

South Bay Cities Council of Governments

September 13, 2010

TO: Legislative Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

RE: **November 2010 Statewide Ballot Measures**

Suggested recommendations to the Board:

Support

- 22: Prohibits the State from Borrowing or Taking Funds Used for Transportation, Redevelopment, or Local Government Projects and Services. Initiative Constitutional Amendment.
- 25: Changes Legislative Vote Requirement to Pass Budget and Budget-Related Legislation from Two-Thirds to a Simple Majority. Retains Two-Thirds Vote Requirement for Taxes. Initiative Constitutional Amendment.

Oppose

- 23: Suspends Implementation of Air Pollution Control Law (AB 32) Requiring Major Sources of Emissions to Report and Reduce Greenhouse Gas Emissions That Cause Global Warming, Until Unemployment Drops to 5.5 Percent or Less for Full Year. Initiative Statute.
- 26: Requires That Certain State and Local Fees Be Approved by Two-Thirds Vote. Fees Include Those That Address Adverse Impacts on Society or the Environment Caused by the Fee-Payer's Business. Initiative Constitutional Amendment.

No Position

- 19: Legalizes Marijuana Under California but Not Federal Law. Permits Local Governments to Regulate and Tax Commercial Production, Distribution, and Sale of Marijuana. Initiative Statute.
- 20: Redistricting of Congressional Districts. Initiative Constitutional Amendment.
- 21: Establishes \$18 Annual Vehicle License Surcharge to Help Fund State Parks and Wildlife Programs. Grants Surcharged Vehicles Free Admission to All State Parks. Initiative Statute.
- 24: Repeals Recent Legislation That Would Allow Businesses to Lower Their Tax Liability. Initiative Statute.
- 27: Eliminates State Commission on Redistricting. Consolidates Authority for Redistricting with Elected Representatives. Initiative Constitutional Amendment and Statute
- 18: Removed from ballot

FROM SECRETARY OF STATE

Proposition 19 – Initiative Constitutional Amendment

Changes California Law to Legalize Marijuana and Allow It to Be Regulated & Taxed.

Allows people 21 years old or older to possess, cultivate, or transport marijuana for personal use. Permits local governments to regulate and tax commercial production and sale of marijuana to people 21 years old or older. Prohibits people from possessing marijuana on school grounds, using it in public, smoking it while minors are present, or providing it to anyone under 21 years old. Maintains current prohibitions against driving while impaired. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Savings of up to several tens of millions of dollars annually to state and local governments on the costs of incarcerating and supervising certain marijuana offenders. Unknown but potentially major tax, fee, and benefit assessment revenues to state and local government related to the production and sale of marijuana products. (09-0024.)

Proposition 20 - Initiative Constitutional Amendment

Redistricting of Congressional Districts.

Removes elected representatives from the process of establishing congressional districts and transfers that authority to the recently-authorized 14-member redistricting commission. Redistricting commission is comprised of five Democrats, five Republicans, and four voters registered with neither party. Requires that any newly-proposed district lines be approved by nine commissioners including three Democrats, three Republicans, and three from neither party. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Probably no significant change in state redistricting costs. (09-0027.)

Proposition 21 - Initiative Statute

Establishes \$18 Annual Vehicle License Surcharge to Help Fund State Parks and Wildlife Programs and Grants Free Admission to All State Parks to Surcharged Vehicles.

Establishes an \$18 annual state vehicle license surcharge and grants free admission to all state parks to surcharged vehicles. Requires deposit of surcharge revenue in a new trust fund. Requires that trust funds be used solely to operate, maintain and repair the state park system, and to protect wildlife and natural resources. Exempts commercial vehicles, trailers and trailer coaches from the surcharge. Requires annual independent audit and review by citizen's oversight committee. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Increased state revenues of about \$500 million annually from the imposition of a surcharge on the VLF to be used mainly to fund state parks and wildlife conservation programs. Potential state savings of up to approximately \$200 million annually to the extent that the VLF surcharge revenues were used to reduce support from the General Fund and other special funds for parks and wildlife conservation programs. Reduction of about \$50 million annually in state and local revenues from state park day-use fees. These revenue losses could potentially be offset by increases in other types of state park user fees and revenues. (09-0072.)

Proposition 22 - Initiative Constitutional Amendment.

Prohibits the State from Taking Funds Used for Transportation or Local Government Projects and Services.

Prohibits the State from shifting, taking, borrowing, or restricting the use of tax revenues dedicated by law to fund local government services, community redevelopment projects, or transportation projects and services. Prohibits the State from delaying the distribution of tax revenues for these purposes even when the Governor deems it necessary due to a severe state fiscal hardship. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Significant constraints on state authority over city, county, special district, and redevelopment agency funds. As a result, higher and more stable local resources, potentially affecting billions of dollars in some years. Commensurate reductions in state resources, resulting in major decreases in state spending and/or increases in state revenues. (09-0063.)

Proposition 23 - Initiative Statute

Suspends Air Pollution Control Laws Requiring Major Polluters to Report and Reduce Greenhouse Gas Emissions That Cause Global Warming Until Unemployment Drops Below Specified Level for Full Year.

Suspends State laws requiring reduced greenhouse gas emissions that cause global warming, until California's unemployment rate drops to 5.5 percent or less for four consecutive quarters. Requires State to abandon implementation of comprehensive greenhouse-gas-reduction program that includes increased renewable energy and cleaner fuel requirements, and mandatory emission reporting and fee requirements for major polluters such as power plants and oil refineries, until suspension is lifted. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Potential positive, short-term impacts on state and local government revenues from the suspension of regulatory activity, with uncertain longer-run impacts. Potential foregone state revenues from the auctioning of emission allowances by state government, by suspending the future implementation of cap-and-trade regulations.** (09-0104.)

Proposition 24 - Initiative Statute.

Repeals Recent Legislation That Would Allow Businesses to Carry Back Losses, Share Tax Credits, and Use a Sales-Based Income Calculation to Lower Taxable Income.

Repeals recent legislation that would allow businesses to shift operating losses to prior tax years and that would extend the period permitted to shift operating losses to future tax years. Repeals recent legislation that would allow corporations to share tax credits with affiliated corporations. Repeals recent legislation that would allow multistate businesses to use a sales-based income calculation, rather than a combination property-, payroll- and sales-based income calculation. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Annual state revenue increase from business taxes of about \$1.7 billion when fully phased in, beginning in 2011-12. (09-0058.)

Proposition 25 – Initiative Constitutional Amendment.

Changes Legislative Vote Requirement to Pass a Budget from Two-Thirds to a Simple Majority. Retains Two-Thirds Vote Requirement for Taxes.

Changes the legislative vote requirement necessary to pass the state budget from two-thirds to a simple majority. Provides that if the Legislature fails to pass a budget bill by June 15, all members of the Legislature will permanently forfeit any reimbursement for salary and expenses for every day until the day the Legislature passes a budget bill. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown changes in the content of the state budget from lowering the legislative vote requirement for passage. Fiscal impact would depend on the composition and actions of future Legislatures. Minor reduction in state costs related to compensation of legislators in years when the budget bill is passed after June 15. (09-0057.)

Proposition 26 – Initiative Constitutional Amendment.

Increases Legislative Vote Requirement to Two-Thirds for State Levies and Charges. Imposes Additional Requirement for Voters to Approve Local Levies and Charges with Limited Exceptions.

Increases legislative vote requirement to two-thirds for state levies and charges, with limited exceptions, and for certain taxes currently subject to majority vote. Changes Constitution to require voters to approve, either by two-thirds or majority, local levies and charges with limited exceptions. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Potentially major decrease in state and local revenues and spending, depending upon future actions of the Legislature, local governing bodies, and local voters.** (09-0093.)

Proposition 27 - Initiative Constitutional Amendment and Statute.

Eliminates State Commission on Redistricting. Consolidates Authority for Redistricting with Elected Representatives.

Eliminates 14-member redistricting commission selected from applicant pool picked by government auditors. Consolidates authority for establishing state Assembly, Senate, and Board of Equalization district boundaries with elected state representatives responsible for drawing congressional districts. Reduces budget, and imposes limit on amount Legislature may spend, for redistricting. Provides that voters will have the authority to reject district boundary maps approved by the Legislature. Requires populations of all districts for the same office to be exactly the same. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Likely decrease in state redistricting costs totaling several million dollars every ten years.** (09-0107.)