Any violation of any other section of this title is a misdemeanor.

~~(b)~~

(c) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars ($10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction ~~for~~ *of* each violation.

~~(c)~~

(d) Prosecution for violation of this title must be commenced within four years after the date on which the violation ~~occurred~~ *occured*.

SECTION 6. Section 91005 of the Government Code is amended to read:

91005. *Civil Liability for Violations*

(a) Any person who makes or receives a contribution, *payment*, gift or expenditure in violation of Section 84300, 84304, *85300, 85301, 85302, 85303, 85305, 85306, 85307, 85308, 85309, 85310, 85400, 85401, 85405, 85500, 85501, 85502, 85504, 85506, 85600, 85601, 85602, 85603, 85604,* 86202, 86203 or 86204 is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to ~~five hundred dollars ($500)~~ *one thousand dollars ($1,000)* or three times the amount of the unlawful contribution, gift or expenditure, whichever is greater.

(b) Any designated employee or public official specified in Section 87200, other than an elected state officer, who realizes an economic benefit as a result of a violation of Section 87100 or of a disqualification provision of a Conflict of Interest Code is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to three times the value of the benefit.

SECTION 7. Section 83116 of the Government Code is amended to read:

83116. *Violation of Title*

When the Commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if such a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part ~~1~~ *1*, Chapter 5, Sections 11500 et seq.) ~~.~~ The Commission shall have all the powers granted by that chapter.

When the Commission determines on the basis of the hearing that a violation has occurred, it shall issue an order which may require the violator to:

(a) Cease and desist violation of this title;

(b) File any reports, statements or other documents or information required by this title; *and*

(c) Pay a monetary penalty of up to two thousand dollars ($2,000) *for each violation* to the General Fund of the state.

When the Commission determines that no violation has occurred, it shall publish a declaration so stating.

SECTION 8. Section 84106 is added to the Government Code to read:

84106. Identification of Committees

The name of any committee shall include or be accompanied by the name of any individual, entity or other person by which the committee is controlled. Any committee required to file a statement of organization shall amend its statement to comply with this section within 30 days of the effective date of this Act.

SECTION 9. Section 84302.5 is added to the Government Code to read:

84302.5. Definition of Intermediary

A person is an intermediary for transmittal of a contribution if he or she delivers to a candidate or committee a contribution from another person unless such contribution is from the person's employer, immediate family or an association to which the person belongs. No person who is the treasurer of the committee to which the contribution is made or is the candidate who controls the committee to which the contribution is made shall be an intermediary for such a contribution.

SECTION 10. Severability Clause

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

SECTION 11. Legislative Amendments

The provisions of Section 81012 of the Government Code which allow legislative amendments to the Political Reform Act of 1974 shall apply to the provisions of this measure.

SECTION 12. Construction

This measure shall be liberally construed to accomplish its purposes.

SECTION 13. Effective Date

The provisions of this measure shall go into effect January 1, 1987, except that Section 2 shall go into effect immediately.

Proposition 70: Text of Proposed Law

Continued from page 21

5907. All money deposited in the fund shall be available for expenditure, in accordance with Section 5921, for the purposes set forth below, in amounts not to exceed the following:

(a) One hundred sixty-six million dollars ($166,000,000) to the Department of Parks and Recreation for grants to counties, cities, cities and counties, districts, and nonprofit organizations for acquisition, development, rehabilitation, or restoration of real property for parks, beaches, wildlife habitat, natural lands, recreation, or preservation of historical resources, including an amount not to exceed two million four hundred ninety thousand dollars ($2,490,000) for state administrative costs, in accordance with the following schedule:

(1) One hundred twenty million dollars ($120,000,000) for grants to counties, cities, and districts on a per capita basis for the acquisition, development, rehabilitation, or restoration of real property for parks, beaches, wildlife habitat, natural lands, and recreation, except that each county is entitled to not less than one hundred thousand dollars ($100,000).

(2) Twenty million dollars ($20,000,000) for expenditure by the Department of Parks and Recreation for the purpose of the Roberti-Z'berg-Harris Urban Open Space and Recreation Program Act (Chapter 3.2 (commencing with Section 5620) of Division 5 of the Public Resources Code).

(3) Ten million dollars ($10,000,000) for competitive grants for park, beach, and recreational purposes to public agencies which provide significant park and recreational opportunities to the general public and are not eligible for grants pursuant to paragraph (1).

(4) Eleven million dollars ($11,000,000) for competitive grants to public agencies and nonprofit organizations for acquisition, development, rehabilitation, or restoration of historical or archeological resources and for historical and archeological resources preservation projects and costs of planning and interpretation. Not less than one million dollars ($1,000,000) shall be used for archeological resources preservation purposes.

(5) Five million dollars ($5,000,000) for competitive grants to public agencies and nonprofit organizations for acquisition and development of land and rights-of-way for bicycle, horse, hiking, and handicapped access trails.

(b) Three hundred thirty-eight million seven hundred thousand dollars ($338,700,000) to the Department of Parks and Recreation for acquisition of park lands, wildlife habitat, coastal, and natural lands in California, and for grants to local agencies and nonprofit organizations, including an amount not to exceed five million eighty thousand five hundred dollars ($5,080,500) for state administrative costs, in accordance with the following schedule:

(1) Ninety-eight million six hundred thousand dollars ($98,600,000) to the Department of Parks and Recreation for acquisition of real property in accordance with the following schedule:

(A) Twelve million dollars ($12,000,000) for acquisition of land for the California Redwood State Parks, including, but not limited to, Big Basin Redwoods, Butano, Calaveras Big Trees, Forest of Nisene Marks, Hendy Woods, Humboldt Lagoons, Humboldt Redwoods, Jedediah Smith Redwoods, Portola, Prairie Creek Redwoods, Richardson Grove, and Sinkyone Wilderness State Parks; Benbow Lake State Recreation Area, Fort Ross State Historical Park, and Paul M. Dimmick State Wayside Campground; provided that each dollar up to at least ten million dollars ($10,000,000) from the funds to be spent pursuant to this subparagraph shall be matched with an equal amount in money or property from private gifts, city or county appropriations, or alternative sources other than the State of California.

(B) Five million dollars ($5,000,000) for acquisition of land within and adjacent to Anza-Borrego Desert State Park.

(C) Nineteen million dollars ($19,000,000) for acquisition of land in the Palm Canyon and Andreas Canyon region near Palm Springs for a park for the preservation of Indian heritage and of native palms.

(D) Seven million dollars ($7,000,000) for acquisition of lands in accordance with the general plan for the Chino Hills State Park, including the lands north of Highway 142.

(E) Ten million dollars ($10,000,000) for acquisition of land for additions to the Santa Susana Mountain Project to preserve historic and scenic sites, for hiking and equestrian trails, or for wildlife habitat and migration routes; provided that all acquisitions shall be located within the Rim of the Valley Corridor as defined in Section 33105.5 within the Simi Hills or Santa Susana Mountains in Los Angeles and Ventura Counties.

(F) Two million dollars ($2,000,000) for acquisitions within and adjacent to Big Basin Redwoods State Park and Castle Rock State Park in the Santa Cruz Mountains.

(G) Three million dollars ($3,000,000) for acquisition of lands in Santa Clara County within and adjacent to Henry Coe State Park and for lands in Stanislaus County within the park.

(H) One million dollars ($1,000,000) for acquisition of natural lands for expansion of Pescadero Marsh Natural Preserve at Pescadero State Beach.

(I) Twenty-five million dollars ($25,000,000) for acquisition of land for an East Bay Shoreline State Park in the Counties of Alameda or Contra Costa, or both, generally in accordance with the East Bay Shoreline feasibility study.

(J) Four million dollars ($4,000,000) for acquisition of natural lands within and adjacent to Mt. Diablo State Park.

(K) Four million dollars ($4,000,000) for implementation of the Frank's Tract State Recreation Area General Plan with first priority given to the western portion, providing secondary wave protection benefits to adjacent islands.

(L) One million six hundred thousand dollars ($1,600,000) for acquisition of wetlands in and adjacent to the Delta Meadows Project.

(M) Two million dollars ($2,000,000) for acquisition of natural lands within and adjacent to Robert Louis Stevenson State Park.

(N) One million dollars ($1,000,000) for expansion of Anderson Marsh State Historic Park.

(O) Two million dollars ($2,000,000) for expansion of the South Yuba Project along the South Fork of the Yuba River to protect scenic vistas and riparian habitat and to provide for recreational trails.

(2) Fifty-four million seven hundred thousand dollars ($54,700,000) for acquisition, development, rehabilitation, or restoration of real property in the state park system in accordance with the following schedule:

(A) Four million seven hundred thousand dollars ($4,700,000) for acquisitions of real property inside the boundaries of existing projects or units or as additions to existing projects or units.

(B) Fourteen million dollars ($14,000,000) for development, rehabilitation, or restoration of coastal resources, other than coastal resources in or on San Francisco Bay, in accordance with the following schedule:

(i) Eight million dollars ($8,000,000) within San Diego County through Santa Barbara County.

(ii) Four million dollars ($4,000,000) within San Luis Obispo County through the City and County of San Francisco.

(iii) Two million dollars ($2,000,000) within Marin County through Del Norte County.

(C) Three million dollars ($3,000,000) for development, rehabilitation, or restoration of resources in or on San Francisco Bay.

(D) Eight million dollars ($8,000,000) for development, rehabilitation, or restoration of inland resources.

(E) Two million dollars ($2,000,000) for development, rehabilitation, or restoration at lakes, reservoirs, and waterways, including the State Water Facilities, as defined in paragraphs (1) to (4), inclusive, of subdivision (d) of Section 12934 of the Water Code.

(F) One million dollars ($1,000,000) for the repair of storm damage and construction to prevent future storm damage.

(G) Three million dollars ($3,000,000) for planning, development, rehabilitation, restoration, or interpretive facilities in support of volunteer community action projects for the state park system.

(H) Ten million dollars ($10,000,000) for the increased stewardship of the public investment in the protection of the most critical natural and scenic features of the existing state park system.

(I) Five million dollars ($5,000,000) for rehabilitation and restoration of historical resources of the state park system.

(J) Three million dollars ($3,000,000) for development and rehabilitation of trails within the state park system or connecting units of the state park system.

(K) One million dollars ($1,000,000) for acquisition and development of trailheads for the Sno-Park program pursuant to Chapter 1.27 (commencing with Section 5091.01) of Division 5, including access to the Tahoe Rim Trail.

(3) One hundred eighty-five million four hundred thousand dollars ($185,400,000) to the Department of Parks and Recreation for grants to local agencies in accordance with the following schedule:

(A) Thirty million dollars ($30,000,000) for a grant to San Diego County in accordance with the following schedule:

(i) Ten million dollars ($10,000,000) for acquisition of natural lands in the San Dieguito River Valley.

(ii) Ten million dollars ($10,000,000) for acquisition of natural lands in the Tijuana River Valley.

(iii) Ten million dollars ($10,000,000) for acquisition of San Diego County resource conservation areas and urban canyons in accordance with the resource element of the County General Plan.

(B) Ten million dollars ($10,000,000) for a grant to the City of Laguna Beach for acquisition of, and for grants by the city to nonprofit organizations for acquisition of, natural lands within and contiguous to the Laguna Greenbelt as described in the Orange County General Plan.

(C) Four million dollars ($4,000,000) for a grant to the City of Irvine for acquisition of natural lands in the open space spine designated in the City of Irvine General Plan.

(D) Eleven million dollars ($11,000,000) for a grant to the City of Riverside in accordance with the following schedule:

(i) One million dollars ($1,000,000) for acquisition of natural lands in Sycamore Canyon Wilderness Park in accordance with the City of Riverside Specific Plan.

(ii) Ten million dollars ($10,000,000) for acquisition of land in and near the California Citrus State Historic Park located in the Arlington Heights area of Riverside.

(E) Two million four hundred thousand dollars ($2,400,000) for a grant to the County of Riverside in accordance with the following schedule:

(i) Four hundred thousand dollars ($400,000) for acquisition of land to expand Hurkey Creek Park.

(ii) One million dollars ($1,000,000) for acquisition of land for trails in the Santa Ana River Corridor.

(iii) One million dollars ($1,000,000) for acquisition of land for trails suitable for equestrian and hiking uses in Riverside County, including the Temescal Canyon Trail.

(F) Twenty million dollars ($20,000,000) for a grant to the County of San Bernardino for acquisition of land primarily through the use of conservation easements within the Chino Agricultural Preserve.

(G) Twenty-five million dollars ($25,000,000) for a grant to Los Angeles County in accordance with the following schedule:

(i) Ten million dollars ($10,000,000) for acquisition or development of noncommercial visitor use and access facilities, and/or renovation of existing facilities at county, state, or city beaches operated by Los Angeles County.

(ii) Ten million dollars ($10,000,000) for acquisition of land for the Baldwin Hills State Recreation Area in accordance with the general plan for Baldwin Hills State Recreation Area.

(iii) Five million dollars ($5,000,000) for acquisition of natural lands to establish the Brea Heights Regional County Park.

(H) Seven million dollars ($7,000,000) for a grant to the County of Santa Barbara for acquisition of natural lands, wildlife habitat, wetlands, and agricultural land preservation, in incorporated and unincorporated areas, in accordance with the following schedule, except that expenditures for nonagricultural lands shall be limited to acquisition of lands in the Coastal Zone and shall be of sufficient size to be a major natural or low intensity community recreational resource:

(i) Four million eight hundred thousand dollars ($4,800,000) for nonagricultural lands located south of the ridge line of the Santa Ynez Mountain Range.

(ii) One million two hundred thousand dollars ($1,200,000) for nonagricultural lands north of the ridge line of the Santa Ynez Mountain Range.

(iii) One million dollars ($1,000,000) for the preservation of agricultural land in Santa Barbara County as identified for agricultural use in the Santa Barbara County Comprehensive Plan. These funds shall be used primarily for the acquisition of conservation easements.

(I) Four million dollars ($4,000,000) for a grant to the County of Monterey for acquisition of conservation easements in Monterey County on agricultural lands in the Salinas and Pajaro Valleys.

(J) Two million dollars ($2,000,000) for a grant to the Monterey Peninsula Regional Park District to expand the Garland Ranch Regional Park and for acquisition of natural lands and wildlife and riparian habitat in the Bixby Creek watershed.

(K) One million dollars ($1,000,000) for a grant to the County of Santa Cruz for acquisition of conservation easements in Santa Cruz County on commercially viable agricultural lands in the Pajaro Valley and the coastal terrace north of the City of Santa Cruz, consistent with Section 2.3.1 of the Santa Cruz County General Plan.

(L) Fifteen million dollars ($15,000,000) for acquisition of those greenbelt lands known as the Pogonip property located in the City of Santa Cruz and the County of Santa Cruz, as defined in the 1979 City of Santa Cruz Greenbelt Ordinance. This acquisition shall be accomplished through grants to the following entities listed in order of priority: (1) the City of Santa Cruz and (2) a park and open space district or a park and recreation district formed by the local electorate.

(M) Ten million dollars ($10,000,000) for a grant to the Midpeninsula Regional Open Space District for acquisition in accordance with the following schedule:

(i) One million dollars ($1,000,000) for acquisition of land between property managed by the district and Castle Rock State Park and Portola State Park.

(ii) Nine million dollars ($9,000,000) for expansion of Rancho San Antonio, Sierra Azul, El Sereno, El Corte de Madera Creek, and Windy Hill Open Space Preserves and for acquisition of Teague Hill Open Space Preserve.

(N) Thirteen million dollars ($13,000,000) for a grant to the East Bay Regional Park District in accordance with the following schedule:

(i) Ten million dollars ($10,000,000) for expenditure in accordance with the East Bay Regional Park District Master Plan, for expansion of Morgan Territory Regional Park and Briones Regional Park, acquisitions of natural lands along the Carquinez Straits and on Pleasanton Ridge, and shoreline access and trail acquisitions adjacent to the San Francisco Bay.

(ii) One million five hundred thousand dollars ($1,500,000) for acquisition of lands in the southern portion of Walpert Ridge in Hayward in central Alameda County.

(iii) One million five hundred thousand dollars ($1,500,000) for expansion of the Carquinez Shoreline Park in Port Costa.

(O) Five million dollars ($5,000,000) for a grant to the Marin County Open Space District for acquisition of natural lands on Loma Alta Mountain, Big Rock Ridge, and other wetlands, wildlife habitat, and natural lands in accordance with the Environmental Quality and Open Space Elements of the Marin Countywide Plan.

(P) Fifteen million dollars ($15,000,000) for a grant to the County of Marin for preservation of, and for grants by the county to nonprofit organizations for preservation of agricultural lands in the Marin County coastal zone and inland rural corridor, in accordance with the Marin County Agricultural Land Preservation Program. Funds provided in this subparagraph shall be used primarily to acquire agricultural conservation easements.

(Q) One million six hundred thousand dollars ($1,600,000) for a grant to the City of Mill Valley for acquisition of natural lands on the Northridge and spurs of Mount Tamalpais, in accordance with the Open Space Elements in the Marin Countywide Plan or the Mill Valley General Plan, or both.

(R) One million dollars ($1,000,000) for a grant to the City of Vacaville for acquisition of natural lands along the ridgelands of the Vaca Mountains, Blue Ridge Mountains, and English Hills, including Old Rocky, for a ridgeline park in accordance with the Vacaville City General Plan.

(S) Two million dollars ($2,000,000) for a grant to the City of Davis for acquisition of, or for grants from the city to nonprofit organizations for acquisition of, wildlife and riparian habitat, wetlands, and potential wetlands within the 1987 Davis General Plan Study Area.

(T) Six million dollars ($6,000,000) for a grant to the County of Sacramento, to be shared by the county with the City of Sacramento on a per capita basis, for acquisition of parklands, wetlands, wildlife habitat, and related greenbelt areas in the county along Morrison Creek, Dry Creek, Snodgrass Slough, Cosumnes River, Laguna Creek, Sacramento River, and American River, consistent with the County Park System Master Plan.

(U) Four hundred thousand dollars ($400,000) for a grant to Lake County for acquisition of a county park that provides wildlife habitat, riparian areas, and recreational benefits near Middletown.

(c) Eighty-one million three hundred thousand dollars ($81,300,000) to the Wildlife Conservation Board for programs involving the acquisition of land pursuant to the Wildlife Conservation Law of 1947, subject to Section 2625 of the Fish and Game Code and consistent with the purposes of this division, and for grants to local agencies, including an amount not to exceed one million two hundred nineteen thousand five hundred dollars ($1,219,500) for state administrative costs, in accordance with the following schedule:

(1) Thirty-eight million dollars ($38,000,000) for projects involving the acquisition, preservation, protection, restoration, enhancement, or development of wetlands for wildfowl and other wildlife habitat, in accordance with the following schedule:

(A) Thirteen million dollars ($13,000,000) for acquisition or restoration of wetlands within or adjacent to (1) the areas subject to the jurisdiction of the San Francisco Bay Conservation and Development Commission or (2) the boundaries of historic San Francisco Bay wetlands as designated in the 1985 United States Fish and Wildlife Service National Wetland Inventory Maps for the San Francisco Bay Area or in subsequent updates with not less than eight million dollars ($8,000,000) for acquisition or restoration of wetlands south of the San Mateo Bridge.

(B) Twenty-five million dollars ($25,000,000) for wetlands outside the coastal zone as defined in Section 30103 and other than within the area defined in subparagraph (A).

(2) Two million dollars ($2,000,000) for acquisition of Monarch Butterfly habitat.

(3) Ten million dollars ($10,000,000) for acquisition of riparian habitat that drains into the Pacific Ocean within the Counties of San Diego, Orange, Los Angeles, and Ventura.

(4) Four million dollars ($4,000,000) for acquisition of land containing Tecate Cypress forest and associated rare species in Coal Canyon in Orange County.

(5) Five million dollars ($5,000,000) for acquisition of wildlife habitat and natural lands along the San Joaquin River between Friant Dam and Highway 99 in the Counties of Fresno and Madera.

(6) Three hundred thousand dollars ($300,000) for acquisition of valley oak riparian forest and wetlands along the Mokelumne River near Galt in San Joaquin County.

(7) Two million dollars ($2,000,000) for acquisition of wetlands, riparian habitat, vernal pools, and immediately adjacent natural uplands in the vicinity of the Stanislaus, Tuolumne, Merced, and San Joaquin Rivers and their tributaries in Stanislaus, San Joaquin, and Merced Counties.

(8) Four million dollars ($4,000,000) for acquisition of riparian habitat along the Sacramento River from Shasta Dam to Collinsville.

(9) One million dollars ($1,000,000) for acquisition of riparian habitat along the Feather River from Oroville to the mouth of the river.

(10) Four million dollars ($4,000,000) for acquisition of inland, San Pablo Bay, and coastal wetlands in Sonoma County, including the Laguna de Santa Rosa.

(11) Two million dollars ($2,000,000) for acquisition within the Napa Marsh and associated wetlands.

(12) One million dollars ($1,000,000) for acquisition of wildlife habitat along the East Shore of Lake Berryessa as identified by the Department of Fish and Game.

(13) Four million dollars ($4,000,000) for acquisition of sensitive riparian areas, meadows, critical wildlife habitat, and recreation lands in the Hope Valley area just south of Lake Tahoe in Alpine County. Portions of these lands which could provide compatible recreational opportunities may be managed by the Department of Parks and Recreation under an interagency agreement with the Department of Fish and Game.

(14) Four million dollars ($4,000,000) for acquisition of old growth redwoods, mixed forest, and wildlife habitat near the town of Whitethorn in the Mattole River watershed in Humboldt and Mendocino Counties.

(d) Fifty-eight million dollars ($58,000,000) to the State Coastal Conservancy pursuant to Division 21 (commencing with Section 31000), consistent with the purposes of this division, for acquisition, enhancement, or restoration of natural lands and development of public accessways in coastal areas and the San Francisco Bay region; and for preservation of agriculture in coastal areas, and for grants to local agencies and nonprofit organizations, and for related state administrative costs, in accordance with the following schedule:

(1) Thirty-four million dollars ($34,000,000) to the State Coastal Conservancy for acquisition, enhancement, or restoration of natural lands, and development of public accessways in coastal areas and the San Francisco Bay region; and for preservation of agriculture in coastal areas, pursuant to Division 21 (commencing with Section 31000). These funds include the five million eight hundred fifty thousand dollars ($5,850,000) advanced by the Coastal Conservancy to the Santa Monica Mountains Conservancy for the Circle X acquisition in the Santa Monica Mountains. Up to one million five hundred thousand dollars ($1,500,000) of the total funds available pursuant to this paragraph shall be spent on expansion of the Bolsa Chica Linear Park in Orange County or for disbursement to the City of Huntington Beach or other appropriate agencies for this purpose, or for restoration, enhancement, or expansion of the Bolsa Chica wetlands that is not otherwise required for mitigation, or both. Up to four million dollars ($4,000,000) of the total funds available pursuant to this paragraph shall be spent for the purposes of paragraph (2) if the funds allocated in paragraph (2) prove to be insufficient to achieve the purposes of that paragraph.

(2) Ten million dollars ($10,000,000) for acquisition of natural lands to preserve coastal resources in the coastal dunes and wetlands from Mussel Point to Grover City west of Highway 1 in San Luis Obispo and Santa Barbara Counties. Up to seven hundred fifty thousand dollars ($750,000) may be spent for dunes restoration and public access consistent with coastal resources preservation.

(3) One million five hundred thousand dollars ($1,500,000) for acquisition of coastal natural lands and wetlands in Monterey County between Monterey Wharf #2 and the Salinas River.

(4) Eight million dollars ($8,000,000) for acquisition of, and for grants to public agencies or nonprofit organizations for acquisition of, coastal lands within San Mateo County that meet three or more of the following criteria, with preference given to lands meeting the largest number of criteria: (1) ocean frontage, (2) state or county scenic corridor, (3) designated in the County General Plan as agriculture, (4) sensitive habitat areas or wetlands, (5) close proximity to urban areas, or (6) adjacent to other permanently dedicated public or private natural lands. These funds shall not be used for urban waterfronts or for lot consolidation projects as defined in Chapters 5 (commencing with Section 31200) and 7 (commencing with Section 31300) of Division 21.

(5) Four million dollars ($4,000,000) for acquisitions in Sonoma County of coastal natural lands and coastal wetlands south of Stewart Point, and for acquisition of San Pablo Bay wetlands and natural lands.

(6) Five hundred thousand dollars ($500,000) for acquisition of, and for grants to nonprofit organizations for acquisition of, land containing old growth Douglas-fir on Mill Creek, a tributary of the Mattole River in Humboldt County, and for public access to the lands acquired.

(e) Eighty-two million dollars ($82,000,000) to the following agencies, and for grants to local agencies and nonprofit organizations, including state administrative costs, for the following purposes:

(1) Seventeen million dollars ($17,000,000) to the Department of Fish and Game, including an amount not to exceed two hundred fifty-five thousand dollars ($255,000) for state administrative costs, in accordance with the following schedule:

(A) Ten million dollars ($10,000,000) for restoration and enhancement of salmon streams in accordance with the recommendations of the Commercial Salmon Stamp Advisory Committee and the Advisory Committee on Salmon and Steelhead Trout.

(B) Six million dollars ($6,000,000) for restoration and enhancement of wild trout and native steelhead habitat; for capital outlay to design, develop, and construct an experimental wild trout and native steelhead propagation facility; for acquisition of land important for the perpetuation of wild trout and native steelhead; and to provide public access to wild trout and native steelhead waters.

(C) One million dollars ($1,000,000) for marine patrol boats and other equipment for enforcement of fish and game regulations to protect fish, marine birds, and marine mammals from Point Conception to Fort Bragg.

(2) Five million dollars ($5,000,000) to the Department of Forestry for urban forestry programs, and for related state administrative costs not to exceed two hundred fifty thousand dollars ($250,000), in accordance with Section 4799.12.

(3) Five million dollars ($5,000,000) to the Department of Water Resources for grants to counties, cities, cities and counties, districts, and nonprofit organizations for the acquisition or restoration of natural lands which contain urban streams, creeks, and riparian areas, and for related state administrative costs not to exceed two hundred fifty thousand dollars ($250,000), in accordance with Section 7048 of the Water Code.

(4) Thirty million dollars ($30,000,000) to the Santa Monica Mountains Conservancy for land acquisition and for grants to nonprofit organizations for land acquisition in the Santa Monica Mountains, and for related state administrative costs, pursuant to Division 23 (commencing with Section 33000) and consistent with the purposes of this division. Five million dollars ($5,000,000) of this amount shall be for grants to nonprofit organizations pursuant to Section 33204.2.

(5) Twenty-five million dollars ($25,000,000) to the County of Monterey to be transferred directly to the 1988 Bond Act Account of the Big Sur Preservation Fund of Monterey County to support implementation of "critical viewshed" policies of the county's Big Sur Coast Land Use Plan which was certified by the California Coastal Commission on April 9, 1986, as a component of the Big Sur Local Coastal Program.

The intent of this paragraph is to ensure that the exceptional vistas seen from Scenic Highway One along the Big Sur Coast in Monterey County will be preserved in a manner that ensures the continuation of existing state and local jurisdiction over the Big Sur area.

CHAPTER 3. MISCELLANEOUS PROVISIONS

5910. (a) The grant funds authorized pursuant to paragraph (1) of subdivision (a) of Section 5907 shall be allocated to counties, cities, cities and counties, 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 other population data as the Department of Parks and Recreation may require to be furnished by any county, city, city and county, 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 is entitled to a minimum allocation of one hundred thousand dollars ($100,000). In any county 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 regional district and the county 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 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 the districts, except that each city or district is 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 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, 1990, 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.

(d) Individual application for grants pursuant to subdivision (a) of Section 5907 shall be submitted to the Department of Parks and Recreation for approval as to conformity with the requirements of this division. 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 general plan or the district 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.

(e) The minimum amount that the applicant may request for any individual project is twenty thousand dollars ($20,000). Any agency may allocate all or a portion of its per capita share for a regional or state project.

(f) The Director of Parks and Recreation shall annually forward a statement of the total amount to be appropriated in each fiscal year for projects approved for grants pursuant to subdivision (a) of Section 5907 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 of Parks and Recreation.

(g) Funds appropriated for grants pursuant to subdivision (a) of Section 5907 shall be encumbered by the recipient within three years of the date when the appropriation became effective, regardless of the date when each project was approved pursuant to this section. Commencing with the Budget Bill for the 1992–93 fiscal year, any grant funds authorized under paragraphs (1) and (2) of subdivision (a) of Section 5907 that were not accepted by the recipient, or were not encumbered by the recipient within that three-year period, are available for appropriation for one or more of the classes of expenditures specified in Section 5907 that the Legislature deems to be of the highest priority statewide.

5911. Funds authorized in paragraph (3) of subdivision (a) of Section 5907 may be expended for the acquisition, development, rehabilitation, or restoration of parks, beaches, open-space lands, recreational trails, or recreational facilities and areas, and for development rights or scenic easements in connection with those acquisitions. After at least one public hearing, the Director of Parks and Recreation shall prepare and adopt criteria and procedures for evaluating those competitive grants. The minimum amount that the applicant may request for any individual project is twenty thousand dollars ($20,000).

5912. The funds authorized in paragraph (4) of subdivision (a) of Section 5907 shall be available as grants on a competitive basis to cities, counties, cities and counties, districts, and nonprofit organizations and shall be encumbered by the recipient within three years of the date when the appropriation became effective. The Director of Parks and Recreation, through the Office of Historic Preservation, shall prepare and adopt criteria and procedures for evaluating those competitive grants. An individual jurisdiction may enter into an agreement with a nonprofit organization for the purpose of carrying out a grant, subject to the requirements of Section 5917.

5913. The funds authorized in paragraph (5) of subdivision (a) of Section 5907 shall be available as grants on a competitive basis to local units of government, and nonprofit organizations authorized to provide park, recreation, or open-space services or facilities to the general public. The Director of Parks and Recreation shall prepare and adopt criteria and procedures for evaluating those competitive grants for trail development.

5914. An application for a grant pursuant to subdivision (a) or (b) of Section 5907 shall be submitted to the Director of Parks and Recreation for review and approval; an application for a grant pursuant to subdivision (d) of Section 5907 shall be submitted to the Director of the State Coastal Conservancy for review and approval; an application for a grant pursuant to paragraph (1) of subdivision (e) of Section 5907 shall be submitted to the Director of Fish and Game for review and approval; an application for a grant pursuant to paragraph (2) of subdivision (e) of Section 5907 shall be submitted to the Director of Forestry for review and approval; an application for a grant pursuant to paragraph (3) of subdivision (e) of Section 5907 shall be submitted to the Director of Water Resources for review and approval; and an application for a grant pursuant to paragraph (4) of subdivision (e) of Section 5907 shall be submitted to the Director of the Santa Monica Mountains Conservancy for review and approval.

5915. (a) Any member of the Legislature, the State Park and Recreation Commission, the California Coastal Commission, or the Secretary of the Resources Agency may nominate any project to be funded under paragraph (2) of subdivision (b) of Section 5907 for study by the Department of Parks and Recreation. The State Park and Recreation Commission shall nominate projects after holding at least one public hearing to seek project proposals from individuals, citizen groups, the Department of Parks and Recreation, and other public agencies. Any of the commissions shall make nominations by vote of its membership.

(b) The Department of Parks and Recreation shall study any project so nominated. In addition to the procedures required by Section 5006, the Department of Parks and Recreation shall submit to the Legislature and to the Secretary of the Resources Agency a report consisting of a priority listing and comparative evaluation of all projects nominated for study not later than March 1, 1989.

5916. (a) Acquisition of real property for the state park system by purchase or by eminent domain shall be under the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code).

(b) Work efforts for stewardship purposes pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 5907 may include, but are not limited to, objectives such as the control of major erosion and geologic hazards, the restoration and improvement of critical plant and animal habitat, the control and elimination of exotic species encroachment, the stabilization of coastal dunes and bluffs, and the planning necessary to implement those activities. Those efforts may not include activities which merely supplement park system operations or which are usually funded from other sources.

5917. Funds granted pursuant to Section 5907 may be expended for development, rehabilitation, or restoration only on lands owned by, or subject to a lease or other interest, held by the applicant city, county, city and county, district, or nonprofit organization. If those lands are not owned by the applicant, the applicant shall first demonstrate to the satisfaction of the administering agency that the project will provide public benefits commensurate with the type and duration of interest in land held by the applicant.

5918. Every expenditure pursuant to this division shall comply with the California Environmental Quality Act (Division 13 (commencing with Section 21000)).

5919. (a) No state funds authorized under Section 5907 may be disbursed unless the applicant agrees:

(1) To maintain and operate the property acquired, developed, rehabilitated, or restored with the funds in perpetuity. With the approval of the granting agency, the applicant or its successors in interest in the property may transfer the responsibility to maintain and operate the property in accordance with this section.

(2) To use the property only for the purposes of this division and to make no other use, sale, or other disposition of the property except as authorized by specific act of the Legislature.

All applicants for a grant pursuant to paragraph (3) of subdivision (b) and pursuant to subdivisions (c), (d), and (e) of Section 5907 shall submit an application to the administering agency for grant approval. Each application shall include in writing the agreements specified in paragraphs (1) and (2) of this subdivision.

The agreements specified in paragraphs (1) and (2) of this subdivision shall not prevent the transfer of property acquired, developed, rehabilitated, or restored with funds authorized pursuant to Section 5907 from the applicant to a public agency, provided the successor public agency assumes the obligations imposed by those agreements.

(b) If the use of the property acquired through grants pursuant to this division is changed to one other than permitted under the category from which the funds were appropriated, or the property is sold or otherwise disposed of, an amount equal to the (1) amount of the grant, (2) the fair market value of the real property, or (3) the proceeds from the portion thereof, acquired, developed, rehabilitated, or restored with the grant shall be used by the grantee, subject to subdivision (a), for a purpose authorized in that category or shall be reimbursed to the fund and be available for appropriation only for a use authorized in that category.

If the property sold or otherwise disposed of is less than the entire interest in the property originally acquired, developed, rehabilitated, or restored with the grant, an amount equal to the proceeds or the fair market value of the property interest sold or otherwise disposed of, whichever is greater, shall be used by the grantee, subject to subdivision (a) of this section, for a purpose authorized in that category or shall be reimbursed to the fund and be available for appropriation only for a use authorized in that category.

5920. (a) All real property acquired pursuant to this division shall be acquired in compliance with Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The administering agency shall prescribe procedures sufficient to assure compliance

by local public agencies and nonprofit organizations which receive funds under Section 5907.

(b) For the purposes of this division, acquisition may include gifts, purchases, leases, easements, the exercise of eminent domain if expressly authorized, the transfer or exchange of property for other property of like value, transfers of development rights or credits, and purchases of development rights and other interests.

(c) All grants, gifts, devises, or bequests to the state, conditional or unconditional, for park, conservation, recreational, agricultural, or other purposes for which real property may be acquired or developed pursuant to this division, may be accepted and received on behalf of the state by the appropriate departmental director with the approval of the Director of Finance. The grants, gifts, devises, or bequests are available, when appropriated by the Legislature, for expenditure for the purposes specified in Section 5907.

5921. (a) With respect to Section 5907, all appropriations for the purposes of subdivision (a), paragraph (2) of subdivision (b), paragraph (1) of subdivision (d), and paragraphs (1), (2), (3), and (4) of subdivision (e) for the program shall be included in a section of the Budget Bill for the 1989-90 fiscal year and each succeeding fiscal year for consideration by the Legislature and shall bear the caption "California Wildlife, Coastal, and Park Land Conservation Program." The section shall contain separate items for each project, each class of project, or each element of the program for which an appropriation is made.

(b) All appropriations specified in subdivision (a) 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 Budget Act shall contain proposed appropriations only for the program elements and classes of projects contemplated by this division, and no funds derived from the bonds authorized by law for the purposes of this division may be expended pursuant to an appropriation not contained in those sections of the Budget Act.

(c) All funds not described in subdivision (a) are appropriated directly to the state or local agency which is to administer them. These funds are not subject to appropriation by the Legislature except as provided in Section 5922.

5922. With respect to Section 5907, if money allocated pursuant to paragraphs (1) and (3) of subdivision (b) [except for subparagraph (A) of paragraph (1) of subdivision (b)]; subdivision (c) [except for paragraph (1)]; paragraphs (2), (3), (4), (5), and (6) of subdivision (d), and paragraphs (1) and (5) of subdivision (e), is not expended prior to July 1, 1998, the agency to which the funds are originally allocated shall submit to the Legislature a plan for expenditure of the funds in accordance with the purposes of this division within a county in which the funds were originally authorized to be expended, and the Legislature may approve the plan by statute, passed in each house by a two-thirds vote. If the reallocated funds are not expended within 10 years after the effective date of that statute, the Legislature may, by statute, passed in each house by a two-thirds vote, reallocate the funds to the Department of Parks and Recreation for expenditure in the area of the state with the greatest need consistent with the purposes of this division.

5923. If some or all of the funds allocated pursuant to subparagraph (E) of paragraph (1) of subdivision (b) of Section 5907 are not expended by the Department of Parks and Recreation by July 1, 1993, the remaining funds shall be allocated to the Santa Monica Mountains Conservancy for the purposes of that subparagraph. The Legislature may at any time allocate all or a portion of these funds to the Santa Monica Mountains Conservancy for the purposes for which the funds were originally allocated.

5924. (a) Any lands acquired pursuant to subparagraph (C) of paragraph (1) of subdivision (b) of Section 5907 or pursuant to other sections of this act for acquisition of other lands of the Agua Caliente Indian Reservation shall be subject to this section. After that acquisition, the state shall convey title to all those lands to the United States in trust for the Agua Caliente Band of Cahuilla Indians as part of the Agua Caliente Indian Reservation on the conditions that (1) the lands be administered by the Agua Caliente Band of Cahuilla Indians as additions to the existing tribal reserves established by Section 3(c) of the act of September 21, 1959 (73 Stat. 603, P.L. 86-339), (2) the lands be open to the public, subject to reasonable restrictions such as those presently in effect for the above existing tribal reserves, and (3) the lands be used for protection of wildlife habitat and other resources, preservation of open space, recreation, preservation of the native palms and other plants and animals native to the area, and the preservation in place or respectful public display, at the option of the Agua Caliente Band of Cahuilla Indians, of the archeological and cultural resources of the lands.

Existing tribal reserve lands shall not be acquired, and acquisition within the reservation shall be limited to the southerly three-fourths of Section 2 and Sections 3, 11, 12, 14, 16, 22, 26, 29, 34, and 36 of Township 5 south; range 4 east, San Bernardino base and meridian, unless otherwise approved by the Agua Caliente Indian Reservation Tribal Council. No acquisition within the boundaries of the Aqua Caliente Indian Reservation shall be made without the approval of the Aqua Caliente Band of Cahuilla Indians Tribal Council.

(b) Lands acquired pursuant to paragraph (5) of subdivision (a) of Section 5907 shall not be acquired through the use of eminent domain.

(c) Reasonable public access to lands acquired in fee with funds made available pursuant to this division shall be provided except where that access may interfere with habitat protection.

5925. With respect to funds allocated pursuant to subparagraph (L) of paragraph (3) of subdivision (b) of Section 5907, if it is not possible to acquire the entire Pogonip property, the funds shall be distributed to the entities listed in the priority established in subparagraph (L) of paragraph (3) of subdivision (b) of Section 5907 for the acquisition of portions of the Pogonip property and the balance, if any, for other greenbelt lands located in the City of Santa Cruz and the County of Santa Cruz as defined in the 1979 City of Santa Cruz Greenbelt Ordinance. If any of these entities fails to accomplish the acquisition of all or portions of the Pogonip property by January 1, 1991, the Department of Parks and Recreation shall acquire all or a portion of the Pogonip property as an addition to Henry Cowell Redwoods State Park. Acquisition shall be deemed to have occurred if a binding contract is entered into on or before January 1, 1991, notwithstanding the fact that a transfer of title shall occur subsequent to that date.

5926. None of the funds allocated pursuant to subparagraph (G) of paragraph (3) of subdivision (b) of Section 5907 for acquisition of land for the Baldwin Hills State Recreation Area or paragraph (1) of subdivision (d) of Section 5907 for expansion of Bolsa Chica Linear Park shall be used to acquire lands from which oil or gas is presently being extracted or from which oil or gas is capable of being extracted.

5927. The qualification for or allocation of a grant or grants to a local agency under one subdivision, paragraph, or subparagraph of Section 5907 shall not preclude eligibility for an additional allocation of grant funds to the same local agency pursuant to another subdivision, paragraph, or subparagraph of Section 5907 or pursuant to Section 2720 of the Fish and Game Code.

5928. (a) Funds available pursuant to paragraph (5) of subdivision (e) of Section 5907 shall be used solely for Monterey County's acquisition, as specified in subdivision (b) of Section 5920, of critical viewshed properties along the Big Sur Coast, and shall be expended in strict compliance with the policies of the 1988 Bond Act Account, which was established by resolution by the County of Monterey on March 17, 1987. The policies of the 1988 Bond Act Account shall not be modified or amended. Monterey County shall make an annual report to the Director of Finance on the disbursement of these funds. The Director of Finance shall assure that the County of Monterey expends the funds in accordance with this division.

(b) All lands acquired with these funds shall remain as natural lands in their present state in perpetuity and shall not be developed in any manner by any person or entity, public or private, except that this subdivision shall not apply to California Department of Transportation projects which are essential to maintain Highway One in its existing use as a rural, two lane, Scenic Highway.

5929. (a) Prior to recommending the acquisition of lands that are located on or near tidelands, submerged lands, swamp or overflowed lands, or other wetlands, whether or not those lands have been granted in trust to a local public agency, any state or local agency or nonprofit agency receiving funds under this division shall submit to the State Lands Commission any proposal for the acquisition of those lands pursuant to this division. The State Lands Commission shall, within three months of submittal, review the proposed acquisition, make a determination as to the state's existing or potential interest in the lands, and report its findings to the entity making the submittal and to the Department of General Services.

(b) No wetlands or riparian habitat acquired pursuant to paragraph (7) of subdivision (c) of Section 5907 shall be used as a dredge spoil area or shall be subject to revetment which damages the quality of the habitat for which the property was acquired.

(c) No provision of this division shall be construed as authorizing the condemnation of state lands.

CHAPTER 4. FISCAL PROVISIONS

5930. (a) (1) Bonds in the total amount of seven hundred seventy-six million dollars ($776,000,000), or so much thereof as is necessary, may be issued and sold to be used for carrying out the purposes expressed in this division and in Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. A sum, not to exceed seven hundred twenty-six million dollars ($726,000,000) of the bond proceeds, shall be deposited in the California Wildlife, Coastal, and Park Land Conservation Fund of 1988 for the purposes of this division, and a sum, not to exceed fifty million dollars ($50,000,000) of bond proceeds, shall be deposited in the Wildlife and Natural Areas Conservation Fund for the purposes of the Wildlife and Natural Areas Conservation Program (Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game 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 and interest as they become due and payable.

5931. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all provisions of that law shall apply to the bonds and are hereby incorporated in this division as though set forth in full in this division.

5932. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the California Wildlife, Coastal, and Park Land Conservation Program of 1988 Finance Committee is hereby created. For purposes of this division, the California Wildlife, Coastal, and Park Land Conservation Program of 1988 Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee shall consist of the Controller, the Director of Finance, and the Treasurer, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of this division and Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code and the State General Obligation Bond Law, the Wildlife Conservation Board, the Department of Parks and Recreation, the Department of Water Resources, the Department of Forestry, the Department of Fish and Game, the Santa Monica Mountains Conservancy, or the State Coastal Conservancy, depending on which agency has jurisdiction, is hereby designated as "the board."

5933. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in Section 5907 of this code and Section 2720 of the Fish and Game Code, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

5934. There shall be collected annually in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year, and it is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act which is necessary to collect that additional sum.

5935. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund, for the purposes of this division, an amount that will equal the total of the following:

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

(2) The sum which is necessary to carry out the provisions of Section 5936, appropriated without regard to fiscal years.

5936. For the purposes of carrying out this division and Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purpose of carrying out those provisions. Any amounts withdrawn shall be deposited in the California Wildlife, Coastal, and Park Land Conservation Fund of 1988 or the Wildlife and Natural Areas Conservation Fund, as appropriate. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.

5937. All money derived from premium and accrued interest on bonds sold shall be reserved and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

5938. The people of California hereby find and declare that, inasmuch as the proceeds from the sale of bonds authorized by this division are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitation imposed by that article.

SEC. 3. Chapter 7.5 (commencing with Section 2700) is added to Division 3 of the Fish and Game Code, to read:

CHAPTER 7.5. WILDLIFE AND NATURAL AREAS CONSERVATION PROGRAM

Article 1. General Provisions

2700. This chapter shall be known and may be cited as the Wildlife and Natural Areas Conservation Act.

2701. (a) The fundamental requirement for healthy, vigorous populations of fish and wildlife is habitat. Without adequate habitat, efforts to conserve and manage fish and wildlife resources will have limited success. Further, California contains the greatest diversity of wildlife and plant species of virtually any state in the nation. This rich natural heritage enables Californians to enjoy a great variety of recreational, aesthetic, ecological, and other uses and benefits of these biological resources. The public interest is served only by ensuring that these resources are preserved, protected, and propagated for this and future generations.

(b) Many of California's wildlife, fish, and plant species and biological communities are found nowhere else on earth. Without adequate protection and management, rare native species and communities could easily become extinct. In such an event, the benefits they provide to the people of California, whether presently realized or which remain to be discovered, will be lost forever, and California will be significantly poorer as a result.

(c) The people of California have vested in the Department of Fish and Game the principal responsibility for protecting, conserving, and perpetuating native fish, plants, and wildlife, including endangered species and game animals, for their aesthetic, instrinsic, ecological, educational, and economic values. To help accomplish this goal, the people of California have further established a significant natural areas program and a natural diversity data base in the Department of Fish and Game, which is charged with maintaining and perpetuating California's most significant natural areas for present and future generations. To ensure the perpetuation of areas containing uncommon elements of natural diversity and to ensure the continued abundance of habitat for more common species, especially examples of those which are presently threatened with destruction, the purchase of land is often necessary.

(d) Accordingly, the purpose of this chapter is to provide the Wildlife Conservation Board and the Department of Fish and Game the financial means to correct the most severe deficiencies in wildlife habitat and in the statewide system of areas designated for the preservation of California's natural diversity through a program of acquisition, enhancement, restoration, and protection of areas that are most in need of proper conservation.

2702. As used in this chapter, the following terms have the following meanings:

(a) "Acquisition" means the acquiring of any interest in real property.

(b) "Fund" means the Wildlife and Natural Areas Conservation Fund created pursuant to Section 2720.

(c) "Highly rare" means a worldwide rarity in which any species or natural community occurs in 50 or fewer locations, irrespective of whether the species or any species in the community is listed as threatened or endangered or was previously listed as rare.

(d) "Natural community" means a distinct, identifiable, and recurring association of plants and animals that are ecologically interrelated.

(e) "Species" means the fundamental biological unit of plant and animal classification that comprises a subdivision of a genus, but for the purposes of this chapter, "species" also includes the unit of a subspecies.

Article 2. Habitat Conservation Program

2720. Moneys available for the purposes of this chapter pursuant to Chapter 4 (commencing with Section 5930) of Division 5.8 of the Public Resources Code shall be deposited in the Wildlife and Natural Areas Conservation Fund, which is hereby created. Money deposited in the fund shall be available for appropriation by the Legislature to the Wildlife Conservation Board, for expenditure pursuant to the Wildlife Conservation Law of 1947, for the following programs:

(a) Forty-one million dollars ($41,000,000) for the preservation of highly rare examples of the state's natural diversity through the acquisition, enhancement, restoration, or protection, or a combination thereof, of lands supporting California's unique, fragile, threatened, or endangered plants, animals, and natural communities.

(b) Six million dollars ($6,000,000) for the acquisition, enhancement, restoration, or protection, or a combination thereof, of critical habitat areas for fish, game mammals, and game birds, including, but not limited to, the following types:

(1) Winter deer ranges.

(2) Wild trout or steelhead nursery and spawning areas.

(3) Significant routes of migration for wildlife.

(4) Breeding, nesting, and forage areas for sage grouse and other upland game birds.

For purposes of this subdivision, "enhancement" includes the construction or development of facilities for furnishing public access to lands or waters open to the public for fishing, hunting, or shooting.

(c) Three million dollars ($3,000,000) for the acquisition, enhancement, restoration, or protection, or any combination thereof, of lands providing habitat for threatened, endangered, or fully protected species, such as the bald eagle, San Joaquin kit fox, desert tortoise, bighorn sheep, peregrine falcon, and California condor.

2721. Funds available pursuant to subdivision (a) of Section 2720 shall be expended to acquire, enhance, restore, or protect lands in California on which any of the following naturally exists:

(a) A unique species or natural community, whose existence at a single location in California is the only known occurrence in the world of that particular species or natural community.

(b) A species that occurs in only 20 or fewer locations in the world, at least one of which is in California.

(c) A natural community that occurs in only 50 or fewer locations in the world, at least one of which is in California.

(d) An assemblage of three or more highly rare species or natural communities, or any combination thereof, of which at least one of the species or natural communities is found only in 20 or fewer locations in the world.

2722. (a) Whenever the application of the criteria specified in Section 2721 results in the identification of two or more parcels of land that are essentially indistinguishable as to their quality, preference shall be given to the parcel on which exists the species that is more threatened or more endangered.

(b) Whenever the application of the criteria specified in Section 2721 results in the identification of two or more parcels of land that are essentially indistinguishable as to their quality and the degree of threat to, or endangerment of, the species existing on them, preference shall be given to the parcel on which exists the best example of the species. As used in this subdivision, "best example" means the parcel of land and the wildlife inhabiting it which, in balancing all the factors present, represents, as determined by the board, the stronger combination of all of the following: the better condition, higher quality, easier defensibility, greater likelihood of long-term viability, and the lesser costs to be incurred by the department in operating and maintaining the parcel.

2723. (a) Of the total amount available pursuant to subdivision (a) of Section 2720, not more than five million dollars ($5,000,000) may be encumbered for any single acquisition project. In enacting this limitation, the people of California recognize that there are a number of important projects meeting the criteria of this chapter but whose acquisition cost would most likely exceed this limitation. Therefore, in these instances any acquisition cost in excess of this limitation may be met by a donation by the owner, donations of funds from private sources, or other funds from state or nonstate sources.

(b) The qualification for or allocation of a grant or grants to a local agency under Section 2720 shall not preclude eligibility for an additional allocation of grant funds to the same local agency pursuant to Section 2720 of this code or Section 5907 of the Public Resources Code.

2724. (a) In choosing among two or more parcels of land to be acquired, enhanced, restored, or protected with funds available pursuant to subdivision (b) or (c) of Section 2720, preference shall be given to acquiring, enhancing, restoring, or protecting the parcel that will result in the least cost to the department for operating and maintaining the land.

(b) Funds available pursuant to subdivisions (b) and (c) of Section 2720 may be encumbered only for lands which constitute habitat that is subject to destruction, drastic modification, or significant curtailment of habitat values.

2725. No funds available pursuant to this chapter shall be encumbered for any lands that, due to their degraded character, will not sustain plants or wildlife or will not afford protection to a natural community on a long-term basis.

2726. With respect to any lands which may be acquired, enhanced, restored, or protected with funds under this chapter and which could also be eligible for funds under Chapter 7 (commencing with Section 2600), funds under this chapter shall not be encumbered for those lands until it is determined by the Wildlife Conservation Board that funds are not likely to be available for those lands under that Chapter 7.

2727. No funds available for appropriation under this chapter may be encumbered for any purpose described in Section 1353 of the Fish and Game Code.

2728. An annual amount, not to exceed three hundred fifty thousand dollars ($350,000) may be appropriated from the fund in the 1988–89 through 1998–99 fiscal years, in an amount to be determined in each annual appropriation, to the Wildlife Conservation Board for expenditure for costs incurred by the board and the department in administering this chapter, including, but not limited to, preacquisition studies, planning, appraisals, surveys, and closing costs. The Wildlife Conservation Board and the department may augment, as needed, any amount thus appropriated with any funds appropriated to it from any other source.

2729. (a) For the purpose of administering this chapter, the Wildlife Conservation Board and the Department of Fish and Game shall augment its existing staff, whenever possible, by contracting for those services necessary for the administration of this chapter. Any contract shall, however, be entered into only pursuant to Sections 19130 to 19132, inclusive, of the Government Code and shall be only for the minimum period necessary for completion of the particular project or projects for which the contract was entered into.

(b) Due to the limited duration of the program authorized by this chapter, in the event some services cannot be provided by contract, any personnel directly hired by the Wildlife Conservation Board for the administration of this chapter shall be hired, to the extent permitted by Article 2 (commencing with Section 19080) of Chapter 6 of Part 2 of Division 5 of Title 2 of the Government Code, as limited-term appointments.

SEC. 4. (a) If the people of California approve a bond act, other than this act, at either the Direct Primary Election on June 7, 1988, or the General Election on November 8, 1988, which includes at least one hundred sixty-five million dollars ($165,000,000) for the purposes specified in subdivision (a) of Section 5907 of the Public Resources Code, as proposed by this act, subdivision (a) of Section 5907 of the Public Resources Code, as proposed by this act, shall not become operative. That subdivision shall otherwise become operative on November 9, 1988. The Legislature may appropriate funds pursuant to subdivision (a) of Section 5907 in the Budget Act for the 1988–89 fiscal year if those provisions become operative.

(b) If the people of California approve a bond act, other than this act, at either the Direct Primary Election on June 7, 1988, or the General Election on November 8, 1988, which includes at least fifty-five million dollars ($55,000,000) for the purposes specified in paragraph (2) of subdivision (b) of Section 5907 of the Public Resources Code, as proposed by this act, paragraph (2) of subdivision (b) of Section 5907 of the Public Resources Code, as proposed by this act, shall not become operative. That paragraph shall otherwise become operative on November 9, 1988. The Legislature may appropriate funds pursuant to paragraph (2) of subdivision (b) of Section 5907 in the Budget Act for the 1988–89 fiscal year if those provisions become operative.

(c) If the people of California approve a bond act, other than this act, at either the Direct Primary Election on June 7, 1988, or the General Election on November 8, 1988, which includes at least thirty million dollars ($30,000,000) for the purposes specified in paragraph (1) of subdivision (d) of Section 5907 of the Public Resources Code, as proposed by this act, paragraph (1) of subdivision (d) of Section 5907 of the Public Resources Code, as proposed by this act, shall not become operative. That paragraph shall otherwise become operative on November 9, 1988. The Legislature may appropriate funds pursuant to paragraph (1) of subdivision (d) of Section 5907 in the Budget Act for the 1988–89 fiscal year if those provisions become operative.

(d) If the people of California approve a bond act, other than this act, at either the Direct Primary Election on June 7, 1988, or the General Election on November 8, 1988, which includes at least thirty million dollars ($30,000,000) for the purposes specified in paragraph (4) of subdivision (e) of Section 5907 of the Public Resources Code, as proposed by this act, paragraph (4) of subdivision (e) of Section 5907 of the Public Resources Code, as proposed by this act, shall not become operative. That paragraph shall otherwise become operative on November 9, 1988. The Legislature may appropriate funds pursuant to paragraph (4) of subdivision (e) of Section 5907 in the Budget Act for the 1988–89 fiscal year if those provisions become operative.

(e) If the people of California approve a bond act, other than this act, at either the Direct Primary Election on June 7, 1988, or the General Election on November 8, 1988, which includes at least fifty million dollars ($50,000,000) for the purposes specified in Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code, as proposed by this act, Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code, as proposed by this act, shall not become operative. That chapter shall otherwise become operative on November 9, 1988. The Legislature may appropriate funds pursuant to Chapter 7.5 (commencing with Section 2700) of Division 3 of the Fish and Game Code in the Budget Act for the 1988–89 fiscal year if those provisions become operative.

SEC. 5. If any provision of this act or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of the initiative which can be given effect without the invalid provision or application, and to this end the provisions of this initiative are severable.

SEC. 6. The Legislature may amend this act, by statute passed in each house of the Legislature by rollcall vote entered in the journal, two-thirds of the membership concurring, if the statute is consistent with the purposes of this act. However, no allocation of funds may be reallocated except in accordance with Sections 5919 and 5922 of the Public Resources Code. No changes shall be made in the way in which funds are appropriated pursuant to Sections 5907 and 5921 of the Public Resources Code.

Proposition 72: 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 the Constitution by amending and adding sections thereto; 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 AMENDMENTS TO ARTICLES XIII, XIII B AND XIX

First—Short Title. This Amendment shall be known and may be cited as the "Paul Gann Spending Limit Improvement and Enforcement Act of 1988."

PREAMBLE

Second—The People of California find and declare that:

The current constitutional limit on state and local government spending, known as the "Gann Limit," is essential in order to compel government to set priorities for spending within fiscally responsible limits and to hold government accountable to taxpayers. In addition, the Gann Limit should be improved and modernized as follows:

(a) State government should be required to maintain a permanent emergency reserve fund. To encourage funding for such a reserve, appropriations to the reserve should not be considered "appropriations subject to limitation." In addition, under urgent and unexpected circumstances, limited withdrawals from the reserve should not be subject to limitation if approved by the Governor and two-thirds of the Legislature.

(b) Local governments should be able to depend on their share of sales tax revenues, and the intent of this amendment is to secure those funds against manuevering by the Legislature.

(c) Motorists consider the taxes and fees on motor vehicle fuels to be user fees, and the Gann Limit should be clarified to recognize them as such and to earmark them for road construction and transportation purposes. This would give the current system of highways a needed long-term commitment of funds for both new construction and repairs, without increasing any taxes. State programs remaining under the Gann Limit should be protected against any loss in spending authority due to this recognition of user fees.

(d) Taxpayers should be able to enforce the Gann Limit at the state and local levels. Further, it is the intent of the people that the Governor be responsible for calculation of the state spending limit.

(e) Passage of this amendment will not increase taxes.

Third—That Section 29 of Article XIII thereof be amended to read:

SEC. 29. *(a)* The Legislature may authorize counties, cities and counties, and cities to enter into contracts to apportion between them the revenue derived from any sales or use tax imposed by them which is collected for them by the ~~State~~ *state*. Before any such contract becomes operative, it shall be authorized by a majority of those voting on the question in each jurisdiction at a general or direct primary election.

(b) The Legislature shall not reduce the rate in effect on January 1, 1987, for taxes imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law.

Fourth—Section 5.1 shall be added to Article XIII B as follows:

SEC. 5.1. (a) There shall be maintained within the state general fund a reserve for emergencies and economic uncertainties, and each annual budget of the state shall include an appropriation in the budget bill to such reserve to the extent necessary to maintain a reserve of three percent (3%) of the total general fund budget. Any revenues appropriated to or retained in such reserve shall not be subject to Section 2 of this Article. Notwithstanding Section 5 of this Article, appropriations to such reserve shall not constitute appropriations subject to limitation and withdrawals from such reserve and expenditures of (or authorizations to expend) such withdrawals shall constitute appropriations subject to limitation.

(b) Any funds remaining on hand on June 30, 1988, in the Special Fund for Economic Uncertainties described in Chapter 135, Section 12.30 of the Budget Act of July 7, 1987, shall be transferred to the reserve established by subdivision (a), and such transfer shall not constitute appropriations subject to limitation.

(c) Notwithstanding subdivision (a), withdrawals from such reserve and expenditures of such withdrawals shall not constitute appropriations subject to limitation if they are separately designated in the budget bill or any appropriations bill as a special appropriation from the reserve for urgent and unexpected needs; provided, however, that during any fiscal year such special appropriations from the reserve for urgent and unexpected needs may not in the aggregate exceed two percent (2%) of the total general fund budget. This subdivision shall be repealed immediately upon the effective date of any amendment to Section 8 of this Article.

Fifth—Section 12 shall be added to Article XIII B as follows:

SEC. 12. (a) The Governor shall calculate and report to the Legislature on February 1 of each year the amount of state "appropriations subject to limitation" and the state "appropriations limit" for the succeeding fiscal year.

(b) Any California taxpayer shall have the right to enforce any provision of this Article by bringing an action in the superior court in accordance with the provisions of the Code of Civil Procedure.

Sixth—That Section 7 of Article XIX of the California Constitution shall be amended to read:

SEC. 7. ~~This article~~ *(a) Except as provided in subdivision (b), this Article* shall not affect or apply to fees or taxes imposed pursuant to the Sales and Use Tax Law or the Vehicle License Fee Law, and all amendments and additions now or hereafter made to such statutes.

(b) Revenues derived from taxes imposed by the State pursuant to the Sales and Use Tax Law on motor vehicle fuels for use in motor vehicles upon public streets and highways, over and above the costs of collection and any refunds authorized by law, shall be used for the purposes specified in Section 1 of this article, subject to the following limitations:

(1) From the revenues received in the 1988–89 fiscal year, an amount equal to one-third of the revenues received in the 1987–88 fiscal year shall be expended for those purposes.

(2) From the revenues received in the 1989–90 fiscal year, an amount equal to two-thirds of the revenues received in the 1988–89 fiscal year shall be expended for those purposes.

Seventh—Section 10 shall be added to Article XIX as follows:

SEC. 10. (a) Commencing on that July 1 following adoption of this section, for purposes of Article XIII B, revenues subject to this article shall be deemed user fees in determining the amount of appropriations subject to limitation.

(b) Notwithstanding subdivision (b) of Section 3 of Article XIII B, the appropriations limit of the state or any other entity of government for the 1988–89 fiscal year shall be decreased from what it would have been in the absence of the transfer caused by subdivision (a) of this section only by an amount equal to the revenues subject to Sections 1 and 2 of this Article received in the 1987–88 fiscal year.

(c) Any act enacted for the purpose of increasing state revenues subject to this Article, whether by increased rates or changes in methods of computation, shall be passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, or shall be approved by a majority of the voters voting at a regularly scheduled statewide election.

Eighth—Severability. If any provision of these amendments to Section 29 of Article XIII, or to Section 7 of Article XIX; or the addition of Section 5.1 or Section 12 to Article XIII B or Section 10 to Article XIX; or any application of such provisions to any person or circumstance shall be adjudged, declared, or held invalid, the remaining provisions and applications shall not be affected thereby, and are therefore severable.

Proposition 73: Text of Proposed Law

Continued from page 33

committee controlled by that candidate to exceed five thousand dollars ($5,000) during any special election cycle or special runoff election cycle.

85306. Any person who possesses campaign funds on the effective date of this chapter may expend these funds for any lawful purpose other than to support or oppose a candidacy for elective office.

85307. The provisions of this article regarding loans shall apply to extensions of credit, but shall not apply to loans made to the candidate by a commercial lending institution in the lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.

Article 4. Gifts and Honoraria

85400. No elected officeholder shall accept any gift or honorarium for any speech, article, or published work on a subject relating to the governmental process from any single source which is in excess of one thousand dollars ($1,000), in any calendar year, except reimbursement for actual travel expenses and reasonable subsistence in connection therewith.

SEC. 2. Section 82041.5 of the Government Code is amended to read:

82041.5. "Mass mailing" means two hundred or more ~~identical or nearly identical~~ *substantially similar* pieces of mail, but does not include a form letter or other mail which is sent in response to a *an unsolicited* request, letter or other inquiry.

SEC. 3. Section 89001 of the Government Code is amended to read:

89001. No newsletter or other mass mailing shall be sent at public expense ~~by or on behalf of any elected officer to any person residing within the jurisdiction from which the elected officer was elected, or to which he or she seeks election, after the elected officer has filed the nomination documents, as defined in Section 6489 of the Elections Code, for any local, state, or federal office~~.

SEC. 4. If any provision of this act, or the application of any such provision to any person or circumstances, shall be held invalid, the remainder of this act to the extent it can be given effect, or the application of those provisions 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 act are severable.

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

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 7, 1988, and that this pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 1st day of April 1988.

MARCH FONG EU
Secretary of State