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CONTENTS

Secretary of State

Dear Voter,

In just two years, California will celebrate the 150th anniversary of our statehood. On November 3rd, you can honor the hard work and sacrifices made by California's early pioneers by going to the polls and casting your ballot. The leaders you select and the policy decisions you make all play a critical role in forging California's future. These decisions are in your hands.

This revamped ***Voter Information Guide and Ballot Pamphlet*** was designed to provide you with the materials you need to make informed decisions. It contains comprehensive summaries, legislative analyses and arguments on 10 ballot propositions as well as statements from the candidates who will appear on the November ballot.

At your request, we have added a new section this year to provide you with information on judicial retention elections. In this Guide, you can find factual, biographical data on the four Supreme Court justices seeking your approval to remain on the Court. Additionally, we have compiled a ***Judicial Information Packet,*** which explains how judicial retention elections are conducted and information on the appellate court justices who will appear on ballots throughout the state. To obtain your copy of the packet, please call 1-800-345-VOTE or access our Internet site at **www.ss.ca.gov**.

We've expanded our Internet site to provide you with as much information as you need . . . and more! This election you'll also be able to log on and track the money trail as last minute political contributions and, for the first time ever, candidates' campaign finance reports are posted on the Internet! For friends and family who have not yet registered to vote, voter registration forms are also available in both English and Spanish.

On Election Day, our Internet site can help you find your polling place location, with links to local county web sites just a mouse-click away. And once you've cast your ballot on Election Day, you can log back on to the Internet site for ***Live*** election results as soon as the polls close!

The Secretary of State's office is committed to raising the level of voter involvement in California. Through public-private partnerships we have created more opportunities for citizens to register and vote than ever before. But registering to vote is only half the equation. We are also committed to increasing the number of voters who turn out to vote on Election Day through innovative programs and public service announcements. If you have any suggestions for helping us improve voter registration and turnout, please call the Secretary of State's Voter Registration and Election Fraud Hot-Line at **1-800-345-VOTE** or send your suggestion by email to BJones@ss.ca.gov.

While we pursue 100 percent participation, we also maintain a strict zero tolerance policy for any incidence of fraud. If you believe you have witnessed election fraud, tampering or other election-related irregularities, please promptly report it either to our hot-line or to your county district attorney.

As we prepare to honor California's rich history during our sesquicentennial celebration, please remember that your vote today not only plays a critical role in shaping California's future, it becomes an important part of the history of tomorrow. Please don't forget to vote!

BALLOT MEASURE SUMMARY

PROPOSITION		SUMMARY	WHAT YOUR VOTE MEANS	
			YES	NO
1	**PROPERTY TAXES: CONTAMINATED PROPERTY.** Legislative Constitutional Amendment Put on the Ballot by the Legislature	Amends article XIII A of the Constitution, added by Proposition 13, to allow repair or replacement of environmentally-contaminated property or structures without increasing the tax valuation of original or replacement property. Fiscal Impact: Property tax revenue losses probably less than $1 million annually in the near term to schools, counties, cities, and special districts. School revenue losses (about half of total) would be made up by the state.	A **YES** vote on this measure means: In certain cases of environmental contamination, a property owner could transfer the current assessed value to a replacement property, resulting in lower property tax payments. This is because the replacement property would not be appraised at market value.	A **NO** vote on this measure means: Property purchased as a replacement for an environmentally contaminated property would be assessed like most other property, at its market value.
2	**TRANSPORTATION: FUNDING.** Legislative Constitutional Amendment Put on the Ballot by the Legislature	Imposes repayment conditions on loans of transportation revenues to the General Fund and local entities. Designates local transportation funds as trust funds and requires a transportation purpose for their use. Fiscal Impact: Not likely to have any fiscal impact on state and local governments.	A **YES** vote on this measure means: Additional restrictions would be placed on loans of state transportation funds to the state General Fund. In addition, local transportation funds from the one-quarter cent of county sales tax could not be diverted from specified transportation purposes to other general purposes.	A **NO** vote on this measure means: Loans could continue to be made from state transportation funds to the General Fund without added restrictions. Local transportation funds derived from the one-quarter cent of county sales tax could be diverted for nontransportation purposes by changing state law.
3	**PARTISAN PRESIDENTIAL PRIMARY ELECTIONS.** Legislative Initiative Amendment Put on the Ballot by the Legislature	Changes existing open primary law to require closed, partisan primary for purposes of selecting delegates to national political party presidential nominating conventions. Limits voting for such delegates to voters registered by political party. Provides partisan ballots to be voted only by members of the particular party. Fiscal Impact: Minor costs to state and county governments statewide.	A **YES** vote on this measure means: A voter would be permitted to vote only for the delegates to a presidential nominating convention of a political party with which the voter is affiliated.	A **NO** vote on this measure means: A voter would continue to be permitted to cross party lines in a primary election to vote for delegates to a party's presidential nominating convention.
4	**TRAPPING PRACTICES. BANS USE OF SPECIFIED TRAPS AND ANIMAL POISONS.** Initiative Statute Put on the Ballot by Petition Signatures	Prohibits trapping fur-bearing or nongame mammals with specified traps. Prohibits commerce in fur of animals so trapped. Generally prohibits steel-jawed leghold traps on mammals. Prohibits use of specified poisons on animals. Fiscal Impact: Unknown state and local costs of several hundred thousand to in the range of a couple of million dollars annually, depending on workload and effectiveness of alternative trapping methods.	A **YES** vote on this measure means: Commercial and recreational trappers could no longer use body-gripping traps to trap any fur-bearing or nongame mammal. Additionally, all leghold traps would be prohibited, except that government employees could use padded steel-jawed leghold traps when those traps are the only means of protecting human health or safety. The use of two specific poisons for killing animals would be banned.	A **NO** vote on this measure means: Persons trapping mammals, including commercial and recreational trappers, could continue to use a range of body-gripping traps, subject to current restrictions. The use of two specific poisons for killing animals would continue to be permitted, subject to existing restrictions.
5	**TRIBAL-STATE GAMING COMPACTS. TRIBAL CASINOS.** Initiative Statute Put on the Ballot by Petition Signatures	Specifies terms and conditions of mandatory compact between state and Indian tribes for gambling on tribal land. Allows slot machines and banked card games at tribal casinos. Fiscal Impact: Uncertain impact on state and local revenues, depending on the growth in gambling on Indian lands in California. Effect could range from little impact to significant annual revenue increases.	A **YES** vote on this measure means: The state must enter into a specific agreement with Indian tribes who wish to conduct certain gambling activities on Indian lands in California.	A **NO** vote on this measure means: The state would not be required to enter into the agreement specified in this measure. The state could still negotiate with individual Indian tribes on the extent of gambling allowed on Indian lands in California.

BALLOT MEASURE SUMMARY—Continued

ARGUMENTS		TO OBTAIN ADDITIONAL INFORMATION	
PRO	**CON**	**FOR**	**AGAINST**
Provides property tax relief for innocent homeowners who are victims of environmental disasters. Existing Proposition 13 protections will be preserved for families whose homes are destroyed as part of an environmental contamination and clean-up. Guarantees homeowners are treated fairly and not forced into paying higher taxes because of their misfortune.	NOT PROVIDED	NOT PROVIDED	NOT PROVIDED
Proposition 2 will make sure the money you pay in fuel taxes is used to build and maintain California's roads and transit systems. Without paying 1¢ more at the pump, you can help improve transportation by joining with the California Taxpayers Association, business, labor, and environmental organizations in voting "yes."	NOT PROVIDED	Transportation California P.O. Box 980336 West Sacramento, CA 95798-0336 (916) 600-4260	NOT PROVIDED
Proposition 3 fixes an accidental error in California's Open Primary Law. This error will throw out every presidential primary vote cast by Californians of all political parties in the Year 2000. *Proposition 3* protects the right of California voters to join with the other 49 states in nominating presidential candidates.	Political Party bosses want to overturn the will of the voters. The voters want to vote for candidates based on the individual—not party affiliation. Party bosses want to remove the freedom of choice for the office of the President. Let Democracy have its full voice—No on Proposition 3!	NOT PROVIDED	NOT PROVIDED
Protect pets and wildlife! Ban the barbaric steel-jawed leghold trap and other cruel and indiscriminate traps for the fur trade. Ban two dangerous poisons that harm animals and the environment. Proposition 4 *allows* for the protection of public health and safety, endangered species, and property. Vote *yes* on 4!	*Proposition 4 is a wolf in sheep's clothing!* While claiming to ban inhumane animal traps, this confusing, badly written, extreme initiative actually threatens human health and safety. It also endangers wildlife and livestock, adds bureaucrats and costs taxpayers millions. Tell the radical animal rights activists *no.* *No on 4!*	Protect Pets And Wildlife/Yes On 4 1388 Westwood Blvd. #201 Los Angeles, CA 90024 (310) 441-4499 Fax: (310) 441-4599 propaw@ix.netcom.com http://www.volunteerinfo.org/propaw	Californians for People, Pets and Wildlife (916) 444-8080 www.calvoterguide.com/No4
Prop. 5 protects Native Americans' rights to have limited gaming, restricted to their tribal land. Prop. 5 promotes self-reliance among California's Indians, keeping them off welfare. Prop. 5 shares gaming revenue with non-gaming tribes for education and health programs, and saves taxpayers hundreds of millions annually. Vote *yes* on 5.	Proposition 5 isn't about allowing tribes to operate casinos on their lands. Federal law already guarantees that tribes can operate Indian casinos. Prop. 5 is a dramatic expansion of *unregulated, untaxed* casino gambling throughout California! Law Enforcement, Labor, Business, Seniors, Educators, Environmental and Local Government groups all oppose Proposition 5.	Californians for Indian Self-Reliance 1130 "K" Street, Suite 150 Sacramento, CA 95814 1-800-258-7471 www.yeson5.org	Coalition Against Unregulated Gambling 915 L Street, Suite C119 Sacramento, CA 95814 800-866-6433 www.bad4cal.org

BALLOT MEASURE SUMMARY

PROPOSITION		SUMMARY	WHAT YOUR VOTE MEANS	
			YES	NO
6	**CRIMINAL LAW. PROHIBITION ON SLAUGHTER OF HORSES AND SALE OF HORSEMEAT FOR HUMAN CONSUMPTION.** Initiative Statute Put on the Ballot by Petition Signatures	Makes possession, transfer, or receipt of horses for slaughter for human consumption a felony. Makes sale of horsemeat for human consumption a misdemeanor. Fiscal Impact: Probably minor, if any, law enforcement and incarceration costs.	A **YES** vote on this measure means: Both the slaughter of horses for human consumption and the sale of horsemeat for human consumption would be illegal in California. In addition, horses could not be sent out of California for slaughter in other states or countries for human consumption.	A **NO** vote on this measure means: Both the slaughter of horses for human consumption and the sale of horsemeat for human consumption would remain legal in California. In addition, it would remain legal to send horses out of California for slaughter for human consumption.
7	**AIR QUALITY IMPROVEMENT. TAX CREDITS.** Initiative Statute Put on the Ballot by Petition Signatures	Authorizes $218 million in state tax credits annually, until January 2011, to encourage air-emissions reductions through the acquisition, conversion, and retrofitting of vehicles and equipment. Fiscal Impact: Annual state revenue loss averaging tens of millions to over a hundred million dollars, to beyond 2010. Annually, through 2010–11: state cost of about $4.7 million; additional local revenues, potentially in the millions of dollars. Potential unknown long-term savings.	A **YES** vote on this measure means: The state Air Resources Board would administer a new tax credit program. Tax credits would be awarded through 2010 for various categories of projects that reduce emissions of pollutants into the air.	A **NO** vote on this measure means: The state Air Resources Board would not be directed to establish a new tax credit program designed to reduce emissions of pollutants into the air.
8	**PUBLIC SCHOOLS. PERMANENT CLASS SIZE REDUCTION. PARENT-TEACHER COUNCILS. TEACHER CREDENTIALING. PUPIL SUSPENSION FOR DRUG POSSESSION. CHIEF INSPECTOR'S OFFICE.** Initiative Statute Put on the Ballot by Petition Signatures	Permanent class size reduction funding for districts establishing parent-teacher councils. Requires testing for teacher credentialing; pupil suspension for drug possession. Fiscal Impact: Creates up to $60 million in new state programs, offset in part by existing funds and fees. Local school districts' costs potentially in the high tens of millions of dollars annually.	A **YES** vote on this measure means: Various changes to the state's education system would be made. For instance, the measure (1) creates a state Office of the Chief Inspector of Public Schools, (2) increases the responsibilities of school site councils and principals, (3) alters the qualifications that must be met by teachers in California, and (4) prevents the state from reducing funding for the existing kindergarten through grade three class size reduction program.	A **NO** vote on this measure means: The various changes to the state's education system described in the "yes" statement would not be made.
9	**ELECTRIC UTILITIES. ASSESSMENTS. BONDS.** Initiative Statute Put on the Ballot by Petition Signatures	Prohibits assessment of taxes, bonds, surcharges to pay costs of nuclear power plants. Limits recovery by electric companies for costs of non-nuclear power plants. Prohibits issuance of rate reduction bonds. Fiscal Impact: State government net revenue reductions potentially in the high tens of millions of dollars annually through 2001–02. Local government net revenue reductions potentially in the tens of millions of dollars annually through 2001–02.	A **YES** vote on this measure means: There would be significant changes to recently enacted laws restructuring the state's electricity industry. Specifically, private utility companies (1) could not charge customers certain costs related to nuclear power plants, and (2) could not charge residential and small commercial customers for repaying bonds sold to help finance an existing 10 percent rate reduction. The measure also requires an additional rate reduction of at least 10 percent.	A **NO** vote on this measure means: The laws that restructured the state's electricity industry would not be changed. Private utility companies would continue to charge customers for certain costs related to nuclear power plants, and would continue to charge residential and small commercial customers for repaying bonds that have been sold to help finance the existing 10 percent rate reduction.
10	**STATE AND COUNTY EARLY CHILDHOOD DEVELOPMENT PROGRAMS. ADDITIONAL TOBACCO SURTAX.** Initiative Constitutional Amendment and Statute Put on the Ballot by Petition Signatures	Creates state and county commissions to establish early childhood development and smoking prevention programs. Imposes additional taxes on cigarettes and tobacco products. Fiscal Impact: New revenues and expenditures of $400 million in 1998–99 and $750 million annually. Reduced revenues for Proposition 99 programs of $18 million in 1998–99 and $7 million annually. Other minor revenue increases and potential unknown savings.	A **YES** vote on this measure means: Excise taxes would be increased on cigarettes by 50 cents per pack and on other tobacco products by the equivalent of $1 per pack. The increased revenues would primarily fund early childhood development programs administered by a new state commission and county commissions.	A **NO** vote on this measure means: Excise taxes on cigarettes and other tobacco products would not be increased and, therefore, these new revenues would not be raised for early childhood development programs.

BALLOT MEASURE SUMMARY—Continued

ARGUMENTS		TO OBTAIN ADDITIONAL INFORMATION	
PRO	**CON**	**FOR**	**AGAINST**
Proposition 6 protects California's horses from being purchased without the knowledge of the owner and shipped out of state to be cruelly slaughtered for gourmet human consumption overseas. Horses are pleasure animals, not raised for food. Horses are an integral part of California's heritage and deserve our protection.	*If horsemeat is outlawed, only outlaws will eat horsemeat!* People have the right to eat horsemeat if they choose. Horses would still be killed for dog food. Violators would be felons, taking up scarce prison space. Just say *neigh* to nutty, unconstitutional proposals by wealthy socialites with nothing better to do.	Save the Horses 3940 Laurel Canyon Blvd. #166 Studio City, CA 91604 (415) 273-6070 FAX: (818) 768-7744 www.savethehorses.com	Just Say NEIGH! c/o Ted Brown/ Libertarian Party P.O. Box 5362 Pasadena, CA 91117 (626) 578-8454 tebrown@earthlink.net http://home.earthlink.net /~tebrown
American Lung Association, California Nurses Association, and Sacramento Chamber of Commerce support Proposition 7, the *Air Quality Improvement Act*. Uses Private sector tax incentives to reduce toxic emissions from buses and trucks. Cleaner air benefits the health of children and the elderly. Creates no new bureaucracy. Cuts no existing programs.	Proposition 7 is corporate welfare, pure and simple. It gives tax breaks to the corporations that paid to put it on the ballot. It guarantees billions in taxpayers' money to polluters, with no accountability or regulation in return. It takes money from universities, the environment and law enforcement. Vote No.	Gerald H. Meral Executive Director Planning and Conservation League 926 J Street, Suite 612 Sacramento, CA 95814 (916) 444-8726 ext. 126 www.pcl.org	Taxpayers Against Corporate Welfare 926 J Street, Suite 710 Sacramento, CA 95814 (916) 446-4300 www.noon7.org
Proposition 8 is comprehensive education reform: guaranteed funding for permanent class size reduction without increased taxes; mandatory expulsion for the possession of dangerous drugs; educational accountability to taxpayers; and active parental participation in their child's school. It gives our children a solid foundation upon which they can succeed in life.	*Cuts* education programs. Funds a new *unaccountable* school bureaucracy (*triple* the existing size)—a political appointee (*with no limit on his salary*) and 8000 committees (*not elected by taxpayers*) authorized to spend tax-dollars and set 8000 *different* local curricula (*ignoring uniform state standards*). Join taxpayers, teachers and parents. Vote "*no*!"	Mitch Zak Californians for Smaller Classes, Drug-Free Schools and Educational Accountability 555 Capitol Mall, Suite 600 Sacramento, CA 95814 (916) 492-7758	Parents, Teachers, Cops and Taxpayers Against Prop. 8 111 Anza Boulevard, Suite 406 Burlingame, CA 94010 (650) 340-0470 or (310) 996-2671 www.noprop8.org
Proposition 9 cuts electric rates, reducing consumers' bills by *hundreds of dollars* each year. It stops the massive bailout of bad utility investments in nuclear power. It's time to send a message to Sacramento. We want fair rates and clean and reliable energy choices. Vote *yes* on Prop 9.	Consumer, environmental, business, police, fire, taxpayer and school groups agree Proposition 9 can't deliver on its false promises. Proposition 9 would: jeopardize electric rates and reliability, hit taxpayers with liability for $6 billion in previously sold bonds, undermine school, police and fire budgets, and damage California's economy. Vote *no*.	Californians against Utility Taxes (CUT) 1750 Ocean Park Bl., Suite 200 Santa Monica, CA 90405 (310) 392-0522 www.nonukebailout.org	NO on 9 COMMITTEE 1201 K Street Sacramento, CA 95814 (916) 341-1025 www.NOonProp9.org
Provides child immunizations, health care, nutrition services, domestic violence prevention and treatment for pre-school children. *Doubles* dollars available for anti-smoking education. Funds Breast Cancer research. Endorsed by: American Cancer Society, California School Boards Association, teachers and children's advocates. *Don't be fooled by tobacco industry lies*. Vote *yes* on 10.	Opposed by California education officials and taxpayer advocates. *Amends Constitution* to keep funds from California's schools. *Duplicates existing programs for children and families*. Creates huge new bureaucracy; *59 new commissions, thousands of new bureaucrats and over 500 political appointees* to spend millions of taxpayer dollars with no independent oversight.	California Children and Families Initiative Rob Reiner, Chair 1875 Century Park East, Suite 300 Los Angeles,CA 90067 1-800-847-4743 or (213) 627-5140 or (310) 285-2328 Fax: (213) 627-5709 or (310) 205-2721 children98@aol.com http://www.children98.org	Committee Against Unfair Taxes 555 Capitol Mall, Suite 600 Sacramento, CA 95814 (916) 446-6667 www.defeatprop10.com

Property Taxes: Contaminated Property. Legislative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

PROPERTY TAXES: CONTAMINATED PROPERTY. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

- Directs Legislature to allow repair or replacement of environmentally contaminated property or structures, as defined, without increasing the tax valuation of the original or replacement property.
- For tax purposes, property value is the assessed valuation for 1975–76 unless the property is reappraised upon purchase, new construction, or change in ownership. For property rendered unusable by environmental contamination, this measure allows either: transfer of the base-year valuation to a replacement property if the contaminated property is transferred; or exclusion of repair or replacement of damaged structures from the definition of "new construction."

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Property tax revenue losses probably less than $1 million annually in the near term to schools, counties, cities, and special districts.
- School revenue losses (about half of total) would be made up by the state.

Final Votes Cast by the Legislature on ACA 22 (Proposition 1)

Assembly: Ayes 76	Senate: Ayes 30
Noes 0	Noes 3

Analysis by the Legislative Analyst

Background

Local property taxes are based on each property's assessed value. As long as a property has the same owner, its assessed value generally cannot increase by more than 2 percent each year—even if the property's market value is increasing at a faster rate. As a result, the market value of many properties is higher than the assessed value. Whenever a property is sold or transferred, it is reappraised and its assessed value generally increases to reflect the current market value. In such cases, the property taxes for that piece of property also increase.

Current law allows for some exceptions to this general rule. For instance, homeowners over the age of 55 generally can transfer their current assessed value to a replacement home within their county and in some cases to other counties. Therefore, these homeowners do not experience an increase in property taxes when they purchase a replacement home.

Proposal

This constitutional amendment allows property owners to transfer their current assessed value to a replacement property within their county if the original property was environmentally contaminated. This contamination could be caused, for example, by the presence of toxic or hazardous materials. The replacement property could involve either (1) the repair or reconstruction of a damaged structure *on* the contaminated site or (2) purchase of a similar structure on a *different* site.

In order to qualify for this special treatment, *all* of the following conditions would need to be met:

- A residential property (for example, a house or condominium) is made uninhabitable or a nonresidential property (for example, a store or business) is made unusable by an environmental problem.
- The current owner did not know of the environmental problem when the property was purchased or built.
- A state or federal government agency designates the property as a toxic hazard, environmental hazard, or environmental cleanup site.
- A property is substantially damaged or destroyed by the environmental cleanup efforts.
- A lead government agency stipulates that the property was not made uninhabitable or unusable by an act or omission of the current owner.

The measure applies only to replacement property acquired, constructed, or repaired (1) after January 1, 1995 and (2) within five years after ownership of the contaminated property is sold or transferred. A county would be given the authority to extend this exemption to property owners moving from *other* counties and replacing environmentally contaminated property.

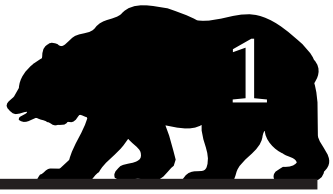
Fiscal Effect

By exempting these replacement properties from appraisal at market value, this measure could reduce property tax revenues to local governments. Currently, there appear to be relatively few properties that would qualify for this special treatment. As a result, the annual property tax revenue loss would likely be less than $1 million in the next few years. However, changes in environmental laws or the discovery of new environmental contaminations could significantly increase the number of eligible properties in the future.

Counties, cities, and special districts would bear about one-half of any annual revenue loss. The remainder of the loss would affect schools and community colleges, which also receive property tax revenue. Under existing law, these losses to schools and community colleges would be made up by the state.

For the text of Proposition 1 see page 82

Property Taxes: Contaminated Property. Legislative Constitutional Amendment.



Argument in Favor of Proposition 1

Proposition 1 will provide property tax relief for innocent homeowners who are victims of environmental disasters. Specifically, if a family's home is destroyed as part of an environmental clean-up, Proposition 1 will enable those families to buy a similarly-valued home or rebuild their home once the area has been cleaned of the hazard.

Families have been protected from excessive property tax increases for 25 years because of Proposition 13. Taxes have remained low and predictable. Unfortunately, when homeowners, through no fault of their own, have their homes declared toxic waste sites, Proposition 13 protections no longer exist.

As we have become more aware of the existence and dangers of toxic waste, we have discovered previously undetected areas where toxic materials were dumped many years ago. Unfortunately, in some of these areas, residential neighborhoods have been built right on top of these toxic sites. Unsuspecting home buyers bought these home without any knowledge of the terrible dangers on their property.

When these toxic sites have been discovered, some families have been forced to abandon their homes. Many times these homes are subsequently destroyed by order of government agencies as part of the necessary clean-up of this toxic waste.

In addition to the shock of being forced out of their home, these homeowners are also faced with potentially huge property tax increases in their new homes. The protection they enjoyed under the property tax limitations of Proposition 13 is lost. The new higher property taxes are preventing these people from obtaining another home of the same value and quality that they previously enjoyed. This is simply wrong and tragically unfair to innocent victims.

That is why I introduced in the Legislature ACA 22, which is now on your ballot as Proposition 1. The Legislature voted unanimously to put Proposition 1 on the ballot for your approval. It is only fair to allow people who have lost their home to be able to maintain their existing level of property taxes.

Under the current law, we already protect innocent homeowners who lose their home to natural disasters. If an earthquake, fire or flood destroys your home, you are allowed to rebuild or buy a new home without losing your existing Proposition 13 tax protection. This same degree of fairness should be extended to those people whose property is destroyed by health and life-threatening toxic waste buried on their residential property.

The last thing the victims of this type of catastrophe need is a tax increase. Proposition 1 will guarantee these people are treated fairly and not forced into paying higher taxes because of their misfortune.

One of my highest priorities in the Legislature has been to protect taxpayers against unnecessary and unwarranted taxes. Forcing people who have faced a major disaster to also pay higher property taxes is flat out wrong. That is why taxpayer associations, homeowner organizations and environmental groups have all come together to support Proposition 1.

Please join with us and vote for fairness. Vote YES on Proposition 1.

ASSEMBLYMAN CURT PRINGLE
Former Speaker, California State Assembly

Argument against was not submitted

Transportation: Funding. Legislative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General

TRANSPORTATION: FUNDING. LEGISLATIVE CONSTITUTIONAL AMENDMENT.

- Requires loans of transportation related revenues to the General Fund be repaid the same fiscal year, or within three fiscal years if the Governor declares an emergency significantly impacting the General Fund or General Fund revenues are less than the previous fiscal year's adjusted revenues.
- Allows loans of certain transportation related revenues to local entities conditioned upon repayment, with interest, within four years.
- Designates local transportation funds as trust funds and prohibits abolition of all such funds created by law.
- Restricts allocations from local transportation funds to designated purposes relating to local transportation.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- It is unlikely that this measure would have any fiscal impact on state and local governments.

Final Votes Cast by the Legislature on ACA 30 (Proposition 2)

Assembly: Ayes 71	Senate: Ayes 32
Noes 2	Noes 1

Analysis by the Legislative Analyst

Background

California's highways, public streets and roads, and mass transportation systems are funded by a mix of federal, state, local, and private money.

State Transportation Funds. State funds for transportation programs are derived from three major sources—a "gas" tax (currently, 18 cents per gallon of motor vehicle fuels, primarily gasoline and diesel), sales tax on gasoline and diesel, and taxes and fees on motor vehicles and their use, including truck weight fees, vehicle registration fees, and driver's license fees.

Currently, revenues derived from the gas tax on motor vehicle fuel used in vehicles on public roads and revenues from fees and taxes on motor vehicles are restricted to specified transportation purposes by the California Constitution. The State Constitution, however, permits these revenues to be loaned temporarily to the state General Fund with the condition that the loaned amount must be repaid. The state General Fund supports nontransportation activities such as education, corrections, and health and social services programs.

Under current law, revenues from the sales tax on diesel fuel and part of the sales tax on gasoline must be deposited in the Public Transportation Account for use only for public transportation and transportation planning purposes. Currently, these funds may be loaned to the state General Fund. Loans must be repaid with interest.

During a fiscal year, state transportation funds are often loaned on a short-term basis (sometimes as short as one day) to the state General Fund for cash flow purposes. Additionally, during the recession of the early 1990s, transportation funds were loaned to the state General Fund on a longer-term basis (more than a fiscal year). The length of these loans was determined by the Legislature and Governor in statute.

Local Transportation Funds. Current law authorizes each county to establish a Local Transportation Fund (LTF) for public transportation purposes. Revenues to each county's LTF are derived from one-quarter cent of the sales tax collected in that county.

Proposal

This measure amends the California Constitution to restrict the conditions under which state transportation funds, including gas tax revenues, revenues from fees and taxes on motor vehicles and their use, and funds in the Public Transportation Account, can be loaned to the state General Fund. Specifically, loans to the state General Fund in any fiscal year must be repaid within that fiscal year, except that repayment may be delayed up to 30 days after a state budget is enacted for the subsequent fiscal year. Loans extending over a fiscal year may be made only if the Governor declares a state of emergency which would result in a significant negative impact to the General Fund, or if there is a decrease in General Fund revenues from the previous year's level. Loans extending over a fiscal year must be repaid in full within three fiscal years.

The measure also clarifies that the Legislature may authorize certain state transportation funds to be loaned to local agencies for transportation purposes allowed by the State Constitution. The measure requires such loans to be repaid with interest no later than four years after the loans are made.

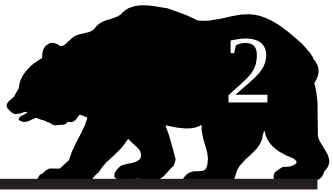
Additionally, the measure amends the State Constitution to designate the LTFs as trust funds and prohibits the funds from being abolished. The measure further prohibits LTF monies from being diverted from specified transportation purposes to other purposes.

Fiscal Effect

It is unlikely that this measure would result in any state or local fiscal impact. This is because the measure's restrictions generally would not result in additional borrowing costs or savings.

For the text of Proposition 2 see page 84

Transportation: Funding. Legislative Constitutional Amendment.



Argument in Favor of Proposition 2

PROTECT OUR TRANSPORTATION FUNDS

Proposition 2 is your opportunity to protect California's highways and public transit systems. When the people voted earlier in this decade to provide additional fuel tax money for transportation, voters were told the funds would be earmarked in the State Constitution for the maintenance and construction of roads and public transit systems. Unfortunately, in recent years elected officials and bureaucrats have found ways to siphon more than a billion dollars of these funds into other government programs. PROPOSITION 2 WILL STOP THAT!

Your *YES* vote on Proposition 2 will mean:

Improved Highway Safety and Maintenance

- Bad roads cost the average Californian $144 a year in additional auto repairs.
- The percentage of roads in poor condition in California has doubled in this decade.
- The number of structurally deficient bridges has increased 45 percent in five years.
- More than 60 percent of our bridges are over thirty years old—the age when they require major repairs to remain structurally sound.
- Funding for road and bridge improvements has lagged 30 percent behind goals specified in the State Transportation Blueprint approved by the voters in 1990.

Traffic Congestion Relief

- Highway travel is increasing at a rate ten times faster than new capacity has been added in the 1980s and '90s, so we must complete critical segments of our road system to meet this need.
- Travel on urban highways has increased 34 percent in the past ten years.
- In California, 49 percent of urban highways are now seriously congested.
- Crushing commuter loads and air quality concerns require an expansion of public transit.

California's transportation system is the backbone of our state's economy. We depend on highways to get us to our jobs, our homes, our schools and for our fire, police, and other emergency service vehicles. Traffic congestion and bad roads hurt our economy by wasting our time, delaying freight, damaging our vehicles, and increasing pollution. Public transit is particularly critical in providing commuter transportation for employees without cars, and to give our elderly and handicapped citizens equal access.

Proposition 2 will prevent the Governor and the Legislature from borrowing transportation funds for other purposes except in specified economic emergencies. And it requires a prompt payback when they do borrow. PROPOSITION 2 WILL RESTORE FISCAL RESPONSIBILITY TO CALIFORNIA'S TRANSPORTATION TRUST FUNDS.

That's why Proposition 2 is supported by these organizations:

California Taxpayers' Association
State Federation of Labor
California Alliance for Jobs
League of California Cities
California Chamber of Commerce
California Manufacturers Association
Transportation California
California State Association of Counties
California Transit Association
Amalgamated Transit Union—AFL-CIO
California Trucking Association
California Coalition for Environmental and Economic Balance

Proposition 2 will make sure your fuel tax dollars go where you voted for them to go. Good roads and public transit make a vital contribution to our quality of life. Keep California going in the right direction by voting YES on Proposition 2.

KEVIN MURRAY
Assembly Transportation Committee Chair

ALLAN ZAREMBERG
California Chamber of Commerce President

DONALD R. DOSER
AFL-CIO Operating Engineers Business Manager

Argument against was not submitted

Partisan Presidential Primary Elections. Legislative Initiative Amendment.

Official Title and Summary Prepared by the Attorney General

PARTISAN PRESIDENTIAL PRIMARY ELECTIONS. LEGISLATIVE INITIATIVE AMENDMENT.

- Changes existing open primary law to require closed, partisan primary for purpose of selecting delegates to presidential nominating conventions of national political parties.
- Limits voting for such delegates to voters registered by party affiliation.
- Requires separate partisan ballots for selection of such delegates.
- Restricts voting of such partisan ballots to members of the particular political party.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Minor costs to state government.
- Minor costs to county governments statewide.

Final Votes Cast by the Legislature on SB 1505 (Proposition 3)

Assembly: Ayes 52	Senate: Ayes 28
Noes 12	Noes 0

Background

In general, California has three types of elections: primary, general, and special. Primary elections are held both for partisan offices, where candidates are identified on the ballot with a political party, and nonpartisan offices, where candidates are not identified with a political party. When registering to vote or transferring voter registration, each voter is authorized to affiliate with a political party, or may decline to state a political affiliation.

Proposition 198, adopted by the voters at the March 1996 election, allows all voters in primary elections, including those not affiliated with a political party, to vote for *any* candidate for a specific office regardless of the candidate's political party affiliation. Thus, a voter at a primary election is allowed to vote for candidates across party lines. The candidate of each political party who receives the most votes for a state elective office becomes the nominee of that party at the next general election.

Accordingly, county elections officials prepare a ballot for all voters, and candidates for office are listed randomly on the ballot and are not separated by political party affiliation.

These provisions do not apply to elections of political party committee members. In this case, a voter is restricted to voting for candidates of his or her own political party. However, in a presidential primary, a voter is allowed to cross party lines in voting for delegates to a party's presidential nominating convention. Those delegates, along with delegates from other states, select the nominees of their respective political party for President and Vice President of the United States at a party nominating convention.

Proposal

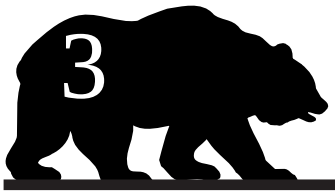
Under this measure, a voter could not cross party lines when voting for delegates to a political party's presidential nominating convention. A voter would only be permitted to vote for delegates to a presidential nominating convention of a political party with which the voter is affiliated.

Accordingly, county elections officials would be required by this measure to prepare additional and separate partisan presidential primary ballots for the selection of delegates to presidential nominating conventions for the sole use of persons registered with that political party.

Fiscal Effect

This measure would result in minor costs to state government to coordinate efforts by county election officials to comply with the new ballot preparation provisions. The measure also would result in minor costs to county governments statewide for preparing and printing additional ballots and for modifying current vote-counting procedures to accommodate the required separate partisan ballots.

For the text of Proposition 3 see page 85



Partisan Presidential Primary Elections. Legislative Initiative Amendment.

Argument in Favor of Proposition 3

PROPOSITION 3 MUST BE APPROVED AND ENACTED at this statewide election—otherwise California voters will *NOT* be allowed to participate in the Year 2000 national presidential nominating process.

Without *Proposition 3*, California voters will have their *VOTING POWER STRIPPED AWAY!* California voters will *NOT* be allowed to help select their own political parties' presidential nominees even though voters from the *OTHER* 49 states will participate. The California delegation, which helps select the presidential nominees, will be arbitrarily selected by *BACKROOM POLITICIANS* instead of by primary voters in a regulated process. This is true for California's Democrats, Republicans and members of other political parties! *THE UNITED STATES SUPREME COURT HAS SAID SO!*

Proposition 3 would enact the SAVE THE PRESIDENTIAL PRIMARY ACT OF 1998—fixing an unintended error contained in California's open primary law. Proposition 3 *FIXES* this error!

If *Proposition 3* is enacted, *California voters will STILL be able to cast primary votes for any party's candidates* for U.S. senator, congressman, governor, lieutenant governor, attorney general, state senator or state assemblymember.

The national Democratic, Republican and other political parties have rules which prohibit them from accepting convention delegations elected in open primary states. Why? Because the convention delegates do more than just nominate presidential candidates—they also write all the national party rules and elect the national chairs of their own parties. The United States Supreme Court has ruled that national political parties may refuse, according to their own rules, to seat delegations from open-primary states at the parties' national presidential nominating conventions.

Proposition 3 would bring California state law into conformity with Democratic and Republican National Committee rules and regulations. Specifically, it would allow California primary voters to vote only for presidential delegates from the political party in which the voters are registered members. Presidential delegate selection would be treated the same way the Open Primary Act currently treats election of county central committee representatives.

Surveys show that *most California voters wrongly believe* that they are voting for the *candidate* when they vote in a presidential primary. In all 50 states primary voters are *NOT* voting for the candidate—but actually are voting for a long slate of delegates *pledged* to that candidate. The lists of delegates are maintained at the Secretary of State's office and your county registrar of voters. Each presidential candidate has a unique list of pledged delegates. That pledged delegation which gets the most votes goes to the party's national nominating convention to join with the delegations from the other states to help select the party's presidential nominee.

Join Democratic Senate President Pro Tempore John Burton, Senate Republican Leader Ross Johnson, Democratic Assembly Speaker Antonio Villaraigosa, and Assembly Republican Leader Bill Leonard in protecting the right of Californians to participate in national political party nominations for president. Vote *YES* on *Proposition 3*.

JOHN R. LEWIS
Senator, Orange County
JOHN L. BURTON
Senate President Pro Tempore, San Francisco
BRUCE HERSCHENSOHN

Rebuttal to Argument in Favor of Proposition 3

In the argument favoring Proposition 3, its proponents state that unless Proposition 3 passes, California voters will not be allowed to participate in the Presidential nominating process. Yet later in the argument the proponents state that the political parties *may* refuse to seat delegates from open-primary states. In fact, both parties have mechanisms in their rules to allow for California delegates to be seated.

The truth is that there are 24 states with some version of the open primary. And California voters passed the open primary in 1996 by 60% of the vote.

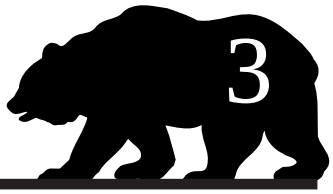
The National political party bosses are not going to frustrate the voters of California by refusing to honor their vote. We Californians represent over 10% of the nation's Presidential votes. Our voice must and will be heard.

To pass Proposition 3 means that independent voters (those not registered in any party) cannot vote in the Presidential primary. Neither can voters registered in one party cross over and vote for a candidate from another party. Proposition 3 is yet another attempt by political power brokers to overturn the will of the voters.

Let democracy have its full voice. Vote No on Proposition 3.

JACK SCOTT
Assemblymember, 44th District

Partisan Presidential Primary Elections. Legislative Initiative Amendment.



Argument Against Proposition 3

California's voters overwhelmingly approved the open primary in 1996 and used it for the first time last June. For the first time, ALL voters—no matter what their party affiliation—could vote for the candidate of their choice instead of being forced to choose between several Republican candidates or several Democratic candidates.

Thousands of voters took the opportunity to cross "party lines" and cast ballots for the person they thought could best represent them in office. Independent voters not affiliated with any political party were able to vote for candidates in the primary for the first time.

Affording voters more choices is healthy for democracy and good for the government of California.

We have just begun this change, and we should give it a fair chance to work.

That's why you should VOTE NO ON PROPOSITION 3.

Proposition 3 would limit the primary election for the most important office we decide upon: President of the United States.

Proposition 3 would allow only voters who are registered to vote with a particular political party to cast ballots for the delegates that choose Presidential nominees. Democrats would be allowed to choose only between Democrat slates. Republicans would be allowed to choose only between Republican slates.

Independent voters would not be allowed to vote for Presidential delegates at all!

Let's not turn back the clock on reform. Let's keep California's primary open by Voting NO on Proposition 3.

JACK SCOTT
Assemblymember, 44th District

Rebuttal to Argument Against Proposition 3

The national and state Democratic, Republican and other parties have indicated that if Proposition 3 is not passed, then *THEY MAY ELIMINATE VOTER PRIMARIES ALTOGETHER AND USE A CAUCUS, CONVENTION OR BACKROOM PROCESS* to select California presidential delegates. It's their legal right!

THE OPPONENTS TO PROPOSITION 3 ARE TERRIBLY MISINFORMED!

THEY'RE GAMBLING WITH YOUR RIGHT TO VOTE, TRYING TO WIN A BATTLE ALREADY LOST IN FEDERAL COURT SEVENTEEN YEARS AGO!

The Supreme Court has ruled that one state's election laws *CANNOT* dictate to the political parties and other 49 states how they conduct *NATIONAL* business.

The opponents believe they can "bully" all national political parties and the other states into seating the California open-primary delegations though that conflicts with national party rules approved by nearly all the states.

The opponents say the parties can change their rules and seat the California delegations. *THEY ARE WRONG!* The national rules *CANNOT* be ignored. Only a last-minute vote, after the convention has started, by the *combined delegations of all the states* on the convention floor can seat any California open-primary delegation. *BUT THE CALIFORNIA DELEGATION ITSELF CANNOT CAST A VOTE TO SEAT ITSELF!*

PROTECT YOUR RIGHT TO CAST A MEANINGFUL VOTE FOR PRESIDENT! Proposition 3 *FIXES* the Open Primary Act so that *YOUR VOTE ONCE AGAIN COUNTS* at the national level!

ANTONIO R. VILLARAIGOSA
Speaker of the California State Assembly

BILL LEONARD
Assembly Republican Leader

Trapping Practices. Bans Use of Specified Traps and Animal Poisons. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

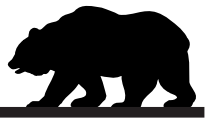
TRAPPING PRACTICES. BANS USE OF SPECIFIED TRAPS AND ANIMAL POISONS. INITIATIVE STATUTE.

- Prohibits trapping mammals classified as fur-bearing or nongame with specified traps for recreation or commerce in fur.
- Prohibits commerce in raw fur of such mammals trapped with specified traps in California.
- Prohibits use of steel-jawed leghold traps on wildlife mammals and dogs and cats except for padded steel-jawed traps used by government officials where it is the only way to protect human health and safety.
- Prohibits all use of sodium fluoroacetate (Compound 1080) or sodium cyanide to poison any animal.
- Provides misdemeanor penalties.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Negligible annual revenue losses to the Department of Fish and Game (DFG).
- Unknown enforcement costs to DFG, ranging from negligible to several hundred thousand dollars annually.
- Unknown state and local costs to implement alternative animal control methods of several hundred thousand dollars to in the range of a couple of million dollars annually, depending on relative cost-effectiveness of alternative methods.
- Negligible annual loss in personal income tax revenue in the context of total state General Fund revenues.

Analysis by the Legislative Analyst



Background

Current state law authorizes the use of specified traps to capture or kill for commercial and recreational purposes certain fur-bearing and nongame mammals in California. This requires a trapping license issued by the State Department of Fish and Game (DFG).

Existing state law classifies mammals into various categories, including the following:

- "Fur-bearing" (mammals whose fur has commercial value, such as mink and beaver).
- "Game" (such as deer and elk, which are commonly hunted for sport and food).
- "Fully protected" (such as Bighorn sheep, which may not legally be taken in the state except under certain circumstances).
- "Nongame" (all mammals occurring naturally in California that do not belong to any of the preceding three categories).

Currently, landowners and federal, state, and local government employees may capture or kill certain mammals that cause damage to crops, livestock, and other property; kill endangered species; or pose a threat to public health and safety. Allowable methods for capturing or killing these mammals include shooting, trapping, and poisoning. Currently, DFG, Department of Food and Agriculture, county agricultural commissioners, and water reclamation districts either operate programs to capture or kill such mammals or contract for such services with the United States Department of Agriculture Wildlife Services. Only authorized federal, state, and local officials and their agents may use certain poisons, including sodium fluoroacetate and sodium cyanide, to kill mammals that cause damage to property or pose a public health hazard. The use of these two chemicals is regulated by federal and state environmental protection agencies.

Proposal

This measure places new restrictions on the use of traps and poisons to capture and kill specified mammals for various purposes.

Restrictions on Commercial and Recreational Trapping. This measure prohibits the use of "body-gripping traps" (defined as traps which grip a mammal's body or body part) for commercial or recreational trapping of fur-bearing and nongame mammals. The measure specifically identifies steel-jawed leghold traps (padded and unpadded), conibear traps, and snares as prohibited traps. Cage and box traps, nets, suitcase-type live beaver traps, and common rat and mouse traps are expressly excluded from the prohibition.

The measure also prohibits commerce in raw furs obtained by using these prohibited traps.

Additional Trapping Restrictions. The measure prohibits any person, including government employees, from using or authorizing the use of steel-jawed leghold traps (padded and unpadded) to capture mammals for any purpose, including the protection of livestock and other property, endangered species, and public health. Other body-gripping traps, such as conibear traps and snares, could still be used for protecting livestock and other property, endangered species, and public health, subject to existing restrictions.

An exception to the leghold trap ban would be provided for government employees, who may use a padded steel-jawed leghold trap when no other method is available to protect public health or safety.

This measure also bans the use by any person, including government employees, of sodium fluoroacetate and sodium cyanide to poison animals.

Fines. Violations of any of this measure's provisions would be punishable by fines and imprisonment. The Legislature would be able to increase, but not lower, those fines and penalties.

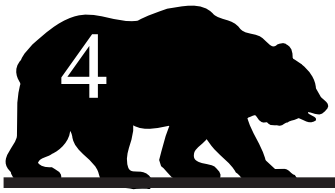
Fiscal Effect

To the extent this measure results in a decreased level of commercial or recreational trapping, there would be a negligible loss in revenue to the DFG due to decreased issuance of trapping and fur-dealer licenses. The DFG also would incur additional annual enforcement costs. The magnitude of these costs is unknown, but could range from negligible to several hundred thousand dollars annually, depending primarily on the amount of workload related to investigating violations of the measure's provisions.

Also, there would be unknown additional state and local costs for animal control purposes to capture and kill mammals that threaten property, endangered species, or public health. These costs could be from several hundred thousand dollars up to in the range of a couple of million dollars annually. Actual costs would depend on the cost-effectiveness of animal control methods not banned by the measure.

There could also be an unknown annual loss of personal income to landowners to the extent that allowable alternatives to the prohibited animal control methods are found to be less effective. The resulting loss in personal income tax revenue would probably be negligible in the context of total state General Fund revenues.

For the text of Proposition 4 see page 86



Trapping Practices. Bans Use of Specified Traps and Animal Poisons. Initiative Statute.

Argument in Favor of Proposition 4

A "YES" vote on Proposition 4 WILL PROTECT WILDLIFE AND FAMILY PETS:

- by banning cruel and indiscriminate traps—including the barbaric steel-jawed leghold trap, snares and Conibears—for recreation or the fur trade;
- by banning two especially dangerous poisons that harm animals and the environment—Compound 1080 and sodium cyanide.

Commercial trappers use cruel traps to catch and kill tens of thousands of animals for the fur trade—24,136 during the 1997–98 trapping season according to State of California figures. Bobcats, beavers, foxes and other furbearers are intentional targets of trappers because of prices their pelts bring.

Thousands of other animals including family pets, endangered species, birds, and small mammals also suffer and die in indiscriminate leghold traps, snares and Conibear traps.

Still legal in California, the steel-jawed leghold trap is condemned as "INHUMANE" by the American Veterinary Medical Association, World Veterinary Association, and American Animal Hospital Association, and is banned in more than 80 countries—and several states.

The notorious steel-jawed leghold trap and other body-gripping traps catch animals by slamming shut with bone-crushing force on an animal's leg or other body part causing injury and prolonged suffering until death.

Proposition 4 WILL ALLOW the use of traps and other wildlife management techniques:

- to protect human health and safety
- to protect property, levees and canals
- to protect endangered wildlife
- to protect crops and livestock

Endorsed by the Sierra Club, Proposition 4 is sponsored by the ASPCA, Animal Protection Institute, The Ark Trust Inc., Doris Day Animal League, The Fund for Animals, The Humane Society of the United States, and The International Fund for Animal Welfare.

Other endorsers include scores of environmental and animal protection organizations—Coalition for Alternatives to Pesticides, Mendocino Coast Audubon Society, Mountain Lion Foundation, State Humane Officers, Rescue K-9s of America, spcaLA, and the Orange County, Almanor, Sequoia, Golden State, North County, Northwest, Marin, Peninsula, Glendale, and Pasadena humane societies.

A YES vote will end the senseless cruelty of traps and poisons.

- Traps and poisons are indiscriminate, they harm or kill any animal that triggers them.
- A trapped animal will attempt to chew off its own leg to escape.
- Wildlife should not be killed for fashion.
- Poisoned animals suffer violently, sometimes for hours, before dying in agony.
- Secondary deaths result when other animals feed on poison victims.
- There are humane alternatives, including cage traps, when animals must be caught.

The California Department of Fish and Game acknowledged in a 2/3/98 environmental document: "The use of cage traps would eliminate most, if not all, of the negative impacts of trapping as far as injury and capture of nontarget species are concerned . . . Threatened, endangered, and protected species, as well as pets, could be released relatively unharmed from cage traps. Any danger to humans would be eliminated . . . The department does not expect that any significant adverse impacts would occur if this alternative (allowing only cage traps) was adopted."

PLEASE PROTECT PETS AND WILDLIFE FROM CRUEL TRAPS AND POISONS by voting YES on Proposition 4.

DORIS DAY
President, Doris Day Animal League

HONORABLE WILLIAM A. NEWSOM
Justice (Ret.), California Court of Appeal

ELDEN HUGHES
Vice President for Communications, Sierra Club, 1996–1997

Rebuttal to Argument in Favor of Proposition 4

Confused? YOU SHOULD BE! Proposition 4 is another badly written initiative. Don't let the radical animals rights activists confuse you. Listen to the experts:

"The radicals want you to believe 24,000 animals are trapped for fur. NONSENSE! *Nearly 80% of animals trapped in California are RODENTS . . . filthy, diseased RODENTS!*"
Steve Poplin, *formerly of U.C. Davis Veterinary Medicine Program.*

"Sensible wildlife conservation is gradually being crowded out by extreme animal rights groups to the detriment of wildlife. Proposition 4 is another example of extremists placing their own agenda ahead of proven wildlife management methods."
Walter E. Howard, *Professor Emeritus of Wildlife Biology and Vertebrate Ecology, University of California, Davis*

"Proposition 4's price tag is staggering. Taxpayers would pay millions (according to the California Department of Fish & Game) for bureaucrats needed to enforce this bad law. We can't afford Proposition 4."
Lewis K. Uhler, *President, National Tax Limitation Committee*

"If Proposition 4 passes, many populations of threatened and endangered species in California will suffer and some may even become extinct."
Gary Simmons, *State Director, United States Department of Agriculture, Wildlife Services*

"Today's wildlife management tools are the most humane ever. Proposition 4 would ban tools needed to conserve threatened and endangered species and force cruel alternatives to control problem predators, including *traps that kill*."
Joelle Buffa, *Professional Wildlife Biologist*

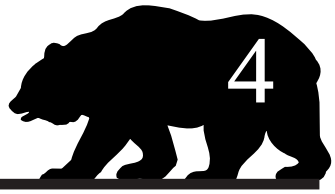
PROTECT HEALTH AND SAFETY, PROPERTY
AND ENDANGERED SPECIES
NO MORE REGULATIONS
NO MORE TAXES
NO MORE BUREAUCRATS
NO ON ANOTHER BAD BALLOT PROPOSITION
NO ON 4

LINDA MACEDO
President, California Women for Agriculture

BILL EVERETT
President, Endangered Species Recovery Council

JACK PARNELL
Frmr. Director, CA Department of Fish & Game

Trapping Practices. Bans Use of Specified Traps and Animal Poisons. Initiative Statute.



Argument Against Proposition 4

THE RADICAL ANIMAL RIGHTS ACTIVISTS ARE AT IT AGAIN!

This time the extremists have gone too far! Their proposition is so confusing and poorly written that it could not only threaten human health and safety, but endanger wildlife and livestock. While claiming to ban inhumane animal traps, in truth, *Proposition 4 forces the use of traps that kill,* while prohibiting safe padded traps designed to capture diseased predators. Proposition 4 places a higher value on the life of a rabid coyote than a child, family pet or newborn lamb.

PROPOSITION 4 would:

- *THREATEN HUMAN HEALTH AND SAFETY*
  Professional wildlife managers who protect the delicate balance of nature, are worried Proposition 4 would unnecessarily expose humans to animal transmitted diseases: Lyme, rabies and Bubonic plague. The California Department of Fish & Game says the initiative "could reduce the effectiveness of public health and safety control programs."
- *ENDANGER LIVESTOCK AND CROPS*
  Farmers and ranchers would be helpless in their fight to protect crops and livestock if Proposition 4 passed. Animal protection collars (studied for ten years and approved by both state and Federal Environmental Protection Agencies) would be banned by Proposition 4. Predatory coyotes that attack lambs by lunging at their throats would find their prey defenseless.
- *INCREASE USE OF CAUSTIC POISONS AND HAZARDOUS CHEMICALS*
  If Proposition 4 passes, property owners and wildlife managers would have to use alternate means to protect their property. Don't force them to poison animals with dangerous chemicals and insecticides.
- *OVER REGULATE*
  Wildlife management is already highly regulated by hundreds of laws. Proposition 4 would wipe out proven methods of resource management and replace them with a confusing, poorly written ballot proposition.
- *JEOPARDIZE ENDANGERED SPECIES*
  Endangered species are finally making a comeback because of sound wildlife management. Animals, especially birds, on the verge of extinction are being protected from wild predators. Unless we say "NO" to Proposition 4, many endangered species could be lost forever.
- *ADD MORE BUREAUCRATS . . . COST CALIFORNIANS MILLIONS*
  If Proposition 4 passes, the Department of Fish & Game would have to enforce the law at an estimated cost of $1 million per year. That means more bureaucrats and greater costs to taxpayers . . . for a bad law. That's insane!
- *INCREASE RODENT DAMAGE*
  Nearly 80% of animals trapped in California are RODENTS. They are responsible for millions of dollars in damage to California's flood control and irrigation systems. Proposition 4 would PREVENT effective control of rodents.

PROPOSITION 4 IS:

- *CONFUSING*
- *POORLY WRITTEN*
- *TOO EXTREME*

The current system works! We don't need Proposition 4. Say no to the radical animal rights activists.

Join . . .
Professional Wildlife Managers
California Farm Bureau Federation
California Waterfowl Association
California Poultry Industry Federation
California Grain & Feed Association
Water Districts Across the State
Humane Society, Sonoma
California Cattlewomen's Association
The Wildlife Society
California Cattlemen's Association
Agricultural Council of California
California Wool Growers Association

NO ON 4!

BEN NORMAN, DMV, Ph.D.
Department of Veterinary Medicine
University of California, Davis, Ret.

DONA MAST
Immediate Past Chair, California Farm Bureau Federation, Rural Health & Safety

STEPHANIE LARSON
President-Elect, Humane Society, Sonoma

Rebuttal to Argument Against Proposition 4

The barbaric trapping and killing of California's precious wildlife for the fur trade—for profit—is indefensible. And the fur-trapping industry that opposes Proposition 4 offers no credible defense.

Instead, they offer name calling, scare tactics and extreme statements to divert attention from the cruelties of trapping.

Let's focus on the truth!

FACT: Proposition 4 PROTECTS public health and safety. Health professionals, wildlife managers, farmers and water districts have a wide range of lethal and nonlethal methods to manage wildlife. Only three are being restricted—two dangerous poisons and the steel-jawed leghold trap which *has been banned in more than 80 countries*. Furthermore, leghold traps will be available if needed to protect public health and safety.

FACT: Other states have enacted similar laws with no adverse impacts.

FACT: Proposition 4 specifically ALLOWS rat and mouse traps.

FACT: Proposition 4 PROMOTES the use of humane traps.

So-called "padded traps" have been proven to cause serious injuries to animals. After suffering for hours, trapped animals are usually bludgeoned to death by the trapper. Proposition 4 promotes more humane trapping. In a 2/3/98 environmental document, the California Department of Fish and Game acknowledged that allowing only cage traps would eliminate the negative impacts of trapping with NO SIGNIFICANT ADVERSE IMPACTS.

The TRUTH: Proposition 4 is reasonable, moderate, and narrowly tailored. It will stop inhumane, indiscriminate trapping. It will protect wildlife and family pets.

Humane societies, environmentalists, wildlife biologists, and veterinarians agree:

VOTE "YES" ON 4!

Authorized signers:

ROGER A. CARAS
President, American Society for the Prevention of Cruelty to Animals

JOHN GRANDY, Ph.D.
Senior Vice President for Wildlife Programs, The Humane Society of the United States

CATHERINE RICH, J.D.
President, Los Angeles Audubon Society, 1996–1997

Tribal-State Gaming Compacts. Tribal Casinos. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

TRIBAL-STATE GAMING COMPACTS. TRIBAL CASINOS. INITIATIVE STATUTE.

- Specifies terms and conditions of mandatory compact between state and Indian tribes for gambling on tribal land.
- Mandates Governor to sign compact upon request by tribe. Permits alternative compacts only if consistent with prescribed compact.
- Permits gambling devices and lotteries at tribal casinos.
- Amends California law to allow slot machines and banked card games at tribal casinos.
- Provides for contributions to trust funds benefiting nongaming tribes, statewide emergency medical care programs, and programs benefiting communities near tribes, if tribes retain monopoly on authorized gambling.
- Provides for reimbursement of state regulatory costs.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Uncertain impact on state and local revenues, depending on the extent of expansion of gambling on Indian lands in California and the amount of gambling diverted from outside the state.
- Fiscal effect could range from little impact on revenues to significant annual increases.

Analysis by the Legislative Analyst

Background

Gambling in California

The State Constitution and various other state laws limit the types of legal gambling that can occur in California. The State Constitution specifically:

- Authorizes the California State Lottery, but prohibits any other lottery.
- Allows horse racing and wagering on the result of races.
- Allows bingo for charitable purposes (regulated by cities and counties).
- Prohibits Nevada- and New Jersey-type casinos (although this phrase is not defined).

Other state laws allow gambling in card rooms. Card games (such as poker) can be played only if the card room does *not* have a stake in the outcome of the game. State law specifically prohibits many games (such as twenty-one), and it also prohibits the operation of any slot machine or other gambling device.

Gambling on Indian Land

The federal Indian Gaming Regulatory Act of 1988 (IGRA) governs gambling operations on Indian land. The IGRA puts gambling activities into three classes and places restrictions on Indian tribes who want to conduct these activities. In general, Indian tribes may offer:

- Class I gambling without restriction. Class I gambling includes social games and traditional/ceremonial games.
- Class II gambling that is allowed throughout the state in which the Indian land is located. Class II gambling includes bingo and many card games. Class II gambling, however, specifically *excludes* all card games in which the operator has a stake in the amount wagered or the outcome of the game.
- Class III gambling activities only if the tribe and the state sign an agreement (referred to as a tribal-state compact) that allows the specific gambling activities. Class III gambling consists of all activities that are not in Class I or II. Thus, Class III gambling includes lotteries, slot machines or other gambling devices, and horse race wagering.

If the state allows any type of Class III gambling and an Indian tribe asks to negotiate a compact for operation of those gambling activities on tribal land, then the state is required to negotiate in good faith for a compact.

Gambling on Indian Land in California. Currently, there are 41 Indian gambling operations in California which offer a variety of gambling activities. These include bingo, card games (including a type of blackjack), and electronic (video) gambling devices. To date, California has entered into compacts with five Indian tribes allowing parimutuel wagering on horse racing. (Parimutuel betting is where all wagers go into a common prize pool, less a specific "take-out" for management.) In addition, the Governor has negotiated a compact with the Pala Band of Mission Indians for other forms of Class III gambling (other tribes have also agreed to this compact). To date, however, legislation concurring with this agreement has not been passed.

Actions are currently pending in federal court regarding the continued operation of many gambling activities on Indian land. Consequently, the future status of some activities is uncertain.

Proposal

This measure requires the state to enter into a specific compact allowing certain Class III gambling activities on Indian lands for those tribes that agree to sign the agreement. The measure also requires the Governor to negotiate a separate tribal-state compact with any tribe that wants a different compact.

Tribal-State Compact

The following are the basic provisions of the tribal-state compact established by the measure:

Class III Activities Allowed. The following Class III gambling activities could be conducted in Indian gambling establishments in California:

- *Parimutuel horse race wagering* (consistent with an existing tribal-state compact).
- *Electronic gambling devices* (a type of slot machine) that allow the individual to play any game of chance. The device, however, could not dispense coins or currency and could not be activated with a handle. In addition, the device must pay prizes solely in accordance with a "player's pool prize system"—defined to be a prize system where all wagers collected from players are eventually returned to the winners with no opportunity for the establishment to win.
- *Any card game* that was played in any California tribal gambling operation on or before January 1, 1998. Prizes would have to be paid solely in accordance with a player's pool prize system.
- *Any lottery game.*

It is unclear if the games authorized by this compact would result in "Nevada- or New Jersey-type casinos" and therefore violate the State Constitution. Since there is no current definition of this phrase, the question would almost certainly have to be decided by a court.

Additionally, the measure would set 18 as the minimum age to gamble in an Indian establishment. Currently, the minimum age to gamble in California is 18 for the state lottery and 21 for all other legal forms of gambling.

Trust Funds. Tribes would be required to establish three trust funds to be funded from a portion of gambling proceeds. The amounts contributed to the trust funds would vary by fund and would be based on a percent (ranging from 0.5 percent to 3 percent) of the "net win" (defined as the total wager less any prize payouts) from electronic gambling devices. The obligation to make trust fund contributions remains in effect only if the tribes continue to have the exclusive right to operate electronic gambling devices as specified in the compact.

The trust funds would be distributed annually (1) to tribes that had not recently had gambling operations; (2) throughout the state, by county, for emergency medical needs and for compulsive gambling programs (based on each county's population of persons over 55 years of age); and (3) to cities and counties which have Indian gambling operations and to tribes within affected counties.

Tribal Regulation. Under the compact, each tribe must have a tribal gambling agency responsible for regulating its gambling facilities and operations.

State Regulation. The Attorney General and the Gambling Control Commission would be responsible for state regulation of the tribal gambling operations. State regulation, however, would be limited to: (1) conducting background checks of nontribal employees of a gambling operation, (2) reviewing specified information submitted by the tribal gambling agency, and (3) advising the tribal agency that the state objects to certain actions taken by the agency.

Other Provisions of the Measure

Other Compacts. The measure requires the Governor to negotiate with an Indian tribe for a compact that differs from the one defined in the measure if so requested by a tribe. The measure states that an alternative compact does not require legislative approval unless it expands the scope of Class III gambling, grants certain responsibilities to state agencies, or authorizes the spending of state funds.

Tribal Reimbursement of State Regulation Costs. The measure provides for tribal reimbursement of all reasonable costs associated with state regulation of any compact.

Fiscal Effect

State and Local Revenue Impact

Passage of the measure would likely result in an increase in economic activity in California. The magnitude of the increase would depend primarily on (1) the extent to which tribal gambling operations expanded as a result of the measure's passage and (2) the degree to which new gambling activity in California came from spending diverted from Nevada and other out-of-state sources (as compared to spending diverted from other California activities).

While the measure would likely result in additional economic activity in California, its impact on state and local revenues is less clear. This is because Indian tribes, as sovereign governments, are exempt from certain forms of taxation. For example, profits earned by gambling activities on tribal lands would not be subject to state corporate income taxes. Furthermore, gambling on tribal lands is not subject to certain wagering taxes or fees that are currently levied on other forms of gambling in California (for example, horse race wagers and card rooms). Finally, wages paid to tribal members employed by the gambling operation and living on Indian land would not be subject to personal income taxes.

Even with these exemptions, tribal operations still generate tax revenues. For example, wages paid to nontribal employees of the operations are subject to income taxation and certain nongambling transactions related to the operations (such as purchases in restaurants and gift shops) are subject to state and local sales and use taxes. However, on average, each dollar spent in tribal operations generates less tax revenue than an equivalent dollar spent in other areas of the California economy.

Given these factors, the *net* impact of this measure on state and local government revenues is uncertain. For example, revenues could increase significantly if the measure were to result in a large expansion in gambling operations *and* a large portion of the new gambling were spending that would have otherwise occurred outside of California (such as in Nevada). On the other hand, if the expansion resulting from the measure were relatively limited or if most of the new gambling represented spending diverted from other areas in the local economy that are subject to taxation, the state could experience smaller gains or potentially revenue losses.

Trust Fund Revenue. State and local governments would receive grants from certain trust funds established by the measure. The amount of revenue available would depend on the net win of the different gambling operations and the number of machines operated by each tribe. Based on available information, revenue to the trust funds could total in the low tens of millions of dollars annually. State and local governments would receive a portion of these funds.

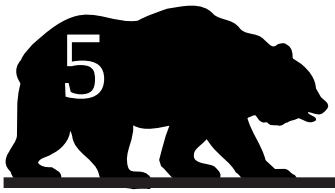
Other Governmental Impacts

The measure could result in a number of other state and local fiscal impacts, including: an increase in law enforcement costs, potential savings in welfare assistance payments, and an increase in local infrastructure costs. We can not estimate the magnitude of these impacts.

State Regulatory Costs

The state would incur costs for regulatory activity associated with the measure. These costs would vary depending on the number and size of Indian gambling establishments. As these state regulatory costs would be charged to the regulated tribes, the measure would result in no net increased costs to the state.

For the text of Proposition 5 see page 86



Tribal-State Gaming Compacts. Tribal Casinos. Initiative Statute.

Argument in Favor of Proposition 5

We are Native Americans representing a coalition of over 80 California Indian Tribes—the vast majority of Tribes in California.

California's Native Americans are asking you to vote YES on Proposition 5 so we can keep the types of gaming we now have on our reservations.

We are not asking for hand-outs. We are asking to take care of ourselves and get off welfare. And we are asking voters to support economic activity which benefits all Californians.

Today California Indian casinos:

- provide nearly 50,000 jobs for Indians and non-Indians;
- reduce California taxpayers' welfare payments by $50 million per year;
- generate $120 million annually in state and local taxes.

Historically, California Tribes have lived in poverty and welfare dependency because our small reservations have almost no natural resources and are too remote to support conventional economic development.

But when federal law recognized our right to conduct limited gaming on Tribal lands, it gave us our first real opportunity to become economically self-reliant and begin to realize the American dream.

Since then, Indian gaming has greatly improved conditions on many reservations. Tribal governments use casino revenues to provide health care, housing, better educations for Indian children, cultural preservation, environmental protection and care for our elders.

After generations of proverty, despair and dependency, our lives are better. We're pulling our own weight and paying our own way. On reservations with casinos, unemployment has dropped nearly 50%; welfare has been cut by 68%, and in some cases eliminated entirely.

Now, big Nevada casinos are trying to shut down Indian gaming in California, because they want to kill competition from California's Indians. Their weapon is a backroom deal—cut in Sacramento—that would force the shutdown of our gaming. Unless Proposition 5 passes, this deal would result in the shutdown of video machines which provide 75% of our revenues.

If that were to happen, it would be devastating for California Indian Tribes—and bad for California's taxpayers.

Proposition 5 creates a responsible and reasonable plan for Indian gaming now and for the future.

Proposition 5 will:

- strictly limit Indian casinos to Tribal lands;
- allow Tribes to keep the limited types of gaming we now have and allow other tribes to set up similar limited gaming;
- share Indian gaming revenues with non-gaming Tribes for use in education, housing, health care and other vitally needed services;
- dedicate revenues to support emergency medical services for all Californians, and to local communities near Indian casinos.

Nevada interests are spending millions on a misleading anti-Indian campaign against Proposition 5. We urge California voters to reject Nevada's scare tactics, and stand with us against the big Nevada casinos.

We urge you to vote YES on Proposition 5 to preserve the American dream for Native Americans.

DANIEL TUCKER
Chairman, Californians for Indian Self-Reliance

MARY ANN ANDREAS
Tribal Chairperson, Morongo Band of Mission Indians

DAVID R. EDWARDS
Tribal Chairman, Tyme-Maidu Tribe

Rebuttal to Argument in Favor of Proposition 5

The proponents of Proposition 5 are playing to your emotions to pass their flawed initiative. Rather than discuss the SPECIFICS of their proposal, they are raising phony strawmen issues like Nevada casinos. Here are the facts:

- The claim that Indian casinos will be shut down if Proposition 5 is defeated is false. Numerous Indian tribes have already negotiated gaming agreements with California to operate casinos on their own land. Federal law GUARANTEES that EVERY tribe wishing to operate gaming may negotiate an agreement with the state. No tribe needs Proposition 5 to operate Indian casinos.
- This initiative MANDATES the terms of a gaming agreement between tribes and California, with NO negotiation, NO compromise and NO local vote of citizens.
- This initiative would allow the promoters to vastly EXPAND their casino operations.
- Huge Indian casinos could open throughout California.
- Moreover, these casinos are EXEMPT from virtually all state regulations including environmental, health and worker safety rules.
- These casinos pay NO federal, state or local taxes on the massive profits they make.

Most Californians want to help Native Americans become self-sufficient. However, less than 15% of California Indians will receive benefits from this initiative. Proposition 5 is a GRAB FOR ADVANTAGE by a few wealthy Indian tribes at the expense of all Californians.

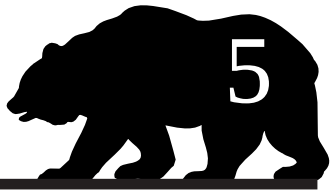
That's why an extremely broad-based coalition of groups—Business, Labor, Seniors, Educators, Law Enforcement, Environmental, Local Government— oppose Proposition 5. UNREGULATED, UNTAXED, and UNLIMITED casinos are UNFAIR to California. Please Vote NO!

JOHN K. VAN DE KAMP
Former Attorney General of California

JUANITA HAUGEN
Pacific Region Director, National School Boards Association

BILL CAMPBELL
President Emeritus, California Manufacturers Association

Tribal-State Gaming Compacts. Tribal Casinos. Initiative Statute.



Argument Against Proposition 5

Most people want to help native Americans, but enacting a flawed ballot initiative is the WRONG approach. The groups behind Proposition 5 want you to think it is about helping American Indians keep limited gambling on their reservations, but they don't need a ballot initiative for that! Prop. 5 would result in a dramatic expansion of UNREGULATED and UNTAXED casino gambling throughout California. Here's what this initiative is REALLY about:

- California has over 150 recognized or pending tribes that could operate multiple casinos in communities throughout the state. Incredibly, the Governor is MANDATED to sign the agreement contained in this initiative allowing casinos with NO NEGOTIATION, discussion or changes! If the Governor refuses to sign the deal, then it takes effect anyway!
- Moreover, Indian tribes could purchase land OFF their reservations and open huge casinos wherever they want in California. All they need is the approval of two politicians—the Governor and Secretary of Interior. There is NO LOCAL VOTE of citizens to authorize or reject these casinos!
- These casinos would operate outside our state's tough environmental laws that protect us against air and water pollution, toxic waste dumping and damage to our fragile coast.

Here's what the PLANNING AND CONSERVATION LEAGUE says in opposing this initiative:

"Indian casinos are exempt from ALL state environmental quality laws, including Coastal Commission regulations, air and water pollution laws, and toxic waste provisions. This initiative could result in great environmental damage to California."

- California is prohibited from taxing the $1.5 BILLION these casinos take in each year. What other business in the state is allowed to operate free of state and local taxes? California taxpayers would pay for all the transportation and law enforcement problems caused by Indian casinos, but not a penny in tax revenue is dedicated to solving those problems.
- The casinos are also exempt from California WORKER PROTECTION laws. They don't even have to pay the state minimum wage or provide workers' compensation insurance to their employees.
- Local law enforcement officials are prohibited from enforcing state laws against gambling crimes in these Indian casinos. It would be almost impossible for California to stop organized crime, prevent money laundering and make sure that the gambling is conducted fairly.
- Because these casinos pay no income taxes and are EXEMPT from virtually all state health and safety and business regulations, they have an UNFAIR advantage over businesses that do follow the rules and pay their fair share in taxes.

This ballot initiative simply goes too far. That's why a broad coalition of groups OPPOSE Proposition 5, including ENVIRONMENTAL organizations, LABOR groups, BUSINESS leaders, LAW ENFORCEMENT organizations, SENIORS, LOCAL GOVERNMENT, and SMALL BUSINESS owners. This diverse coalition probably couldn't agree on the time of day, but we all agree that Proposition 5 is a FLAWED ballot initiative.

Proposition 5 is ALL PAIN and NO GAIN for California. UNREGULATED, UNTAXED, UNLIMITED casino gambling with NO LOCAL CONTROL is UNFAIR for California.

Please, check it out for yourself and then join us in voting "No."

GRISELDA BARAJAS
Small Business Owner

JACK GRIBBON
California Political Director, Hotel Employees and Restaurant Employees International Union, AFL-CIO

SHERIFF GLEN CRAIG
Former President, California Police Officers' Association

Rebuttal to Argument Against Proposition 5

MISLEADING SCARE TACTICS. THAT'S WHAT THE BIG NEVADA CASINOS ARE USING in their campaign against Proposition 5 BECAUSE THEY WANT TO KILL COMPETITION FROM CALIFORNIA'S INDIANS.

Here are the facts.

A YES vote on Prop. 5 will:

- Let California's Native Americans be self-reliant by allowing limited and regulated gaming on Tribal land with the same types of games that exist today.
- Preserve more than $120 million per year in state and local taxes generated by Indian gaming.
- SHARE MILLIONS OF DOLLARS in gaming revenues WITH TRIBES THAT DON'T HAVE GAMING, funding health care, education, care for elders, and other vitally needed programs.

"For centuries Native Americans have revered the land. Proposition 5 continues existing environmental protections of sovereign tribal land and provides resources for improved environmental protection. Vote YES on 5."
-Mary Nichols, Past President, California League of Conservation Voters

"Proposition 5 and federal law strictly limit Indian gaming to Tribal land. The claim that casinos could be built anywhere is totally false."
-David Risling, Professor Emeritus of Native American Studies, University of California

INDIAN GAMING HAS ALREADY CUT WELFARE ON RESERVATIONS BY 68%, SAVING CALIFORNIA TAXPAYERS $50 MILLION PER YEAR.

Today, California's Indians are truly pulling their own weight and paying their own way.

For more information call 1-800-258-7471 or visit our website at www.cisr.org.

We urge you to vote YES on Prop. 5—TO PROTECT CALIFORNIA'S INDIANS, to allow them to continue on the path to self-reliance, AND TO BENEFIT CALIFORNIA TAXPAYERS.

JEFF SEDIVEC
President, California State Firefighters Association

LES SOURISSEAU
Past President, California Police Chiefs Association

DANIEL TUCKER
Chairman, Californians For Indian Self-Reliance

Criminal Law. Prohibition on Slaughter of Horses and Sale of Horsemeat for Human Consumption. Initiative Statute.

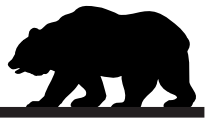
Official Title and Summary Prepared by the Attorney General

CRIMINAL LAW. PROHIBITION ON SLAUGHTER OF HORSES AND SALE OF HORSEMEAT FOR HUMAN CONSUMPTION. INITIATIVE STATUTE.

- Prohibits any person from possessing, transferring, receiving or holding any horse, pony, burro or mule with intent to kill it or have it killed, where the person knows or should know that any part of the animal will be used for human consumption. Provides that a violation constitutes a felony offense.
- Also adds a provision making the sale of horsemeat for human consumption a misdemeanor offense, with subsequent violations punished as felonies.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- The measure could result in some increased law enforcement and incarceration costs at both the state and local level. These costs probably would be minor, if any.



Background

State law permits the slaughter of horses for human consumption and for use in pet food. The slaughtering of horses for human consumption must be done in state or federally inspected facilities and must be done separately from other livestock. Currently, there are no facilities in California licensed to slaughter horses for human consumption. Nationwide, there are fewer than ten facilities that slaughter horses to provide horsemeat for human consumption.

Anyone sending a horse out of state for slaughter is required to document that the horse is being sent for that purpose. According to the state Department of Food and Agriculture, last year over 3,000 horses were sent from California for slaughter in another state.

Currently, businesses are allowed to sell horsemeat for human consumption in California. Data are not available on whether or not this occurs.

Proposal

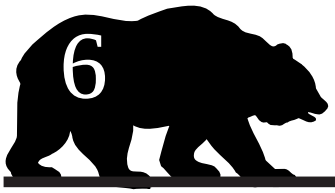
This measure prohibits both the slaughter of horses for human consumption and the sale of horsemeat for human consumption in California. In addition, horses could not be sent out of California for slaughter in other states or countries for human consumption. Under the measure horses include any horse, pony, burro, or mule.

The measure establishes felony and misdemeanor criminal penalties for violations of these provisions.

Fiscal Effect

Since this measure creates new crimes, it could result in some increased law enforcement and incarceration costs at both the state and local level. These costs probably would be minor, if any.

For the text of Proposition 6 see page 97



Criminal Law. Prohibition on Slaughter of Horses and Sale of Horsemeat for Human Consumption. Initiative Statute.

Argument in Favor of Proposition 6

PROP 6 "SAVE THE HORSES" PUTS CALIFORNIA HORSES BACK IN THE STABLE . . . AND OFF THE TABLE!

Horse Slaughter is virtually a secret industry to Californians. Nationally, TWO AND A HALF MILLION horses have been slaughtered for HUMAN CONSUMPTION and exported to foreign countries as a "gourmet" meat since 1986.

Horses slaughtered for human consumption are not humanely euthanized. Because they are slaughtered for human consumption, they are killed by splitting open their skulls with a four-inch spike then hung, bled and dismembered while still alive.

Slaughter is not exclusive to the old, sick, and crippled. Slaughter includes the young and healthy, our children's pets, frightened mares with helpless foals standing at their sides and our treasured wild mustangs.

Horses have evolved to be pleasure, recreational and sporting animals. Horses are not food animals. Existing laws protect our dogs and cats from slaughter and export. Our horses deserve this protection as well. When necessary, horses should be put to sleep humanely and rendered, not brutalized for export.

California was developed in partnership with the horse. They tilled our fields, pulled our wagons, delivered our mail. Horses have helped us immeasurably. Now we must help them by voting to prohibit their cruel and unnecessary slaughter.

People's horses are stolen, obtained under false pretenses and purchased for slaughter, without the owner's knowledge, to quickly be shipped out of state to a "no-questions asked" outlet.

Horse slaughter is contrary to basic American values. Californians do not support horse slaughter. Prop 6 would make it a crime to export and kill California's pleasure horses for foreign "gourmet" markets. It would also prohibit any California restaurant or supermarket from selling horsemeat to unwary California consumers.

WHY WE NEED THIS MEASURE:

- CALIFORNIANS DO NOT EAT HORSES. We shouldn't allow California's pleasure horses to be slaughtered and exported overseas for "gourmet" human consumption.
- Horse slaughter is cruel and inhumane.
- Horses can be bought for slaughter without the knowledge of the owner.
- Horses slaughtered to be eaten by humans cannot be humanely euthanized and must be killed in a cruel and inhumane fashion.
- Horsemeat is sold as a "gourmet" item, not to feed starving people.
- Existing laws protect dogs and cats from slaughter, our horses also deserve protection.
- Horses are recreational animals, not bred for human food.
- Horses are part of California's heritage and culture.
- Horse slaughter contributes to theft and consumer fraud.
- Californians do not want horsemeat sold in restaurants or supermarkets.
- The horse slaughter industry is all foreign owned, serving foreign interests.
- California sales tax and equine revenues are lost from the export of horses for slaughter for human consumption.

PROP 6 IS A CITIZENS, GRASSROOTS
EFFORT SPONSORED BY CATHLEEN DOYLE,
SHERRY DEBOER AND SIDNE J. LONG
AND HAS OBTAINED BROAD BASED
BI-PARTISAN SUPPORT

SUPPORTED BY:

- The California State Horsemen's Association
- Members of the United States Olympic Equestrian Team
- California Organization of Police and Sheriffs
- Thoroughbred Owners of California
- Del Mar, Golden Gate Fields and Hollywood Park Race Tracks

(This initiative is dedicated to California's horses.)

GINI RICHARDSON
Legislative Chair, California State Horsemen's Association

MICHAEL D. BRADBURY
Ventura County District Attorney

WILLIAM J. HEMBY
Legislative Chair, California Organization of Police and Sheriffs (COPS)

Rebuttal to Argument in Favor of Proposition 6

This initiative shows how the ballot process can be abused by the idle rich. A wealthy heiress wants to foist her pet project—outlawing horsemeat for human consumption—on the rest of California.

Get a life! Hardworking Californians don't need to waste their time voting on measures that are of little concern to the average citizen. Only 10,000 California horses are slaughtered for consumption each year.

These champions of horse rights paint a picture of dangerous entities in our midst, ready to dismember Mr. Ed at a moment's notice, then gleefully eat the carcass ala Jeffrey Dahmer.

If the goal of Proposition 6 is to save horses, why would it only address killing them for human consumption? Horses are more often killed to make dog food or for industrial purposes.

If the goal is to change the method of slaughter, then the authors could propose regulations to that effect. Instead, Proposition 6 turns factory workers into felons.

Under Proposition 6, horse owners could not sell their animals as they see fit. Many horses would just be cruelly abandoned and die anyway. If horses are disposed of in landfills, will decomposing carcasses pose a risk of disease or groundwater contamination?

California's Legislative Counsel reviewed Proposition 6 and found that it partially violates the U.S. Constitution. Thus, if passed, it could face expensive legal challenges (to be paid by taxpayers).

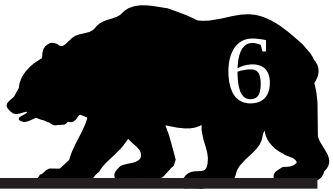
Look this "gift horse" in the mouth, and see it for the lame nag it really is. Just say NEIGH to Proposition 6.

TED BROWN
Past Chair, Libertarian Party of California

THOMAS TRYON
Rancher

JEANNE BOWERS-LEPORE, DVM
Horse Doctor

Criminal Law. Prohibition on Slaughter of Horses and Sale of Horsemeat for Human Consumption. Initiative Statute.



Argument Against Proposition 6

IF HORSEMEAT IS OUTLAWED, ONLY OUTLAWS WILL EAT HORSEMEAT!

Proposition 6 is one of the strangest measures ever to go before California voters. The proponents must really love horses to spend over $500,000 to qualify this for the ballot. But the fact is, they have no right to use the power of government to regulate peoples' eating habits.

People make many choices in life. What they eat is quite fundamental. Some people like to eat horsemeat. Because of this, a few businesses cater to the demand and sell the product. This is a private matter between a person and his local butcher—and between the butcher and his supplier. The government should not be involved.

Proposition 6 makes killing a horse for human consumption a felony. It also makes selling horsemeat a felony on the second offense. This is an absolute misuse of the law and of our justice system.

Felonies are serious offenses, most often involving violations of peoples' rights. Good examples are murder, rape and armed robbery. Selling horsemeat is certainly not in that league.

Indeed, with the current interpretation of the "three strikes" law, a restaurant owner with 2 prior violent or serious felony convictions could sell horse burgers; the first offense would be a misdemeanor and the second offense would be a felony, with a possible sentence of 25 years to life in prison! Do we really want scarce prison space to be taken up for a non-offense like this?

People have the right to eat horsemeat if they want to. Residents of other nations, like Canada, enjoy it more than Americans do, and in fact, horsemeat exports often go there. To outlaw its sale and consumption is cultural imperialism at its worst. It's also a violation of the free market; as long as there is a demand, there should be a safe, legal supply available.

Proposition 6 is dangerous, unnecessary, unconstitutional and downright nutty. Keep the state government out of our stables and out of our kitchens. Just say NEIGH to Proposition 6.

TED BROWN
Past Chair, Libertarian Party of California

THOMAS TRYON
Calaveras County Supervisor

JOSEPH FARINA
Attorney

Rebuttal to Argument Against Proposition 6

THERE IS NO LEGITIMATE FORMAL OPPOSITION TO THIS MEASURE.

The oppositions argument against this initiative makes it abundantly clear that they are out of step with the principles and beliefs of the vast majority of Americans. They apparently fail to recognize that we do not want our recreational animals, be it our dogs, cats, or horses slaughtered for human consumption.

We agree people have the right to choose what they eat. Californians CHOOSE NOT to eat their horses and Californians have the right to protect their horses against the cruelty of the foreign slaughter trade.

RESPONSE TO OPPONENTS:

- The secret slaughter of our recreational animals is NOT A PRIVATE MATTER BETWEEN A BUTCHER AND HIS SUPPLIER.
- This felony itself does NOT trigger the "three strikes" law.
- World market meat demands should NOT be supplied with California's pet and recreational animals.
- Proposition 6 is NOT dangerous. It protects horses. NOR is it unnecessary. 2,500,000 horses have been slaughtered since 1986.

Horses need protection because exporting them for human consumption means they have to be slaughtered cruelly instead of humanely euthanized and rendered.

Horses are an important part of California's heritage and its culture. Let's leave an honorable and compassionate legacy and protect California's horses against the cruelty of slaughter for human consumption.

BROAD-BASED, BI-PARTISAN,
MAINSTREAM SUPPORT
VOTE YES ON PROPOSITION 6

ROBERT REDFORD
Actor, The Horse Whisperer

JOHN VAN DE KAMP
President, Thoroughbred Owners of California

JILL HENNEBERG
U.S. Equestrian Olympic Silver Medalist

Air Quality Improvement. Tax Credits. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

AIR QUALITY IMPROVEMENT. TAX CREDITS. INITIATIVE STATUTE.

- Authorizes State Air Resources Board and delegated air pollution control districts to award $218 million in state tax credits annually until January 2011, to encourage air-emissions reduction through acquisition, conversion, and retrofitting of:
  - — vehicles, buses, and heavy-duty trucks;
  - — hearth products;
  - — construction vehicles and equipment;
  - — lawn and garden equipment;
  - — ambient air pollution destruction technology;
  - — off-road, nonrecreational vehicles;
  - — port equipment;
  - — agricultural waste and rice straw conversion facilities;

  and through research and development.
- Requires study of air quality market-based incentive program for prescribed burning projects.
- Establishes local transportation funds as trust funds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Annual net state revenue loss due to new tax credits, averaging in the range of tens of millions to over a hundred million dollars, from 1999 to beyond 2010. Increase in local sales tax revenues, potentially in the millions of dollars annually through 2010–11.
- State costs of up to $4.7 million annually through 2010–11 to administer new tax credit program.
- Potential long-term savings to state and local governments, of an unknown amount, in health care expenditures.

Background

Air Quality Standards. Both the federal and state governments set standards for acceptable levels of various air pollutants in order to protect public health. Currently, most areas of the state are failing to meet one or more of these air quality standards. For example, almost all of the state fails to meet the state standard for ozone (a smog-forming pollutant). Mobile sources (such as cars, buses, trucks, and motorized equipment) contribute from 60 to 70 percent to smog-forming pollution, with stationary sources (such as industrial combustion, solvents, and pesticides) contributing the balance.

Methods for Achieving Air Quality Standards. In California, the state Air Resources Board (ARB) and local air districts enforce regulations in order to meet air quality standards. For example, the ARB requires the use of cleaner burning gasoline and diesel fuel in vehicles. Additionally, local air districts require industries to install pollution control technology.

Incentive programs are also used to meet air quality standards. These are voluntary programs that use monetary or other incentives to encourage behavior that results in a reduction in air pollution emissions. Currently, the state offers some *tax* incentives (including tax credits, tax deductions, and reduced tax rates) designed to improve air quality. For example, the state provides a tax credit for purchases of rice straw as an alternative to outdoor burning of such straw. The state also provides a reduced excise tax for the purchase of certain alternative fuels.

Prescribed Burning of Forests and Wildlands. The California Department of Forestry and Fire Protection conducts prescribed (controlled) burns of forests and wildlands. These burns are designed to improve forest health and can reduce the generation of air pollution resulting from wildfires.

Local Transportation Funds. Current law authorizes each county to establish a Local Transportation Fund (LTF) for public transportation purposes. Revenues to each county's LTF are derived from one-quarter cent of the sales tax collected in that county.

Proposal

Tax Credit for Air Pollution Control

This measure—the California Air Quality Improvement Act of 1998—provides tax credits to individuals and corporations for certain expenditures they make that reduce emissions of pollutants into the air. For example, a trucking company that modifies the engines on its older, heavy-duty diesel trucks so that the fuel burns more cleanly could be eligible for a tax credit under the measure. A tax credit reduces the amount of taxes paid to the state by an individual or corporation.

Under the measure, a maximum total of $218 million in tax credits would be available for award each fiscal year until January 1, 2011. This maximum amount may be reduced under specified circumstances when there is a drop in the state's General Fund revenues. Credits not awarded in one year may be carried over and awarded in a later year.

Projects Eligible for the Tax Credit. In general, projects eligible for a tax credit include:

- The purchase of new vehicles, engines, and motorized equipment that emit less pollution into the air than available alternatives.
- The retrofit of existing vehicles, engines, and equipment that results in a reduction in pollution emissions.
- The conversion or use of agriculture waste or rice straw as an alternative to outdoor burning of such waste.
- The research, development, or business development of technologies that have the potential to reduce air pollution from sources specified in the measure.

Figure 1 shows the maximum amount of tax credits that may be awarded annually among various categories of projects eligible for the tax credit.

Figure 1

California Air Quality Improvement Act of 1998 Project Categories Eligible for Tax Credit

(In Millions)

	Annual Amount of Tax Credits Available
Cleaner *heavy-duty* vehicles and equipment used in farming, construction, and other uses	$ 59
Cleaner *heavy-duty* public fleet vehicles (such as buses)	55
Alternatives to agriculture waste and rice straw burning	23
Research and development of technologies to reduce air pollution	20
Cleaner air conditioning equipment	15
Cleaner engines and equipment at ports	15
Cleaner locomotive engines and equipment	10
Cleaner hearth products	10
Cleaner landscaping and other equipment	8
Cleaner off-road, nonrecreational vehicles	3
Total	**$218**

Who May Be Awarded a Tax Credit. Tax credits would be awarded on a competitive basis by the ARB (or, when delegated, by local air districts). In order to be awarded a tax credit, a taxpayer must apply to the ARB. Individuals as well as businesses may apply for the credit. A taxpayer may carry forward unused amounts of the tax credits awarded in one year to offset tax liabilities in future years, until the total credit amount is exhausted.

The measure requires the ARB to rank projects according to their cost-effectiveness at reducing air pollution, and award tax credits accordingly. A project is not eligible for a tax credit if it would otherwise be required by an air quality law or regulation in effect at the time of the award of the tax credit.

For most categories of projects, eligible applicants for the tax credit include manufacturers, suppliers, installers, purchasers, and end users. However, a tax credit for a single project can be awarded to only one applicant and not multiple applicants.

How the Tax Credit is Calculated. In general, the amount of a tax credit would be less than the full cost of a project. It would generally be the difference between the project's costs, including purchase and maintenance costs, and the costs of a less clean air alternative. The ARB may award tax credits above this amount if it considers the higher amount necessary to encourage the purchase of cleaner vehicles and equipment or the retrofit of existing vehicles and equipment in order to reduce air pollution. A taxpayer may not claim a tax credit under this measure for a project that receives government grants, loans, or other tax credits for the same costs.

Other Provisions

In addition to setting up a tax credit program, the measure includes the following provisions:

Prescribed Burning of Forests and Wildlands. The measure requires that funds recovered by the state from the private sector for fire suppression costs be deposited in a special account in the General Fund, to be used only for prescribed burning projects that reduce air pollution caused by wildfires. The measure requires the ARB to study the feasibility of an incentive program for prescribed burning projects by January 1, 2001.

Local Transportation Funds. The measure designates LTFs as trust funds and prohibits the funds from being abolished. The measure further prohibits LTF money from being diverted from specified transportation purposes to other purposes.

Fiscal Effect

Impact on State General Fund Revenue. The tax credit program under the measure would result in the following two effects on General Fund revenues:

- ***Decrease in Income Tax Revenues.*** The amount of tax credits claimed would *reduce* personal income and bank and corporation tax revenues by an unknown amount, but potentially averaging in the tens of millions of dollars to over a hundred million dollars annually from 1999 to beyond 2010. The actual revenue loss would vary from year to year, depending on the total amount of tax credits that are used to offset tax liabilities in any one year. Because unused tax credits could be carried forward to offset future tax liabilities, the revenue loss could exceed the maximum $218 million annual tax credit allocation in some years, depending on the amount of tax credits outstanding and the size of the taxpayers' annual liabilities. The amount of annual reduction in tax revenues would be lessened somewhat (possibly in the millions of dollars) to the extent that there would be savings resulting from taxpayers not claiming other tax credits for which they are currently eligible.
- ***Increase in Sales and Use Tax Revenues.*** In general, tangible goods purchased in California, or outside the state for use inside California, are subject to the state and local sales and use tax. To the extent that the measure results in additional purchases of vehicles, equipment, or retrofit devices that would not have occurred otherwise, the state would receive additional sales and use tax revenues. The amount of the additional revenues is unknown, but potentially could be several millions to tens of millions of dollars annually.

The net revenue impact of these two effects is unknown, and would depend on the amount of tax credits claimed annually. It is likely that, on average, there would be a net state revenue reduction in the tens of millions to over a hundred million dollars annually.

Impact on Proposition 98 Funding for K–14 Education. Under Proposition 98, the California Constitution guarantees minimum funding for school districts and community college districts, based in part on the total amount of General Fund revenues. This measure provides that any General Fund revenue loss resulting from the tax credit would not affect the Proposition 98 minimum funding guarantee. As a consequence, any General Fund revenue loss resulting from the tax credit program would be borne entirely by those state-funded programs that are outside of the minimum school funding guarantee.

State Costs to Implement Measure. The measure appropriates $4,350,000 annually, from 1998–99 through 2010–11, from the General Fund to the ARB to administer the tax credit program. Additionally, the state would incur General Fund costs of between $150,000 and $350,000 annually to audit and to provide various reports on the tax credit program.

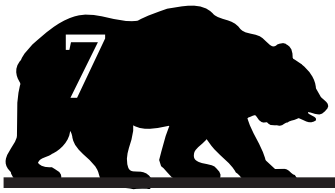
Prescribed Burning Projects. Funds recovered by the state from the private sector for fire suppression costs fluctuate but average in the hundreds of thousands of dollars annually. The measure would redirect these funds from the General Fund to a new special account to be used for prescribed burning projects that reduce air pollution caused by wildfires.

Impact on Local Sales Tax Revenues. To the extent that the measure results in additional purchases of equipment (subject to the state and local sales and use tax) that would not have otherwise occurred under current law, local sales tax revenues would increase. The amount of the increase is unknown, but would potentially average in the millions of dollars annually through 2010–11.

Potential Savings in Health Care Expenditures. Air pollution has been linked to various health problems

by the U.S. Environmental Protection Agency and numerous scientific studies. The state and local governments incur costs for providing (1) health care for low-income persons and (2) health insurance coverage for state and local government employees. Consequently, changes in state law that affect the health of the general populace—and low-income persons and public employees in particular—would affect publicly funded health care costs. To the extent that the measure results in improved air quality—due to the purchase of cleaner vehicles and equipment or retrofit of existing vehicles and equipment to make them cleaner—it would probably reduce state and local health care costs in the long term. The magnitude of these savings is unknown.

For the text of Proposition 7 see page 97



Air Quality Improvement. Tax Credits. Initiative Statute.

Argument in Favor of Proposition 7

VOTE YES on Proposition 7, the AIR QUALITY IMPROVEMENT Act.
Protect your health and the health of your family.

Proposition 7 will remove 50,000 tons per year of pollution and soot from the air.

"Proposition 7 will reduce air pollution, and protect the health of children, the elderly, and people with asthma and lung disease, without creating any new bureaucracy."
Mary Nichols, Former EPA Air Quality Chief, Clinton Administration
Bill Rosenberg, Former EPA Air Quality Chief, Bush Administration

Prop. 7 uses private sector incentives to achieve urgent public health goals.

Prop. 7, the AIR QUALITY IMPROVEMENT Act, uses tax credits as an incentive to reduce noxious emissions from two very serious sources of pollution:

- DIRTY OLD TRUCKS AND BUSES. Proposition 7 will replace dirty old diesel buses with natural gas, electric and other clean buses. Old trucks will install pollution control equipment to clean up the pollution, or the trucks will be replaced entirely.
- OPEN BURNING OF AGRICULTURAL WASTE. Proposition 7 offers tax credits for industrial plants that convert agricultural waste to fuel or electricity, avoiding open burning.

Proposition 7 is fiscally responsible. Proposition 7 will

- cut taxes
- limit administrative costs to less than two percent
- require an annual independent audit
- not create new bureaucracy
- fund the most cost-effective technology first

"In the Central Valley, diesel exhaust and agricultural burning pollute the air, and damage our health and our crops. Proposition 7 gives us the tools to clean up the problem in a voluntary way, without new regulation. Prop. 7 is good for agriculture and good for the Central Valley."
Jim Crettol, President, Kern County Farm Bureau

"Riverside and San Bernardino Counties urgently need cleaner air. Proposition 7 will go a long way in cleaning our air."
Dr. James Lents, College of Engineering, University of California at Riverside

"Southern California has the worst air pollution in the United States. Cleaning up old trucks and buses will be good for our health, and improve visibility throughout the region."
Dr. William Burke, Chair, South Coast Air Quality Management District

"Improve Bay Area air quality. Proposition 7 provides a variety of clean air incentives that give businesses of all sizes greater flexibility in voluntarily reducing emissions."
Sunne McPeak, President and CEO, Bay Area Council

"Rural areas of California are unfairly impacted by bad air from cities and agricultural burning. With Proposition 7 our air will improve, and no new taxes will be imposed."
Peter Van Zant, Nevada County Supervisor

"Proposition 7 is vital to California's Clean Air Plan. Clean air ensures the quality of life for everyone."
Janet Cobb, President, Planning and Conservation League

"As an air quality scientist, I am convinced that Proposition 7 is well designed, and includes the elements needed to clean our air."
Dr. Donald Aitken, Union of Concerned Scientists

"Poor air quality caused by polluting trucks and school buses threatens children's health. Healthy children learn better."
Charlotte Brandt, R.N., California School Nurses Organization

Protect our health. YES on Proposition 7!

JOHN BALMES, M.D.
Co-Chair, Clean Air Advisory Group
American Lung Association of California

R. MICHAEL KUSSOW
President, California Air Pollution Control Officers Association

KIT COSTELLO, R.N.
President, California Nurses Association

Rebuttal to Argument in Favor of Proposition 7

Read carefully: the statement above says almost nothing about the actual provisions of Proposition 7.

What they don't tell you is:

The tax breaks will be given away FOR POLLUTION WHICH WILL BE REQUIRED BY LAW TO BE CLEANED UP. (section 44475.9(b))

That's why many air pollution control experts believe that Proposition 7 is a giveaway to polluting corporations for what they should have to do anyway.

The proponents tell us that there is no regulation in this measure. They're right. Proposition 7 gives taxpayers' money away, for years on end, without requiring anything at all from the polluters!

"We're abandoning regulation of dangerous air pollution sources, in exchange for a program with no assurances that it will work." —Dr. Jane Hall, EPA Children's Health Protection Advisory Committee and Professor, Cal State Fullerton.

There are far better ways to clean up diesel pollution. Responsible environmentalists have a bi-partisan proposal which costs far, far less and will accomplish more.

Why should we commit billions of dollars, which will come from other critical programs, including higher education and law enforcement, to a vast boondoggle that will not work?

If you're still not convinced, then follow the money.

The sad fact is, the special interests who paid to put this on the ballot are the ones who get the tax breaks. Proposition 7 is the type of measure which unfortunately gives the people's initiative process a bad name.

Reject the Corporate Welfare Act of 1998.

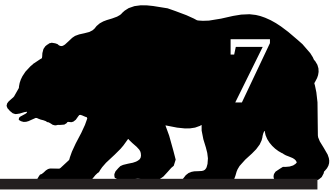
Vote NO on 7.

DAN TERRY
President, California Professional Firefighters

STATE SENATOR QUENTIN L. KOPP

ROLAND BOUCHER
Chairman, United Californians for Tax Reform

Air Quality Improvement. Tax Credits. Initiative Statute.



Argument Against Proposition 7

Will a tax loophole scheme that gives hundreds of millions each year to multinational corporations help stop air pollution?

Not likely.

Does it make sense to guarantee tax breaks for 12 years for a specific list of polluting interests, whether the programs work or not?

Hardly.

Will taking billions of dollars away from environmental and other programs through the year 2010 improve the quality of California's environment?

No way.

Will creating a new loophole in California's tax code for foreign multinational corporations make the air more breathable?

Never.

Should taxpayers pay up to 100% of the cost when special interests pollute the air?

NO!

But that's what Proposition 7 will do, and worse. Proposition 7:

— puts an enormous new loophole into state tax law, to permit the transfer of tax breaks from California subsidiaries to *multinational corporations who will receive a guaranteed market for their equipment in California*. (Section 23630 g)

— commits billions of dollars over the next 11 years to a long list of specific special interests, whether they need it or not. (Section 44475.57) TAXPAYERS, NOT THE POLLUTERS, WILL PAY UP TO 100% OF THE COST OF POLLUTION CLEAN-UP. 100% tax breaks, where the taxpayer foots the entire bill, are unheard of in tax law—except when special interests write an initiative to benefit themselves. Proposition 7 is such a giveaway of taxpayer dollars that it slyly contains a section stating that the tax credits "are not gifts of public funds"!

— takes away billions from critical state needs, including environmental and natural resource programs, the University of California and California State Universities, law enforcement, and child protection. The measure requires that $218 million ($218,000,000) per year be spent on these tax breaks every year through 2010, WHETHER OR NOT THEY ACTUALLY WORK.

— relies on the information provided by the special interests themselves! *State environmental experts are required "to minimize information"*, and instead will "rely on information from manufacturers, distributors, suppliers, and installers". (Section 44475.5(c)). That's one reason SCIENTISTS ARE OPPOSED to Proposition 7. Why should tax breaks be given to polluters without accountability?

— provides guaranteed subsidies to unworkable programs. It guarantees over $170 million ($170,000,000) for waste-to-energy projects, which are already heavily subsidized by electric utility ratepayers. It guarantees over $100 million ($100,000,000) for a product made by one foreign corporation which has not been proven to work. It gives new tax breaks to logging vehicles and bulldozers—which already receive taxpayer subsidies for logging roads.

Please read Proposition 7 (if you can get through many pages of fine print!). You will find that it is full of SPECIAL INTEREST BENEFITS, has NO ACCOUNTABILITY, CREATES NEW LOOPHOLES in the tax code, HARMS ENVIRONMENTAL AND OTHER PROGRAMS, *INCLUDING* EDUCATION, and MAKES ORDINARY TAXPAYERS FOOT THE BILL FOR POLLUTERS' COSTS.

Every one is against air pollution. But Proposition 7 is not the way to stop it.

It should be titled "The Corporate Welfare Act of 1998." Vote NO.

DAN AGUIRRE
President, California Association of Professional Scientists

STATE SENATOR QUENTIN L. KOPP

LENNY GOLDBERG
Executive Director, California Tax Reform Association

Rebuttal to Argument Against Proposition 7

The opponents are simply wrong.

- Proposition 7, the Air Quality Improvement Act, was created by health and conservation groups like American Lung Association, Planning and Conservation League, and Natural Resources Defense Council, not multinational special interests.
- Only California taxpayers can receive Proposition 7 tax credits.
- Proposition 7 doesn't take a single cent away from any existing California programs.

"Proposition 7 protects your health and the health of your family."
Cruz Bustamante, Former Speaker, California Assembly
Doug Costle, EPA Administrator, Carter Administration
William Reilly, EPA Administrator, Bush Administration

"Proposition 7 creates incentives for the reduction of air pollution by the free choice of individuals. It is fiscally responsible and economically sound."
Kenneth Arrow, Nobel Prize Winning Economist

The California Department of Finance says Proposition 7 will reduce health care costs. Less money will be spent on asthma, lung cancer and heart disease caused by air pollution.

Responsible and prudent organizations endorse Proposition 7:

Californians Against Waste
California Council for Environmental and Economic Balance
Latino Issues Forum
Bay Area and Sacramento Urban Leagues

"Air pollution is destroying forests in Southern California and the Sierra Nevada. YES on Proposition 7."
National Wildlife Federation

"Seniors' health is threatened by poor air quality. We sometimes have to stay indoors because of bad air, and so do our grandchildren! YES on Proposition 7."
Congress of California Seniors

"Proposition 7 reflects sound science and would improve air quality."
Dr. Henry Kendall, Nobel Prize Winning Physicist

Proposition 7 is fiscally responsible and affordable. We can't afford unhealthy air.

SENATOR MIKE THOMPSON
Chairman, California Joint Legislative Budget Committee

HOWARD RIS
Executive Director, Union of Concerned Scientists

JOHN VAN DE KAMP
Former California Attorney General

Public Schools. Permanent Class Size Reduction. Parent-Teacher Councils. Teacher Credentialing. Pupil Suspension for Drug Possession. Chief Inspector's Office. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

PUBLIC SCHOOLS. PERMANENT CLASS SIZE REDUCTION. PARENT-TEACHER COUNCILS. TEACHER CREDENTIALING. PUPIL SUSPENSION FOR DRUG POSSESSION. CHIEF INSPECTOR'S OFFICE. INITIATIVE STATUTE.

- Creates permanent fund for reduction of kindergarten through third-grade class size.
- Funding eligibility requires each school establish governing council of parents/teachers. Council consults with principal, makes all curriculum/expenditure decisions for school; principal responsible for personnel decisions.
- Pupil performance to be utilized for teacher evaluations.
- Teachers must pass subject matter examinations for credential and assignment to teach particular subjects.
- Immediate pupil suspension for drug possession.
- Creates Office of Chief Inspector of Public Schools to evaluate school quality.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Creates up to $60 million in new state programs. A significant portion of the annual cost probably would be paid from within the state's existing education budget or be offset by increased fee collections.
- Potential costs to local school districts in the high tens of millions of dollars annually for new teacher testing requirements and various other provisions. The actual costs to districts could be significantly less, depending on how the state implemented the measure.

PROPOSAL

Overview

This measure makes various changes to the state's education system (grades kindergarten through twelve—K–12). Specifically, it:

- Creates a state Office of the Chief Inspector of Public Schools.
- Increases the responsibilities of school site councils and principals.
- Alters the state qualifications that must be met by teachers in California.
- Requires teachers to keep lesson plans on the subjects they teach.
- Prevents the state from reducing funding for the existing kindergarten through grade three (K–3) class size reduction program.
- Mandates the expulsion of students possessing unlawful drugs at school.

Office of the Chief Inspector

Background. The State Department of Education (SDE) provides guidance and support to the state's 8,000 public schools. As part of its duties, SDE staff visit school sites every four to five years to see whether schools are using certain state and federal funds as required by law and to measure the success of these programs. The department also maintains data on school and student performance. The department spends about $34 million in state funds annually on all of its operations.

Proposal. The measure creates the Office of the Chief Inspector of Public Schools, which would report each year on the quality of public K–12 schools. This office would operate independently from SDE. The Governor would select a Chief Inspector, who would serve a ten-year term managing the new office.

The measure requires the office to collect annual data on the quality of each school and inspect all public K–12 schools in the state at least once every two years. With this information, the office would issue an annual report ranking the quality of public schools, identifying strengths and weaknesses of each school, and providing data about student achievement.

Cost. We estimate that performing the duties assigned to the Office of the Chief Inspector would cost about $15 million to $20 million annually. (This is about half of the department's current operating budget.) The initiative directs the state to support the Office of the Chief Inspector by *shifting* funds that otherwise would pay for SDE staff and expenses. While some of the funding could come from shifting a portion of the current SDE budget, the state would probably provide *additional* funds to the office given the cost of this new function in relation to the department's total budget.

School Site Governance

Background. Local school boards determine how school districts and school sites (that is, individual schools) operate. For instance, school boards establish school curricula, employee hiring and transfer policies, and how district funds are used. Principals are generally responsible for the day-to-day operation of school sites. Most schools in the state have school site councils that assist school administrators in determining how to spend certain funds and improving the school's educational program. The specific responsibilities of principals and site councils vary significantly from school to school based on district policies.

Proposal. This measure changes the way decisions are made in many schools. First, the measure requires each school—as a condition for continued receipt of state funds for special programs (such as class size reduction)—to establish a school site governing council of parents and school site teachers. Since virtually all schools currently receive such funds, almost all schools would have to establish a school site governing council. Each of these councils, with support from its principal, would determine the curriculum used at the school and the use of funds made available to the school by the school board.

Second, the initiative grants principals the authority to hire or remove any school site employee (teachers and nonteachers). Employees that are released by a school site would become the responsibility of the district. Under current law, districts would have to find another job for many of these employees.

Cost. The changes in school site governance would result in annual costs to school districts, but these could vary greatly by district. For instance, districts that have already shifted school decisions to the site level would experience smaller cost increases than districts that do not have school site councils. If, however, each school site spent $1,000 a year to comply with the governance changes, the statewide cost would be about $8 million. Unless the state provided additional funds for these activities, any new costs would be paid for by redirecting funds from other educational programs within the school or district.

Teacher Credentialing and Assignment Requirements

Background. To become a teacher, individuals must demonstrate to the state that they have a thorough understanding of the subject areas they will teach. There are currently two ways a teacher can demonstrate competence: (1) pass specific *courses* approved by the state Commission on Teacher Credentialing (CTC) or (2) pass a CTC subject-matter *test*. About half of the 240,000 existing teachers fulfilled this requirement through courses and half through a test. Under certain circumstances, teachers who are credentialed in one

subject area may teach in another subject area where they are not credentialed.

Proposal. This measure eliminates the option for new teachers to take courses to fulfill subject matter requirements. Thus, all *new* teachers would have to pass a subject matter test to demonstrate competence. In addition, all *existing* teachers would be required to pass a subject matter test before they could be given an assignment to teach in a given subject area. The term "assignment" is not defined in the initiative or in current law.

Cost. The fiscal impact of these requirements would depend in large part on the way the state defines "assignment." Possible definitions include:

- ***Applies to All Teachers.*** The initiative could require *all existing* teachers to pass a CTC subject-matter test. This would occur if an "assignment" is defined as taking place at the beginning of each school year. Because only half of current teachers took a CTC subject-matter test as part of the credential process, this broad definition would apply to more than 100,000 existing teachers.
- ***Applies Only to New Teachers and Teachers Who Are Not Credentialed in the Subject They Teach.*** Alternatively, an "assignment" could be defined as taking place when teachers are first hired or when they are assigned to teach in a subject area in which they are not credentialed. This more narrow definition would affect about 7,000 new teachers each year and several thousand existing teachers.

Costs would occur for two main reasons. First, if a significant portion of existing teachers failed to pass the subject-matter test, districts would likely have to pay more to fill all positions (for example, by attracting persons from out of state or who are currently not teaching). Second, districts could be required to find other jobs for existing teachers who were unable to pass the CTC tests.

If the provisions apply to all teachers, these costs could be significant—easily in the tens of millions of dollars annually. Under the more narrow interpretation of the provisions, the costs would likely be *modest*. Unless the state provides additional funds to school districts for these purposes, districts would have to make spending reductions in other areas of operations to pay for any new costs.

The CTC would incur annual costs in the millions of dollars to provide subject-matter tests to all new K–12 teachers. The measure would also result in a one-time $20 million cost to CTC if the state interpreted the initiative to require testing of current teachers that have never taken a CTC subject-matter test in the subject area that they teach. These new costs would be funded with fees paid by teachers who take the subject-matter tests. (These fees currently average about $200 per test.)

Lesson Plan Requirement

Background. Teachers often create lesson plans to ensure that classes cover the important subject-matter content during the school year. While state law currently contains no requirement that teachers maintain these plans, some districts require teachers to maintain lesson plans for the classes they teach.

Proposal. The initiative requires teachers to have approved lesson plans before they can receive an "assignment" to a class. As discussed in the previous section, the number of teachers that are affected by this provision depends on how the state interprets "assignment." Standards for assessing lesson plans would be developed by CTC. The measure does not identify who would be responsible for reviewing lesson plans to determine whether the plans meet the new standards.

Cost. Reviewing lesson plans could result in costs for school districts—probably in the range of several millions of dollars annually. Districts that do not currently require teachers to maintain lesson plans, or do not review lesson plans, would experience new costs. Unless the state provides additional funds for these purposes, any new costs would require districts to make spending reductions in other educational programs.

Class Size Reduction (CSR) Funding

Background. In 1997–98, the state provided $1.5 billion for K–3 CSR. This funding level assumed that all K–3 students would participate in the program and that a small number of students would participate in smaller classes for only half of the school day (the state provides a lower funding level for these students). In fact, many schools (comprising about 15 percent of eligible students) did not participate in the program. Program savings, however, were redirected by the state to other educational purposes.

Proposal. The measure prevents the state from reducing funding for the existing K–3 CSR program. This would require the state to budget for the program as if *all* students participated in the CSR program for a *full* day. Every two years, the Department of Finance would review school district claims for the program and would transfer any unused funds to other educational programs.

Cost. This provision would likely have little or no fiscal impact, as the state currently provides adequate funding for the program. This full-funding requirement, however, would limit the state's ability to reduce annual appropriations for the CSR program in the future.

Student Expulsion Policies

Background. Under current law, a school principal or district superintendent *may* expel a student for drug possession. Current law also requires the district to continue educating expelled students in a different setting. These alternative settings cost more than regular school programs. According to SDE estimates, approximately 17,000 students are caught each year possessing drugs at school or at a school activity off school grounds.

Proposal. The initiative mandates the expulsion of students who unlawfully possess drugs at school or at school activities off school grounds. The only exception to this requirement is if it is a student's first offense for the possession of a small amount of marijuana.

Cost. We estimate this requirement would result in additional state costs of around $15 million each year to educate expelled students. Additionally, there would be costs—in the millions of dollars—to districts to process expulsion cases.

Summary of Fiscal Effects

State Costs

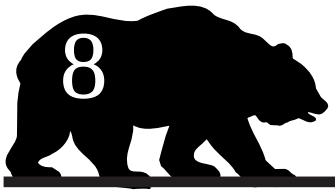
We estimate the initiative would create up to $60 million in new state programs (Office of the Chief Inspector, CTC testing costs, and the student expulsion policy). Some of these new costs, however, probably would be paid from within the state's existing education budget or be offset by increased fee collections. As a result, the *new* costs to the state would be substantially less than $60 million.

District Costs

The initiative would result in new costs to school districts. These costs would be due primarily to the new teacher testing requirements, but also due to various other provisions in the measure. Statewide, the costs could be in the high tens of millions of dollars annually. The actual costs, however, could be significantly less depending on how the state implements the measure (particularly the teacher credentialing requirement). The additional costs would vary significantly by district. Any new costs would require districts to make spending reductions in other areas of operation.

The state also could provide additional funds to districts to pay for new local costs of the initiative. This would reduce the level of spending reductions made by districts. It would, however, increase the state's cost of the measure.

For the text of Proposition 8 see page 112



Public Schools. Permanent Class Size Reduction. Parent-Teacher Councils. Teacher Credentialing. Pupil Suspension for Drug Possession. Chief Inspector's Office. Initiative Statute.

Argument in Favor of Proposition 8

PROPOSITION 8 IS COMPREHENSIVE EDUCATION REFORM: *guaranteed funding for permanent class size reduction without increased taxes; mandatory expulsion for the possession of dangerous drugs; educational accountability; and active parental participation in their child's school. IT GIVES OUR CHILDREN A SOLID FOUNDATION UPON WHICH THEY CAN SUCCEED IN LIFE.*

Despite a booming economy and a whopping 17% increase in school spending in just the last two years—that guaranteed education more than $30 billion last year—our schools still aren't making the grade. AS 1998 TEST SCORES (the first to compare California schools to the national norm since the 1960's) MAKE PAINFULLY CLEAR, CALIFORNIA STUDENTS FELL BELOW THE NATIONAL AVERAGE IN 28 OF 43 CATEGORIES.

We must act now to improve California's schools!

Permanent Class Size Reduction without New Taxes

The National Education Association is outspoken regarding school class sizes stating, ". . . . .SMALLER CLASSES ARE THE BEST INVESTMENT THIS COUNTRY CAN MAKE IN IMPROVING OUR PUBLIC SCHOOLS."

In 1996, we made that investment with increased funding going directly into California classrooms. Teachers can now devote more time to individual instruction, so student achievement scores will improve.

To ensure each new kindergartner becomes a proficient reader by grade 3, our commitment to class size reduction must be sustained.

IT CANNOT BE LEFT VULNERABLE TO THE POLITICAL BUDGET AXE. PROPOSITION 8 GUARANTEES FUNDING FOR CLASS SIZE REDUCTION WON'T BECOME A PARTISAN POLITICAL PAWN.

Zero-Tolerance for Drugs and Violence

Before learning is possible, schools must be cleansed of weapons, drugs, and violence.

PROPOSITION 8 FREES CALIFORNIA SCHOOLS FROM THE SUFFOCATING GRIP OF DRUGS. Proposition 8 establishes the same "zero-tolerance" for the possession of dangerous drugs as for the possession of guns or knives. Guilty students will be immediately suspended and expelled.

Teacher Competency and Educational Accountability

WITHOUT INCREASED GOVERNMENT SPENDING, PROPOSITION 8 ESTABLISHES—FOR THE FIRST TIME—REAL EDUCATIONAL ACCOUNTABILITY.

TEACHERS MUST PASS A SUBJECT MATTER COMPETENCY EXAM IN SUBJECTS THEY TEACH TO GET A TEACHING CREDENTIAL, and prepare lesson plans based on rigorous academic standards.

PROPOSITION 8 AUTHORIZES PRINCIPALS TO REMOVE TEACHERS FOR POOR PERFORMANCE.

Highlighting exceptional schools while targeting areas where improvement is needed, a Chief Inspector of Schools will evaluate public schools, rank them, and publish the results so that parents, employers and taxpayers can judge for themselves the performance of their schools. Direct and immediate accountability to parents will best guarantee students a quality education.

PARENTS DESERVE A TIMELY AND UNBIASED REPORT CARD ON THEIR CHILD'S SCHOOL.

Parental Involvement/Local Control

Proposition 8 establishes local school site governing councils. Parents will comprise ⅔ of the membership becoming active participants in their school's curricula development and spending decisions.

UNDER PROPOSITION 8, FINANCIAL AND ACADEMIC DECISIONS ARE MADE AT THE LOCAL LEVEL BY PARENTS, TEACHERS AND PRINCIPALS—NOT SACRAMENTO BUREAUCRATS.

Say Yes To:

- Permanent Class Size Reduction.
- Drug-Free Schools.
- Educational Accountability.
- Parental Decision-Making.
- Teacher Competency.

SAY YES TO QUALITY EDUCATION; VOTE YES ON PROPOSITION 8.

PETE WILSON
Governor, State of California

YVONNE LARSEN
President, California State Board of Education

KIM JACOBSMA
1996 Teacher of the Year, Mayfair High School

Rebuttal to Argument in Favor of Proposition 8

If Prop. 8 would *improve* our children's education, we'd be first in line to support it. *Make no mistake:* Prop. 8 would HURT—*NOT* HELP—OUR SCHOOLS.

Some of Prop. 8's provisions merely restate existing policies; others are downright harmful to children, parents and taxpayers.

CLASS SIZE AND DRUG POLICIES ALREADY EXIST

Schools already have a class size reduction program and zero tolerance policy for drugs.

BIGGER, LESS ACCOUNTABLE BUREAUCRACY

Prop. 8 steals money from the classroom and existing education programs to triple the size of school bureaucracy.

INCONSISTENT AND CONFLICTING ACADEMIC STANDARDS

Prop. 8 creates a new school governing system that flies in the face of existing parent councils and statewide efforts to improve student achievement. It authorizes 8000 new committees (not elected by taxpayers) to *spend tax-dollars and set 8000 different local academic standards at odds with new uniform state standards* (the most rigorous in the nation).

BAD FOR TEACHERS

Prop. 8 gives principals new, unchecked power to remove teachers from their school without a hearing or any form of due process. It puts good teachers at risk of being the victim of petty politics and personality conflicts while doing nothing to improve teachers who need help.

DIFFICULT TO FIX

Future changes to fix Prop. 8's problems would require another initiative or an 80% vote of each house of the Legislature and the signature of the Governor.

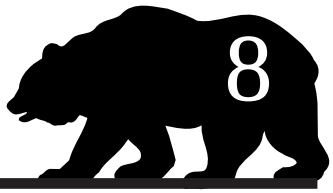
SAY NO to MORE BUREAUCRACY
and LESS ACCOUNTABILITY!
Our kids deserve better! Keep education dollars
IN the classroom!
VOTE NO!

STEVE BOCK
California Teacher of the Year, 1997

AL ANGELE
Executive Director, California Organization of Police & Sheriffs

MIKE SPENCE
Chairman, California Taxpayer Protection Committee

Public Schools. Permanent Class Size Reduction. Parent-Teacher Councils. Teacher Credentialing. Pupil Suspension for Drug Possession. Chief Inspector's Office. Initiative Statute.



Argument Against Proposition 8

Fed up with well-intended, but POORLY CRAFTED initiatives that don't do what they promise? Wait until you read Proposition 8, and please, read it carefully. IF PROP. 8 PASSES, OUR CHILDREN—our most precious resource—STAND TO LOSE THE MOST.

—Rather than improve classroom education, PROP. 8 LETS EACH SCHOOL SET *DIFFERENT* STANDARDS IN CONFLICT WITH NEW UNIFORM STATE ACADEMIC STANDARDS.

—PROP. 8 TAKES MILLIONS of TAX DOLLARS AWAY FROM EXISTING EDUCATION PROGRAMS to FUND a NEW UNACCOUNTABLE BUREAUCRACY, with NO CHECKS OR BALANCES to guard against abuse. *As noted in the Sacramento Bee, Prop. 8 "will erode accountability almost beyond recognition" and make it "virtually impossible to determine who is responsible for what."*

—Don't be fooled by Prop. 8's clever promises! For instance, the CLASS SIZE REDUCTION PROGRAM is ALREADY IN PLACE and working effectively in our schools. It was only included in the initiative as window dressing.

—PROP. 8 TRIPLES THE STATE'S EDUCATION BUREAUCRACY—300% THE SIZE OF THE EXISTING BUREAUCRACY. We already have a Superintendent of Public Instruction, a State Board of Education, a Secretary of Education and Child Development, 1000 elected school boards and thousands of committees. Incredibly, PROP. 8 ADDS ANOTHER ARM OF GOVERNMENT and 8000 NEW COUNCILS.

—Prop. 8 creates a new CZAR's OFFICE, which they cleverly gave the voter-friendly title "Office of the Chief Inspector". Unfortunately, the office is NO friend to voters. Prop. 8 gives the new "Chief Inspector" THE POWERS OF A CZAR—a 10-YEAR APPOINTMENT WITH NO LEGISLATIVE CONFIRMATION and NO EDUCATION EXPERIENCE required. Prop. 8 sets no limits on the NEW CZAR'S SALARY or the salaries of ALL THE POLITICAL CRONIES HE WANTS TO HIRE—"inspectors" not subject to taxpayer inspection! Guess who gets to pay for all those new six-figure government bureaucrat salaries?

—Prop. 8 also creates 8000 ALL-POWERFUL COUNCILS—a RECIPE for TAX DOLLAR ABUSE and ACADEMIC CHAOS. Parental involvement is an essential component of successful schools, but Prop. 8 goes about it the wrong way. Unlike existing school site councils, PROP. 8's councils (which are NOT ELECTED by or accountable to taxpayers) would be given unprecedented authority to SPEND OUR TAX DOLLARS and DECIDE WHAT SHOULD BE TAUGHT in our schools.

—8000 separate councils setting 8000 SEPARATE CURRICULUMS would GUARANTEE MANY ACADEMIC STANDARDS WOULD BE DIFFERENT FROM ONE SCHOOL TO THE NEXT and IN CONFLICT WITH THE NEW STATE STANDARDS and COLLEGE ENTRANCE requirements. Educators, parents and the business community have worked hard to put in place rigorous new uniform standards for teachers and students (which finally go into effect next year) and a thorough testing and measurement system to hold administrators, teachers and students accountable. PROP. 8 THROWS THESE GAINS OUT THE WINDOW.

It's our job to give kids the skills they need to become tomorrow's leaders. USING LIMITED CLASSROOMS DOLLARS to CREATE INCONSISTENT ACADEMIC STANDARDS and a LARGER, MORE COSTLY SCHOOL BUREAUCRACY is *NOT* the way to go!

JOIN EDUCATORS, PARENTS and TAXPAYERS—Vote NO on Prop. 8!

LOIS TINSON
President, California Teachers Association
LENNY GOLDBERG
Executive Director, California Tax Reform Association
BOB WELLS
Secretary/Treasurer, Parents, Teachers and Educators for Local Control

Rebuttal to Argument Against Proposition 8

Since 1988, public education spending has increased 73%. California invests by far the most in our schools—and should—because a QUALITY EDUCATION IS CRUCIAL to giving our children the ability to win in a highly competitive job market.

But we must demand a greater return on our investment: EXCELLENCE IN PUBLIC EDUCATION IS PRIORITY ONE!

Successful schools combine financial resources with ACTIVE PARENTS, DEDICATED TEACHERS, AND INVOLVED ADMINISTRATORS WORKING TOGETHER TO ENRICH STUDENTS.

Proposition 8 establishes a framework for academic success by GUARANTEEING NEEDED CLASSROOM FUNDING *and* MAKING SCHOOLS ACCOUNTABLE TO PARENTS AND TAXPAYERS.

Parent-teacher councils will make CURRICULUM AND FUNDING DECISIONS *within* ESTABLISHED STATE STANDARDS. *Members are selected by their peers and accountable to them.*

PROPOSITION 8 *DOESN'T* INCREASE ADMINISTRATIVE SPENDING. Money is *redirected* from existing bureaucracy to create the Chief Inspector of Public Schools—INDEPENDENT OF PARTISAN POLITICS—responsible for QUALITY CONTROL and providing ACCOUNTABILITY TO TAXPAYERS. Less than 1/10th of 1% of California's education budget is a small price to pay for DIRECT ACCOUNTABILITY.

Proposition 8 invests in classrooms, not bureaucracy.

PARENTS ARE NOT BUREAUCRATS. Parent-teacher councils in each of California's 8000 public schools are *not big government*; it's *better education* for our children.

PROPOSITION 8 INVESTS WISELY IN EDUCATION; BANS DRUGS FROM SCHOOLS; AND EXPANDS AUTHORITY FOR PARENTS, TEACHERS AND PRINCIPALS IN THE LOCAL DECISION-MAKING PROCESS. *Please read it.*

Say NO to NEGATIVE PARTISAN POLITICS. Say YES to SMALLER CLASSES AND EDUCATIONAL ACCOUNTABILITY.

VOTE YES ON 8.

JIM BARNES
Immediate Past Chairman, California Taxpayers Association
WADIE P. DEDDEH
Retired Democratic State Senator
SUSAN HENRY
1995–97 Parent-Teacher Association, President, Masuda Middle School

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

Electric Utilities. Assessments. Bonds. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

ELECTRIC UTILITIES. ASSESSMENTS. BONDS. INITIATIVE STATUTE.

- Prohibits assessment of utility tax, bond payments or surcharges for payment of costs of nuclear power plants/related assets.
- Limits authority of electric companies to recover costs for non-nuclear generation plants.
- Prohibits issuance of rate reduction bonds and assessments on customers for payment of bond principal, interest, and related costs.
- Provides judicial review of Public Utilities Commission decisions relating to electric restructuring and financing costs by writ of mandate.
- May provide up to 20% electricity rate reduction for residential and small commercial customers of investor-owned utilities by January 1, 1999.
- Restricts customer information dissemination.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State government net revenue reductions potentially in the high tens of millions of dollars annually through 2001–02.
- Local government net revenue reductions potentially in the tens of millions of dollars annually through 2001–02.
- State and local government savings in utility costs, potentially in the tens of millions of dollars annually through 2001–02.

Analysis by the Legislative Analyst

BACKGROUND

In 1996 and 1997, the state significantly changed the way the electricity industry is regulated in California. New state laws deregulated the *generation* of electricity—that is, its actual production. (They did not, however, deregulate the transmission or distribution of electrical power.) These new laws also set up statewide entities to ensure the availability of power and the reliability of the statewide electrical system.

Before deregulation, private utilities were able to recover the costs of generating electricity through the rates they charged to their customers, as long as the California Public Utilities Commission (PUC) approved these costs as "reasonable." Under deregulation, the prices that customers pay for electricity will not be set by government-approved rates, but will be determined in the competitive market.

The state's "restructuring" of the electricity industry primarily affects the state's *private* electric utilities. There are three major private electricity utilities in California: Pacific Gas & Electric, San Diego Gas & Electric, and Southern California Edison.

There are three main provisions of the restructuring laws that would be affected by this measure.

Transition Cost Recovery. Restructuring allows private electric utilities to recover their "transition" costs through surcharges to customers. These "transition" costs (also referred to as "stranded" costs) are defined as the costs of existing power plants that are unprofitable in a competitive energy market. The PUC was required to approve the amount of transition costs the utility companies could recover through surcharges. The transition cost recovery period began January 1, 1998 and ends no later than December 31, 2001. There are some exceptions to this time line, such as (1) certain costs related to the San Onofre nuclear power plants in San Diego County, which can be recovered until December 31, 2003; and (2) costs related to contracts to purchase electricity from certain renewable generation facilities (for example, windmills and solar power) and cogeneration facilities, which can be recovered over the life of the contracts.

Required Rate Reduction. The restructuring laws require a 10 percent reduction in electricity rates that were in effect on June 10, 1996 for residential and small commercial customers of the private utilities. This rate reduction was effective January 1, 1998 and continues until the earlier of March 31, 2002, or such time as transition costs have been fully recovered. The Legislature also expressed its intent, but did not require, that a cumulative rate reduction of 20 percent be achieved by April 1, 2002 for these customers.

Bonds. The restructuring laws also called for the issuance of "rate reduction" bonds. Before the bonds could be sold, the PUC was required to find that issuance of the bonds would help provide the 10 percent rate reduction for residential and small commercial customers. The restructuring laws also declare that (1) the bonds are not to be an obligation of the state or any of its political subdivisions and (2) the state will not limit or alter the provisions relating to transition charges and the bond arrangements.

In November and December 1997, a total of $6 billion worth of such bonds were sold by a special purpose trust authorized by the state. The bonds are to be paid off through additional

charges on the electricity bills of residential and small commercial customers of the private utilities.

Proposal

This initiative measure modifies the provisions of current law discussed above in the following manner:

- ***Transition Cost Recovery.*** The measure would not allow private electric utilities to charge customers for the transition costs for nuclear power plants (other than reasonable decommissioning costs). In addition, before the private utilities could charge customers for the transition costs of *non*-nuclear generation (other than costs associated with renewable electricity generation facilities) the utilities would be required to demonstrate to the PUC that these costs could not be recovered in the competitive market (with a fair rate of return).
- ***Required Rate Reduction.*** The measure would require at least a 20 percent rate reduction (rather than the 10 percent reduction required in current law) on the total electricity bill for residential and small commercial customers compared to the rates for these customers on June 10, 1996. The rate reduction would begin January 1, 1999. (The measure is unclear as to how long this rate reduction would last.)
- ***Bonds.*** The measure would not allow the utilities to charge customers for the costs of repaying the rate reduction bonds. Legal questions have been raised regarding the application of the measure's provisions to these bonds. For instance, the measure could be interpreted as interfering with a contractual arrangement already entered into with the bondholders. (The state and federal constitutions prohibit impairments of contracts.) At this time, it is not clear whether the measure would have any impact on the repayment of these bonds or, if it did, what the impact would be.

The measure also requires certain PUC decisions relating to electric restructuring and the financing of transition costs be referred to the courts of appeal, rather than directly to the California Supreme Court.

Fiscal Effect

The measure has several provisions that probably would be challenged in the courts. How these issues are ultimately resolved by the courts could significantly affect the fiscal impact of the measure. However, as written, the measure could result in significant impacts on state and local government revenues and expenditures.

In estimating the measure's fiscal impacts, a key assumption is the level of stranded assets currently eligible for cost recovery by the utilities but that would not be eligible for recovery under this measure. In order to estimate the potential impacts, we have assumed that stranded costs affected by this measure would approximate the value of the utilities' nuclear-related stranded costs—about $10 billion.

State and Local Tax Revenues

Impacts on Utilities. With regard to taxes paid by the *utilities:*

- The elimination of transition costs currently collected by the utilities (through billings to customers) would reduce the income to these utilities, which is currently subject to the state bank and corporation tax. This would result in reductions in state tax revenues, potentially up to $200 million annually through 2001–02. In addition, because many local governments levy utility fees based on billings, their revenues would also decline—perhaps by tens of millions of dollars statewide per year through 2001–02. If the inability to recover stranded costs led to an early shutdown of any nuclear plant, there would be further reductions in corporate income taxes.
- The measure could also result in a reduction in property tax valuations of nuclear facilities because of the inability of a private utility to recover its stranded costs. Any such reductions would result in unknown losses in local property taxes—potentially in the low tens of millions of dollars annually.

Impacts on Utility Customers. With regard to taxes paid by the *utilities' customers:*

- Customers receiving utility rate reductions would have more discretionary income available to save or spend on other goods and services. This could result in state and local governments receiving more revenues from the sales tax. This additional revenue could total in the high tens of millions of dollars annually through 2001–02, of which about three-fourths would go to state government and the remainder to local governments.
- The reduction in transition cost payments would lower the energy-related costs of business customers, leading to higher net incomes that would be subject to state corporate and personal income taxes. We estimate that this could result in more tax revenue to the state totaling in the high tens of millions of dollars per year through 2001–02.

Summary of Revenue Effects. The net impact of these changes on *state government* revenues would be annual revenue reductions, potentially in the high tens of millions of dollars annually through 2001–02. The net impact on *local governments* would be revenue reductions, potentially in the tens of millions of dollars annually through 2001–02.

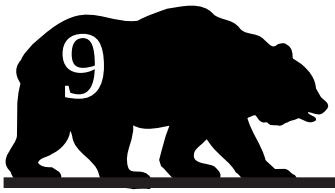
State and Local Expenditures

State Spending on Schools. The measure could affect state spending on schools in two ways. First, the reduction in state revenues (discussed above) could reduce the amounts the state would have to pay schools in future years. This could result in state savings—potentially up to half the amount of the annual state revenue losses. Second, the state would also be required to offset any local school district losses of property taxes that resulted from any reduction in the property values of nuclear facilities. This would increase state spending on schools.

Utility Cost Savings. The state and local governments would realize savings associated with lower utility rates resulting from elimination of transition costs related to nuclear power plants. The savings could be in the tens of millions of dollars annually.

State Administrative Costs. The measure could result in additional workload for the PUC and the courts. This would involve activities such as hearings regarding rate reductions and related fair rate of return. The measure could also require additional legal costs associated with cases before the courts of appeal. These costs would probably be less than $5 million annually.

For the text of Proposition 9 see page 118



Electric Utilities. Assessments. Bonds. Initiative Statute.

Argument in Favor of Proposition 9

For years, Californians have been forced to buy electricity from giant utility monopolies that charge some of the highest electric rates in the nation. That was supposed to change when federal policy opened the way for all states to break up the utility monopolies that control electricity and allow consumers to choose competing suppliers. But California's biggest utility companies—SoCal Edison, PG&E and San Diego Gas & Electric—afraid of losing their protected markets and guaranteed profits, spent millions on lobbyists and campaign contributions to cut a special deal with the politicians in Sacramento.

What they got stands out as one of the worst cases of legislative pandering in California history. Instead of opening California to competition, consumer choice, and lower rates, the State Legislature gave the giant utilities special advantages that wipe out any real competition and block residential consumers and small businesses from genuine rate reductions.

As part of the deal, the utilities were allowed to freeze the price of electricity for residential and small business users at recent high levels. The giant utilities also got their money-losing investments in nuclear power paid off as part of a disguised $28 billion tax on consumers' electricity bills—an outrageous act of corporate welfare costing average ratepayers close to $1000 (much more if you have air conditioning). Thanks to the giant utilities, consumers are paying a high price for "deregulation" but get none of the benefits.

Adding insult to injury, the Legislature sugarcoated the $28 billion utility bailout tax with a phony 10% reduction. The utility companies were allowed to borrow billions to finance the rate cut. But consumers will have to pay the borrowed money back, with interest, every month for ten years! It's right on your bill. Your monthly financing charge (called "TTA" on your bill) is greater than the rate cut. It's not a genuine rate reduction. It's a rip-off. Californians deserve better.

That's why taxpayers, consumer advocates, small businesses and environmentalists, along with nearly 500,000 California voters, have placed Proposition 9 on the ballot.

Prop. 9 will:

- Block the $28 billion utility bailout tax on consumers and small businesses
- Provide an immediate rate cut of 20%
- Open California to real competition and consumer choice
- Allow a competitive market to set rates (which a California Energy Commission study estimates will drop as much as 32%!)
- Protect individual privacy by banning the sale of customer information without permission
- Make sure consumers have the information they need to choose the best electric supplier *while maintaining a safe and reliable electric system*.

Proposition 9 is a carefully and responsibly crafted initiative, written by utility experts and consumer advocates. *It has already passed a court challenge by the giant utilities and their allies.* They're spending millions to confuse and frighten voters. Don't be fooled. Get the facts. Read your electricity bill. Talk to your friends. Decide for yourself. Prop 9 deserves your support. Vote YES on Prop 9.

HARVEY ROSENFIELD
Co-Chair, Californians against Utility Taxes (CUT)

NETTIE HOGE
Executive Director, The Utility Reform Network (TURN)

HARRY M. SNYDER
Senior Advocate, Consumers Union, Publisher of Consumer Reports

Rebuttal to Argument in Favor of Proposition 9

Consumer representatives, leading environmental, taxpayer, public safety and school groups urge you to Vote NO on Proposition 9.

Vote NO! Give lower costs and the rate cuts provided by competition and choice in the electric industry a chance to work.

CONSUMER ADVOCATE DAVID HOROWITZ spends his career unmasking consumer rip-offs. He says Proposition 9 won't work:

"There is no bailout. Their promise of a rate cut is bogus. This measure will result in higher utility bills. The way to cut our electric bills is with competition and choice."

THE CALIFORNIA ORGANIZATION OF POLICE AND SHERIFFS says "Vote No":

"Proposition 9 wipes out financing for $6 billion in previously sold bonds. Taxpayers will have to pick up the tab or we'll have to cut police, fire and other services."

THE CALIFORNIA SCHOOL EMPLOYEES ASSOCIATION says kids will be hurt:

"Proposition 9 creates financial chaos that will undermine all the progress we've made in getting our schools back on track in recent years."

THE CALIFORNIA CHAMBER OF COMMERCE says Proposition 9 won't work:

"Proposition 9 sacrifices reliable electric service for an uncertain future. We have a program to create competition and lower prices. They're trying to fix something that's not broken."

THE ENVIRONMENTAL DEFENSE FUND and THE NATURAL RESOURCES DEFENSE COUNCIL are opposed to Proposition 9. They say, "It would lead to years of litigation and delay."

Vote NO in order to promote efficient, renewable and low-cost energy.

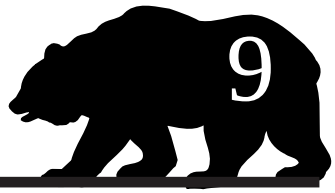
Join us. Vote NO on Proposition 9.

DAVID HOROWITZ
Host of "Fight Back with David Horowitz"

DON BROWN
President, California Organization of Police and Sheriffs (COPS)

MS. RUSTY HEROD
President, California School Employees Association

Electric Utilities. Assessments. Bonds. Initiative Statute.



Argument Against Proposition 9

Proposition 9 is bad for California—bad for consumers, for taxpayers, for our economy, for our schools, for our environment and for our communities.

Vote No on Proposition 9 because it would hit taxpayers with liability for over $6 billion in bond payments.

Vote No on Proposition 9 because it would undermine California's stable, affordable competitive electric system, eliminating consumer choice and driving "clean energy" electric service providers out of California.

Vote No on Proposition 9 because it would ultimately force higher electric rates on consumers and businesses.

Vote No on Proposition 9 because it would cut funding for our schools by hundreds of millions of dollars.

Vote No on Proposition 9 because it would threaten California's economy by jeopardizing state and local bond ratings.

Proposition 9 can't deliver on its promises. Proponents focused on only part of a very complex program to bring new competition to California's electricity marketplace. Proposition 9 is so poorly written that it would cost taxpayers millions of dollars in useless bureaucratic red tape, attorney fees and lawsuits.

Many of your fellow Californians are voting No on Proposition 9 because it won't work and is too costly.

The California Schools Boards Association warns: "California schools can't afford a hit on the state budget. Kids and our schools will be hurt by this Proposition. Our kids deserve better."

Jerry Meral, Executive Director of The Planning and Conservation League, says: "Proposition 9 would deal a serious blow to clean, environmentally safe power and energy conservation. Protect the California environment by voting NO."

The California Taxpayers Association says: "Proposition 9 would make taxpayers liable for $6 billion in bond debts, creating a gaping hole in the state budget and raising the serious threat of tax increases. VOTE NO."

The State Department of Finance warns: "Planning for a budget contingency of potentially [$6] billion could directly affect *every* program in the state budget . . ."

Betty Jo Toccoli, Chair of the California Small Business Roundtable says: "Small businesses want to be able to lower their utility costs by choosing the lowest-cost electric company. Proposition 9 will force us back to monopoly suppliers and significantly higher electric bills."

The real savings for Californians will come when true competition reduces electric rates. But Proposition 9 would pull the plug on competition just as it is getting underway in California.

Proposition 9 promises too much, too fast and forces taxpayers to pay for its mistakes.

When something sounds too good to be true, it usually is. Proposition 9 was written to sound appealing, but it is a serious mistake we cannot afford.

Vote No on Proposition 9.

LARRY McCARTHY
President, California Taxpayers Association

JERRY MERAL
Executive Director, Planning & Conservation League

ALLAN ZAREMBERG
President, California Chamber of Commerce

Rebuttal to Argument Against Proposition 9

California's biggest electric utilities have deceived consumers for decades.

They stuck Californians with some of the nation's highest electric rates. They made money-losing investments in nuclear power costing consumers *$50 billion*. They claimed to support renewable energy like wind and solar but often worked behind the scenes against it. Their proposed rate hikes were inflated by billions of dollars in unjustified claims.

These utility companies and their special interest allies claim that Proposition 9 will cause a power system collapse, economic meltdown, school bankruptcies and taxpayer liability for utility bonds.

With their record of deception, who can believe them?

In fact, state law already prohibits *taxpayer* liability for the utilities' $6 billion bond debt. Only Proposition 9 will protect *consumers and small businesses* from being saddled with the utilities' debt. Proposition 9 holds utility companies and their investors—*not* consumers or taxpayers—responsible for their debts.

A preliminary analysis by the California Energy Commission estimates that Proposition 9 will lower *electric rates by as much as 32%*, saving public agencies and school districts hundreds of millions. Proposition 9 benefits California's economy because it puts billions of dollars back in the hands of consumers who live and work in California.

It's time utility companies stopped playing games with California's energy future. Californians want fair rates. A 20% *real* rate reduction. Reliable and safe energy choices. No bailout of nuclear power. No corporate welfare. No deception. On November 3, vote *YES on Proposition 9.*

RALPH NADER
Consumer Advocate

DAVID BROWER
Founder, Friends of the Earth

EUGENE P. COYLE, Ph.D.
Utility Economist

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

State and County Early Childhood Development Programs. Additional Tobacco Surtax. Initiative Constitutional Amendment and Statute.

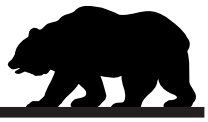
Official Title and Summary Prepared by the Attorney General

STATE AND COUNTY EARLY CHILDHOOD DEVELOPMENT PROGRAMS. ADDITIONAL TOBACCO SURTAX. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

- Creates state commission to provide information and materials and to formulate guidelines for establishment of comprehensive early childhood development and smoking prevention programs.
- Creates county commissions to develop strategic plans with emphasis on new programs.
- Creates trust fund for these programs. Funding for state and county commissions and programs raised by additional $.50 per pack tax on cigarette distributors and equivalent increase in state tax on distributed tobacco products.
- Funds exempt from Proposition 98 requirement that dedicates portion of general tax revenues to schools.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- Raises new revenues of approximately $400 million in 1998–99 and $750 million annually thereafter for the California Children and Families First Program, to be allocated primarily to new state and county commissions for early childhood development programs.
- Results in reduced revenues for Proposition 99 health care and resources programs of about $18 million in 1998–99 and $7 million annually thereafter.
- Results in increased state General Fund revenues of about $2 million in 1998–99 and $4 million annually thereafter. Results in increased county General Fund revenues of about $3 million in 1998–99 and $6 million annually thereafter.
- Potential unknown long-term savings in state and local health, education, and other programs.



Background

Early Childhood Development Programs. Currently, state and local governments administer a variety of early childhood development programs, such as the Head Start Program, the State Preschool Program, and the Early Mental Health Initiative. In general, these types of programs focus on the social, emotional, and/or cognitive development of young children.

Tobacco Taxes. Current state law imposes an excise tax on cigarettes, which amounts to 37 cents for each pack. Of this amount, 25 cents is allocated to the Cigarette and Tobacco Products Surtax Fund (established by Proposition 99 of 1988), 10 cents is allocated for state General Fund purposes, and 2 cents is allocated to the Breast Cancer Fund. Cigarette and Tobacco Products Surtax Fund monies are earmarked for programs to reduce smoking, to provide health care services to indigents, to support tobacco-related research, and to fund resources programs (primarily in the Departments of Fish and Game and Parks and Recreation). The Breast Cancer Fund supports research and services related to breast cancer.

Current state law also imposes an excise tax on other tobacco products—such as cigars, chewing tobacco, pipe tobacco, and snuff. This excise tax is equivalent to the excise tax on cigarettes (if both taxes were calculated as a percentage of the wholesale costs of these products). All of these tax revenues are allocated to the Cigarette and Tobacco Products Surtax Fund for Proposition 99 programs.

Cigarette and tobacco product taxes are administered by the State Board of Equalization. In 1997–98, these state excise taxes generated about $450 million for Proposition 99 programs, $33 million for the Breast Cancer Fund, and $165 million for the General Fund.

In addition to the state excise tax, there is currently a *federal* excise tax on cigarettes of 24 cents per pack, as well as federal excise taxes (in varying amounts) on other tobacco products.

Proposal

Revenues

This measure imposes an additional excise tax on cigarettes of 50 cents per pack. The total state excise tax, therefore, would be 87 cents per pack.

The measure also increases the excise tax on other types of tobacco products—such as cigars, chewing tobacco, pipe tobacco, and snuff—in two ways:

- The measure imposes a *new* excise tax on these products that is equivalent (the same percentage in relation to the wholesale costs of these products) to a 50 cent per pack tax on cigarettes.
- Under current law, any increase in the tax on cigarettes automatically triggers an increase in the tax on other tobacco products. As a result, the measure increases the *existing* excise tax on these products by the equivalent of a 50 cent per pack increase in the tax on cigarettes, in addition to the amount above.

Thus, the measure increases the excise taxes on other tobacco products in total by the equivalent of a $1 per pack increase in the tax on cigarettes.

The measure requires that the revenues generated by the *new* excise taxes on cigarettes and other tobacco products be placed in a new special fund—the California Children and Families First Trust Fund. These revenues would:

- Fund early childhood development programs (described below).
- Offset revenue losses to Proposition 99 health education or research programs and Breast Cancer Fund programs. (As discussed in more detail later in this analysis, the revenue losses are the result of decreased sales due to the excise taxes imposed by this measure.)

The revenues resulting from the increase in the *existing* excise tax on other tobacco products would be placed in the Cigarette and Tobacco Products Surtax Fund (for Proposition 99 programs).

The additional excise tax on cigarettes would begin January 1, 1999. The increase in the excise tax on other tobacco products would begin July 1, 1999.

Expenditures

The measure establishes the California Children and Families First Program to promote and develop early childhood development programs. The program would be funded by the revenues resulting from the increased tax on cigarettes and other tobacco products. The new program would be carried out by state and county commissions.

State Commission. The measure creates a new state commission—the California Children and Families First Commission—which would be responsible for administration of the early childhood development program. The commission would be composed of seven voting members (appointed by the Governor, the Speaker of the Assembly, and the Senate Rules Committee) and two ex officio nonvoting members.

The commission would develop statewide program guidelines, distribute educational materials, provide technical assistance to the county commissions, and conduct research and evaluations of early childhood development programs. The program guidelines must address parenting education and related support services; the availability and provision of high quality, accessible, and affordable child care; and the provision of specified types of child health care and prenatal and postnatal maternal health care services.

Twenty percent of the available revenues would be

allocated to the state commission, to be spent for the following purposes:

- ***Mass Media Communications.*** Six percent for mass media communications to the general public related to: methods of child nurturing and parenting which encourage proper childhood development; the selection of child care; health and social services; the prevention of tobacco, alcohol, and drug use by pregnant women; and the detrimental effects of secondhand smoke on early childhood development.
- ***Education.*** Five percent for the development of educational materials and parental and professional education and training.
- ***Child Care.*** Three percent for programs related to the education and training of child care providers and the development of educational materials and guidelines for child care workers.
- ***Research.*** Three percent for early childhood development research and for evaluating such programs and services.
- ***Administration.*** One percent for the administrative functions of the California Children and Families First Commission.
- ***General Purposes.*** The remaining 2 percent may be used for any of the specific purposes described above, except for the administrative costs of the commission.

County Commissions. Eighty percent of the available revenues would be allocated to counties that create county commissions (consisting of five to nine members appointed by the county board of supervisors) to implement programs in accordance with strategic plans to support and improve early childhood development in the county. The formula for allocating these funds is based on the number of births in each participating county. The strategic plans must be consistent with guidelines adopted by the state commission. Two or more counties could form a joint county commission, adopt a joint county strategic plan, or implement joint programs, services, or projects.

The measure requires that funds be used to supplement and not replace existing service levels. In addition, the measure amends the California Constitution to provide that (1) the new tax revenues shall not be considered General Fund revenues for the purposes of determining the level of funding to be provided for public schools pursuant to Proposition 98 of 1988, and (2) the appropriation of revenues from the additional taxes imposed by the measure shall not be subject to the existing state or local appropriations limits. (Current law places limits on the level of certain appropriations made by the state and local governments.)

Fiscal Effect

New Revenues and Expenditures—The California Children and Families First Trust Fund. The measure would raise revenues of approximately $400 million in 1998–99 (half year) and about $750 million in 1999–00 (first full year), and slightly declining amounts annually thereafter, for the new California Children and Families First Trust Fund.

This estimate assumes that the distributors of cigarettes and other tobacco products would likely pass the full amount of the tax increase along to consumers in the form of higher prices. This, in turn, is likely to cause a decrease in taxable sales within the state for two reasons:

- First, it would result in a decrease in consumption of tobacco products within the state.
- Second, it is likely to result in some increase in out-of-state sales of tobacco products, some of which would be subsequently brought back into the state, and would not be taxed.

This decrease in sales would reduce revenues from existing state excise taxes on tobacco products for the Breast Cancer Fund and the Cigarette and Tobacco Products Surtax Fund.

Most of the revenues generated by this measure would be available to fund the costs of the California Children and Families First Program. This includes the administrative costs for the new state and county commissions and the costs of program activities. Additionally, a small amount of the new revenues (less than 1 percent) would be used to offset revenue losses to the Breast Cancer Fund. Also, about 2 percent of the new revenues would be used to offset losses to the Cigarette and Tobacco Product Surtax Fund in 1998–99, and less than 1 percent in subsequent years, as discussed below.

Other Costs. The State Board of Equalization would incur administration and enforcement costs, related to the additional excise taxes, of about $800,000 in 1998–99, $850,000 in 1999–00, and $600,000 annually thereafter. These costs would be reimbursed out of the proceeds of the new taxes.

Effect on Cigarette and Tobacco Products Surtax Fund Revenues. The measure would result in a decrease in revenues to the Cigarette and Tobacco Products Surtax Fund (Proposition 99). The decrease is due to two offsetting factors. First, to the extent that the measure results in a reduction in overall tobacco product sales, it would *decrease* the revenues resulting from the existing excise taxes on these products. Second, the measure would *increase* the revenues resulting from the *existing* excise tax on other tobacco products (cigars, snuff, etc.) that are allocated to the Cigarette and Tobacco Products Surtax Fund. As noted above, this occurs because the measure triggers an increase in this existing excise tax.

The measure requires that the revenue losses to Proposition 99 health-related education and research programs be offset by revenues resulting from the new excise taxes established by this measure. However, revenue reductions to Proposition 99 health care and resources programs would not be offset. We estimate net revenue losses of about $18 million in 1998–99 and $7 million annually thereafter for Proposition 99 health care and resources programs.

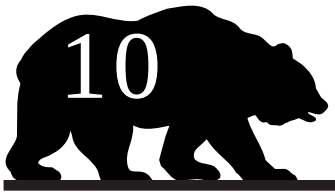
Effect on the State General Fund and Local Tax Revenues. The measure would result in a net increase in state General Fund revenues of about $2 million in 1998–99 and $4 million annually thereafter. These net increases are due to the measure's effect on: (1) sales tax revenues (which increase because the measure would increase the price of tobacco products) and (2) existing cigarette excise tax revenues (which would decrease due

to reduced sales). Also, there would be a net increase in local government sales tax revenues of about $3 million in 1998–99 and $6 million annually thereafter.

Potential Long-Term Savings. The use of tobacco products has been linked to various adverse health effects by the United States Surgeon General and numerous scientific studies. The state and local governments incur costs for providing (1) health care for low-income persons and (2) health insurance coverage for state and local government employees. Consequently, changes in state law that affect the health of the general populace—and low-income persons and public employees in particular—would affect publicly funded health care costs. To the extent that this measure results in a decrease in the consumption of tobacco products, it would probably reduce state and local health care costs over the long term. The magnitude of these savings is unknown.

Due to the potential effects of the additional expenditures on early childhood development programs, the measure also could result in state and local savings over the long term in programs such as special education. The amount of such potential savings is unknown.

For the text of Proposition 10 see page 121



State and County Early Childhood Development Programs. Additional Tobacco Surtax. Initiative Constitutional Amendment and Statute.

Argument in Favor of Proposition 10

PROPOSITION 10 WILL GIVE OUR YOUNGEST CHILDREN THE HEALTHY FOUNDATION THEY NEED TO SUCCEED—IN SCHOOL AND IN LIFE.

Scientific evidence proves that the care a child receives from the prenatal through the first years of life is critical to the child's brain growth and development. It has a profound effect upon whether the child will become a productive, well-adjusted adult.

Billions are spent on remedial education and social services for children after they enter school. For too many children, this is too late.

PROPOSITION 10 WILL PROVIDE COMPREHENSIVE, INTEGRATED SERVICES FOR PRE-SCHOOL CHILDREN INCLUDING:

- Child immunizations, vision and hearing tests
- Prenatal and postnatal maternal and infant nutrition services
- Domestic violence intervention, prevention and treatment
- Treatment for children suffering from problems related to drug and alcohol abuse
- Child care, health care and social services not provided by existing programs

PROPOSITION 10 WILL MORE THAN DOUBLE CALIFORNIA'S ABILITY TO EDUCATE THE PUBLIC TO STOP SMOKING.

Smoking by pregnant women threatens the health and normal development of children. Smoking during pregnancy accounts for an estimated 20–30 percent of pre-term deliveries and increases the risk of sudden infant death syndrome.

Proposition 10 will more than double the dollars available for California's anti-smoking mass media campaign with a special emphasis on stopping smoking by pregnant women and parents of young children. It will also protect funding for breast cancer research.

PROPOSITION 10 IS FOR LOCAL CONTROL—NOT BIG GOVERNMENT.

80% of the money will go directly to counties. A local commission including experts in health care, education and child care will spend the money on programs that meet the priorities of parents in each community.

20% of the money will go to statewide programs including anti-smoking and parental education programs.

PROPOSITION 10 FUNDS ARE AUDITED ANNUALLY TO ASSURE ACCOUNTABILITY.

Section 130150 of the initiative requires an annual audit by the state and county commissions which must include ". . . the manner in which funds were expended, the progress toward and achievement of program goals and objectives, and the measurement of specific outcomes through appropriate reliable indicators . . ." THESE AUDITS WILL BE MADE PUBLIC.

PROPOSITION 10 IS ENDORSED BY LEADING HEALTH CARE, CHILD CARE, EDUCATION AND COMMUNITY GROUPS INCLUDING:

American Cancer Society, California Division
American Heart Association of California
American Lung Association of California
California Medical Association
California School Boards Association
California Consortium To Prevent Child Abuse
California Child Care Resource and Referral Network
California Association of Catholic Hospitals
National Council of Jewish Women
National Black Child Development Institute
Los Ninos Child Development Center
Asian Family Resource Center

PROPOSITION 10 IS ENDORSED BY LEADERS FROM BOTH POLITICAL PARTIES.

Los Angeles Mayor Richard Riordan, Republican
San Francisco Mayor Willie Brown, Jr., Democrat
Businessman and Former Congressman Mike Huffington, Republican
U.S. Senator Barbara Boxer, Democrat

Proposition 10 is opposed by the tobacco industry, their front groups and the politicians who follow their agenda. A YES VOTE ON PROPOSITION 10 IS A VOTE FOR OUR CHILDREN AND AGAINST THE TOBACCO INDUSTRY.

ROB REINER
Chairman, I Am Your Child Campaign

ALAN HENDERSON, Dr. PH
President, American Cancer Society, California Division

JOHN D'AMELIO
President, California School Boards Association

Rebuttal to Argument in Favor of Proposition 10

Proposition 10 is a badly flawed initiative. Its language provides for no specific Early Childhood Development programs. Instead it creates 59 NEW STATE AND COUNTY COMMISSIONS, which in turn are AUTHORIZED TO SPEND HUNDREDS-OF-MILLIONS OF NEW TAX DOLLARS ON UNSPECIFIED NEW SOCIAL PROGRAMS.

Proposition 10 AUTHORIZES THE CREATION OF OVER 500 NEW POLITICAL APPOINTEES AND COULD LEAD TO A STAFF OF 8000 to serve them. Proposition 10 even exempts the staff and employees of these new commissions from California's civil service laws. This initiative is A DREAM COME TRUE FOR AMBITIOUS POLITICIANS AND THEIR POLITICAL OPERATIVES: THOUSANDS OF NEW PATRONAGE JOBS AT TAXPAYERS EXPENSE!

PROPOSITION 10's "SELF-AUDITING" PROVISION ALLOWS THESE POLITICAL APPOINTEES TO AUDIT THEMSELVES; *WITHOUT ANY INDEPENDENT OVERSIGHT.* THEY ARE ACCOUNTABLE TO NO ONE!

PROPOSITION 10 DEPRIVES BREAST CANCER RESEARCH AND TEEN SMOKING PROGRAMS OF MILLIONS OF DOLLARS. The Legislative Analyst's official fiscal analysis estimates Proposition 10 would wipe out millions in funds annually for health care programs such as breast cancer research.

Proposition 10 even goes to the extreme of exempting itself from the constitutional requirements of Proposition 98 that 40% of new tax dollars fund schools. The net effect is THAT PROPOSITION 10 RAISES $700 MILLION IN NEW TAXES, YET CALIFORNIA'S SCHOOLS DON'T GET THEIR FAIR SHARE!

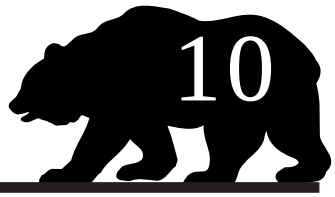
Proposition 10 amounts to ONE OF THE LARGEST TAX INCREASES ON POOR PEOPLE IN CALIFORNIA'S HISTORY, WITH NO GUARANTEES THAT ANY OF THIS MONEY WILL END UP IN OUR COMMUNITIES. Vote no to more wasteful government.

WILLIAM CAMPBELL
President Emeritus, California Manufacturers Association

FRANCESCA FELIZZATTO
School Teacher

RAMON RODRIGUEZ
Small Business Owner

State and County Early Childhood Development Programs. Additional Tobacco Surtax. Initiative Constitutional Amendment and Statute.



Argument Against Proposition 10

California education officials, taxpayer advocates and leading government watchdogs have determined that Proposition 10 is not what it claims to be. Proposition 10 is *harmful* to California's schools and *actually takes money away from* existing state programs that benefit children and families. It raises *hundreds of millions in new taxes, creates a massive new state bureaucracy,* but *spends almost all of the new money on programs that have nothing to do with smoking or tobacco related issues.*

PROPOSITION 10 CREATES A NEW STATE COMMISSION, AND 58 SEPARATE COUNTY COMMISSIONS. Thousands of new bureaucrats, controlled by over 500 new political appointees, would spend millions of new tax dollars on new programs that have nothing to do with anti-smoking or breast cancer research programs.

Proposition 10 directs millions of new tax dollars to UNSPECIFIED Child Development programs; GRANTING OPEN-ENDED AUTHORITY TO BUREAUCRATS AND POLITICAL APPOINTEES TO SPEND MILLIONS WITHOUT ANY OUTSIDE CONTROL.

PROPOSITION 10 REDUCES MONEY FOR BREAST CANCER RESEARCH. Proposition 10 would *divert current tobacco tax revenue that funds critical research on breast cancer* at the University of California and *turn it over to new bureaucracies that have nothing to do with tobacco issues.*

PROPOSITION 10 HURTS CURRENT PROGRAMS TO COMBAT TEEN SMOKING. Proposition 10 would actually take money away from Proposition 99 tobacco tax programs that fund anti-tobacco advertising, designed to curb teen smoking. If passed, Proposition 10 would raise millions in new tobacco tax dollars, yet it would actually *decrease* the amount of money spent to stop children from smoking.

PROPOSITION 10 ROBS FUNDING FROM CALIFORNIA'S SCHOOLS. PROPOSITION 10 ACTUALLY *AMENDS THE CONSTITUTION* IN ORDER TO CIRCUMVENT PROPOSITION 98. Proposition 98, approved by voters, ensures California schools receive a fair share of all state revenues in order to meet their basic funding needs. Despite the huge tax increases, Proposition 10 *explicitly exempts any of the new money from going to California schools.* UNDER PROPOSITION 10, CALIFORNIA SCHOOLS GET NOTHING FROM THIS NEW TAX.

PROPOSITION 10 EXEMPTS ITSELF FROM THE CONSTITUTIONAL LIMIT ON STATE SPENDING. Proposition 10 shields its massive bureaucracies from constitutional limits on all state spending. By amending the constitution, Proposition 10 purposefully avoids the constitutional spending limit previously approved by California voters. Proposition 10 will result in UNCONTROLLED SPENDING, WITH TAXPAYERS LEFT TO PAY THE BILL.

PROPOSITION 10 UNFAIRLY TARGETS POOR TAXPAYERS AND MINORITY TAXPAYERS. Proposition 10 is a *regressive tax that singles out poor and minority Californians* to pay the greatest share of the cost of this new government bureaucracy. Like any tax on business, this tax is passed on to the consumer. *So poor people are going to pay disproportionately more* for the thousands of new bureaucrats and their programs that have nothing to do with stopping smoking or breast cancer research.

Proposition 10 is a sham. It's bad for California's families, bad for California's children, bad for California's taxpayers and bad for California's schools. Taxpayer advocates, educators, and healthcare professionals urge you to VOTE NO ON PROPOSITION 10.

JANE ARMSTRONG
State Chairman, Alliance of California Taxpayers & Involved Voters

HELENA RUTKOWSKI
Member, Westminster School Board

Dr. KEN WILLIAMS
Family Physician

Rebuttal to Argument Against Proposition 10

THE TOBACCO INDUSTRY IS FUNDING THE CAMPAIGN AGAINST PROPOSITION 10.

Official reports list the opposition as "sponsored by tobacco companies," including Philip Morris, RJ Reynolds, Lorillard Tobacco and Brown & Williamson. Smoking decreased 32% in California after voters approved a 25 cent tobacco tax in 1988. That is why Big Tobacco opposes Proposition 10.

Their arguments are false and misleading. Here are the facts:

PROPOSITION 10 MORE THAN DOUBLES THE FUNDING AVAILABLE FOR ANTI-TOBACCO ADVERTISING AND ALSO HELPS FIGHT TEEN SMOKING. The National Cancer Policy Board says increasing the price of cigarettes is "the single most effective way" to reduce teen smoking. The American Lung Association and The American Heart Association endorse Proposition 10.

PROPOSITION 10 ALLOCATES MONEY SPECIFICALLY FOR BREAST CANCER RESEARCH. The American Cancer Society endorses it.

PROPOSITION 10 DOES NOT TAKE ONE PENNY FROM OUR SCHOOLS. The organization representing every local school board and the California Teacher's Association endorse Proposition 10.

PROPOSITION 10 IS A BIG BENEFIT FOR TAXPAYERS. A Families and Work Institute study showed that every dollar spent on early childhood programs can save taxpayers up to seven dollars in remedial education, welfare and juvenile crime.

THE TOBACCO COMPANIES DON'T CARE ABOUT MINORITIES, THE POOR OR ANYONE BUT THEMSELVES. They advertise heavily to minority and low income youth. The result—45,000 African-Americans die annually from smoking related diseases and smoking among Latino teens is skyrocketing.

WHO DO YOU BELIEVE? The tobacco industry or anti-smoking, healthcare, child care and education leaders. Please vote YES.

C. EVERETT KOOP, M.D.
Former Surgeon General of the United States

DELAINE EASTIN
Superintendent of Public Instruction

ALAN HENDERSON, Dr PH
President, American Cancer Society, California Division

CANDIDATE STATEMENTS

U.S. Senator

- ✓ One of two U.S. Senators who represent California's interests in the Senate in Washington, D.C.
- ✓ Proposes and votes on new national laws.
- ✓ As a U.S. Senator, votes on confirming federal judges and U.S. Supreme Court Justices.

Ophie C. Beltran, Peace and Freedom

10153½ Riverside Dr., #374, Toluca Lake, CA 91602-2533
(818) 830-2794, Ext. #4; 76170.1423@compuserve.com
http://ourworld.compuserve.com/homepages/janbtucker

I'm running on a feminist/labor slate of Peace & Freedom Party candidates Gary Ramos (Insurance Commissioner) and Jan Tucker (Treasurer). I'm a former Teamster and my slate applauds the AFL-CIO demand that elected officials support the right of workers to unionize through neutral ''card checks'' by community leaders. I'm active with Antique Motorcycle Club of America and my slate mates hold class ''M-1'' Licenses. As ''bikers,'' we oppose helmet laws. I support congressional sanctions against Turkey for blockading Armenia and atrocities against Kurds and against other human rights abusers. I support varied, pragmatic approaches to supporting the right to self-determination of nations, like Tibet, Karabagh, and Kurdistan, including constructive engagement *and/or* sanctions on a case by case basis. I oppose NAFTA unless it includes union rights and environmental safeguards. I support non-interventionist foreign policy and ''activist neutrality'' under U.N. auspices for legitimate peace-keeping missions. Instead of bashing immigrants, I support vigorous, positive efforts to fully integrate them as useful and productive Americans, and we must implement the program of American Indian Movement to end discrimination against Native Americans and support economic self-sufficiency. I've *personally* defended abortion clinics supporting vigorous enforcement of Freedom of Access to Clinic Entrances.

Ted Brown, Libertarian

P.O. Box 5362, Pasadena, CA 91117
(626) 578-8454; tebrown@earthlink.net; http://home.earthlink.net/~tebrown

You may already be a criminal. You have probably violated one of thousands of unconstitutional federal laws and regulations without even knowing it. 60,000 armed federal agents are prepared to enforce them all. It's no wonder half of all Americans polled fear the federal government. There's even a plan in place to require in 2 years a ''tamper-proof'' identity card to obtain employment and health care. Those in power say, ''There ought to be a law.'' Libertarians say, ''There ought to be a choice.'' Leave people alone and they will grow and prosper. I will go to Washington to repeal laws, not pass new ones. My platform: (1) Repeal the federal income tax and abolish the IRS. This would put $650 Billion per year back in our pockets, where it belongs (over $5000 for every working American). Pay for it by eliminating agencies and departments not permitted by the Constitution; and (2) Slash crime by ending the failed ''War on Drugs'' and decriminalizing drug use. Alcohol prohibition didn't work in the 1920's, and drug prohibition doesn't work today. We need to protect people from violent criminals. Instead, 60% of federal prisoners are serving long sentences for non-violent drug offenses.

The order of the candidates was determined by random alphabet drawing.
Statements on this page were supplied by the candidates and have not been checked for accuracy by any official agency.
Submission of statements was voluntary. Candidates who did not submit statements could otherwise be qualified to appear on the ballot.

Barbara Boxer, Democratic

P.O. Box 641751, Los Angeles, CA 90064
(310) 575-9880; www.boxer98.org

As your Senator, I stand up every day to put our children and families first. To get our economy back on track, I cast the tough votes to balance the budget. I worked to pass a tough crime law that put 9,000 new community police on California streets. When special interests tried to roll back environmental laws that protect our air and water, I stood up and helped stop them. Now I want to prepare our kids for the jobs of the future. I'm working to reduce class sizes, for after school programs to keep kids off the streets and out of gangs, and for higher academic standards so that a high school degree means something. I voted for tough penalties for dealers who sell drugs to children in school zones, and I'm leading the fight to get cheap handguns off our streets. Our families deserve a sound Social Security and Medicare system and a Patients' Bill of Rights to make sure medical decisions are made by doctors, not bureaucrats. And government shouldn't interfere with laws that protect a woman's right to choose. I am proud to be your Senator, and I'll continue to put families and children first.

Matt Fong, Republican

770 L Street, Suite 900, Sacramento, CA 95814
(916) 446-1664; comments@fong98.org; http://www.fong98.org

As California State Treasurer, I have been proud to help eliminate the barriers that keep our citizens from realizing their full potential and piece of the American dream. At the treasurer's office, we saved taxpayers over $240 million through common sense reforms. While serving on the state's Board of Equalization, we cut customer waiting times and eliminated wasteful government spending. As your Senator, I will continue to be a voice for taxpayers and families. We need to overhaul the IRS and replace our tax system with a fairer and simpler tax code with lower taxes. Taxpayers should keep more of their money, not less. Our streets should be made safer, and we must end early prison releases for violent offenders. HMO providers should be held medically accountable to their patients. I believe we can protect our environment and still have a strong economy with well-paying jobs. As an Air Force Academy graduate and Lt. Colonel (Reserve), I support maintaining a strong military to protect our people and country in a dangerous world. One of my top priorities is to insure that every child graduating from high school can read, write and speak English proficiently. I would appreciate your support.

Timothy R. Erich, Reform

Oakdale, California
terich@earthlink.net; http://home.earthlink.net/~terich

Vote for common sense reform! I believe our society must focus on the basics of providing all Americans with sufficient levels of social security, medical care, and educational opportunity. To accomplish these goals, we must also maintain adequate levels of national defense and local law enforcement, protect our natural resources and agricultural potential, encourage business growth, and revitalize democracy through campaign and finance reform. Currently, I am a teacher and school principal. I'm married, with two children. Previously, I served as a government and economics teacher for 10 years, an historical commission member for 3 years, and a congressional candidate in 1996. In order to represent the interests of all Californians, I am visiting every county in our Golden State. I have become known as the *"un-politician"* because: 1) I do not accept any monetary contributions, 2) I'm spending the least amount of money possible in a serious campaign, and 3) I make only one promise—to do my best to represent the people of California and the nation as a whole. This dedication to common sense reform allows me to seriously declare, *"As the Reform Party Candidate for U.S. Senate, I am not for sale, I'm for real!"*

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Brian M. Rees, Natural Law

P.O. Box 561, Pacific Palisades, CA 90272
(310) 281-9770; elreeso@ix.netcom.com; www.natural-law.org

Let me introduce a novel idea: Government should be based on *that which works*; not that which is politically expedient, or is bought and paid for by moneyed special interests. As well intentioned as political candidates may be, without meaningful campaign reform it is naive to think any elected official will not be influenced by those who financed his campaign. As a result, politicians are not respected, our electoral process is owned by big money, we have the lowest voter turnout of any democracy, and apathy routinely returns incumbents to office. But there is good news. Programs exist *today* which have been shown to improve educational outcomes, keep kids off drugs and safe in school, prevent crime, cut health care costs while improving quality and preserving choice, generate environmentally friendly renewable energy, reduce recidivism; and *save money at the same time*, allowing for lower taxes. As a family physician, author, small business owner, colonel in the Army Reserve, and parent of two children in our public schools, I see needs that currently are not well addressed. Please help bring a new voice to the U.S. Senate. Let's cut taxes, create new and better jobs and implement programs that work.

H. Joseph Perrin Sr., American Independent

5960 South Land Park Dr., Suite 273, Sacramento, CA 95822

As your U.S. Senator I will dedicate my statesmanship to renewing your God-given heritage of individual freedom, because the sole purpose of government is to protect your American liberties. I will re-establish your decision making authority, by returning as much governmental control as possible to your local jurisdiction. You will enjoy more control over what is *really* important to you and your family, and will have more control over how much you are willing to spend on what is important to you. I will help to end the present cycle of creating oppressive federal laws that are paid for by oppressive federal taxes. For those expenses that are legitimately the function of the federal government, such as defense, I will vote to keep our tax dollars in the United States. It makes absolutely no sense to pay for NATO expansion when we could keep that extra 10 billion dollars a year at home for better training and equipment of our *own* military personnel. It also makes no sense to support any international entity that disregards our God-given sovereignty. A sovereignty that is equally as precious as the brave American lives that have been given for its preservation.

CANDIDATE STATEMENTS

Governor

- ✓ As the state's chief executive officer, oversees most state departments and agencies and appoints judges.
- ✓ Proposes new laws and approves or vetoes legislation.
- ✓ Prepares and submits annual state budget.
- ✓ Responsible for mobilizing and directing state resources during emergencies.

Harold H. Bloomfield, Natural Law

P.O. Box 1900, Fairfield, IA 52556
(800) 332-0000; bloomfield@natural-law.org; www.natural-law.org

Natural Law provides practical, prevention-oriented solutions to our pressing health, social, and environmental problems. Government today is like a diseased patient, and the two-party system like the worst of modern medicine—crisis-driven, expensive, strongly influenced by financial interests, ineffective at solving myriad chronic problems, and wrought with dangerous side effects. Prevention-oriented government will heal this situation. I am a Yale-trained psychiatrist, specializing in integrative psychiatry and natural medicine and frequently speak at conferences worldwide. My work has been featured on *20/20, Good Morning America, Oprah,* and *Larry King,* as well as *Time, Newsweek,* and *People Magazine.* I have authored 17 books, several of them international bestsellers, including *Healing Anxiety with Herbs, Hypericum (St. John's Wort) & Depression, How to Survive the Loss of a Love,* and *TM—Transcendental Meditation.* I am happily married with three children, ages 15 to 26. For 25 years, I've championed prevention in medicine; the Natural Law Party supports preventive health programs and applies the same integrative, prevention-oriented policy to all areas of government. This science-based natural approach is the key to improve the health, education, and prosperity of all Californians. Together, we can spend less and accomplish more!

Steve W. Kubby, Libertarian

P.O. Box 1012, Garden Grove, CA 92842-1012
(714) 537-9200; GoKubby@Kubby.com; www.Kubby.com

Government's job is protecting your rights, not taking them away from you. I will protect all Californians' rights. You can see my success with Proposition 215. We told government, ''stop interfering with your medical decisions.'' The Constitution and Bill of Rights guide me. Competition will give your children better education. Abandoning the ''war'' mentality will give you less violent crime. I'll eliminate income taxes. We'll fight polluters on the principle of trespass instead of agencies setting acceptable levels of pollution. And we'll give you affordable alternative health care options. Desde hace varias décadas, los democratas y los republicanos vienen insultando a los hispanos. Dicen que hay demasiados hispanos en Estados Unidos. Encarcelan a ciudadanos mexicanos por haber cruzado la frontera buscando empleo. Separan a familias y amistades con sus deportaciones. Steve Kubby declara que esto es inmoral. Los Libertarianos proponen el libre comercio y la inmigración abierta, sin restricciones. Kubby se opone a las agencias estatales que aterrorizan a los ciudadanos, como el INS y el IRS; a las agencias de asistencia social, que destruyen la independencia del ser humano; y a la guerra de las drogas, que castiga desproporcionadamente a los hispanos.

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Dan Lungren, Republican

717 K Street, Suite 320, Sacramento, CA 95814
(916) 441-2115; info@lungren98.org; http://www.lungrenforgovernor.org

As Attorney General, I have fought for you—for the principle that government's first duty is public safety. Gangs, drugs and guns have no place in our schools or on our streets. As Governor, I will appoint common sense judges who recognize the rights of crime victims. I will fight for a renewal of families and values that teach children the difference between right and wrong, because strong families are the best way to prevent juvenile crime. I will fight for top-to-bottom education reform: local control and accountability, merit pay for good teachers and competency tests to weed out ineffective teachers, permanent class size reduction in lower grades, new textbooks, charter schools free of state micro-management and freedom for parents to choose the best schools for their kids. We will boost our community colleges, which already provide the best dollar-for-dollar education in America. As our economy prospers, I will fight to lower the amount of taxes that state government takes from your wallet. We have done much to restore the optimism that defines California's heritage, the optimism I knew growing up in California. But we can do so much more. Together, we will.

Gloria Estela La Riva, Peace and Freedom

2489 Mission Street, Room 26, San Francisco, CA 94110
(415) 826-4828; sf@workers.org; www.workers.org/lariva

In the richest country, why are people hungry, homeless and poorer, while the rich grow ever wealthier? My Peace & Freedom campaign will mobilize to defend labor and immigrant rights. As a Latina, community and union activist, I am committed to fighting for people's right to a decent life—full employment, free healthcare, housing, transportation, a clean environment, education, childcare, senior care, and to a society free of racism, sexism, anti-lesbian/gay bigotry. I strongly support bilingual education and affirmative action. Stop the mass incarceration of the poor; end the death penalty now. Save Ward Valley and Headwaters forest. I call for taxing corporations, not workers. Restore the renters' tax credit and overtime after eight hours. I support Native sovereignty and the Indian Self-Reliance Initiative. I oppose U.S. intervention abroad; lift the blockades of Cuba and Iraq. Capitalism is based on profit and exploitation. As a socialist in Workers World Party, I believe that the wealth of society—having been produced by workers—should be owned by all and used for everyone's benefit. We need a mass movement which unites people in action to win what is rightfully ours. My campaign is a grassroots people's campaign. Join us!

Gray Davis, Democratic

9911 West Pico Blvd., Suite 980, Los Angeles, CA 90035
(310) 201-0344; gdavis@gray-davis.com; www.gray-davis.com

I offer experience that will move us *forward*. I've been proud to serve you as Acting Governor, Lieutenant Governor, State Controller, Assemblyman, Chief of Staff to a Governor, and a U.S. Army Captain in Vietnam prior to that. As Governor, my top priority will be *to dramatically improve our public schools*. I'll take a high-expectation approach to learning by raising standards and holding students, teachers *and* parents accountable. I will also hold *government* accountable. As Controller, I withheld paychecks from all State officeholders—including myself—until the Legislature passed the budget, and went to court to stop Gov. Wilson from raiding public pension funds. I have always been *for the death penalty* and am proud that I've won the endorsement of almost every law enforcement group in California. I'll protect our neighborhoods by keeping assault weapons off our streets, defend our kids by standing up to the tobacco industry and preserve our environment by stopping offshore oil drilling. I will continue fighting to protect *a woman's right to choose*—and take on the insurance companies and HMO bureaucrats to make sure you get the doctor of your choice and the care you deserve. Together, we'll get California moving again.

Dan Hamburg, Green

200 Henry Street, Ukiah, CA 95482
(707) 462-1220; hamburgamir@pacific.net; http://greens.ml.org/green-cal98

You can decide to vote Green, as people in 76 countries do. Greens are the strongest ''third party'' in California with 28 elected officials. With the last three non-incumbent races for governor decided by margins of less than 4%, your Green vote will be heard loud and clear. We stand for social justice and human dignity, an end to corporate welfare, and abolition of the death penalty. We stand for the decriminalization of marijuana and legalized cultivation of hemp. We stand for publicly financed campaigns and electoral reforms like proportional representation that will bring people back to the voting booth. We stand for renewed commitment to protect our precious remaining forests, wetlands, wild rivers, and the species they sustain. We stand for a bold, transformative politics that will enable human survival on a healthy planet. We can end hunger and homelessness. We can have universal health care and a living wage for all. We can have schools that inspire, communities that nurture. Greens have the vision; we need only the mandate. I am a former US Congressperson, and a grandfather with a stake in the future. I urge you to vote your hopes not your fears! Vote Green!

Nathan E. Johnson, American Independent

P.O. Box 880896, San Diego, CA 92168-0896
(619) 297-7808

I am pro-life. The taking of innocent life is never justified. As Governor I will work to end abortion in California. Since 1972 I have worked for San Diego Transit and belong to Amalgamated Transit Union Local 1309. I graduated from Southwestern Jr. College in 1971 with a degree in Accounting. I understand the struggle of working people in California as they try to make ends meet. Living near the international border for 39 years has made me familiar with the problems of that relationship. I support the Second Amendment guaranteeing ''the right of the people to keep and bear arms shall not be infringed.'' I am pro-death penalty and pro-restitution. Education in California can be improved with choice, choice and more choice. It is ethically and morally wrong to compel children to attend unsafe and unsound schools. English should be the basic language of instruction in the schools. As Governor I will appoint judges and board members who will uphold American Independent Party principles of limited government and individual responsibility.

CANDIDATE STATEMENTS

Lieutenant Governor

- ✓ Assumes the office and duties of Governor in the case of impeachment, death, resignation, removal from office or absence from the state.
- ✓ Serves as President of and presides over the State Senate and has a tie-breaking vote.
- ✓ Chairs the Economic Development Commission, is a member of the State Lands Commission and sits on the boards of the California university systems.
- ✓ Serves as an ex-officio member of the California State World Trade Commission.

Cruz M. Bustamante, Democratic

1700 L Street, Sacramento, CA 95814
(916) 441-1175; cruz@cruzbustamante.com; http://www.cruzbustamante.com

The Lieutenant Governor should be able to work with a Governor of either party. As Assembly Speaker, I led Democrats to cut college tuition *and* I worked with Republicans to strengthen penalties for criminals who use guns. *My moderate politics—working families first—has won support of people from all walks of life.* I toughened the law against ''cop-killer'' bullets. *The California Association of Highway Patrolmen supports me for Lieutenant Governor*. I supported ''Gun Free School Zones,'' which Governor Wilson approved. *The California Teachers Association supports me for Lieutenant Governor.* I pushed to require health insurers to cover the costs of second opinions. *The California Nurses Association supports me for Lieutenant Governor*. I have supported tougher penalties for safety violations that kill or seriously injure workers. *California's Professional Firefighters support me.* As Assembly Speaker, my appointees to California's Coastal Commission are credited with protecting that great resource. *The California League of Conservation Voters supports me.* And I have demonstrated leadership on tough issues . . . writing the law allowing the Attorney General to *sue tobacco companies*, leading the Assembly to *cut middle class income taxes* and protecting *a woman's right to choose*. I appreciate your consideration for Lieutenant Governor.

Tim Leslie, Republican

915 L Street, Suite C412, Sacramento, CA 95814
(916) 443-2398; http://www.TimLeslie98.org

As an Assemblyman, Senator, and anti-drug abuse volunteer, I have worked to make government more accountable and more responsible. To help students learn, I co-authored the School Accountability Act, the Class Size Reduction Act and wrote legislation to build new school facilities. For safer schools, I wrote legislation to keep drug and sex offenders out of the class room. I co-authored the Golden State Scholarship trust—a savings program giving tax incentives to parents who save for college educations. To protect neighborhoods, I co-authored Three Strikes and the Hertzberg-Leslie Witness Protection Act which helps prosecute gang members. To protect tax dollars, I fought for welfare-to-work programs and stopped prison inmates from receiving welfare checks. To hold HMOs accountable, I authored legislation requiring medical professionals to review patient appeals rejected by HMOs. As Lieutenant Governor, I'll work to ensure students receive quality educations to better prepare them to compete in tomorrow's economy. I'll continue my efforts to stem illegal immigration and fight for a tax code that is fairer to all Californians. I'll use my twelve years of experience to make government smarter, more accountable, and closer to home.

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Thomas M. Tryon, Libertarian

P.O. Box 1328, Angels Camp, CA 95222
(209) 736-4845; Tom@GoldRush.Com; Tryon98.Com

I'm a graduate of UC Berkeley with a B.A. degree in economics. After completion of military service, I graduated from the University of Chicago with an M.B.A. I currently am a member of the Calaveras County Board of Supervisors and concurrently manage the family ranching business. I strongly believe the free market process which is based on private property rights and voluntary exchange is clearly the best method for allocating scarce economic resources. I also am a committed civil libertarian and believe our liberties which are protected by the Constitution, most particularly the Bill of Rights, should be upheld. Therefore, I support the elimination of the car tax; the return of that portion of the property tax taken from the counties back to the counties, cities, and special districts; the elimination of the income tax; and, a cap and the return of the use of the transient occupancy tax for promotional purposes. I am a very strong opponent of the War on Drugs, helmet laws, seat belt laws, compulsory education laws, and all other laws which exist solely to protect one from oneself. I strongly support the Second Amendment. One is wrong to forsake liberty for the security of government.

Jaime Luis Gomez, Peace and Freedom

2140 Reservoir Street, #7, Los Angeles, CA 90026
(213) 484-5437; mphair@lgc.apc.org

The flow of capital across borders is a very natural occurrence, as is the flow of labor. California was a magnet for immigrants long before our state became one of the United States of America, and the immigrant issue is not a problem that will disappear with the signing of one or another piece of legislation. This is supply and demand on a very basic level. I feel strongly about the need to humanize California's spending priorities. The doors of education and health care should be open to all our residents. We can have full employment for all. As head of the Commission on Economic Development, I will focus on spreading employment by creating a thirty hour work week. This would help families. I will develop democratically controlled, worker-owned cooperatives to build affordable housing, which will meet a real need and generate jobs. Undocumented Residents who would otherwise be recognized as California residents must pay nonresident fees to our public colleges and universities. As a Regent of the University of California and as a Trustee of the State University system, I will strive to ensure that every resident of California be allowed to pursue an inexpensive, high-quality college education.

George M. McCoy, American Independent

I George M. McCoy am a candidate for the office of Lt. Governor on the American Independent Party. I have been a member of my party since I first registered to vote. I am a California Contractor and businessman in San Diego and Riverside counties. I have viewed with alarm for many years now the increasing burden of government on the lives of the middle working class and small business owners. I will strive as Lt. Governor to restore government to it's proper function as laid out in our constitution.

James J. Mangia, Reform

7985 Santa Monica Blvd., Suite 22, West Hollywood, CA 90046
(213) 694-2492; JimMangia@aol.com; www.jimmangia.com

Let's turn this year's race for Lt. Governor into a referendum on the two party monopoly. In initiative after initiative, referendum after referendum, Californians have voted overwhelmingly for political reform—term limits, campaign finance reform, the open primary. With total disregard for democratic process, the Democrats and Republicans have abused their positions of power and sued California voters to have these initiatives overturned. That is why I'm running as the Reform Party candidate for Lt. Governor. To win the reforms we need in education, health care, and the environment we must break the stranglehold of the two party monopoly. I'm the Executive Director of a free medical clinic for children in Los Angeles. I work to develop and raise money for nonprofit community-based programs that are *independent of government funding*. As an independent Lt. Governor, I will be an advocate for the people! We Californians have made good use of direct democracy. Now we have to go one step further and bring the Reform Party (a new political party that stands for citizen's participation and government accountability) into the political mix. That's why voting for me as the Reform Party candidate for Lt. Governor is so important this year!

Sara Amir, Green

P.O. Box 691932, West Hollywood, CA 90069
(310) 820-3666 x1; green-cal98@greens.org; www.greens.org/green-cal98

As an immigrant, I especially appreciate the many opportunities of life in California. As an environmental scientist working to cleanup some of California's most polluted lands, I know the appalling results of a system which values corporate profit and wasteful consumption over a safe, protected environment. I advocate pollution prevention and strong enforcement of our clean air, clean water and hazardous waste laws. I support local control of our economies and believe that stimulating small business will bring long-term sustainable economic development. I am pro-choice, believe in universal health care and insist that women receive equal pay for equal work. We must prohibit state-sponsored executions and stop overflowing our prisons with people convicted of victimless crimes. As Lt. Governor, I will work to protect the entire California coast from further gas and oil drilling. I will promote increased investment in education, emphasizing the sciences. I will encourage organic farming and work to insure a safe uncontaminated food supply. I am committed to a politics of compassion, which recognizes that ecological sustainability is the foundation of a strong economy and peaceful world. Together, we can make our government once again work for all Californians.

CANDIDATE STATEMENTS

Secretary of State

- ✓ As the state's chief elections officer, administers and enforces elections laws and keeps records of all campaign and lobbyist disclosure statements required under the Political Reform Act.
- ✓ Files official documents relating to corporations, trademarks, the Uniform Commercial Code, notaries public and limited partnerships.
- ✓ Collects and preserves historically valuable papers and artifacts in the California State Archives.
- ✓ Serves as an ex-officio member of the California State World Trade Commission.

Jane Ann Bialosky, Natural Law
P.O. Box 5283, Santa Barbara, CA 93150
(805) 969-3434; info@natural-law.org; www.natural-law.org/nlp

My intention is to bring fulfillment to the electoral ideal, a wise electorate. Government is the reflection of collective consciousness. With every thought and action we vote for the quality of leadership. Without a unifying principle, government will necessarily be partisan, unable to satisfy its citizens' innumerable desires. Our government should sustain that influence of harmony, positivity, wholeness, in which no one can go wrong and everyone will spontaneously be right. The Natural Law Party introduces the principle of administration in harmony with nature's intelligence, natural law, which supports the evolution of the infinitely diverse universe. The government of nature governs from the holistic basis of creation according to the principle of least action. The silent functioning of nature, in its infinite organizing power, ''transforms earth into diamonds, an empty seed into a tree, colorless sap into the rose.'' Creativity and orderly action are embedded in silence, the fully awake, self-referral field of our own consciousness, the transcendental basis of everything, pure spirituality. We can achieve perfect administration through education to develop higher states of consciousness, enlivening natural law, so that action is all-nourishing, spontaneously right from within. No one must suffer. Everything must be upheld by natural law.

Gail K. Lightfoot, Libertarian
P.O. Box 598, Pismo Beach, CA 93448
(888) 452-3434; gkltft@aol.com; http://www.lpcslo.org

I will increase eligible voter participation through the use of easy to read and understand candidate guidelines, election pamphlets, with photo and statement from *all* of the candidates, permanent absentee voting status for any voter and allowing anyone to return absentee ballots to the elections office. I will not use my office to seek to disqualify any votes or voters. That is the job of your local county officials. I will assist the County Registrars of Voters to continue to remove names of voters who have left the area or otherwise are no longer voting. I believe that individuals (*not corporations, unions, PACs*) should be able to give unlimited amounts of their personal funds to help elect the candidates they support just as candidates are able to use unlimited personal funds to campaign for office. I propose adding *None of the Above* to the ballot so you can reject all the candidates and hold a new election. I want to know that *you* can cast *your* vote from the election material provided without depending on media coverage or advertising that benefits incumbents, major party and big money candidates. I want to see citizen legislators not career politicians running our government.

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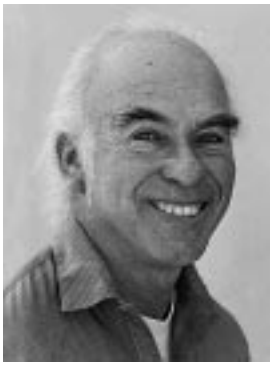

Israel Feuer, Peace and Freedom

P.O. Box 24858, Los Angeles, CA 90024
(310) 473-3498; i_feuer_self-govt@sierrawave.com; http://www.sierrawave.com/i_feuer_self-govt

Why vote for me—or at all?! *Why* even bother about elections, politics, government!? Independent-thinking, open-minded, socially-conscious persons demand and deserve satisfactory *answers* and convincing *reasons!* It's time for a long overdue *reality check* on our politics. *Don't* be pulled under by cynicism and apathy about corruption and careerism! *Don't* be taken in by ''wasted vote'' or ''lesser evil'' mentalities! We need *real reforms* that make believeable ''We, the People'' governing ''of, by, and for'' ourselves. For starters, let's develop and experiment with: *contracts* of sorts (binding public-pledges) between candidates and voters; *alternative voting systems* such as proportional representation and approval/disapproval (incorporating ''None-of-the-Above''); *criteria* to evaluate candidates and proposals; *political EIRs* (background, impact analyses) on all candidates and issues; *informational services* (''voter-friendly'') available as a right to all voters concerning candidates and elections. The office of Secretary of State should serve as tribune and trustee *for the people*, not as dynastic sinecure for bureaucrats or pit-stop for politicians! I would be *proactive* and not merely reactive, administratively, legislatively, judicially, as the people's agent and advocate. *Only* with your *help* (ideas, services, money) and *votes* can we *campaign* and *win—do it!*

Valli Sharpe-Geisler, Reform

4718 Meridian Ave., MSC #228, San Jose, CA 95118
(408) 997-9267; www.SiliconV.com

This is an election year, so politicians are again giving ''lip service'' to campaign finance reform. Don't be fooled—here's the recent history: With the *Reform Party and a coalition* including the League of Women Voters, AARP, Common Cause, and UWSA, I fought to get Proposition 208 on the ballot. In 1996 we, the California voters, passed this Campaign Finance Reform initiative with an *overwhelming 61% majority.* After passage, while the Reform Party was the one party in support of the initiative, the *"lip service" parties were litigants to overturn it!* I ran for Congress on the Reform Party ticket in 1996 and experienced first hand how the political system favors incumbents. As your Secretary of State (California's chief elections official) I will: *Safeguard* against voter fraud and level the playing field with nomination process reforms. *Help Californians* make an informed vote by allowing ballot statements for all candidates including Congress and State Senate-Assembly. As ex-officio Trade Commission member, illuminate underlying causes of our yearly $180 billion trade deficit. *Simplify access* to government information and with your help bring about change. *If you want reform vote reform.* I'm a technologist, educator and State Chair of the Reform Party.

Carolyn Rae Short, American Independent

P.O. Box 180, Durham, CA 95938
(916) 345-4224; carolynrae@aol.com; http://www.wordpr.com/aip

My purpose in running for California Secretary of State is to alert and inform all citizens of their duty and obligation to register and vote into office responsible, representative and constitutionally moral candidates. As a native Californian born in Coronado in 1965 and permanent resident of northern California for over 21 years, I feel a strong commitment to upholding the rights and liberties of all its citizens as well as providing simplified and accessible information regarding the laws of the constitutions of California and the United States.

Bill Jones, Republican

1801 I Street, #200, Sacramento, CA 95814
(916) 498-8368; www.BillJones.org

As Secretary of State, I implemented unprecedented election and campaign finance reforms, while winning the court battles to *keep term limits in effect and saving the new "Open Primary" system* for California voters. I implemented *real campaign finance reforms by requiring full and immediate public disclosure of all campaign contributions on the Internet* and toughened enforcement on politicians and contributors who fail to disclose campaign contributions. My Administration implemented on-line voter registration and other innovative programs to increase registration and voter participation. Since 1995, nearly 4,000,000 voters have registered while I passed reforms to remove over 750,000 ineligible names of those who died or moved years ago. *Cleaning the voter file saved millions of your tax dollars, increased turnout and reduced the potential for fraud*. Cracking down on voter fraud, *while referring over 140 cases for prosecution* has been my priority. I'm supporting legislation to create a March 7, 2000 Presidential Primary election, *giving you a greater voice in selecting our next U.S. President*, while working to modernize our voting system using innovative computer technologies. I authored the successful ''Three Strikes and You're Out'' crime law. *I'm proud to have the primary election recommendation of La Opinion newspaper.*

Michela Alioto, Democratic

P.O. Box 26249, San Francisco, CA 94126
(415) 986-9966; malioto@alioto98.com; www.alioto98.com

As a young girl, my back was broken in a ski lift accident and I was left paralyzed from the waist down. Since then, I have worked hard to overcome my disability and I've learned to fight for my beliefs. As a White House domestic policy advisor to the Vice President, I fought for many of the issues that have made California a better and safer place for our families and children. I worked to ensure that *assault weapons are not allowed* in the hands of criminals or on the streets of our neighborhoods. I fought to *defend a woman's right to choose* whether or not to have an abortion. I worked to protect our environment by continuing *a ban on offshore oil drilling*. As Secretary of State, I will *ensure the integrity of our elections* by investigating and referring for prosecution all credible allegations of *voter fraud*. I will work hard to make sure that *more young people are actively involved in the political process*, and that we teach our children the importance of civic involvement. For this reason, and because *I favor reducing class sizes* in our overcrowded schools, I am supported by parents and teachers' organizations.

CANDIDATE STATEMENTS

Controller

- ✓ As chief fiscal officer, acts as the state's accountant and bookkeeper of all public funds.
- ✓ Administers the state payroll system and unclaimed property laws.
- ✓ Serves on numerous boards and commissions including the Board of Equalization and the Board of Control.
- ✓ Conducts audits and reviews of state operations.

Al Burgess, American Independent

845 N. La Cadena Dr., Colton, CA 92324

I am frustrated with the waste and inefficiency in our state government. As a business owner for 30 years, I know a successful business must be productive, efficient, operate within a budget and make the best use of its resources. The running of a state government is like a business. Responsible decisions must be made, and someone must be accountable for those decisions. Spending must be efficient and within budget. Employees must be productive. There is too much waste in our state government, both in spending and manpower and too little accountability. If efficiently run, our state could operate with a smaller government and budget. As controller, I will insure that our tax dollars are spent as we have voted to have them spent. I will see that those working with me are productive and will eliminate any unnecessary positions. If you want a smaller, more efficient, accountable state government that uses your tax dollars as you have chosen, vote for Al Burgess as state controller.

Ruben Barrales, Republican

1116 Foothill Street, Redwood City, CA 94061
(650) 366-2312; ruben@barrales.org; http://www.barrales.org

As State Controller, I will be the ''people's auditor'' and hold government accountable. As an elected official, I fought to implement the first county debt limit in California, balanced a $700 million budget six years in a row, successfully opposed both a utility and a business license tax, and helped reform a $1.4 billion pension and investment fund. We now have the highest bond rating in California—with greater financial safety and return. As Controller, I'll put a pro-taxpayer majority on the Franchise Tax Board and Board of Equalization. I'll audit the Department of Education to ensure tax dollars are spent in classrooms, not bureaucracy. I formed one of California's first charter public schools—implementing tougher standards, more accountability, smaller class size and a longer school year. I'll be a partner with law enforcement. After a city in my county was named the ''murder capital'' of America, I worked with others to put more police on the streets. The murder rate dropped from 42 in 1992 to 1 in 1996—overall violent crime decreased by 80%. As Controller, I won't take money from investment bankers with business before the state's pension funds. *I will represent you—not special interests.*

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C.T. Weber, Peace and Freedom

9616 Caminito Tizona, San Diego, CA 92126-4103
(619) 530-0454

I received my Master's in Public Administration from California State University—Long Beach. I have been working as an analyst for 15 years with the State of California, auditing the financial records and investigating the operations of transportation companies. An activist for justice and human dignity in California State Employees Association, local 1000, SEIU, I was elected president and chief steward on the local levels before being elected four times to the State Board of Directors. I belong to the ACLU, Common Cause, NAACP, NOW, Sierra Club, and am director of VOTER'S which promotes Proportional Representation. I am married to Tatiana. If elected to *serve: I would not sign the checks* of our elected officials until a budget is passed; I would attempt working with the Legislature to lower your taxes by shifting them back to the corporations and super rich; I would vote, on the PERS Board, to invest with companies with strong commitments to the environment and their workers; I would work to improve morale among our state employees by letting them do the work they were hired to do, and reduce stress by managing my budget to hire enough permanent staff to get the jobs completed on time.

Kathleen Connell, Democratic

1640 S. Sepulveda Blvd., Suite 216, Los Angeles, CA 90025
(310) 477-7707; campaign@kathleenconnell.org; www.kathleenconnell.org

Californians deserve a government that works better and costs less. That's why I ran for Controller in 1994 after a 20-year career in business, education and finance. As Controller, I've conducted tough audits and uncovered *more than $1.2 billion in waste*—money now available for better schools, improved health care and rebuilding California's infrastructure. I cracked down on fraud in Medi-Cal to improve health care, exposed waste in state prisons, and streamlined the state lottery to put more money in the classroom. I also cut bureaucracy in my own office by 13%, saving another $16 million. I've helped get our economy moving again by cutting nuisance taxes on small businesses, getting tax refunds to taxpayers in record time, and developing high-technology job training programs at community colleges. I've used my private-sector financial expertise to help California's $220 billion pension funds earn record profits for retirees. And I've fought to improve health care services for HMO patients—including guaranteed access to state-of-the-art treatment for breast cancer victims. Now, with your support, I'll continue working to bring strict performance audits to all of state government, cutting more waste and investing the savings in California's people and their future.

Denise L. Jackson, Reform

P.O. Box 45871, Los Angeles, CA 90045-0871
(714) 871-4526; mpmp92a@prodigy.com

The United States was built on the concept of *citizen government*. We are drifting away from this concept. Politicians argue about taxes, government programs, spending and waste. Citizens have no visibility of the flow of money through government. A *'voter financial statement'* giving an overview of California's finances, as well as each department's finances, provides all an opportunity to learn the truth. The Controller must produce coherent financial statements that the average person understands. While maintaining strong fiscal controls and internal audits, the Controller's office must not impose the accountant's language on the voters. *Citizens need basic knowledge of the sources and use of California State funds to effectively participate in their government.* I am a systems analyst with 25 years experience in business and financial systems. As State Controller, I will work to create a *'voter financial statement'* written in *plain English*. It will *include a big picture* statement of all California State government revenue sources and spending. I will insist that all financial statements are produced *on time and are available in every public library and on Internet*. Let's work together to make government responsible to its citizens. Reform in government will come when citizens vote for reform.

Pamela J. Pescosolido, Libertarian

Visalia, CA
(209) 592-5179

The Controller is the watchdog of all taxpayers' money in California. As a self-employed business owner as well as the bookkeeper for 20 citrus ranches, I am well-qualified to audit state agencies and fight fraud, waste and mismanagement. In fact, I am a bureaucrat's worst nightmare. I will not issue checks for any functions that violate the state or federal constitution. I was trained as an attorney and am very familiar with the legal rights of taxpayers. As a member of the Board of Equalization, I will be the taxpayer's friend, giving the taxpayer the benefit of the doubt in tax disputes with state government. I oppose the issuing of government bonds for any purpose, as this financing method almost doubles the cost of any government project and forces debt on our children and grandchildren. I will work to cut the size and scope of state government. My goal is to repeal the state income tax and sales tax. Only Libertarians believe you have the right to keep the money you earn. Most government services can be better provided by private companies and free-market competition. The Libertarian alternative is the only alternative to politics as usual. Please join us.

Iris Adam, Natural Law

4965 Paseo Dali, Irvine, CA 92612
(949) 509-7555; http://www.natural-law.org

I am Manager of the Department of Economics at the University of California, Irvine. My vision is for prevention-oriented government, conflict-free politics and proven solutions to America's economic problems by cutting taxes deeply and responsibly while simultaneously balancing the budget through cost-effective solutions to America's problems, rather than by cutting essential services. Extensive scientific research and decades of experience in the public and private sectors show that technologies that harness natural law—nature's intelligence—can solve the critical problems and improve the quality of life for everyone in society.

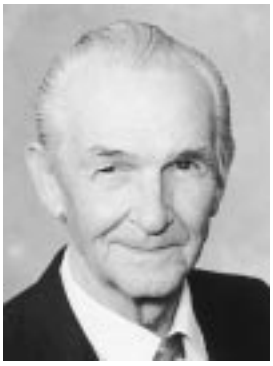
CANDIDATE STATEMENTS

Treasurer

- ✓ As the state's banker, manages the state's investments.
- ✓ Administers the sale of state bonds and notes and is the investment officer for most state funds.
- ✓ Chairs or serves on several commissions, most of which relate to the marketing of bonds.
- ✓ Pays out state funds when spent by the Controller and other state agencies.

Edmon V. Kaiser, American Independent

6278 N. Spalding Ave., Fresno, CA 93710-5722
(209) 432-7964; Evkaiparty@aol.com; http://members.aol.com/evkaiparty



I am able to serve. I am willing to serve, (for a limited time). I do not seek this office for the purpose of furthering my career in politics. I am interested in the proper functioning of government agencies for the benefit of all constituencies. I am a Doctor of Chiropractic, mostly retired after forty years in the health care profession. I am an Army Air Corp Veteran of W. W. II. I am a native Californian. I am or have been an active member of patriotic organizations, labor unions, Lions Club, Moose Fraternity, a county taxpayers association, and professional organizations. I have considerable knowledge of economics and government. My marriage of more than fifty years was ended by the death of my wife in 1996. It has been stated that I am a Christian gentleman. I am a gentleman due to good teachers who taught me good things, and as an air crew officer candidate, declared a gentleman by an act of congress. I am Christian by choice, responding to the wonderful mercy, grace, and love of Almighty God. Please investigate and support The American Independent Party. For State Treasurer, Be Wiser! Vote Ed Kaiser.

Jan B. Tucker, Peace and Freedom

10153½ Riverside Dr., #374, Toluca Lake, CA 91602-2533
(818) 830-2794, Ext. #4; 76170.1423@compuserve.com;
http://ourworld.compuserve.com/homepages/janbtucker

I graduated *cum laude*, B.A. in Political Science & Chicano Studies, 1977 and completed 22 units, 4.0 GPA towards M.A. special major, CSU Northridge. I'm Co-President of San Fernando Valley NOW, Political Action Chairperson of SFV NAACP, Vice-President of Save the Animals Fund, L.A. County Federation of Labor Delegate for Newspaper Guild, Communication Workers of America. Our State Teacher Retirement System is 10th largest investor in UNOCAL, which economically supports the Turkish blockade of Armenia and attacks on Kurds, Burmese dictatorship, anti-woman Afghan Taliban government. I'll oppose UNOCAL with stockholder resolutions or divestiture if necessary. I'll use California's economic investment power to attack MediaNews Group union busting/sex discrimination at Oakland Tribune, L.A. Daily News, Long Beach Press Telegram and oppose companies blocking unionization by the United Farmworkers of agricultural workers. I won't tolerate investment in companies which discriminate, harm the environment, permit sexual harassment, or fight unionization. California pensions should vote to break the ''glass ceiling'' keeping women/minorities off corporate boards. I've proposed legislation to prohibit California cities from licensing suspended corporations. This will stop the Los Angeles Police Commission from licensing corporations that owe millions in back taxes to California, making them pay or shut down.

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Jon Petersen, Libertarian

10749 Pine Hill Drive, Grass Valley, CA 95945-8728
(530) 272-9320; jonlp@jps.net; http://www.jps.net/jonlp

As an experienced treasurer, manager, computer programmer, and leader, I have worked with financial systems, community groups, statewide organizations, economic development, and city budgets. I am well prepared to be California's next State Treasurer. As your treasurer, I will adopt policies that put more money in your pocket, enhance cordial relations among diverse communities, reduce government interference in your affairs, foster individual rights, monitor all bonds, and challenge every lease-revenue bond having no direct revenue source. Leading by example, the Treasurer's office will trim the size and scope of government. Natural attrition and competitive contracting will reduce costs without reducing efficiency. Above all, the Treasurer's office will respect each individual while serving the public. Further, I pledge to join voters in creating abundance and harmony for all. In 1996 the Libertarian Party was the *only* one to endorse both the medical marijuana and equal rights initiatives. I think that shows how well the Libertarian Party is in tune with the voters, and I am proud to have produced abundance and harmony there. Now, as then, *you* can help make abundance and harmony truly be for all—Vote Libertarian—Vote ''Jon Petersen for State Treasurer!''

Curt Pringle, Republican

12865 Main Street, Suite 101, Garden Grove, CA 92840
(714) 539-7605; jeff@pringle.org; www.pringle.org

My fiscally conservative record as the Speaker of the California State Assembly and my private sector experience as a small businessman are the best qualifications for State Treasurer. As Assembly Speaker, we improved the business climate for job creation, cut the state income tax, reduced class sizes in our schools, and got tough on criminals—resulting in a drop in the crime rate. In addition, we saved taxpayer dollars by cutting government spending and reforming welfare—saving millions more. I am most proud of the $1 billion tax cut I successfully negotiated that will reduce the tax burden on California's families. I will continue my commitment to serving the taxpayers of California as your State Treasurer. As treasurer you can count on me to ensure your tax dollars are used conservatively and wisely. We will prudently invest in the California dream and expand opportunities for families to control their own futures. Government can and should do its job and provide better services to taxpayers for less money. I have been endorsed by the current State Treasurer, Matt Fong, and taxpayer groups from throughout California. I hope I have earned your trust and support as well.

J. Carlos Aguirre, Natural Law

I am a Vice President and co-founder of a 17-year old Santa Ana-based mailing service company now producing $9 million annually in revenue. My instrumental role in creating and growing the business and my current responsibilities as Vice President, have given me extensive experience in managing investments and improving corporate efficiency. As Treasurer I will cut wasteful government spending and invest your tax dollars to maximize revenue—revenue that can support proven, prevention-oriented solutions to California's problems. As a native Californian with a 7-year old in public schools, I am deeply committed to accomplishing these goals.

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Phil Angelides, Democratic

2424 K Street, Suite 200, Sacramento, CA 95816
(916) 448-1998; philca98@ix.netcom.com; www.angelides.org

Protecting your tax dollars and investing more in California will be my top priorities as Treasurer. As an experienced financial manager, I will work to save millions of dollars by cutting waste, investing wisely, and restoring our credit rating (now third worst in the nation). Since 1993, over $30 billion of our State's portfolio has been invested overseas, often in unstable and risky places, with much lower yields than domestic investments. *I will put California first—investing funds safely and building our economy.* My eight years in state government, working on budget and finance matters, and my fourteen years in the private sector, building my own successful investment company, have prepared me to serve as Treasurer. My financial management skills will enable me to cost effectively finance our state's school repair and construction needs and critical traffic improvements. My wife Julie and I, and our three daughters, are native Californians. I am proud of my community efforts to improve our schools, parks, and public library. I am appreciative of the 3.4 million votes which I received for Treasurer in 1994. *I am endorsed by California's teachers, firefighters, organizations representing over 100,000 police officers, and business leaders from both parties.*

CANDIDATE STATEMENTS

Attorney General

- ✓ As the chief law officer, ensures that the laws of the state are uniformly and adequately enforced.
- ✓ Heads the Department of Justice, which is responsible for providing state legal services and support for local law enforcement.
- ✓ Acts as chief counsel in state litigation and serves as legal advisor to the Governor, Legislature, boards, commissions and agencies.
- ✓ Oversees law enforcement agencies, including District Attorneys and Sheriffs.

Bill Lockyer, Democratic

1230 H Street, Sacramento, CA 95814
(916) 444-1755; Bill@LockyerforAG.com; LockyerforAG.com

As Senate President, I *toughened penalties* for wife beaters, drunk drivers and drug dealers. I wrote ''three strikes'' legislation for violent criminals *and the law denying parole to those convicted of sex crimes against children*. I restored our right to prosecute juvenile murderers as adults. *The Chief Justice of California's Supreme Court thanked me for streamlining death penalty appeals*. He called my court reform ''one of the most important reforms for California Courts this century.'' *I'm proud that over 100,000 police and deputy sheriffs support me*. For 25 years, I've defended the environment, *a woman's right to choose*, protected consumers from fraud, the elderly from abuse, and patients' health care rights. This year, I was named ''California's Legislator of the Year'' for my ''hard work and integrity.'' *As Attorney General, I will protect children . . . removing guns from schools*, collecting child support from dead-beats, and intervening with high-risk kids before they commit crime. *Too many politicians take credit for statistics that say crime is down*. Too few take responsibility for threats people still face everyday. I am determined to be *the people's lawyer* . . . standing up for the men and women who patrol our streets and *prosecuting those who harm others*.

Diane Templin, American Independent

1016 Circle Drive, Escondido, CA 92025
(760) 480-0428; rjtemp@flashnet.com; www.adnc.com/web/templin

As Californian's Attorney General, I will vigorously enforce the law to safeguard our God-given and Constitutional Rights to Life, Liberty and Property and will give top *priority* to *prosecuting all crimes of violence*. Juvenile delinquents and gang members, and their parents, must be held accountable and required to make *restitution* to their victims. Prisons are a necessity to safeguard society, but they are not the answer to crime reduction. I will actively support *prevention alternatives* such as restoring families, nutrition, exercise, meaningful education and employment, community involvement, spiritual programs and other *common sense solutions*. I will be Fair, Firm and Impartial with *Justice for All*—Not ''Just Us'' in the tradition of the ''good old boys''. I have had 24 years experience as an attorney doing criminal, civil, family and constitutional law. I have been a foster parent to 67 children while raising my daughter. I am the *only true pro-life and pro-2nd amendment constitutionalist candidate*. I ask for your vote to make California a safer place to live, work and raise children. My Campaign Slogan: Its Time for Templin. *Our rights are our might—our votes are our voice. Templin for Attorney General is the right choice.*

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Joseph S. Farina, Libertarian

8193 Bantry Court, Sacramento, CA 95829
(916) 685-1392; johnhenr@cwo.com; www.jps.net/sactolp/jfarina

My name is Joseph S. Farina and I am the Libertarian candidate for Attorney General. I was born in 1958 and after completing high school, enlisted in the U.S. Army. I spent three years on active duty and completed my military service in February 1982, at which time I received my honorable discharge. In August 1979, I entered college at the University of Maryland, where I majored in American History. I received my B.A. in August 1982 and several months later, moved to California. In August 1983, I entered the Santa Clara University School of Law. I received my J.D. in May 1986 and then moved to Sacramento with my wife Ann. I was admitted to practice in June 1987 and since 1993, have operated a law practice wherein I represent ordinary citizens involved in criminal and civil matters. My political philosophy is predicated on a strong belief in the free market, individual rights and personal responsibility, which give me a unique perspective on enforcing laws and regulations which impact on the average citizen. Moreover, my belief that the Attorney General's Office must work with community leaders in solving local problems is my strongest qualification.

Robert J. Evans, Peace and Freedom

1736 Franklin Street, 10th Floor, Oakland, CA 94612
(510) 238-4190; evans@peaceandfreedom.org;
http://www.peaceandfreedom.org/evans.htm

Vote for progress, not prisons. A criminal defense lawyer since 1971, I know the ''lock 'em up'' approach to crime, such as the ''Three Strikes'' law, is a failure. An opponent of the death penalty, I know that state-sponsored killing is worse than a failure. *Nobody will be executed while I am Attorney General*. I will lead in finding real solutions to the poverty, hopelessness and powerlessness that breed drug addiction and crime, while prosecuting the *real* criminals who cheat workers and consumers. I support quality food, housing and health care for all. I will *defend* the Constitution, and protect, not weaken, your Constitutional rights to be safe in your homes and on the streets from illegal government conduct. I will not defend unconstitutional police conduct in court. I will defend the rights of workers in their efforts to gain a better life through organization. Where workers or their supporters are sued for picketing, boycotts, or strikes, I will intervene to support them. I will defend women's reproductive freedom: both the right to abortion and the right of mothers to support and quality health care. Society's long-term problems require a long-term solution: an economy owned and controlled by workers.

Dave Stirling, Republican

P.O. Box 1863, Sacramento, CA 95812
(916) 444-2523; http://www.dave4ag.org

As Chief Deputy Attorney General for 7 years, I've been responsible for managing the Department of Justice's 4,200 employees, including 900 deputy attorneys general and 500 peace officers. Crime rates have dropped to their lowest levels in thirty years because we have finally toughened our crime laws. I am uniquely qualified with my broad experience as a private attorney; state legislator; General Counsel, Agricultural Labor Relations Board; and Superior Court Judge. I helped write ''Three Strikes, You're Out'' repeat offenders law; Megan's law against sexual predators; and the death penalty laws. I believe if we can teach our kids that a future in criminal activity is a dead-end street, then maybe we can ultimately save the lives of not only future victims, but of the potential criminals themselves. The Attorney General must also ensure that the resources and power of government are used reasonably to protect the people of California where they cannot adequately protect themselves—such as environmental and consumer protection. I am extremely proud that Attorney General Dan Lungren, former Governor George Deukmejian, crime victims groups and law enforcement leaders throughout California are supporting my campaign. I hope I can count on your support as well.

CANDIDATE STATEMENTS

Insurance Commissioner

- ✓ Oversees and directs all functions of the Department of Insurance.
- ✓ Licenses, regulates and examines insurance companies.
- ✓ Answers public questions and complaints regarding the insurance industry.
- ✓ Enforces the laws of the California Insurance Code and adopts regulations to implement the laws.

Barbara Bourdette, Natural Law

(619) 792-5573; ebourdette@aol.com

Insurance can be affordable and cover the basic needs of all Californians. My 28 year involvement in preventive health programs has lead me to believe that affordable health care, with prevention as a core element, can improve health, reduce costs, and lower insurance rates. Millions of Californians currently favor this approach. I have been a corporate manager and a small business owner and this gives me an understanding of the necessity for low cost, no fraud insurance. I would be resolute in the enforcement of prop 103 and continue to monitor compliance. I would work to create auto insurance policies with lower limits, making it more affordable. Driving is a privilege, not a right, and auto insurance coverage should be a prerequisite before getting a driver's license. Homeowner's policies are still too high and although some progress has been made in providing Earthquake coverage, the limits are still too low and the rates too high. Cooperation between state agencies and private insurance companies would provide more reasonable and adequate coverage. Because I'll not accept PAC money for my campaign, I would remain completely impartial; not beholden to special interests. I would expand the fraud division and vigorously pursue consumer complaints.

Chuck Quackenbush, Republican

1801 I Street, Suite 200, Sacramento, CA 95814
(916) 449-2956

When I took office, I promised tougher enforcement, lower rates and greater competition in the insurance industry. Four years later, here are the facts: *Enforcement is up!* Auto insurance fraud arrests are up more than 50%. We have levied more than $29 million in fines against 56 different insurance companies, a 383% increase compared to the previous commissioner's entire term. We've also punished companies that ripped-off policyholders and returned more than $100 million to consumers sold useless insurance and worthless investments. *Auto insurance rates are down!* I've required insurance companies to rebate more than $765 million to consumers and increased competition, allowing more good companies to serve California. The number of uninsured motorists is down 30% since I took office, and I'm developing a low-cost auto insurance policy for Californians who need it. My Proposition 213 law is saving over $400 million every year by prohibiting drunk drivers and uninsured motorists from filing ''pain and suffering'' lawsuits. I've led a national effort to ensure that any insurance company that denied payment of claims to Holocaust victims will be held accountable. With your support, we'll keep enforcement up, rates down and increase competition throughout California.

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Merton D. Short, American Independent

P.O. Box 180, Durham, CA 95938
(530) 345-4224; MertFly@aol.com; http://www.wordpr.com/aip

I have become increasingly concerned that those we have elected as our servants have not upheld their sworn oath to support and defend the Constitution of the United States and the Constitution of the State of California. This needs to be brought under control particularly as related to our unconstitutional debt money and tax methods. As your insurance commissioner, I invite you to join me in regaining that control while fulfilling a fair relationship between the insurance companies and their customers.

Gary R. Ramos, Peace and Freedom

P.O. Box 911355, Commerce, CA 90040
(818) 830-2794, ext. #4; harley64@aol.com; http://ourworld.compuserve.com/homepages/janbtucker

I was a United Automobile Workers (AFL-CIO) shop steward and union activist at the General Motors plants in South Gate and Van Nuys until the company downsized them out of existence. Now, I'm a private investigator licensed by the California Bureau of Security & Investigative Services. I regularly give investigative support to unions and to people fighting police abuse. As a private investigator, I have experience in all aspects of insurance related litigation issues, including vehicle/personal injury investigations, workers compensation, and business fraud investigation. I have hands on experience at combating insurance fraud and unethical practices by insurance companies, working for both plaintiffs and defendants. I'll halt Insurance Department attacks on motorcycle clubs which waste hundreds of thousands on useless prosecutions: one paid ''Judas'' received thousands of taxpayer dollars to entrap law-abiding motorcycle enthusiasts. The Insurance Department and local law enforcement instigated these prosecution efforts for political publicity. I support DMV non-profit auto insurance and California single-payer health insurance. I'll seek to criminalize insurance sales by non-admitted carriers in California, to make private investigator fees for combating insurance fraud fully recoverable in civil and administrative actions, and prohibit auto insurance premium rating based on anything other than driving record.

Diane Martinez, Democratic

P.O. Box 1386, Rosemead, CA 91770
(323) 721-8299; campaigndm@aol.com; www.InsuranceCommissioner.com

Voters established the Office of State Insurance Commissioner to protect consumers from skyrocketing insurance rates. I have a proven record fighting for consumers in both private industry and the State Assembly. I spent seven years in the private sector fighting the multi-billion dollar telecommunications industry to keep telephone rates down and to prevent billing fraud. As Chairperson of the Assembly Utilities and Commerce Committee, I have fought hard against California's big utility monopolies, earning a reputation as the legislature's toughest consumer advocate. I have been a leader in the fight to reform HMO's, to protect newborns and their mothers from being pushed out of the hospital too soon and to guarantee a patient the right to a second opinion. I have fought to protect the elderly who are abused and ripped off. And while millions of dollars in political contributions are donated by the insurance companies seeking favorable treatment from insurance regulators and legislators, my campaign for Insurance Commissioner is not being funded by the insurance companies or their lobbyists. I will be your Insurance Commissioner . . . not the Insurance Companies'. I will continue to lead the fight for California Consumers.

Dale F. Ogden, Libertarian

3620 Almeria Street, San Pedro, CA 90731-6410
(310) 547-1595; dfo@inreach.com; http://home.inreach.com/dfo/ogden98

Since the passage of Proposition 103, California insurance regulation has been a national embarrassment. California's insurance laws and regulations have led to higher costs and shortages in many types of insurance. I strongly support the free market, where people make important decisions without government involvement. Though food is vital, there is no Grocery Department or Grocery Commissioner. Yet insurance, not as important, is regulated by an elected politician who uses the office to advance his career. My goal is to allow the free market to rule, giving consumers more choices and lower prices for auto, property, life, and health insurance. If unable to eliminate the insurance department (my preference), I will reduce its budget by $100 million (80%) to the level of ten years ago. I am an independent insurance consultant and actuary with professional credentials in property & casualty and life & health insurance. I have consulted with the federal government and the executive and legislative branches of several state governments to promote free market-oriented laws and regulations. I have the knowledge and independence, and more importantly, the desire, to do the job that needs to be done to restore competence and integrity to the Insurance Commissioner's Office.

CANDIDATE STATEMENTS

Superintendent of Public Instruction

PLEASE NOTE: THIS IS A NON-PARTISAN OFFICE

- ✓ As chief spokesperson for public schools, provides education policy and direction to local school districts.
- ✓ Directs the Department of Education, executing the policies set by the State Board of Education.
- ✓ Serves as an ex-officio member of the governing boards of the state's higher education system.
- ✓ Works with the educational community to improve academic performance.

Gloria Matta Tuchman

P.O. Box 1652, Tustin, CA 92680
(714) 862-4155; gloria@gmt4spi.com; www.gloria98.org

I believe in safe schools, where students can learn and parents do not worry about guns, knives and drugs on the school grounds. I believe schools should have qualified teachers teaching, in English, a strong back-to-basics curriculum in reading, writing, science and math. I want all students to have textbooks and access to modern technology. I've long been an advocate of class size reduction, proponent of a longer school year and an opponent of social promotion. I believe our schools top priority should be to prepare students to compete in the workplace. I want our graduates to be capable of completing job applications; or starting college without being forced into remedial courses. I support statewide testing in English to determine what works in our schools, and what doesn't work so we know what to change. For 33 years I have been an educator. Elected to the Tustin Board of Education twice, I also served as its President. I served on three presidential education reform boards and was Co-Chairman of Proposition 227, the ''English for the Children'' initiative. I believe California's Department of Education should be accountable to parents and taxpayers for the quality of education our children receive.

Delaine Eastin

965 Mission Street, Suite 400, San Francisco, CA 94103
(415) 512-1032; eastin98@aol.com; http://www.eastin98.com

As a former teacher and businesswoman, I know what works in the classroom and how to get results. That's why I fought the Governor and the Legislature to get smaller classes and higher standards. I pushed for character education in our classrooms. Our children need to learn discipline, responsibility and respect. That's why I support a zero tolerance policy for kids involved in drugs or gangs. And that's why I pushed for a new statewide testing system for students and tougher standards for beginning teachers. School reform can succeed, but not if we fail to raise school funding. Right now, California is dead last in funding per pupil among the 10 largest states. That's a disgrace and I need your help to change it. Yes, too many of California's public schools are failing our children. We need fundamental change, but we cannot sell out or sell off the public schools. Please join the Los Angeles Times, the San Francisco Chronicle, the Sacramento Bee, Senator Dianne Feinstein, teachers, high tech leaders, and the American Association of University Women in supporting me and my fight to give our kids the quality education they deserve.

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Justices of the Supreme & Appellate Courts

The Secretary of State has produced a judicial information handbook that contains more information about the Supreme Court Justices and the Appellate Court Justices who will be on the ballot. This handbook is available on our web site or by calling our toll-free voter line:

http://www.ss.ca.gov

(800) 345-VOTE

THE ELECTORAL PROCEDURE

Under the California Constitution, Justices of the Supreme Court and the courts of appeal are subject to confirmation by the voters. The public votes ''yes'' or ''no'' on whether to retain each justice.

These judicial offices are nonpartisan.

Before a person can become an appellate justice, the Governor must submit the candidate's name to the Judicial Nominees Evaluation Commission, which is comprised of public members and lawyers. The commission conducts a thorough review of the candidate's background and qualifications, with community input, and then forwards its evaluation of the candidate to the Governor.

The Governor then reviews the commission's evaluation and officially nominates the candidate, whose qualifications are subject to public comment before examination and review by the Commission on Judicial Appointments. That commission consists of the Chief Justice of California, the Attorney General of California, and a senior Presiding Justice of the Courts of Appeal. The Commission on Judicial Appointments must then confirm or reject the nomination.

Only if confirmed does the nominee become a justice.

Following confirmation, the justice is sworn into office and is subject to voter approval at the next gubernatorial election, and thereafter at the conclusion of each term. The term prescribed by the California Constitution for justices of the Supreme Court and courts of appeal is 12 years. Justices are confirmed by the Commission on Judicial Appointments only until the next gubernatorial election, at which time they run for retention of the remainder of the term, if any, of their predecessor, which will be either four or eight years. (Elections Code Section 9083.)

Justices of the Supreme Court

Ronald M. George, Chief Justice of the California Supreme Court

BAR ADMISSION:
Admitted to the California Bar in 1965.

EDUCATION:
J.D., Stanford Law School, 1964; B.A., Princeton University, 1961.

PROFESSIONAL LEGAL BACKGROUND:
Criminal Prosecutor: Deputy Attorney General, California Department of Justice, 1965–72. (Administrative Assistant in charge of Los Angeles office, 1971).

JUDICIAL BACKGROUND:
Chief Justice, Supreme Court of California, appointed March 28, 1996, confirmed by Commission on Judicial Appointments, May 1, 1996; Associate Justice, Supreme Court of California, appointed July 29, 1991, confirmed by Commission on Judicial Appointments, September 3, 1991, elected 1994; Associate Justice, Court of Appeal, Second Appellate District, appointed July 23, 1987, confirmed by Commission on Judicial Appointments, August 27, 1987, elected 1990; Judge, Superior Court, Los Angeles County, appointed December 23, 1977, elected 1978 and 1984; Supervising Judge: Criminal Division 1983–84; Civil Assignments, 1985–87; Member, court's Executive Committee, 1983–84; Judge, Los Angeles Municipal Court, appointed April 20, 1972, elected 1976; Supervising Judge: Criminal Division, 1977, and West Los Angeles Branch Court, 1974–75.

Janice Rogers Brown, Associate Justice of the California Supreme Court

BAR ADMISSION:
Admitted to California Bar in 1977.

EDUCATION:
J.D., University of California, Los Angeles, School of Law, 1977; B.A. California State University, Sacramento, 1974.

PROFESSIONAL LEGAL BACKGROUND:
Legal Affairs Secretary for Governor Wilson, Sacramento, 1991–94. Private Law Practice, Sacramento, 1989–91 (Senior Associate). Deputy Secretary and General Counsel, California Business, Transportation & Housing Agency, Sacramento, 1987–89. Deputy Attorney General, California State Department of Justice, Sacramento, 1979–87. Deputy Counsel, Legislative Counsel Bureau, Sacramento, 1977–79.

JUDICIAL BACKGROUND:
Associate Justice, Supreme Court of California, appointed May 2, 1996. Associate Justice, Court of Appeal, Third Appellate District, appointed October 21, 1994, confirmed by Commission on Judicial Appointments, November 4, 1994.

Ming William Chin, Associate Justice of the California Supreme Court

BAR ADMISSION:
Admitted to California Bar in 1970.

EDUCATION:
1964-Completed Bachelor of Arts in Political Science from the University of San Francisco, Member of the National Jesuit Honor Society, Alpha Sigma Nu; 1967—Completed Juris Doctorate degree, University of San Francisco School of Law.

PROFESSIONAL LEGAL BACKGROUND:
1970–1972, Deputy District Attorney, Alameda County (felony and misdemeanor trials); 1973–1988, Private Law Practice, Aiken, Kramer & Cummings; Partner 1976.

JUDICIAL BACKGROUND:
Associate Justice, Supreme Court of California, appointed March 1, 1996, confirmed and sworn in March 1, 1996; Presiding Justice, First District Court of Appeal, Division Three, appointed August 17, 1994, confirmed by Commission on Judicial Appointments, August 19, 1994, elected 1994; Associate Justice, First District Court of Appeal, Division Three, appointed August 7, 1990, confirmed by Commission on Judicial Appointments, August 20, 1990, elected November 1990; Alameda County Superior Court, appointed January 6, 1988, elected November 1990.

Stanley Mosk, Associate Justice of the California Supreme Court

BAR ADMISSION:
Admitted to California Bar in 1935.

EDUCATION:
Ph.B. University of Chicago; law schools: University of Chicago and J.D. Southwestern University (Los Angeles); The Hague Academy of International Law.

PROFESSIONAL LEGAL BACKGROUND:
Law practice in Los Angeles; Legal Assistant to Governor of California 1939–1943; Attorney General of California and head of State Department of Justice, 1959–1964; represented California before U.S. Supreme Court.

JUDICIAL BACKGROUND:
Judge, Superior Court, Los Angeles, 1943–1958; pro tem Justice Court of Appeal, 1954; Justice, California Supreme Court, 1964–present.

County Elections Officials

Alameda County
1225 Fallon St., Rm. G-1
Oakland, CA 94612
510-272-6973
www.co.alameda.ca.us/rov

Alpine County
P.O. Box 158
Markleeville, CA 96120
530-694-2281

Amador County
500 Argonaut Lane
Jackson, CA 95642
209-223-6465

Butte County
25 County Center Drive
Oroville, CA 95965
530-538-7761
http://elections.co.butte.ca.us

Calaveras County
891 Mountain Ranch Road
San Andreas, CA 95249
209-754-6376

Colusa County
546 Jay Street
Colusa, CA 95932
530-458-0500

Contra Costa County
524 Main St.
Martinez, CA 94553
510-646-4166
www.co.contra-costa.ca.us

Del Norte County
450 H St., Rm. 182
Crescent City, CA 95531
707-464-7205

El Dorado County
2850 Fairlane Court
Placerville, CA 95667
530-621-7481
http://www.el-dorado.ca.us/~edced

Fresno County
2221 Kern Street
Fresno, CA 93722
209-488-3246
http://www.fresno.ca.gov

Glenn County
516 W. Sycamore Street
2nd Floor Courthouse Complex
Willows, CA 95988
530-934-6414

Humboldt County
3033 H Street, Rm. 20
Eureka, CA 95501
707-445-7678

Imperial County
939 Main Street, B4
El Centro, CA 92243
760-339-4228

Inyo County
168 N. Edwards St.
Independence, CA 93526
760-878-0223

Kern County
1115 Truxtun Ave.
Bakersfield, CA 93301
805-868-3590
www.kerncounty.com

Kings County
610 N. Campus Dr.
Hanford, CA 93230
209-582-3211 x4401

Lake County
255 N Forbes Street, Room 209
Lakeport, CA 95453
707-263-2372

Lassen County
220 S. Lassen St., Ste. 5
Susanville, CA 96130
530-251-8217

Los Angeles County
12400 Imperial Highway
Norwalk, CA 90650
562-466-1310
or 562-466-1323
http://www.co.la.ca.us/regrec/main.htm

Madera County
209 W. Yosemite Ave.
Madera, CA 93637
209-675-7720

Marin County
3501 Civic Center Dr. #121
San Rafael, CA 94913
415-499-6456
http://marin.org/mc/clerk/elections

Mariposa County
4982 10th Street
Mariposa, CA 95338
209-966-2007

Mendocino County
501 Low Gap Rd., #1020
Ukiah, CA 95482
707-463-4371
www.pacific.net/~mendocty/depts/clrkrec/recindex.htm

Merced County
2222 M Street, Rm. 14
Merced, CA 95340
209-385-7541
http://www.co.merced.ca.us

Modoc County
204 S. Court Street
Alturas, CA 96101
530-233-6201

Mono County
Annex 2, Bryant St.
Bridgeport, CA 93517
760-932-5241

Monterey County
1370 B South Main St.
Salinas, CA 93901
831-755-5085
http://tmx.com/monterey

Napa County
900 Coombs Street, #256
Napa, CA 94559
707-253-4321

Nevada County
HEW Building, Suite E
10433 Willow Valley Rd.
Nevada City, CA 95959-2347
530-265-1298
http://www.nccn.net/govrnmnt/election

Orange County
1300 S. Grand Bldg. C
Santa Ana, CA 92705
714-567-7600
http://www.oc.ca.gov/election/

Placer County
2956 Richardson Dr.
Auburn, CA 95603
530-886-5650

Plumas County
520 Main Street, Rm. 104
Quincy, CA 95971
530-283-6256
pccr@psln.com

Riverside County
2724 Gateway Drive
Riverside, CA 92507-0918
909-486-7200
or 800-773-VOTE
www.co.riverside.ca.us /election

Sacramento County
3700 Branch Center Road
Sacramento, CA 95827
916-875-6451
www.co.sacramento.ca.us /elections

San Benito County
440 Fifth Street, Rm. #206
Hollister, CA 95023-3843
408-636-4016

San Bernardino County
777 East Rialto Avenue
San Bernardino, CA 92415-0770
909-387-8300
www.co.san-bernardino.ca.us/rov

San Diego County
5201 Ruffin Rd., Ste. I
San Diego, CA 92123
619-565-5800
www.sdvote.com

San Francisco County
633 Folsom St., Ste. 109
San Francisco, CA 94107
415-554-4375

San Joaquin County
212 North San Joaquin St.
Stockton, CA 95202
209-468-2890

San Luis Obispo County
1144 Monterey St., Ste. A
San Luis Obispo, CA 93408
805-781-5228

San Mateo County
40 Tower Road
San Mateo, CA 94402
650-312-5222
http://www.care.co.sanmateo.ca.us

Santa Barbara County
1100 Anacapa Street
Santa Barbara, CA 93101
805-568-2200
http://www.sb-democracy.com

Santa Clara County
1555 Berger Dr. Bldg. 2
San Jose, CA 95112
408-299-8302
http://claraweb.co.santa-clara.ca.us/rov/rov.htm

Santa Cruz County
701 Ocean St., Rm. 210
Santa Cruz, CA 95060
831-454-2060
http://www.co.santa-cruz.ca.us

Shasta County
1643 Market Street
Redding, CA 96001
530-225-5730

Sierra County
Courthouse Room 11
PO Drawer D
Downieville, CA 95936
530-289-3295

Siskiyou County
311 4th Street, Rm. 201
Yreka, CA 96097
530-842-8086

Solano County
510 Clay Street
Fairfield, CA 94533
707-421-6675
www.co.solano.ca.us /elections

Sonoma County
435 Fiscal Drive
Santa Rosa, CA 95403
707-527-1800
800-750-VOTE
707-527-3900 (TDD)
www.sonoma-county.org

Stanislaus County
1021 I Street, Ste. 101
Modesto, CA 95354
209-525-5200

Sutter County
433 Second Street
Yuba City, CA 95991
530-822-7122

Tehama County
633 Washington St., Rm. 33
Red Bluff, CA 96080
530-527-8190

Trinity County
101 Court Street
Weaverville, CA 96093
530-623-1220

Tulare County
221 S Mooney Blvd. Rm. G28
Visalia, CA 93291-4596
209-733-6275
http://tmx.com/tulare

Tuolumne County
Administration Center
2 S Green Street
Sonora, CA 95370-4696
209-533-5570

Ventura County
800 South Victoria Avenue
Ventura, CA 93009
805-654-2781
http://www.ventura.org /election/elecidx.htm

Yolo County
625 Court Street, Rm. B-05
Woodland, CA 95695
530-666-8133
http://www.dcn.davis.ca.us /GO/Election

Yuba County
935 14th Street
Marysville, CA 95901
530-741-6545

Political Party Statements of Purpose

Libertarian Party

Around the country, more than 250 Libertarians are in office today, proving that libertarians can be idealistic, yet practical, and still get elected.

In California, Simi Valley and Moreno Valley City councilwomen Sandi Webb and Bonnie Flickinger are fine examples, as is Calaveras Board of Supervisor member Tom Tryon.

Do libertarians represent your viewpoint? Here's a simple test. In the 1996 election, did you support "both" Prop 209 (to end racial preferences) and Prop 215 (to legalize medical marijuana)? If so, you're a natural libertarian. Are you annoyed at incumbent politicians who keep trying to overturn these votes? Do you believe, like most people, that government usually does the wrong thing?

Join us. Help us end the state income tax. Help us reduce crime by ending the War on Drugs. Help us privatize education and safeguard the right to keep arms. Libertarians stand for free, peaceful people taking responsibility for their lives, their families and their communities. Libertarians support all ten of the Bill of Rights. Libertarians stand for freedom of choice.

If you always do what you've always done, you'll always get what you've always gotten.

Are you satisfied with government you're getting? If not, vote Libertarian.

MARK W.A. HINKLE, *Chair*
Libertarian Party of California
655 Lewelling Boulevard, Suite 362
San Leandro, CA 94579-9980
For information, call 1-800-ELECT-US
Web Address: http://www.ca.lp.org/

Democratic Party

Under the leadership of a Governor Gray Davis and U.S. Senator Barbara Boxer, we will dramatically improve our public schools.

Under Democratic leadership, California begins the next century with the:

- Best economy in a generation
- First balanced budget in 30 years
- Lowest crime rate in 24 years
- Lowest unemployment in 25 years, higher real wages
- Lowest taxes for working families
- Smallest class sizes, K–12
- State college and university tuitions reduced

To make California America's best state, Democrats say:

Make California Schools America's Best: Focus on results, accountability, and resources; Make a college education affordable;

Reform HMOs: Pass the Patients' Bill of Rights;

More cops on the beat, Assault weapons off the street;

Bring people together: Hate and discrimination don't create jobs or educate children;

Defend a woman's right to choose;

Protect Social Security and Medicare: Dignity for seniors;

Good jobs, good wages: Grow the economy;

Protect our coastline and our environment.

To join us in leading California into the 21st Century, call, write or e-mail:

SENATOR ART TORRES, (Ret.), *Chairman*
California Democratic Party
911 20th Street
Sacramento, CA 95814-3115
(916) 442-5707
FAX (916) 442-5715
info@ca-dem.org
www.ca-dem.org

Green Party

The Green Party's principles are expressed in our 10 Key Values: Ecological Wisdom, Grassroots Democracy, Social Justice, Nonviolence, Decentralization, Community-Based Economics, Feminism, Respect for Diversity, Personal and Global Responsibility, and Sustainability.

We advocate:

- Converting California's economy to long-term ecological sustainability.
- A livable wage and the right of all workers to organize.
- Ending corporate welfare.
- Universal health care, including holistic, integrative and mental health.
- Ensuring reproductive choice for all women.
- Increased educational funding, while allowing local schools to innovate.
- Increased funding of recently curtailed assistance programs to sustainable income levels.
- Affirmative action programs and an end to immigrant bashing.
- Proven bilingual education programs, and increased language training for all students.
- Decriminalizing drug use, funding proven treatment programs.
- A moratorium on prison construction.
- Ending the death penalty.
- Replacing winner-take-all election systems with proportional representation.
- Campaign finance reform which reduces the influence of money in politics.
- Ecologically sustainable land-use: urban, rural, agricultural.
- Preserving old growth forests.
- Promoting and protecting organic and family farming.
- Increasing public transit.
- Ending nuclear power. Supporting renewable energy: solar, wind and biomass.
- Taxing pollution, non-renewable energy and waste, rather than labor.
- Protecting children and youth from discrimination and exploitation.

GREEN PARTY OF CALIFORNIA
1008 10th Street, #482
Sacramento, CA 95814
(916) 448-3437
E-Mail: gpca@greens.org
Web Site: http://www.greens.org/california/

The order of the statements was determined by lot.
Statements were supplied by the political parties and have not been checked for accuracy by any official agency.

Reform Party

The purpose of the Reform Party of California is to build a party that represents the people, not special interests. We believe California and America needs a new choice to accomplish these goals:

- *Implement the peoples will when they pass propositions.*
- Work with all groups and cultures to implement fair and cost effective solutions *in all areas*—education, crime, . . .
- Review all current programs.
- Balanced, tailored trade to eliminate the trade deficit and promote the general welfare within the U.S.A.
- Term limits on Members of Congress.
- *Meaningful* campaign finance/election reform.
- Create a new, fair, paperless tax system.
- Accurate accounting of the budget (including "off-budget" items) and achieve true balanced budget.
- *Voter approval of all new taxes and fees.*
- 501-DMV fee reduction.
- *Local solutions to local problems.*
- Empower individuals.

In just 18 days the Reform Party qualified for the ballot, the fastest in California history. The Reform Party is the only major party not indebted to special interests, thus is better able to represent you.

Join us, help us build the future. Your ideas, your vote, your voice is what California needs. Register Reform, *vote Reform*, join a chapter. You can make a difference. *Let your voice be heard!*

VALLI SHARPE-GEISLER, *State Chair*
Reform Party of California
4718 Meridian Avenue, msc #228
San Jose, CA 95118
(408) 997-9267 Fax/Voice
888-8-2-REFORM
E-Mail: SiliconV@bena.com
Web Site: http://california.reformparty.org/

Republican Party

The California Republican Party is dedicated to improving our state government so that working families from every background have the opportunity to enjoy the American dream. Because of Republican leadership, California has:

— A Prosperous Economy
— The Lowest Crime Rate in a Generation
— More and Better Jobs
— Smaller Class Sizes for Students
— Lower Taxes and IRS Reform

California is America's finest state and the best place in the world to live, work and raise a family. Still, tax-and-spend politicians in Washington and Sacramento are threatening your opportunity to prosper in this great state. That's why Republicans Dan Lungren, Matt Fong and our GOP team will continue to fight for:

— World Class Schools
— Continued Economic Prosperity
— A Strong National Defense
— Victim's Rights and Tougher Laws
— Lower Taxes for Working Families

We are working to enhance our state's future and to ensure that *every* Californian has the opportunity to succeed. Please join us as we work together to build a brighter and better California.

MICHAEL J. SCHROEDER, *Chairman*
The California Republican Party
Ronald Reagan California Republican Center
1903 West Magnolia Boulevard
Burbank, CA 91506
(818) 841-5210
Web Site: www.cagop.org

Peace and Freedom Party

Peace and Freedom Party stands for democracy, ecology, feminism and socialism. We work toward a world where cooperation replaces competition; where all people are well fed, clothed and housed; where all women and men have equal status; a world of peace and freedom where every community retains its cultural integrity and lives with others in harmony. Our vision includes:

- Full employment with a shorter work week; double the minimum wage and index.
- Restore affirmative action.
- Representation in legislative bodies in proportion to the votes received.
- Abolish NAFTA/GATT/WTO/MAI.
- Self determination for all nations and people.
- Conversion from a military to a peace economy.
- Social ownership and democratic management of industry, resources and distribution.
- End homelessness; provide decent affordable housing for all; abolish vagrancy laws.
- Quality health care, education and transportation.
- Free birth control; abortion on demand; no forced sterilization.
- Restore and protect clean air, water, land and ecosystems; develop renewable energy.
- End discrimination based on race, gender, sexual orientation, age or disability.
- Defend and extend the Bill of Rights; oppose the phony drug war; legalize marijuana; decriminalize drug use (provide treatment).
- Abolish the death penalty and laws against victimless acts.
- Shift taxes to the rich for human needs.

C.T. WEBER, *State Chair*
Peace and Freedom Party of California
P.O. Box 741270
Los Angeles, CA 90004
(213) PFP-1998
Web Site: http://www.cruzio.com/~pfparty

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Natural Law Party

The Natural Law Party is America's fastest growing third political party, with principles and programs to revitalize America for the 21st century.

Natural law governs nature's functioning from atoms to galaxies; it supports the growth of innumerable species. By bringing life into accord with natural law, the Natural Law Party's principles and programs enable individuals to govern their lives as efficiently as nature governs the universe.

The Natural Law Party stands for prevention-oriented government, conflict-free politics, and proven solutions that bring national life into harmony with natural law:

- Natural health care programs to prevent disease, promote health, and cut health care costs by 50%
- Proven educational initiatives and curriculum innovations that develop students' inner creative genius and boost educational outcomes
- Effective, field-tested crime prevention and rehabilitation programs
- Sustainable agriculture practices to increase crop yields and profitability without chemical fertilizers and pesticides
- Protecting organic standards through a moratorium on genetically engineered foods
- Renewable energy production and energy conservation to reduce pollution and create national energy self-sufficiency
- Cutting taxes deeply and responsibly while simultaneously balancing the budget through cost-effective solutions to America's problems—not by eliminating essential services
- Reducing government waste and special-interest control of politics

NATURAL LAW PARTY OF CALIFORNIA
P.O. Box 50843
Palo Alto, CA 94303
(831) 425-2201
FAX (650) 852-9705
E-Mail: info@natural-law.org
Web Site: http://www.natural-law.org

American Independent Party

The American Independent Party, California Affiliate of the U.S. Taxpayers Party, believes in redeeming our Country by restoring the tenets of our U.S. Constitution and supports:

- The sanctity of human life, including the life of the unborn;
- Improved quality of public education as well as encouragement of private and home school alternatives;
- Control of crime, with stiff penalties for repeat offenders;
- Protection of the right of citizens to keep and bear arms as provided for in our Bill of Rights;
- Protection of American jobs from the foreign competition of NAFTA and GATT/WTO agreements;
- Control of immigration, legal and illegal, and denial of all tax funded benefits to illegal aliens;
- A debt free money system and abolishment of the I.R.S.;
- A non-interventionist foreign policy with a strong national defense free of waste and corruption.

We oppose any proposed revisions in the California Constitution which would limit the right to vote, impair the people's right of initiative, frustrate voter adopted term limits, make it easier for government to tax and spend or create non-responsive bureaucratic dominated regional governments.

We oppose government speculation with Social Security funds.

We oppose affirmative action programs which substitute racial favoritism for ability.

MERTON D. SHORT, *State Chairman*
American Independent Party
P.O. Box 180
Durham, CA 95938
(530) 345-4224
FAX (530) 345-4224
E-Mail: MertFly@aol.com
Web Site:http://www.wordpr.com/aip

The order of the statements was determined by lot.
Statements were supplied by the political parties and have not been checked for accuracy by any official agency.

A Description of State Ballot Measures

Legislative Bond Measure

Any bill that calls for the issuance of general obligation bonds must be adopted in each house of the Legislature by a two-thirds vote, be signed by the Governor and approved by a simple majority of the voters voting to be enacted. An overview of the state bond debt is included in every ballot pamphlet when a bond measure is on the statewide ballot.

Legislative Constitutional Amendment

This is an amendment to the California State Constitution that is proposed by the Legislature. It must be adopted in the Senate and the Assembly by a two-thirds vote of each house's members before being placed on the ballot. A legislative constitutional amendment does not require the Governor's signature. A simple majority of the public's vote enacts the amendment.

Legislative Initiative Amendment

Unless an initiative specifically allows for the Legislature to amend its provisions, the Legislature must submit any amendments to previously adopted initiatives it proposes to the voters. An amendment requires a majority vote of the Senate and Assembly and must be signed by the Governor. If the measure gets more yes than no votes on the ballot, it becomes law.

Initiative

Often called "direct democracy", the initiative is the power of the people to place measures on the ballot. These measures can include proposals to create or change statutes, amendments to the constitution or general obligation bonds. In order for an initiative that sets or changes state law to qualify to appear on the ballot, petitions must be turned in that have signatures of registered voters equal in number to 5% of the votes cast for all candidates for Governor in the last election. An initiative amending the State Constitution requires signatures equaling 8% of the gubernatorial vote. Again, the statewide vote to enact an initiative only requires a simple majority vote.

Referendum

Referendum is the power of the people to approve or reject statutes adopted by the Legislature, except those that are urgency, that call for elections, or that provide for tax levies or appropriations for usual current expenses of the state. Voters wishing to block implementation of a legislatively adopted statute must gather signatures of registered voters equal in number to 5% of the votes cast for all candidates for Governor in the last election within ninety days of enactment of the bill. Once on the ballot, the law proposed by the Legislature is blocked if voters cast more no votes than yes votes on the question.

Proposition 1: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 22 (Statutes of 1998, Resolution Chapter 60) expressly amends the California Constitution by amending a section thereof; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO SECTION 2 OF ARTICLE XIII A

SEC. 2. (a) The ~~full cash value~~ "*full cash value*" means the county assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975–76 full cash value may be reassessed to reflect that valuation. For purposes of this section, "newly constructed" does not include real property ~~which~~ *that* is reconstructed after a disaster, as declared by the Governor, where the fair market value of the real property, as reconstructed, is comparable to its fair market value prior to the disaster. Also, the term "newly constructed" ~~shall~~ *does* not include the portion of reconstruction or improvement to a structure, constructed of unreinforced masonry bearing wall construction, necessary to comply with any local ordinance relating to seismic safety during the first 15 years following that reconstruction or improvement.

However, the Legislature may provide that, under appropriate circumstances and pursuant to definitions and procedures established by the Legislature, any person over the age of 55 years who resides in property ~~which~~ *that* is eligible for the homeowner's exemption under subdivision (k) of Section 3 of Article XIII and any implementing legislation may transfer the base year value of the property entitled to exemption, with the adjustments authorized by subdivision (b), to any replacement dwelling of equal or lesser value located within the same county and purchased or newly constructed by that person as his or her principal residence within two years of the sale of the original property. For purposes of this section, "any person over the age of 55 years" includes a married couple one member of which is over the age of 55 years. For purposes of this section, "replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, and any land on which it may be situated. For purposes of this section, a two-dwelling unit shall be considered as two separate single-family dwellings. This paragraph shall apply to any replacement dwelling ~~which~~ *that* was purchased or newly constructed on or after November 5, 1986.

In addition, the Legislature may authorize each county board of supervisors, after consultation with the local affected agencies within the county's boundaries, to adopt an ordinance making the provisions of this subdivision relating to transfer of base year value also applicable to situations in which the replacement dwellings are located in that county and the original properties are located in another county within this State. For purposes of this paragraph, "local affected agency" means any city, special district, school district, or community college district ~~which~~ *that* receives an annual property tax revenue allocation. This paragraph shall apply to any replacement dwelling ~~which~~ *that* was purchased or newly constructed on or after the date the county adopted the provisions of this subdivision relating to transfer of base year value, but shall not apply to any replacement dwelling ~~which~~ *that* was purchased or newly constructed before November 9, 1988.

The Legislature may extend the provisions of this subdivision relating to the transfer of base year values from original properties to replacement dwellings of homeowners over the age of 55 years to severely disabled homeowners, but only with respect to those replacement dwellings purchased or newly constructed on or after the effective date of this paragraph.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced to reflect substantial damage, destruction , or other factors causing a decline in value.

(c) For purposes of subdivision (a), the Legislature may provide that the term "newly constructed" ~~shall~~ *does* not include any of the following:

(1) The construction or addition of any active solar energy system.

(2) The construction or installation of any fire sprinkler system, other fire extinguishing system, fire detection system, or fire-related egress improvement, as defined by the Legislature, ~~which~~ *that* is constructed or installed after the effective date of this paragraph.

(3) The construction, installation, or modification on or after the effective date of this paragraph of any portion or structural component of a ~~single or multiple family~~ *single- or multiple-family* dwelling ~~which~~ *that* is eligible for the homeowner's exemption if the construction, installation, or modification is for the purpose of making the dwelling more accessible to a severely disabled person.

(4) The construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies, ~~which~~ *that* are constructed or installed in existing buildings after the effective date of this paragraph. The Legislature shall define eligible improvements. This exclusion does not apply to seismic safety reconstruction or improvements ~~which~~ *that* qualify for exclusion pursuant to the last sentence of the first paragraph of subdivision (a).

(5) The construction, installation, removal, or modification on or after the effective date of this paragraph of any portion or structural component of an existing building or structure if the construction, installation, removal, or modification is for the purpose of making the building more accessible to, or more usable by, a disabled person.

(d) For purposes of this section, the term "change in ownership" ~~shall~~ *does* not include the acquisition of real property as a replacement for comparable property if the person acquiring the real property has been displaced from the property replaced by eminent domain proceedings, by acquisition by a public entity, or governmental action ~~which~~ *that* has resulted in a judgment of inverse condemnation. The real property acquired shall be deemed comparable to the property replaced if it is similar in size, utility, and function, or if it conforms to state regulations defined by the Legislature governing the relocation of persons displaced by governmental actions. The provisions of this subdivision shall be applied to any property acquired after March 1, 1975, but shall affect only those assessments of that property ~~which~~ *that* occur after the provisions of this subdivision take effect.

(e) (1) Notwithstanding any other provision of this section, the Legislature shall provide that the base year value of property ~~which~~ *that* is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property.

(2) Except as provided in paragraph (3), this subdivision shall apply to any comparable replacement property acquired or newly constructed on or after July 1, 1985, and to the determination of base year values for the 1985–86 fiscal year and fiscal years thereafter.

(3) In addition to the transfer of base year value of property within the same county that is permitted by paragraph (1), the Legislature may authorize each county board of supervisors to adopt, after consultation with affected local agencies within the county, an ordinance allowing the transfer of the base year value of property that is located within another county in the State and is substantially damaged or destroyed by a disaster, as declared by the Governor, to comparable replacement property of equal or lesser value that is located within the adopting county and is acquired or newly constructed within three years of the substantial damage or destruction of the original property as a replacement for that property. The scope and amount of the benefit provided to a property owner by the transfer of base year value of property pursuant to this paragraph shall not exceed the scope and amount of the benefit provided to a property owner by the transfer of base year value of property pursuant to subdivision (a). For purposes of this paragraph, "affected local agency" means any city, special district, school district, or community college district that receives an annual allocation of ad valorem property tax revenues. This paragraph shall apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster, as declared by the Governor, occurring on or after October 20, 1991, and to the determination of base year values for the 1991–92 fiscal year and fiscal years thereafter.

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

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

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

(g) For purposes of subdivision (a), the terms "purchased" and "change in ownership" ~~shall~~ *do* not include the purchase or transfer of real property between spouses since March 1, 1975, including, but not limited to, all of the following:

(1) Transfers to a trustee for the beneficial use of a spouse, or the surviving spouse of a deceased transferor, or by a trustee of such a trust to the spouse of the trustor.

(2) Transfers to a spouse ~~which~~ *that* take effect upon the death of a spouse.

(3) Transfers to a spouse or former spouse in connection with a property settlement agreement or decree of dissolution of a marriage or legal separation.

(4) The creation, transfer, or termination, solely between spouses, of any coowner's interest.

(5) The distribution of a legal entity's property to a spouse or former spouse in exchange for the interest of the spouse in the legal entity in connection with a property settlement agreement or a decree of dissolution of a marriage or legal separation.

(h) (1) For purposes of subdivision (a), the terms "purchased" and "change in ownership" ~~shall~~ *do* not include the purchase or transfer of the principal residence of the transferor in the case of a purchase or transfer between parents and their children, as defined by the Legislature, and the purchase or transfer of the first ~~$1,000,000~~ *one million dollars ($1,000,000)* of the full cash value of all other real property between parents and their children, as defined by the Legislature. This subdivision shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree.

(2) (A) Subject to subparagraph (B), commencing with purchases or transfers that occur on or after the date upon which the measure adding this paragraph becomes effective, the exclusion established by paragraph (1) also applies to a purchase or transfer of real property between grandparents and their grandchild or grandchildren, as defined by the Legislature, that otherwise qualifies under paragraph (1), if all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of the purchase or transfer.

(B) A purchase or transfer of a principal residence shall not be excluded pursuant to subparagraph (A) if the transferee grandchild or grandchildren also received a principal residence, or interest therein, through another purchase or transfer that was excludable pursuant to paragraph (1). The full cash value of any real property, other than a principal residence, that was transferred to the grandchild or grandchildren pursuant to a purchase or transfer that was excludable pursuant to paragraph (1), and the full cash value of a principal residence that fails to qualify for exclusion as a result of the preceding sentence, shall be included in applying, for purposes of subparagraph (A), the one million dollar ($1,000,000) full cash value limit specified in paragraph (1).

(i) *(1) Notwithstanding any other provision of this section, the Legislature shall provide with respect to a qualified contaminated property, as defined in paragraph (2), that either, but not both, of the following shall apply:*

(A) (i) Subject to the limitation of clause (ii), the base year value of the qualified contaminated property, as adjusted as authorized by subdivision (b), may be transferred to a replacement property that is acquired or newly constructed as a replacement for the qualified contaminated property, if the replacement real property has a fair market value that is equal to or less than the fair market value of the qualified contaminated property if that property were not contaminated and, except as otherwise provided by this clause, is located within the same county. The base year value of the qualified contaminated property may be transferred to a replacement real property located within another county if the board of supervisors of that other county has, after consultation with the affected local agencies within that county, adopted a resolution authorizing an intercounty transfer of base year value as so described.

(ii) This subparagraph applies only to replacement property that is acquired or newly constructed within five years after ownership in the qualified contaminated property is sold or otherwise transferred.

(B) In the case in which the remediation of the environmental problems on the qualified contaminated property requires the destruction of, or results in substantial damage to, a structure located on that property, the term "new construction" does not include the repair of a substantially damaged structure, or the construction of a structure replacing a destroyed structure on the qualified contaminated property, performed after the remediation of the environmental problems on that property, provided that the repaired or replacement structure is similar in size, utility, and function to the original structure.

(2) For purposes of this subdivision, "qualified contaminated property" means residential or nonresidential real property that is all of the following:

(A) In the case of residential real property, rendered uninhabitable, and in the case of nonresidential real property, rendered unusable, as the result of either environmental problems, in the nature of and including, but not limited to, the presence of toxic or hazardous materials, or the remediation of those environmental problems, except where the existence of the environmental problems was known to the owner, or to a related individual or entity as described in paragraph (3), at the time the real property was acquired or constructed. For purposes of this subparagraph, residential real property is "uninhabitable" if that property, as a result of health hazards caused by or associated with the environmental problems, is unfit for human habitation, and nonresidential real property is "unusable" if that property, as a result of health hazards caused by or associated with the environmental problems, is unhealthy and unsuitable for occupancy.

(B) Located on a site that has been designated as a toxic or environmental hazard or as an environmental cleanup site by an agency of the State of California or the federal government.

(C) Real property that contains a structure or structures thereon prior to the completion of environmental cleanup activities, and that structure or structures are substantially damaged or destroyed as a result of those environmental cleanup activities.

(D) Stipulated by the lead governmental agency, with respect to the environmental problems or environmental cleanup of the real property, not to have been rendered uninhabitable or unusable, as applicable, as described in subparagraph (A), by any act or omission in which an owner of that real property participated or acquiesced.

(3) It shall be rebuttably presumed that an owner of the real property participated or acquiesced in any act or omission that rendered the real property uninhabitable or unusable, as applicable, if that owner is related to any individual or entity that committed that act or omission in any of the following ways:

(A) Is a spouse, parent, child, grandparent, grandchild, or sibling of that individual.

(B) Is a corporate parent, subsidiary, or affiliate of that entity.

(C) Is an owner of, or has control of, that entity.

(D) Is owned or controlled by that entity.

If this presumption is not overcome, the owner shall not receive the relief provided for in subparagraph (A) or (B) of paragraph (1). The presumption may be overcome by presentation of satisfactory evidence to the assessor, who shall not be bound by the findings of the lead governmental agency in determining whether the presumption has been overcome.

(4) This subdivision applies only to replacement property that is acquired or constructed on or after January 1, 1995, and to property repairs performed on or after that date.

(j) Unless specifically provided otherwise, amendments to this section adopted prior to November 1, 1988, shall be effective for changes in ownership ~~which~~ *that* occur, and new construction ~~which~~ *that* is completed, after the effective date of the amendment. Unless specifically provided otherwise, amendments to this section adopted after November 1, 1988, shall be effective for changes in ownership ~~which~~ *that* occur, and new construction ~~which~~ *that* is completed, on or after the effective date of the amendment.

Proposition 2: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 30 (Statutes of 1998, Resolution Chapter 77) expressly amends the California Constitution by repealing and adding a section thereof, and by adding an article thereto; 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 AMENDMENT OF ARTICLE XIX AND PROPOSED ADDITION OF ARTICLE XIX A

First—That Section 6 of Article XIX thereof is repealed.

~~SEC. 6. This article shall not prevent the designated tax revenues from being temporarily loaned to the State General Fund upon condition that amounts loaned be repaid to the funds from which they were borrowed.~~

Second—That Section 6 is added to Article XIX thereof, to read:

SEC. 6. The tax revenues designated under this article may be loaned to the General Fund only if one of the following conditions is imposed:

(a) That any amount loaned is to be repaid in full to the fund from which it was borrowed during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.

(b) That any amount loaned is to be repaid in full to the fund from which it was borrowed within three fiscal years from the date on which the loan was made and one of the following has occurred:

(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.

(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, adjusted for the change in the cost of living and the change in population, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.

(c) Nothing in this section prohibits the Legislature from authorizing, by statute, loans to local transportation agencies, cities, counties, or cities and counties, from funds that are subject to this article, for the purposes authorized under this article. Any loan authorized as described by this subdivision shall be repaid, with interest at the rate paid on money in the Pooled Money Investment Account, or any successor to that account, during the period of time that the money is loaned, to the fund from which it was borrowed, not later than four years after the date on which the loan was made.

Third—That Article XIX A is added thereto, to read:

ARTICLE XIX A
LOANS FROM THE PUBLIC TRANSPORTATION ACCOUNT OR LOCAL TRANSPORTATION FUNDS

SECTION 1. The funds in the Public Transportation Account in the State Transportation Fund, or any successor to that account, may be loaned to the General Fund only if one of the following conditions is imposed:

(a) That any amount loaned is to be repaid in full to the account during the same fiscal year in which the loan was made, except that repayment may be delayed until a date not more than 30 days after the date of enactment of the budget bill for the subsequent fiscal year.

(b) That any amount loaned is to be repaid in full to the account within three fiscal years from the date on which the loan was made and one of the following has occurred:

(1) The Governor has proclaimed a state of emergency and declares that the emergency will result in a significant negative fiscal impact to the General Fund.

(2) The aggregate amount of General Fund revenues for the current fiscal year, as projected by the Governor in a report to the Legislature in May of the current fiscal year, is less than the aggregate amount of General Fund revenues for the previous fiscal year, as specified in the budget submitted by the Governor pursuant to Section 12 of Article IV in the current fiscal year.

SEC. 2. (a) As used in this section, a "local transportation fund" is a fund created under Section 29530 of the Government Code, or any successor to that statute.

(b) All local transportation funds are hereby designated trust funds.

(c) A local transportation fund that has been created pursuant to law may not be abolished.

(d) Money in a local transportation fund shall be allocated only for the purposes authorized under Article 11 (commencing with Section 29530) of Chapter 2 of Division 3 of Title 3 of the Government Code and Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code, as

those provisions existed on October 1, 1997. Neither the county nor the Legislature may authorize the expenditure of money in a local transportation fund for purposes other than those specified in this subdivision.

Proposition 3: Text of Proposed Law

This law proposed by Senate Bill 1505 (Statutes of 1998, Chapter 147) is submitted to the people in accordance with the provisions of Article II, Section 10 of the California Constitution.

This proposed law amends sections of the Elections Code; 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. This act shall be known and may be cited as the Save the Presidential Primary Act of 1998.

SEC. 2. Section 2151 of the Elections Code is amended to read:

2151. At the time of registering and of transferring registration, each elector may declare the name of the political party with which he or she intends to affiliate at the ensuing primary election. The name of that political party shall be stated in the affidavit of registration and the index.

The voter registration card shall inform the affiant that any elector may decline to state a political affiliation, and that all properly registered voters may vote for their choice at any primary election for any candidate for each office regardless of political affiliation and without a declaration of political faith or allegiance *, but no person shall be entitled to vote the ballot of any political party for delegates to a party's presidential nominating convention unless the person has stated the name of that party with which he or she intends to affiliate* . The voter registration card shall include a listing of all qualified political parties.

Notwithstanding any provision to the contrary, no person shall be permitted to vote the ballot for any elective political party central or district committee member other than the party designated in his or her registration, except as provided by Section 2152.

SEC. 3. Section 13203 of the Elections Code is amended to read:

13203. *(a)* Across the top of the ballot shall be printed in heavy-faced gothic capital type not smaller than 30-point, the words "OFFICIAL BALLOT." However, if the ballot is no wider than a single column, the words "OFFICIAL BALLOT" may be as small as 24-point. Beneath this heading, in the case of an official primary election, shall be printed in 18-point boldfaced gothic capital type the words "OFFICIAL PRIMARY BALLOT." Beneath the heading line or lines, there shall be printed, in boldface type as large as the width of the ballot makes possible, the number of the congressional, Senate, and Assembly district, the name of the county in which the ballot is to be voted, and the date of the election.

(b) Partisan ballots used in a presidential primary election for selection of delegates for a party's presidential nominating convention shall prominently specify the name of the political party.

SEC. 4. Section 13206 of the Elections Code is amended to read:

13206. (a) On the *official primary* ballot used in a direct primary election, immediately below the instructions to voters, there shall be a box one-half inch high enclosed by a heavy-ruled line the same as the borderline. This box shall be as long as there are columns for the ballot and shall be set directly above these columns. Within the box shall be printed in 24-point boldfaced gothic capital type the words "Partisan Offices."

(b) The same style of box described in subdivision (a) shall also appear over the columns of the nonpartisan part of the *official primary* ballot and within the box in the same style and point size of type shall be printed "Nonpartisan Offices."

(c) This section shall not apply to *partisan presidential primary ballots or* ballots for elective political party central or district committee members prepared in accordance with Section 13300.

SEC. 5. Section 13300 of the Elections Code is amended to read:

13300. (a) By at least 29 days before the primary election, each county elections official shall prepare identical sample ballots for each voter *; ;* provided *,* however, that *(1)* in the case of ballots involving elective political party central or district committee members, each county elections official shall prepare separate ballots for the sole use of persons registered with that party, as provided for in Section 2151 *, and (2) in the case of partisan primary ballots involving the selection of delegates to the presidential nominating convention of a political party, each county elections official shall prepare separate ballots for the sole use of persons registered with that political party* . On the official identical primary ballots, each county elections official shall place thereon in each case in the order provided in Chapter 2 (commencing with Section 13100), and under the appropriate title of each office, the names and party affiliations of all candidates organized randomly as provided in Section 13112 and not grouped by political party, for whom nomination papers have been duly filed with him or her or have been certified to him or her by the Secretary of State to be voted for in his or her county at the primary election.

(b) The sample ballots shall be identical to the official ballots *and partisan presidential primary ballots* , except as otherwise provided by law. The sample ballots shall be printed on paper of a different texture from the paper to be used for the official ballot.

(c) Except as provided in Section 13230, one sample official primary ballot shall be mailed to each voter entitled to vote at the primary not more than 40 nor less than 10 days before the election.

SEC. 6. Section 13301 of the Elections Code is amended to read:

13301. (a) At the time the county elections official prepares sample *partisan* ballots for the presidential primary, he or she shall also prepare a list with the name of candidates for delegates for each political party. The names of the candidates for delegates of any political party shall be arranged upon the list of candidates for delegates of that party in parallel columns under their preference for President. The order of groups on the list shall be alphabetically according to the names of the persons they prefer appear upon the ballot. Each column shall be headed in boldface 10-point, gothic type as follows: "The following delegates are pledged to _____." (The blank being filled in with the name of that candidate for presidential nominee for whom the members of the group have expressed a preference.) The names of the candidates for delegates shall be printed in eight-point, roman capital type.

(b) Copies of the list of candidates for delegates of each party shall be submitted by the county elections official to the chairman of the county central committee of that party, and the county elections official shall post a copy of each list in a conspicuous place in his or her office.

SEC. 7. Section 13302 of the Elections Code is amended to read:

13302. The county elections official shall forthwith submit the sample official primary ballot *and partisan primary ballot,*

if any, to the chairperson of the county central committee of each political party, and shall mail a copy to each candidate for whom nomination papers have been filed in his or her office or whose name has been certified to him or her by the Secretary of State, to the post office address as given in the nomination paper or certification. The county elections official shall post a copy of the sample ballot *or ballots* in a conspicuous place in his or her office.

Proposition 4: Text of Proposed Law

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

This initiative measure adds sections to the Fish and Game Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Section 3003.1 is added to the Fish and Game Code, to read:

3003.1. Notwithstanding Sections 1001, 1002, 4002, 4004, 4007, 4008, 4009.5, 4030, 4034, 4042, 4152, 4180, or 4181:

(a) It is unlawful for any person to trap for the purposes of recreation or commerce in fur any fur-bearing mammal or nongame mammal with any body-gripping trap. A body-gripping trap is one that grips the mammal's body or body part, including, but not limited to, steel-jawed leghold traps, padded-jaw leghold traps, conibear traps, and snares. Cage and box traps, nets, suitcase-type live beaver traps, and common rat and mouse traps shall not be considered body-gripping traps.

(b) It is unlawful for any person to buy, sell, barter, or otherwise exchange for profit, or to offer to buy, sell, barter, or otherwise exchange for profit, the raw fur, as defined by Section 4005, of any fur-bearing mammal or nongame mammal that was trapped in this state, with a body-gripping trap as described in subdivision (a).

(c) It is unlawful for any person, including an employee of the federal, state, county, or municipal government, to use or authorize the use of any steel-jawed leghold trap, padded or otherwise, to capture any game mammal, fur-bearing mammal, nongame mammal, protected mammal, or any dog or cat.

The prohibition in this subdivision does not apply to federal, state, county, or municipal government employees or their duly authorized agents in the extraordinary case where the otherwise prohibited padded-jaw leghold trap is the only method available to protect human health or safety.

(d) For purposes of this section, fur-bearing mammals, game mammals, nongame mammals, and protected mammals are those mammals so defined by statute on January 1, 1997.

SEC. 2. Section 3003.2 is added to the Fish and Game Code, to read:

3003.2. Notwithstanding Sections 4003, 4152, 4180, or 4180.1 of this code or Section 14063 of the Food and Agricultural Code, no person, including an employee of the federal, state, county, or municipal government, may poison or attempt to poison any animal by using sodium fluoroacetate, also known as Compound 1080, or sodium cyanide.

SEC. 3. Section 12005.5 is added to the Fish and Game Code, to read:

12005.5. Notwithstanding Sections 12000 and 12002, a violation of Section 3003.1 or 3003.2, or any rule or regulation adopted pursuant thereto, is punishable by a fine of not less than three hundred dollars ($300) or more than two thousand dollars ($2,000), or by imprisonment in the county jail for not more than one year, or by both that fine and imprisonment. The Legislature may increase, but may not decrease, these penalties.

Proposition 5: Text of Proposed Law

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

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

PROPOSED LAW

SECTION 1. Title 16 (commencing with Section 98000) is added to the Government Code, to read:

TITLE 16. STATE-TRIBAL AGREEMENTS GOVERNING INDIAN GAMING

CHAPTER 1. THE TRIBAL GOVERNMENT GAMING AND ECONOMIC SELF-SUFFICIENCY ACT OF 1998

98000. This chapter shall be known and may be cited as "The Tribal Government Gaming and Economic Self-Sufficiency Act of 1998."

98001. (a) The people of the State of California find that, historically, Indian tribes within the state have long suffered from high rates of unemployment and inadequate educational, housing, elderly care, and health care opportunities, while typically being located on lands that are not conducive to economic development in order to meet those needs. Federal law provides a statutory basis for conducting licensed and regulated tribal government gaming on, and limited to, qualified Indian lands, as a means of strengthening tribal self-sufficiency through the creation of jobs and tribal economic development. Federal law also provides that certain forms of gaming, known as "class III gaming," will be the subject of an agreement between a tribe and the state (a "Tribal-State compact"), pursuant to which that gaming will be governed.

(b) The people of the state find that uncertainties have developed over various issues concerning class III gaming and the development of Tribal-State compacts between the state and tribes, and that those uncertainties have led to delays and considerable expense. The Tribal-State compact terms set forth in Section 98004 (the "Gaming Compact"), including the geographic confinement of that gaming to certain tribal lands, the agreement and limitations on the kinds of class III gaming in which a tribe operating thereunder may be engaged, and the regulation and licensing required thereunder, are intended to resolve those uncertainties in an efficient and cost-effective way, while meeting the basic and mutual needs of the state and the tribes without undue delay. The resolution of uncertainty regarding class III gaming in California, the generation of employment and tribal economic development that will result therefrom, and the limitations on the growth of gaming in California that are inherent therein, are in the best and immediate interest of all citizens of the state. This chapter has been enacted as a matter of public policy and in recognition that it fulfills important state needs. All of the factors the state could consider in negotiating a Tribal-State compact under federal law have been taken into account in offering to tribes the terms set forth in the Gaming Compact.

(c) The people of the state further find that casinos of the type currently operating in Nevada and New Jersey are materially

different from the tribal gaming facilities authorized under this chapter, including those in which the gaming activities under the Gaming Compact are conducted, in that the casinos in those states (1) commonly offer their patrons a broad spectrum of house-banked games, including but not limited to house-banked card games, roulette, dice games, and slot machines that dispense coins or currency, none of which games are authorized under this chapter; and (2) are owned by private companies, individuals, or others that are not restricted on how their profits may be expended, whereas tribal governments must be the primary beneficiaries of the gaming facilities under this chapter and the Gaming Compact, and are limited to using their gaming revenues for various tribal purposes, including tribal government services and programs such as those that address reservation housing, elderly care, education, economic development, health care, and other tribal programs and needs, in conformity with federal law.

98002. (a) The Governor is authorized to execute on behalf of this state a Gaming Compact containing the terms set forth in Section 98004, and shall do so as a ministerial act, without preconditions, within 30 days after receiving a request from a tribe, accompanied by or in the form of a duly enacted resolution of the tribe's governing body, to enter into such a compact.

(b) If any federally recognized tribe having jurisdiction over Indian lands in California requests that the Governor enter into negotiations for a Tribal-State compact under federal law, including but not limited to the Indian Gaming Regulatory Act (25 U.S.C. Sec. 2701 et seq.) (hereafter "IGRA"), on terms different than those prescribed in the Gaming Compact in Section 98004, the Governor shall enter into those negotiations pursuant to that federal law and without preconditions, and is authorized to reach agreement and execute that compact on behalf of the state, which authority shall not require action by the Legislature so long as the compact does not expand the scope of class III gaming permitted under a Gaming Compact under this chapter, create or confer additional powers on any agency of this state that are inconsistent with the terms of a Gaming Compact, or infringe upon the power of the Legislature to appropriate and authorize the expenditure of funds from the State Treasury. Any action by the Legislature that expands the scope of class III gaming permitted in any Tribal-State compact between the state and a tribe beyond that authorized and permitted in the Gaming Compact set forth in Section 98004 may not be deemed to be in conflict with, or prohibited by, this chapter.

(c) The Governor is authorized and directed to execute, as a ministerial act on behalf of the state, any additional documents that may be necessary to implement this chapter or any Tribal-State compact entered into pursuant to this chapter. In the event that federal law regarding the process for entry into or approval of Tribal-State gaming compacts is changed in any way that would require a change in any procedure under this chapter in order for a Tribal-State gaming compact to become effective, this chapter shall be deemed amended to conform to and incorporate that changed federal law.

98003. Any state department or agency, or other subdivision of the state, providing gaming regulatory services to a tribe pursuant to the terms of this chapter, including a Gaming Compact entered into hereunder, is authorized to require and receive reimbursement from the tribe for the actual and reasonable costs of those services in accordance with a fee schedule to be agreed to by the tribe and the state that is based on what the state gaming agency reasonably charges other government agencies for comparable services. Any funds received from a tribe in reimbursement for those services are hereby continuously appropriated to that department, agency, or subdivision for those purposes. Any disputes concerning the reasonableness of any claim for reimbursement shall be resolved in accordance with the dispute resolution procedures set forth in the Gaming Compact.

98004. The State of California hereby offers to any federally recognized Indian tribe that is recognized by the Secretary of the Interior as having jurisdiction over Indian lands in California that are eligible for gaming under IGRA, and any such tribe may request, and enter into with the state, a Gaming Compact containing the following terms and conditions:

"TRIBAL-STATE GAMING COMPACT

Between the
[OFFICIAL NAME OF TRIBE],
a federally recognized Indian Tribe,
and the
STATE OF CALIFORNIA

This Tribal-State Gaming Compact is entered into on a government-to-government basis by and between the [Official Name of Tribe], a federally recognized sovereign Indian tribe (hereafter "Tribe"), and the State of California, a sovereign State of the United States (hereafter "State"), pursuant to the Indian Gaming Regulatory Act of 1988 (P.L. 100-497, codified at 18 U.S.C. Sec. 1166 et seq. and 25 U.S.C. Sec. 2701 et seq.) (hereafter "IGRA"), and any successor statute or amendments, and the Tribal Government Gaming and Economic Self-Sufficiency Act of 1998 (Chapter 1 (commencing with Section 98000) of Title 16 of the Government Code).

Section 1.0. PURPOSES AND OBJECTIVES. The terms of this Gaming Compact are designed and intended to:

(a) Evidence the good will and cooperation of the Tribe and State in fostering a mutually respectful government-to-government relationship that will serve the mutual interests of the parties.

(b) Develop and implement a means of regulating class III gaming on the Tribe's Indian lands to ensure its fair and honest operation in accordance with IGRA, and, through that regulated class III gaming, enable the Tribe to develop self-sufficiency, promote tribal economic development, and generate jobs and revenues to support the Tribe's government and governmental services and programs.

(c) Promote ethical practices in conjunction with that gaming, through the licensing and control of persons and entities employed in, or providing goods and services to, the Tribe's gaming operation and protecting against the presence or participation of persons whose criminal backgrounds, reputations, character, or associations make them unsuitable for participation in gaming, thereby maintaining a high level of integrity in government gaming.

Sec. 2.0. DEFINITIONS

Sec. 2.1. "Act" means the Tribal Government Gaming and Economic Self-Sufficiency Act of 1998 (Section 98000 et seq. of the Government Code).

Sec. 2.2. "Applicant" means an individual or entity that applies for a Tribal license or State certification.

Sec. 2.3. "Class III gaming" means the forms of class III gaming defined as such in 25 U.S.C. Sec. 2703(8) and by regulations of the National Indian Gaming Commission.

Sec. 2.4. "Gaming activities" means the class III gaming activities authorized under this Gaming Compact.

Sec. 2.5. "Gaming Compact" means this compact.

Sec. 2.6. "Gaming device" means any electronic, electromechanical, electrical, or video device that, for consideration, permits: individual play with or against that device or the participation in any electronic, electromechanical, electrical, or video system to which that device is connected; the playing of games thereon or therewith, including, but not limited to, the playing of facsimiles of games of chance or skill; the possible delivery of, or entitlement by the player to, a prize or something of value as a result of the application of an element of chance; and a method for viewing the outcome, prize won, and other information regarding the playing of games thereon or therewith.

Sec. 2.7. "Gaming employee" means any person who (a) operates, maintains, repairs, assists in any gaming activity, or is

in any way responsible for supervising gaming activities or persons who conduct, operate, account for, or supervise any gaming activity, (b) is in a category under federal or tribal gaming law requiring licensing, or (c) is a person whose employment duties require or authorize access to areas of the gaming facility that are not open to the public. In defining those categories of persons who are required to be licensed under tribal gaming law, the Tribe shall consider the inclusion of persons who are required to be licensed pursuant to state gaming law.

Sec. 2.8. "Gaming facility" means any building or room in which class III gaming activities or gaming operations occur, or in which the business records, receipts, or other funds of the gaming operation are maintained (but excluding offsite facilities primarily dedicated to storage of those records, and financial institutions), and all rooms, buildings, and areas, including parking lots, walkways, and means of ingress and egress associated therewith, provided that nothing herein prevents the conduct of class II gaming (as defined under IGRA) therein.

Sec. 2.9. "Gaming operation" means the business enterprise that offers and operates gaming activities.

Sec. 2.10. "Gaming ordinance" means a tribal ordinance or resolution duly authorizing the conduct of gaming activities on the Tribe's Indian lands and approved under IGRA.

Sec. 2.11. "Gaming resources" means any goods or services used in connection with gaming activities, including, but not limited to, equipment, furniture, gambling devices and ancillary equipment, implements of gaming activities such as playing cards and dice, furniture designed primarily for gaming activities, maintenance or security equipment and services, and gaming consulting services. "Gaming resources" does not include professional accounting and legal services.

Sec. 2.12. "Gaming resource supplier" means any manufacturer, distributor, supplier, vendor, lessor, or other purveyor of gaming resources to the gaming operation or gaming facility, provided that the Tribal gaming agency may exclude any such purveyor if the subject equipment or furniture is not specifically designed for, and is distributed generally for use other than in connection with, gaming activities.

Sec. 2.13. "IGRA" means the Indian Gaming Regulatory Act of 1988 (P.L. 100-497, 18 U.S.C. Sec. 1166 et seq. and 25 U.S.C. Sec. 2701 et seq.) any amendments and successors thereto, and all regulations promulgated thereunder.

Sec. 2.14. "Management contractor" means any person with whom the Tribe has contracted for the management of any gaming activity or gaming facility, including, but not limited to, any person who would be regarded as a management contractor under IGRA.

Sec. 2.15. "Net win" means the wagering revenue from gaming activities retained by the Tribe after prizes or winnings have been paid to players or to pools dedicated to the payment of those prizes and winnings, and prior to the payment of operating or other expenses.

Sec. 2.16. "Players' pool prize system" means one or more segregated pools of funds that have been collected from player wagers, that are irrevocably dedicated to the prospective award of prizes in authorized gaming activities, and in which the house neither has nor can acquire any interest. The Tribe may set and collect a fee from players on a per play, per amount wagered, or time-period basis, and may seed the player pools in the form of loans or promotional expenses, provided that seeding is not used to pay prizes previously won.

Sec. 2.17. "State" means the State of California.

Sec. 2.18. "State gaming agency" means the person, agency, board, commission, or official that the State duly authorizes to fulfill the functions assigned to it under this Gaming Compact. As of the effective date of this Act, this agency is the entity or entities authorized to investigate, approve, and regulate gaming licenses pursuant to the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code) or its successors. In the event no agency is authorized to conduct this function, the State shall designate such an agency by statute. If the State fails to designate an agency authorized to investigate, approve, and regulate gaming licenses, any function assigned to the State gaming agency in this Gaming Compact shall be assumed by the Tribal gaming agency until the State so designates an agency as provided herein.

Sec. 2.19. "Tribal Chairperson" means the person duly elected or selected under the Tribe's organic documents, customs, or traditions to serve as the primary spokesperson for the Tribe.

Sec. 2.20. "Tribal gaming agency" means the person, agency, board, committee, commission, or council designated under tribal law, including, but not limited to, an intertribal gaming regulatory agency approved to fulfill those functions by the National Indian Gaming Commission, as primarily responsible for carrying out the Tribe's regulatory responsibilities under IGRA and the Tribal gaming ordinance. No person employed in, or in connection with, the management, supervision, or conduct of any gaming activity may be a member or employee of the Tribal gaming agency.

Sec. 2.21. "Tribal gaming terminal" means a gaming device that does not dispense coins or currency and is not activated by a handle.

Sec. 2.22. "Tribe" means the [official name of Tribe], a federally recognized Indian tribe.

Sec. 3.0. CLASS III GAMING AUTHORIZED AND PERMITTED. The Tribe is hereby authorized and permitted to engage in the gaming activities expressly referred to in Section 4.0.

Sec. 4.0. SCOPE OF CLASS III GAMING

Sec. 4.1. Authorized and Permitted Class III Gaming. To the extent regarded as forms or types of class III gaming, the Tribe is hereby authorized and permitted to operate the following gaming activities under the terms and conditions set forth in this Gaming Compact:

(a) The operation of Tribal gaming terminals, provided that such devices shall meet the technical standards adopted pursuant to Section 8.1.15 and shall pay prizes solely in accordance with a players' pool prize system.

(b) The operation of any card games that were actually operated in any tribal gaming facility in California on or before January 1, 1998, and are not within class II of IGRA (which class II games are not affected by this Gaming Compact), provided that such non-class II card games shall pay prizes solely in accordance with a players' pool prize system.

(c) The operation of any lottery game, including, but not limited to, drawings, raffles, match games, and instant lottery ticket games.

(d) The simulcasting and offering of off-track betting on horse races, if offered in accordance with the terms and conditions of the Tribal-State compact between the State and the Sycuan Band of Mission Indians that existed on March 31, 1997 ("Sycuan compact"), the terms of which shall be adjusted for northern California racing if required by the geographic location of the Tribe, and which compact is hereby incorporated by reference on the effective date of this Gaming Compact, unless the Tribe elects to adopt the provisions of an existing compact pursuant to the next sentence. If the Tribe and the State have already entered into a compact governing off-track wagering, that compact, at the Tribe's option, may continue in full force and effect as the off-track wagering provisions intended by this section, or the Sycuan compact terms and conditions may be substituted therefor. The Tribe may notify the State, at the time the notice under Section 98002 of the Act is given, or at any later date as the Tribe may deem appropriate, of its election with regard to which off-track wagering compact it has elected to incorporate herein. With regard to any Tribal-State compact governing off-track wagering, including this Gaming Compact, if the State lacks jurisdiction under federal law to collect a license fee or other charge on wagers placed at a tribal facility, which fee or charge would ordinarily be collected on wagers at

nontribal facilities, an amount equal to that fee or charge shall be deducted from any off-track wagers made at the Tribe's facility and shall be distributed to the Tribe.

Sec. 4.2. Authorized Gaming Facilities. The Tribe may establish and operate gaming facilities in which the gaming activities authorized under this Gaming Compact may be conducted, provided that the facilities are located on Indian lands within California over which the Tribe has jurisdiction, and qualify under federal law as lands upon which gaming can lawfully be conducted. The Tribe may combine and operate in those gaming facilities any forms and kinds of gaming permitted under law, except to the extent limited under IGRA or the Tribe's gaming ordinance.

Sec. 5.0. TRIBAL, STATE, AND LOCAL TRUST FUNDS

Sec. 5.1. Conditional Obligation to Contribute to Trust Funds; Contribution Formula. (a) The parties acknowledge that the operation of Tribal gaming terminals authorized under this Gaming Compact is expected to occupy a unique place in gaming within the State that is material to the ability of the Tribe and other tribal governments operating under similar compacts to achieve the economic development and other goals intended by IGRA. The Tribe therefore agrees to make the contributions to the trust funds described in Sections 5.2, 5.3, and 5.4, only for as long as it and other tribes that have entered into Gaming Compacts are not deprived of that unique opportunity. Accordingly, in the event that any other person or entity, including, but not limited to, the California State Lottery, lawfully operates gaming devices within the State at any time after January 2, 1998, any and all obligations by the Tribe to make the trust fund contributions required under Sections 5.2, 5.3, and 5.4 shall immediately and permanently cease and terminate. For the purposes of this section only, no equipment or type of game played thereon or therewith that was offered by the California State Lottery or any race track in California prior to January 2, 1998, may be deemed to cause the cessation and termination of those trust fund contributions.

(b) The contributions due under Sections 5.2, 5.3, and 5.4 shall be determined and made on a calendar quarter basis, by first determining the total number of all Tribal gaming terminals operated by a Tribe during a given quarter ("Quarterly Terminal Base"). Notwithstanding anything in this Section 5.0 to the contrary, the Tribe shall have no obligation to make any contribution to any trust fund on the net win derived from the first 200 terminals in the Quarterly Terminal Base; shall contribute at one-half of the percentage rates specified in Sections 5.2, 5.3, and 5.4 on the net win derived from the next 200 terminals in the Quarterly Terminal Base; and shall contribute at the full percentage rates specified in the above sections on the net win derived from any additional terminals in the Quarterly Terminal Base. In making those computations, the total net win from all terminals in the Quarterly Terminal Base during a given quarter shall be included and evenly divided among all such terminals ("Average Terminal Net Win"), regardless of the actual performance or net win of any particular terminal. The Average Terminal Net Win shall be used as the basis for calculating the foregoing exclusions or reductions that are based on the number of terminals in the Quarterly Terminal Base.

Sec. 5.2. Nongaming Tribal Assistance Fund.

Sec. 5.2.1. The Tribe shall participate in a trust fund with all other tribes, if any, that enter into Gaming Compacts under Section 98004 of the Act, into which it shall deposit 2 percent of its net win from Tribal gaming terminals each calendar quarter. The trust fund shall be distributed on an equitable basis for education, economic development, cultural preservation, health care, and other tribal purposes to federally recognized tribes located in California that have not participated in any form of gaming within the 12-month period preceding the anticipated receipt of such trust funds.

Sec. 5.2.2. The trust shall have a board of 12 trustees, consisting of one representative from each of three federally recognized tribes in each federal judicial district in California, elected by nomination as set forth below and majority vote of those tribal representatives attending a meeting at which all federally recognized tribes in the district have been given at least 15 days' written notice to attend. Each such tribe shall have one vote. The State shall assist the trust fund in assuring that adequate notice is given to all tribes who are to be represented at the meeting. Two of the trustees from each district shall consist of representatives of tribes in the district that have entered into Gaming Compacts under the Act, and one trustee shall be from a nongaming tribe. If there are no tribes that fit into one category, the trustee positions shall be filled by the other category of tribes. Gaming tribes shall nominate and elect the gaming tribe representatives, and nongaming tribes shall nominate and elect the nongaming tribe representative. Trustees shall serve for two-year terms, and shall receive reimbursement for reasonable costs actually incurred to attend meetings and serve as a trustee that have been approved by the board of trustees.

Sec. 5.2.3. All contributions to the fund shall be combined on a statewide basis and shall be distributed from the trust fund on a quarterly basis statewide in accordance with a fair and equitable formula established by the trustees by majority vote. All moneys in the trust fund shall be distributed annually, less reasonable costs of administering the trust fund, which may not exceed 5 percent of the moneys contributed to the trust fund in each year, and pursuant to a budget approved by the board of trustees.

Sec. 5.2.4. The first meeting of the trustees shall take place within the earlier of 60 days after at least three Gaming Compacts have become effective in the applicable federal judicial district, or six months following the effective date of the first Gaming Compact in that district. Distributions that are due from the Tribe prior to the formal creation of the trust fund specified herein shall be held in trust by the Tribe for such purposes.

Sec. 5.2.5. Contributions to the fund from the Tribe shall be made on the 15th day of the month following the close of the second calendar quarter in which this Gaming Compact has been in effect, based on the net win in the first calendar quarter of operations under the Gaming Compact derived from all Tribal gaming terminals in the Quarterly Terminal Base, and on the 15th day of the month following the close of each calendar quarter thereafter (July 15, October 15, January 15, and April 15; hereafter "contribution dates") based on the second preceding calendar quarter net win. For example, if this Gaming Compact becomes effective on October 10, the first contribution will be due on April 15, based on the total net win from Tribal gaming terminals in the Quarterly Terminal Base for the calendar quarter ending December 31. The next contribution date will be July 15, for the quarter ending March 31, and so forth.

Sec. 5.3. Statewide Trust Fund.

Sec. 5.3.1. The Tribe shall participate in a trust fund with the other Gaming Compact tribes, if any, into which it shall deposit, on a quarterly basis on each contribution date, an amount equal to 3 percent of the net win from the Tribal gaming terminals in the Quarterly Terminal Base. Except as otherwise provided herein, the creation of the trust, board of trustees, and method for making contributions and distributions shall be identical to the manner in which contributions are made, trust funds are distributed, and the board of trustees is created and administered under Section 5.2, provided that nongaming tribes may not be represented or vote for trustees on the board.

Sec. 5.3.2. For each quarter, the board of trustees shall determine, based on a formula, established with the approval of the State, that takes into account the population, ratio, and emergency medical needs of persons over 55 years of age in each county, a method for distributing annually all funds in the trust, except for reasonable administrative expenses (including said trustee costs) not to exceed 5 percent of the amounts contributed to the trust fund in each year, and pursuant to a budget

approved by the board of trustees. The funds in trust shall be used solely to supplement emergency medical care resources within each county, including, but not limited to, those provided by any federally recognized tribes within the county, provided that, without increasing said 3 percent amount, one-half of 1 percent of the net win on which said contribution is based shall be used to establish or supplement programs within the county that address compulsive and addictive gambling.

Sec. 5.4. Local Benefits Grant Fund.

Sec. 5.4.1. The Tribe shall establish a trust fund into which it shall deposit, on a quarterly basis on each contribution date, an amount equal to 1 percent of the net win from Tribal gaming terminals in the Tribe's gaming operation.

Sec. 5.4.2. Within 60 days after commencing operations under this Gaming Compact, the Tribe shall invite discussion, on a government-to-government basis, with governmental representatives of any city or county within the boundaries of which the Tribe's gaming facilities are located. Those discussions shall address community needs that could be met by grants of funds from the trust to any such cities and counties. Any federally recognized tribes within the county that are also providing services to meet those community needs shall also be included in those discussions and shall be eligible for those grants. The procedure and criteria for receiving such funds shall be submitted in writing to, and approved by, a committee comprised of representatives of each of the eligible local community and tribal governments and the Tribe. The Tribe shall distribute annually all of such trust funds, less reasonable administrative costs of no more than 5 percent, in accordance with a distribution plan agreed upon by the committee that is fair and equitable. Funds not distributed in any year despite good faith efforts to do so shall be carried over to the following year.

Sec. 6.0. REGULATION OF GAMING

Sec. 6.1. Tribal Gaming Ordinance. All gaming activities conducted under this Gaming Compact shall at a minimum comply with a Tribal gaming ordinance duly adopted by the Tribe and approved in accordance with IGRA.

Sec. 6.2. Tribal Ownership, Management, and Control of Gaming Facility and Gaming Operation. All gaming operations and facilities authorized under this Gaming Compact shall be owned solely by the Tribe. The parties acknowledge that most tribal gaming operations and facilities within the State presently are controlled and conducted solely by a tribe, and that a goal of the Act is to enable all tribes to control and conduct their own gaming operations and facilities, provide tribal job training and employment, and achieve tribal self-sufficiency. Therefore, although the Tribe shall be entitled to contract for the management of the gaming facility and operation in accordance with IGRA, any such management contract shall provide that, to the extent permitted by law, members of the Tribe will be trained for and advanced to key management positions, and that a goal of the management contractor is to prepare the Tribe to assume the control and conduct of the operation and facility.

Sec. 6.3. Prohibition Regarding Minors. Tribal gaming facilities operated pursuant to this Gaming Compact shall be subject to the same minimum-age restrictions for patrons that currently apply to the California State Lottery. If alcoholic beverages are served in any area of a Tribal gaming facility operated pursuant to this Gaming Compact, prohibitions regarding age limits in that area shall be governed by applicable law.

Sec. 6.4. Licensing Requirements and Procedures.

Sec. 6.4.1. Summary of Licensing Principles. All persons in any way connected with the gaming operation or facility who are required to be licensed under IGRA and any others required to be licensed under this Gaming Compact, including, but not limited to, all gaming employees and gaming resource suppliers, must be licensed by the Tribal gaming agency. The Tribal gaming agency shall have the primary responsibility for licensing those persons and entities and for the regulation of the gaming operation and facility. The Tribal gaming agency shall also certify, through the use of experts and with participation by the State gaming agency if it so desires, that the gaming facility and any construction to be undertaken in regard thereto meet specified building and safety standards. The State gaming agency shall be provided with licensing application information and reports regarding facility inspections and compliance. The State gaming agency may review that information and object or refrain from objecting thereto. In the event that the State gaming agency fails to object to a gaming license application within 90 days after receipt of that information and notification that the Tribal gaming agency intends to issue a temporary or permanent license, the State gaming agency is deemed to have certified that it has no objection to that issuance, but the State gaming agency shall be free at any time to revoke that certification, or to request the Tribal gaming agency to suspend or revoke a gaming license. The dispute resolution processes between the State and the Tribe provided for herein shall be available to resolve disputes between the Tribe and the State regarding such requests and building and safety certifications. The parties intend that the licensing process provided for in this Gaming Compact shall involve joint cooperation between the Tribal gaming agency and the State gaming agency, as more particularly described herein.

Sec. 6.4.2. Gaming Facility. (a) The gaming facility authorized by this Gaming Compact shall be licensed by the Tribal gaming agency in conformity with the requirements of this Gaming Compact, the Tribal gaming ordinance, and IGRA. The license shall be reviewed and renewed, if appropriate, every two years thereafter. Verification that this requirement has been met shall be provided to the State gaming agency. The Tribal gaming agency's certification to that effect shall be posted in a conspicuous and public place in the gaming facility at all times.

(b) In order to protect the health and safety of all gaming facility patrons, guests, and employees, all gaming facilities of the Tribe constructed after the effective date of this Gaming Compact shall meet the building and safety codes of the Tribe, which, as a condition for engaging in that construction, shall amend its existing building and safety codes if necessary, or enact such codes if there are none, so that they meet the standards of either the building and safety codes of any county within the boundaries of which the site of the facility is located, or the Uniform Building Codes, including all uniform fire, plumbing, electrical, mechanical, and related codes then in effect, provided that nothing herein shall be deemed to confer jurisdiction upon any county or the State with respect to any reference to such building and safety codes.

(c) Any gaming facility in which gaming authorized by this Gaming Compact is conducted shall be licensed by the Tribal gaming agency prior to occupancy if it was not used for any gaming activities under IGRA prior to the effective date of this Gaming Compact, or, if it was so used, within one year thereafter. The issuance of this license shall be reviewed and renewed every two years thereafter. Inspections by qualified building and safety experts shall be conducted under the direction of the Tribal gaming agency as the basis for issuing or renewing any license hereunder. The Tribal gaming agency shall determine and certify that, as to new construction or new use for gaming, the facility meets the Tribe's building and safety code, or, as to facilities or portions of facilities that were used for the Tribe's gaming activities prior to this Gaming Compact, that the facility or portions thereof do not endanger the health or safety of occupants or the integrity of the gaming operation.

(d) The State gaming agency shall be given at least 30 days' notice of each inspection by those experts, and, after 10 days' notice to the Tribe, may accompany any such inspection. The Tribe agrees to correct any facility condition noted in an inspection that does not meet the standards set forth in subdivision (b). The Tribal gaming agency and State gaming agency shall exchange any reports of an inspection within 10

days after its completion, which reports shall also be separately and simultaneously forwarded by both agencies to the Tribal Chairperson. Upon certification by those experts that a facility meets applicable standards, the Tribal gaming agency shall forward the experts' certification to the State within 10 days of issuance. If the State objects to that certification, the Tribe shall make a good faith effort to address the State's concerns, but if the State does not withdraw its objection, the matter will be resolved in accordance with the dispute resolution provisions of Section 9.0.

Sec. 6.4.3. Suitability Standard Regarding Gaming Licenses. In reviewing an application for a gaming license, and in addition to any standards set forth in the Tribal gaming ordinance, the Tribal gaming agency shall consider whether issuance of the license is inimical to public health, safety, or welfare, and whether issuance of the license will undermine public trust that the Tribe's gaming operations, or tribal government gaming generally, are free from criminal and dishonest elements and would be conducted honestly. A license may not be issued unless, based on all information and documents submitted, the Tribal gaming agency is satisfied that the applicant is all of the following, in addition to any other criteria in IGRA or the Tribal gaming ordinance:

(a) A person of good character, honesty, and integrity.

(b) A person whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest or to the effective regulation and control of gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, or activities in the conduct of gambling or in the carrying on of the business and financial arrangements incidental thereto.

(c) A person who is in all other respects qualified to be licensed as provided in this Gaming Compact, IGRA, the Tribal gaming ordinance, and any other criteria adopted by the Tribal gaming agency or the Tribe, provided that any applicant who supplied services or equipment to a tribal gaming operation prior to the effective date of this Act, such as, but not limited to, a person who would be deemed to be a gaming employee or gaming resource supplier under this Gaming Compact, or any person who may have been deemed to have violated a law in the exercise of or protection of a tribe's sovereignty rights in connection with fishing, hunting, protection of burial grounds, repatriation of remains or artifacts, or gaming, may not, for that reason, be deemed unsuitable. Nothing herein may be deemed to exempt any such applicant from otherwise qualifying for licensing or certification under this Gaming Compact.

Sec. 6.4.4. Gaming Employees. Every gaming employee shall obtain, and thereafter maintain, a valid Tribal gaming license, which shall be subject to biannual renewal, provided that in accordance with Section 6.4.9, those persons may be employed on a temporary or conditional basis pending completion of the licensing process.

Sec. 6.4.5. Gaming Resource Supplier. Any gaming resource supplier who provides, has provided, or is deemed likely to provide at least twenty-five thousand dollars ($25,000) in gaming resources in any 12-month period shall be licensed by the Tribal gaming agency prior to the sale, lease, or distribution, or further sale, lease, or distribution, of any such gaming resources to or in connection with the Tribe's operation or facility. These licenses shall be renewed at least every two years.

Sec. 6.4.6. Financial Sources. Any party extending financing, directly or indirectly, to the Tribe's gaming facility or gaming operation shall be licensed by the Tribal gaming agency prior to extending that financing. Licensing shall be effective for no more than two years before a renewal must be obtained, provided that, if a lender's gaming license is revoked or not renewed, reasonable arrangements may be made with regard to payment of any balance due to that lender so as to not impose undue hardship on the Tribe, provided that reasonable attempts shall be made to avoid ongoing conflicts with any licensing standard herein. A gaming resource supplier who provides financing in connection with the sale or lease of gaming resources obtained from that supplier may be licensed solely in accordance with licensing procedures applicable, if at all, to gaming resource suppliers. The Tribal gaming agency may, at its discretion, exclude, from the licensing requirements of this section, financing provided by a federally regulated or state-regulated bank, savings and loan, or other lending institution, a federally recognized tribal government or tribal entity thereof, or any agency of the federal, state, or local government.

Sec. 6.4.7. Processing Tribal Gaming License Applications. Each applicant for a Tribal gaming license shall submit the completed application along with the required information and an application fee, if required, to the Tribal gaming agency in accordance with the rules and regulations of that agency. At a minimum, the Tribal gaming agency shall require submission and consideration of all information required under IGRA, including Section 556.4 of Title 25 of the Code of Federal Regulations, for licensing primary management officials and key employees. For applicants who are business entities, these licensing provisions shall apply to the entity as well as: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who owns more than 10 percent of the shares of the corporation, if a corporation; and (v) each person or entity (other than a financial institution that the Tribal gaming agency has determined does not require a license under the preceding section) that has provided financing in connection with any gaming authorized under this Gaming Compact, if that person or entity provided more than 10 percent of (a) the start-up capital, (b) the operating capital over a 12-month period, or (c) a combination thereof. For purposes of this section, where there is any commonality of the characteristics identified in clauses (i) to (iv), inclusive, between any two or more entities, those entities may be deemed to be a single entity. Nothing herein precludes the Tribe or Tribal gaming agency from requiring more stringent licensing requirements.

Sec. 6.4.8. Background Investigations of Applicants. The Tribal gaming agency shall conduct or cause to be conducted all necessary background investigations reasonably required to determine that the applicant is qualified for a gaming license under the standards set forth in Section 6.4.3, and to fulfill all requirements for licensing under IGRA, the Tribal gaming ordinance, and this Gaming Compact. The Tribal gaming agency may not issue a license until a determination is made that those qualifications have been met. In lieu of completing its own background investigation, and to the extent that doing so does not conflict with or violate IGRA and the Tribal gaming ordinance, the Tribal gaming agency may rely on a State certification of nonobjection previously issued under a Gaming Compact involving another tribe, or a State gaming license previously issued to the applicant, to fulfill some or all of the Tribal gaming agency's background investigation obligation. An applicant for a Tribal gaming license shall be required to provide releases to the State gaming agency to make available to the Tribal gaming agency background information regarding the applicant. The State gaming agency shall cooperate in furnishing to the Tribal gaming agency that information, unless doing so would violate any agreement the State gaming agency has with a source of the information other than the applicant, or would impair or impede a criminal investigation, or unless the Tribal gaming agency cannot provide sufficient safeguards to assure the State gaming agency that the information will remain confidential.

Sec. 6.4.9. Temporary Licensing. Notwithstanding anything herein to the contrary, if the applicant has completed a license application in a manner satisfactory to the Tribal gaming agency, and that agency has conducted a preliminary background investigation, and the investigation or other

information held by that agency does not indicate that the applicant has a criminal history or other information in his or her background that would either automatically disqualify the applicant from obtaining a license or cause a reasonable person to investigate further before issuing a license, or is otherwise unsuitable for licensing, the Tribal gaming agency may issue a temporary license and may impose such specific conditions thereon pending completion of the applicant's background investigation as the Tribal gaming agency in its sole discretion shall determine. Special fees may be required by the Tribal gaming agency to issue or maintain a temporary license. A temporary license shall remain in effect until suspended or revoked, or a final determination is made on the application. At any time after issuance of a temporary license, the Tribal gaming agency may suspend or revoke it in accordance with Sections 6.5.1 and 6.5.5, and the State gaming agency may request suspension or revocation in accordance with subdivision (d) of Section 6.5.6.

Sec. 6.5. Gaming License Issuance. Upon completion of the necessary background investigation (including any reliance in whole or in part on a State certification of nonobjection, or a State gaming license under Section 6.4.8), receipt and review of such further information as the Tribal gaming agency may require, and as to applicants who are not Tribal members, actual or constructive receipt by the Tribal gaming agency of a certificate of nonobjection by the State gaming agency, and payment of all necessary fees by the applicant, the Tribal gaming agency may issue a license on a conditional or unconditional basis. Nothing herein shall create a property or other right of an applicant in an opportunity to be licensed, or in a license itself, both of which shall be considered to be privileges granted to the applicant in the sole discretion of the Tribal gaming agency.

Sec. 6.5.1. Denial, Suspension, or Revocation of Licenses. Any application for a gaming license may be denied, and any license issued may be revoked, if the Tribal gaming agency determines that the application is incomplete or deficient, the applicant is determined to be unsuitable or otherwise unqualified for a gaming license, or the State objects to the issuance of that license pursuant to subdivision (c) of Section 6.5.6. Pending consideration of revocation, the Tribal gaming agency may suspend a license in accordance with Section 6.5.5. All rights to notice and hearing shall be governed by Tribal law, as to which the applicant will be notified in writing along with notice of an intent to suspend or revoke the license.

Sec. 6.5.2. Renewal of Licenses; Extensions; Further Investigation. In the event a licensee has applied for renewal prior to expiration of a license and the Tribal gaming agency has, through no fault of the applicant, been unable to complete the renewal process prior to that expiration, the license shall be deemed to be automatically extended until formal action has been taken on the renewal application or a suspension or revocation has occurred. Applicants for renewal of a license shall provide updated material as requested, on the appropriate renewal forms, but, at the discretion of the Tribal gaming agency, may not be required to resubmit historical data previously submitted or that is otherwise available to the Tribal gaming agency. At the discretion of the Tribal gaming agency, an additional background investigation may be required at any time if the Tribal gaming agency determines the need for further information concerning the applicant's continuing suitability or eligibility for a license.

Sec. 6.5.3. Identification Cards. The Tribal gaming agency shall require that all persons who are required to be licensed shall wear, in plain view at all times while in the gaming facility, identification badges issued by the Tribal gaming agency. Identification badges must include information including, but not limited to, a photograph and an identification number, which is sufficient to enable agents of the Tribal gaming agency to readily identify the employees and determine the validity and date of expiration of their license.

Sec. 6.5.4. Fees for Tribal License. The fees for all tribal licenses shall be set by the Tribal gaming agency.

Sec. 6.5.5. Suspension of Tribal License. The Tribal gaming agency may summarily suspend the license of any employee if the Tribal gaming agency determines that the continued licensing of the person or entity could constitute a threat to the public health or safety or may be in violation of the Tribe's licensing standards. Any right to notice or hearing in regard thereto shall be governed by Tribal law.

Sec. 6.5.6. State Certification Process. (a) Except for enrolled members of a federally recognized California tribe, who shall be licensed exclusively by the Tribe, upon receipt of a completed license application and a determination by the Tribal gaming agency that it intends to issue the earlier of a temporary or permanent license, the Tribal gaming agency shall transmit to the State gaming agency a copy of all Tribal license application materials together with a set of fingerprint cards, a current photograph, and such releases of information, waivers, and other completed and executed forms as have been obtained by the Tribal gaming agency, unless the State gaming agency waives some or all of those submissions, together with a notice of intent to license that applicant. Additional information may be required by the State gaming agency to assist it in its background investigation, provided that such State gaming agency requirement shall be no greater than that which is typically required of applicants for a State gaming license in connection with nontribal gaming activities and at a similar level of participation or employment. The State gaming agency and the Tribal gaming agency (together with Tribal gaming agencies under other Gaming Compacts) shall cooperate in developing standard licensing forms for Tribal gaming license applicants, on a statewide basis, that reduce or eliminate duplicative or excessive paperwork, which forms and procedures shall take into account the Tribe's requirements under IGRA and the expense thereof.

(b) Temporary License Objection. The State gaming agency shall notify the Tribal gaming agency as promptly as possible if it has an objection to the issuance of a temporary license, but the Tribal gaming agency may not be required to await objection or nonobjection by the State gaming agency in issuing a temporary license. Any objection shall be made in good faith, and shall be given prompt and thorough consideration in good faith by the Tribal gaming agency. Nothing herein prevents the State gaming agency from at any time requesting suspension or revocation of a temporary license pursuant to subdivision (d) of Section 6.5.6. Any dispute over the issuance of a temporary license shall be resolved in accordance with the procedures set forth in Section 9.0.

(c) Background Investigations of Applicants. Upon receipt of completed license application information from the Tribal gaming agency, the State gaming agency may conduct a background investigation to determine whether the applicant is suitable to be licensed in accordance with the standards set forth in Section 6.4.3. The State gaming agency and Tribal gaming agency shall cooperate in sharing as much background information as possible, both to maximize investigative efficiency and thoroughness and to minimize investigative costs. Upon completion of the necessary background investigation or other verification of suitability, the State gaming agency shall issue a notice to the Tribal gaming agency certifying that the State has no objection to the issuance of a license to the applicant by the Tribal gaming agency ("certification of nonobjection"), or that it objects to that issuance. If notice of objection is given, a statement setting forth the grounds for the objection shall be forwarded to the Tribal gaming agency together with the information upon which the objection was based, unless doing so would violate a confidentiality agreement or compromise a pending criminal investigation. If a notice of objection or a certificate of nonobjection is not received by the Tribal gaming agency within 90 days of the first receipt by the

State gaming agency of the application information and intent to issue a temporary or permanent license, as provided herein, the State gaming agency shall be deemed to have issued a certificate of nonobjection.

(d) Grounds for Requesting Tribal License Revocation or Suspension or Denying State Certification of Nonobjection. The State gaming agency may revoke a State certification of nonobjection if it determines at any time that the applicant or license holder does not meet the standards for suitability set forth in Section 6.4.3. Upon the Tribal gaming agency's receipt of notice of that action, it shall immediately and in good faith consider the action of the State gaming agency and, if the circumstances warrant it, take action to suspend or revoke the licensee's Tribal license, unless within seven days of receipt of that notice it has notified the State gaming agency that good cause exists to defer taking that action, including the need for further investigation. Disputes regarding the action taken or not taken in response to the State gaming agency request shall be resolved pursuant to Section 9.0. If at any time the State gaming agency becomes aware of information that would constitute good cause to deny or revoke the Tribal license of any person, including members of federally recognized Indian tribes in California who are exempt from the State review process, it shall convey that information to the Tribal gaming agency promptly after being made aware of that information, and may request that appropriate action be taken by the Tribal gaming agency as to that person.

Sec. 6.5. Licenses Required. A person may not be employed by, or act as a gaming resource supplier to, any gaming activity or facility of the Tribe unless that person, if required to be licensed, has obtained all licenses required hereunder.

Sec. 7.0. TRIBAL ENFORCEMENT OF GAMING COMPACT PROVISIONS

Sec. 7.1. On-Site Regulation. It is the responsibility of the Tribal gaming agency to conduct on-site gaming regulation and control in order to enforce the terms of this Gaming Compact, IGRA, and the Tribal gaming ordinance with respect to gaming operation and facility compliance, and to protect the integrity of the gaming activities, the reputation of the Tribe and the gaming operation for honesty and fairness, and the confidence of patrons that tribal government gaming in California meets the highest standards of regulation and internal controls. To meet those responsibilities, the Tribal gaming agency shall adopt regulations, procedures, and practices as set forth herein.

Sec. 7.2. Investigation and Sanctions. The Tribal gaming agency shall investigate any reported violation of this Gaming Compact and shall require the gaming operation to correct the violation upon such terms and conditions as the Tribal gaming agency determines are necessary. The Tribal gaming agency shall be empowered by the Tribal ordinance to impose fines or other sanctions within the jurisdiction of the Tribe against gaming licensees or other persons who interfere with or violate the Tribe's gaming regulatory requirements and obligations under IGRA, the Tribal gaming ordinance, or this Gaming Compact. The Tribal gaming agency shall report continued violations or failures to comply with its orders to the State gaming agency, provided that the continued violations and compliance failures have first been reported to the Tribe and no corrective action has been taken within a reasonable period of time.

Sec. 7.3. Assistance by State Gaming Agency. If requested by the Tribal gaming agency, the State gaming agency shall assist in any investigation initiated by the Tribal gaming agency and provide other requested services to ensure proper compliance with this Gaming Compact. The State shall be reimbursed for its reasonable costs of that assistance provided that it has received approval from the Tribe in advance for those expenditures.

Sec. 7.4. Access to Premises by State Gaming Agency; Notification; Inspections. Notwithstanding that the Tribe has the primary responsibility to administer and enforce the regulatory requirements, the State gaming agency shall have the right to inspect the Tribe's gaming facilities with respect to class III gaming activities only, and all gaming operation or facility records relating thereto, subject to the following conditions:

Sec. 7.4.1. Inspection of public areas of a gaming facility may be made at any time without prior notice during normal gaming facility business hours.

Sec. 7.4.2. Inspection of private areas of a gaming facility not accessible to the public may be made at any time during normal gaming facility business hours, immediately after the State gaming agency's authorized inspector notifies the Tribal gaming agency and gaming facility management of his or her presence on the premises, presents proper identification, and requests access to the nonpublic areas of the gaming facility. The Tribal gaming agency, in its sole discretion, may require an employee of the gaming facility or the Tribal gaming agency to accompany the State gaming agency inspector at all times that the State gaming agency inspector is on the premises of a gaming facility. If the Tribal gaming agency imposes such a requirement, it shall require such an employee of the gaming facility or the Tribal gaming agency to be available at all times for those purposes.

Sec. 7.4.3. Inspection and copying of gaming operation records may occur at any time, immediately after notice to the Tribal gaming agency, during the normal hours of the facility's business office, provided that the inspection and copying of those records may not interfere with the normal functioning of the gaming operation or facility. Notwithstanding any other provision of the law of this State, all information and records, and copies thereof, that the State gaming agency obtains, inspects, or copies pursuant to this Gaming Compact shall be and remain the property solely of the Tribe, and may not be released or divulged for any purpose without the Tribe's prior written consent, except that the production of those records may be compelled by subpoena in a criminal prosecution or in a proceeding for violation of this Gaming Compact without the Tribe's prior written consent, and provided further that, prior to the disclosure of the contents of any such records, the Tribe shall be given at least 10 court days' notice and an opportunity to object or to require the redaction of trade secrets or other confidential information that is not relevant to the proceeding in which the records are to be produced.

Sec. 7.4.4. Whenever a representative of the State gaming agency enters the premises of the gaming facility for any such inspection, that representative shall immediately identify himself or herself to security or supervisory personnel of the gaming facility.

Sec. 7.4.5. Any person associated with the State gaming agency who is expected to have access to nonpublic areas of the gaming facility shall first be identified to the Tribal gaming agency as so authorized, and following a sufficient period of time for the Tribal gaming agency to conduct a reasonable inquiry into the person's character and background, and to grant approval to that person's presence, which approval may not be unreasonably withheld.

Sec. 8.0. RULES AND REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION

Sec. 8.1. Adoption of Regulations for Operation and Management; Minimum Standards. In order to meet the goals set forth in this Gaming Compact and required of the Tribe by law, the Tribal gaming agency shall be vested with the authority to promulgate, at a minimum, rules and regulations governing the following subjects, and to ensure their enforcement in an effective manner:

Sec. 8.1.1. The enforcement of all relevant laws and rules with respect to the gaming operation and facility, and the power to conduct investigations and hearings with respect thereto and to any other subject within its jurisdiction.

Sec. 8.1.2. The physical safety of gaming operation patrons, employees, and any other person while in the gaming facility.

Sec. 8.1.3. The physical safeguarding of assets transported to, within, and from the gaming facility.

Sec. 8.1.4. The prevention of illegal activity from occurring within the facility or with regard to the gaming operation, including, but not limited to, the maintenance of employee procedures and a surveillance system as provided below.

Sec. 8.1.5. The detention of persons who may be involved in illegal acts for the purpose of notifying appropriate law enforcement authorities.

Sec. 8.1.6. The recording of any and all occurrences within the gaming facility that deviate from normal operating policies and procedures (hereafter "incidents"). The procedure for recording incidents shall (1) specify that security personnel record all incidents, regardless of an employee's determination that the incident may be immaterial (all incidents shall be identified in writing); (2) require the assignment of a sequential number to each report; (3) provide for permanent reporting in indelible ink in a bound notebook from which pages cannot be removed and in which entries are made on each side of each page; and (4) require that each report include, at a minimum, all of the following:

(a) The record number.

(b) The date.

(c) The time.

(d) The location of the incident.

(e) A detailed description of the incident.

(f) The persons involved in the incident.

(g) The security department employee assigned to the incident.

Sec. 8.1.7. The establishment of employee procedures designed to permit detection of any irregularities, theft, cheating, fraud, or the like.

Sec. 8.1.8. Maintenance of a list of persons barred from the gaming facility who, because of their past behavior, criminal history, or association with persons or organizations, pose a threat to the integrity of the gaming activities of the Tribe or to the integrity of regulated gaming within the State.

Sec. 8.1.9. The conduct of an audit of the gaming operation, not less than annually, by an independent certified public accountant, in accordance with the auditing and accounting standards for audits of casinos of the American Institute of Certified Public Accountants.

Sec. 8.1.10. Submission to and prior approval from the Tribal gaming agency of the rules and regulations of each class III game to be operated by the Tribe, and of any changes in those rules and regulations. No class III game may be played that has not received Tribal gaming agency approval.

Sec. 8.1.11. Maintenance of a copy of the rules, regulations, and procedures for each game as presently played, including, but not limited to, the method of play and the odds and method of determining amounts paid to winners. Information regarding the method of play, odds, payoff determinations, and player pool balances shall be visibly displayed or available to patrons in written form in the gaming facility. Betting limits applicable to any gaming station shall be displayed at that gaming station. In the event of a patron dispute over the application of any gaming rule or regulation, the matter shall be handled in accordance with the Tribal gaming ordinance and any rules and regulations promulgated by the Tribal gaming agency.

Sec. 8.1.12. Maintenance of a closed-circuit television surveillance system consistent with industry standards for gaming facilities of the type and scale operated by the Tribe, which system shall be approved by, and may not be modified without the approval of, the Tribal gaming agency. The Tribal gaming agency shall have current copies of the gaming facility floor plan and closed-circuit television system at all times, and any modifications thereof first shall be approved by the Tribal gaming agency.

Sec. 8.1.13. Maintenance of a cashier's cage in accordance with industry standards for such facilities.

Sec. 8.1.14. A description of minimum staff and supervisory requirements for each gaming activity to be conducted.

Sec. 8.1.15. Regulations specific to technical standards for the operation of Tribal gaming terminals and other games authorized herein to be adopted by the Tribe, which technical specifications may be no less stringent than those approved by a recognized gaming testing laboratory in the gaming industry.

Sec. 8.2. Criminal Jurisdiction. Nothing in this Gaming Compact affects the criminal jurisdiction of the State under Public Law 280 (18 U.S.C. Sec. 1162) or IGRA, to the extent applicable, provided that no gaming activity conducted in compliance with this Gaming Compact and the Act may be deemed to be a civil or criminal violation of any law of the State. Except as otherwise provided herein, to the extent the State contends that a violation of this Gaming Compact or any law of the State regarding the regulation or conduct of gambling has occurred at or in relation to the Tribe's gaming operation or facility, the violation shall be treated solely as a civil matter to be resolved pursuant to Section 9.0.

Sec. 9.0. DISPUTE RESOLUTION PROVISIONS

Sec. 9.1. Voluntary Resolution; Reference to Other Means of Resolution. In recognition of the government-to-government relationship of the Tribe and the State, the parties shall make their best efforts to resolve disputes that occur under this Gaming Compact by good faith negotiations whenever possible. Therefore, without prejudice to the right of either party to seek injunctive relief against the other when circumstances require that immediate relief, the parties hereby establish a threshold requirement that disputes between the Tribe and the State first be subjected to a process of meeting and conferring in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions, and conditions of this Gaming Compact, as follows:

(a) Either party shall give the other, as soon as possible after the event giving rise to the concern, a written notice setting forth the issues to be resolved.

(b) The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than 10 days after receipt of the notice, unless both parties agree in writing to an extension of time.

(c) If the dispute is not resolved to the satisfaction of the parties within 20 days after the first meeting, then a party may seek to have the dispute resolved by an arbitrator in accordance with this section. "Dispute," for purposes of this subdivision, means any disagreement between the State gaming agency and the Tribal gaming agency in reference to the provisions of Sections 4.0 to 8.1.15, inclusive.

(d) Disagreements other than disputes as defined in subdivision (c) shall be resolved in federal district court and all applicable courts of appeal (or, if those federal courts lack jurisdiction, in any court of competent jurisdiction and its related courts of appeal). The disputes to be submitted to court action include, but are not limited to, any other dispute, including, but not limited to, claims of breach or failure to negotiate in good faith. In no event may the Tribe be precluded from pursuing any arbitration or judicial remedy against the State on the grounds that the Tribe has failed to exhaust its state administrative remedies.

Sec. 9.2. Arbitration Rules. Arbitration shall be conducted in accordance with the policies and procedures of the Commercial Arbitration Rules of the American Arbitration Association, and shall be held on the Tribe's reservation. Each side shall bear its own costs, attorneys' fees, and one-half the cost of the arbitration. Only one arbitrator may be named, unless the Tribe and the State agree otherwise. The decision of the arbitrator shall be binding.

Sec. 9.3. No Waiver or Preclusion of Other Means of Dispute Resolution. This section may not be construed to waive, limit, or restrict any remedy that is otherwise available to either party, nor may this section be construed to preclude, limit, or restrict the ability of the parties to pursue, by mutual agreement, any

other method of dispute resolution, including, but not limited to, mediation or utilization of a technical advisor to the Tribal and State gaming agencies, provided that neither party is under any obligation to agree to such alternative method of dispute resolution.

Sec. 9.4. Limited Waiver of Sovereign Immunity. (a) In the event that a dispute is to be resolved in federal court or a court of competent jurisdiction as provided in Section 9.1, the State and the Tribe expressly consent to be sued therein and waive any immunity therefrom that they may have, provided that:

(1) The dispute is limited solely to issues arising under this Gaming Compact;

(2) Neither side makes any claim for monetary damages (that is, only injunctive, specific performance, or declaratory relief is sought); and

(3) No person or entity other than the Tribe and the State are parties to the action.

(b) In the event of intervention by any additional party into any such action without the consent of the Tribe and the State, the waivers of both the Tribe and State provided for herein shall be deemed to be revoked and void.

(c) The waivers and consents provided for under this Section 9.0 shall extend to any actions to compel arbitration, any arbitration proceeding herein, any action to confirm or enforce any arbitration award as provided herein, and any appellate proceedings emanating from a matter in which an immunity waiver has been granted. Except as stated herein, no other waivers or consents to be sued, either express or implied, are granted by either party.

Sec. 10.0. PUBLIC HEALTH, SAFETY, AND LIABILITY

Sec. 10.1. Compliance. For the purposes of this Gaming Compact, the Tribal gaming operation shall comply with and enforce standards no less stringent than the following with respect to public health and safety:

(a) Public health standards for food and beverage handling in accordance with United States Public Health Service requirements.

(b) Federal water quality and safe drinking water standards.

(c) The building and safety standards set forth in Section 6.4.

(d) A requirement that the Tribe carry no less than two million dollars ($2,000,000) in public liability insurance for patron claims, and that the Tribe provide reasonable assurance that those claims will be promptly and fairly adjudicated, and that legitimate claims will be paid, provided that nothing herein requires the Tribe to agree to liability for punitive damages or attorneys' fees.

(e) Tribal codes and other applicable federal law regarding public health and safety.

(f) The creation and maintenance of a system that provides redress for employee work-related injuries, disabilities, and unemployment through requiring insurance or self-insurance, or by other means, which system includes the right to notice, hearings, and a means of enforcement and provides benefits comparable to those mandated for comparable workplaces under State law.

Sec. 10.2. Emergency Service Accessibility. The Tribal gaming operation shall ensure that it has made reasonable provisions for adequate emergency fire, medical, and related relief and disaster services for patrons and employees of the facility.

Sec. 10.3. Alcoholic Beverage Service. Standards for alcohol service shall be subject to applicable law.

Sec. 11.0. AMENDMENTS, DURATION, AND EFFECTIVE DATE

Sec. 11.1. Effective Date. This Gaming Compact shall constitute the agreement between the State and the Tribe pursuant to IGRA and may be amended and modified only under the provisions set forth herein. This Gaming Compact shall take effect upon publication of notice of approval by the United States Secretary of the Interior in the Federal Register in accordance with applicable federal law (25 U.S.C. Sec. 2710(d)(3)(B)).

Sec. 11.2. Voluntary Termination. Once effective, this Gaming Compact shall be in effect until terminated either by the written agreement of both parties or by the Tribe unilaterally upon 60 days' written notice to the Governor.

Sec. 12.0. AMENDMENTS; RENEGOTIATIONS

Sec. 12.1. The terms and conditions of this Gaming Compact may be amended at any time by the mutual and written agreement of both parties, and such amendment is approved hereby as part of the Act.

Sec. 12.2. In the event that federal or State law is changed or is interpreted, by enactment, a final court decision, a practice of the State gaming agency, or the inclusion of such gaming in a tribal-state compact, to permit gaming in California that is not now permitted to any person or entity for any purpose, or, if permitted, is being lawfully offered for the first time, this Gaming Compact shall be automatically amended to include that permitted or offered gaming, which shall be deemed to be included within the definition of "gaming activities" hereunder.

Sec. 12.3. This Gaming Compact is subject to renegotiation in the event the Tribe wishes to engage in forms of class III gaming other than those games authorized or automatically included herein and requests renegotiation for that purpose, provided that, except for a change in law or a court ruling that establishes the right of the Tribe to engage in other forms of gaming, no such renegotiation may be sought for 12 months following the effective date of this Gaming Compact.

Sec. 12.4. Process and Negotiation Standards. All requests to amend or renegotiate shall be in writing, addressed to the State gaming agency, and shall include the activities or circumstances to be negotiated together with a statement of the basis supporting the request. If the request meets the requirements of this section, the parties shall confer promptly and determine a schedule for commencing negotiations within 30 days of the request. Unless expressly provided otherwise herein, all matters involving negotiations or other amendatory processes under this section shall be governed, controlled, and conducted (a) in conformity with the provisions and requirements of IGRA, including those provisions regarding the obligation of the State to negotiate in good faith and the enforcement of that obligation in federal court, as to which obligation and actions in federal court the State hereby agrees and consents to be sued in that court system, and (b) in conformity with the authority of the Secretary of the Interior to adopt procedures for the Tribe's engagement in class III gaming if no agreement in a Gaming Compact can be reached and the State has failed to negotiate in good faith. The Chairperson of the Tribe and the Governor of the State are hereby authorized to designate the person or agency responsible for conducting the negotiations, and shall execute any documents necessary as a result thereof.

Sec. 13.0. NOTICES. Unless otherwise indicated by this Gaming Compact, all notices required or authorized to be served shall be served by first-class mail at the following addresses:

Governor	*Tribal Chairperson*
State of California	*[Formal Name of Tribe]*
State Capitol	
Sacramento, California	

Sec. 14.0. SEVERABILITY. In the event that any section or provision of this Gaming Compact is held invalid, or its application to any particular activity is held invalid, it is the intent of the parties that the remaining sections of this Gaming Compact continue in full force and effect, provided that, in the event provisions must be added to this Gaming Compact in order to preserve the intentions of the parties in light of that invalidity, the parties shall promptly negotiate those provisions in good faith.

Sec. 15.0. CHANGES IN IGRA. This Gaming Compact is intended to meet the requirements of IGRA or any successor

statute, as in effect on the date this Gaming Compact becomes effective. Subsequent changes to IGRA that diminish the rights of the State or the Tribe may not be applied retroactively to this Gaming Compact, except to the extent that federal law validly mandates that diminishment without the State's or the Tribe's respective consent.

Sec. 16.0. MISCELLANEOUS

Sec. 16.1. The parties agree that, in order to further the intent of the parties and the goals of the Act, and to implement this Gaming Compact in a manner consistent therewith, this Gaming Compact shall be amended by mutual consent, arrived at as the result of good faith negotiations, if necessary to clarify or effectuate the goals and intent of this Gaming Compact and the Act, to the extent that the goals and intent are not addressed, or are ambiguously or incompletely provided for herein, provided that nothing in this section may delay the effective date or implementation of this Gaming Compact.

Sec. 16.2. Any State agency or other subdivision of the State providing regulatory or other services to the Tribe pursuant to this Gaming Compact shall be entitled to reimbursement from the Tribe for the actual and reasonable cost of those services, and the Tribe shall promptly pay that reimbursement to that agency or subdivision upon receipt of itemized invoices therefor. Any disputes concerning the reasonableness of any claim for reimbursement shall be resolved in accordance with the dispute resolution procedures set forth in Section 9.0.

Sec. 16.3. This Gaming Compact sets forth the full and complete agreement of the parties and supersedes any prior agreements or understandings with respect to the subject matter hereof.

[FORMAL NAME OF TRIBE]
By _____ DATED: ____ day of ____ , ____
Chairperson

THE STATE OF CALIFORNIA
By _____ DATED: ____ day of ____ , ____ ."
Governor

98005. The Gaming Compact offered in Section 98004 shall, to the extent permitted by law, be deemed agreed to, approved, and executed by the State of California in the event a request therefor is duly made by a federally recognized Indian tribe in accordance with Section 98002 and it is not executed by the Governor within the time prescribed in this chapter, provided that, in the event this provision is deemed to be unlawful or ineffective for any reason, or if the tribe in its discretion seeks to compel execution of the Gaming Compact through court action, the State of California hereby submits to the jurisdiction of the courts of the United States in any action brought against the state by any federally recognized Indian tribe asserting any cause of action arising from the state's refusal to execute the Gaming Compact offered in Section 98004 upon a tribe's request therefor. Without limiting the foregoing, the State of California also submits to the jurisdiction of the courts of the United States in any action brought against the state by any federally recognized California Indian tribe asserting any cause of action arising from the state's refusal to enter into negotiations with that tribe for the purpose of entering into a different Tribal-State compact pursuant to IGRA or to conduct those negotiations in good faith, the state's refusal to enter into negotiations concerning the amendment of a Tribal-State compact to which the state is a party, or to negotiate in good faith concerning that amendment, or the state's violation of the terms of any Tribal-State compact to which the state is or may become a party.

98006. The gaming authorized pursuant to this chapter, including, but not limited to, the gaming authorized pursuant to the Gaming Compact set forth in Section 98004, is not subject to any prohibition in state law now or hereafter enacted. Without limiting the foregoing, and notwithstanding any other provision of law, the following forms of gaming specifically are permitted and authorized to be conducted on Indian lands by a tribe that has entered into a Tribal-State compact with the state pursuant to this chapter, IGRA, or any other law:

(a) Any card games that were operated on any Indian reservation in California on or before January 1, 1998, provided that, with respect to card games that are not within class II of IGRA (which class II games are not affected by this chapter), those card games shall pay prizes solely in accordance with a players' pool prize system in which one or more segregated pools of funds that have been collected from player wagers are irrevocably dedicated to the prospective award of prizes in those card games or other lottery games, promotions, or contests and in which the house neither has acquired nor can acquire any interest. The tribe may set and collect a fee from players on a per play, per amount wagered, or time-period basis, and may seed the pools in the form of loans or promotional expenses, provided that the seeding is not used to pay prizes previously won.

(b) Any gaming or gambling device, provided that the devices do not dispense coins or currency and are not activated by handles, and prizes therefrom are awarded solely from one or more segregated pools of funds (1) that have been collected from player wagers, (2) that are irrevocably dedicated to the prospective award of prizes in such games or in other lottery games, contests, tournaments, or prize pool promotions, and (3) in which the house neither has acquired nor can acquire any interest. The tribe may set and collect a fee from players on a per play, per amount wagered, or time-period basis, and may seed the pools in the form of loans or promotional expenses, provided that the seeding is not used to pay prizes previously won. The introduction, possession, manufacture, repair, or transportation of gaming devices that are authorized by the terms of any Tribal-State gaming compact between the State of California and any federally recognized Indian tribe exercising jurisdiction over Indian lands in California is lawful in this state.

(c) The operation of any lottery game, including, but not limited to, drawings, raffles, match games, and instant lottery ticket games.

98007. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, that invalidity may not affect other provisions or applications of this chapter that can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

98008. The Governor is authorized and directed to execute any documents that may be necessary to implement this chapter.

98009. The provisions of the Gaming Compact set forth in Section 98004 are hereby incorporated into state law, and all gaming activities, including but not limited to gaming devices, authorized therein are expressly declared to be permitted as a matter of state law to any Indian tribe entering into the Gaming Compact in accordance with this chapter.

98010. Nothing in this chapter may be construed to limit the ability of a federally recognized Indian tribe to request that a Tribal-State compact be negotiated with the state on terms that are different from those set forth in the Gaming Compact under this chapter, or the ability of the state to engage in those negotiations and to reach agreement under IGRA. Nothing in this chapter may be construed to mean that, in offering the Gaming Compact to Indian tribes in California under Section 98004, and, except for assessments by the state as provided therein of such amounts as are necessary to defray its costs of regulating activities as provided under the Gaming Compact, (a) the state is imposing any tax, fee, charge, or other assessment upon an Indian tribe or upon any other person or entity authorized by an Indian tribe as a condition to engaging in a class III activity, or (b) the state is refusing to enter into Tribal-State compact negotiations based upon the lack of authority of the state, or of any political subdivision of the state, to impose such a tax, fee, charge, or other assessment.

98011. No amendment to the Gaming Compact as provided for therein or under this chapter requires further approval by the Legislature or the electorate.

98012. This chapter may be amended by a two-thirds vote of the Legislature, but only to further the purposes of this Act.

Proposition 6: Text of Proposed Law

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

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

PROPOSED LAW

PROHIBITION OF HORSE SLAUGHTER AND SALE OF HORSEMEAT FOR HUMAN CONSUMPTION ACT OF 1998

SECTION 1. TITLE

This act shall be known and may be cited as the Prohibition of Horse Slaughter and Sale of Horsemeat for Human Consumption Act of 1998.

SEC. 2. FINDINGS AND DECLARATIONS

The people of the State of California find and declare:

(a) The horse is part of California's heritage, having played a major role in California's historical growth and development. Horses contribute significantly to the enjoyment of generations of recreation enthusiasts in California.

(b) Horses are not raised for food or fiber and are taxed differently than food animals.

(c) Hundreds of thousands of California horses have been slaughtered for food in order to provide a gourmet meat to foreign markets.

(d) Horses can be stolen, or purchased without disclosure or under false pretenses, to be slaughtered or shipped for slaughter. These practices have contributed to crime and consumer fraud.

SEC. 3. PURPOSE AND INTENT

The people of the State of California hereby declare their purpose and intent in enacting this act to be as follows:

(a) To prohibit the sale of horsemeat for food for human consumption in the State of California.

(b) To prohibit the slaughter of California horses to be used for food for human consumption.

(c) To recognize horses as an important part of California's heritage that deserve protection from those who would slaughter them for food for human consumption.

SEC. 4. Section 598c is added to the Penal Code, to read:

598c. (a) Notwithstanding any other provision of law, it is unlawful for any person to possess, to import into or export from the state, or to sell, buy, give away, hold, or accept any horse with the intent of killing, or having another kill, that horse, if that person knows or should have known that any part of that horse will be used for human consumption.

(b) For purposes of this section, "horse" means any equine, including any horse, pony, burro, or mule.

(c) Violation of this section is a felony punishable by imprisonment in the state prison for 16 months, or two or three years.

(d) It is not the intent of this section to affect any commonly accepted commercial, noncommercial, recreational, or sporting activity that relates to horses.

(e) It is not the intent of this section to affect any existing law that relates to horse taxation or zoning.

SEC. 5. Section 598d is added to the Penal Code, to read:

598d. (a) Notwithstanding any other provision of law, horsemeat may not be offered for sale for human consumption. No restaurant, cafe, or other public eating place may offer horsemeat for human consumption.

(b) Violation of this section is a misdemeanor punishable by a fine of not more than one thousand dollars ($1,000), or by confinement in jail for not less than 30 days nor more than two years, or by both that fine and confinement.

(c) A second or subsequent offense under this section is punishable by imprisonment in the state prison for not less than two years nor more than five years.

SEC. 6. SEVERABILITY

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

Proposition 7: Text of Proposed Law

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

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

PROPOSED LAW

CALIFORNIA AIR QUALITY IMPROVEMENT ACT

SECTION 1. This act shall be known and may be cited as the California Air Quality Improvement Act of 1998.

SEC. 2. Part 10 (commencing with Section 44475.1) is added to Division 26 of the Health and Safety Code, to read:

PART 10. CALIFORNIA AIR QUALITY IMPROVEMENT PROGRAM

CHAPTER 1. FINDINGS, DEFINITIONS, AND PURPOSES

44475.1. The people of the State of California hereby find and declare all of the following, and state that to achieve and implement these findings and declarations is the intent and purpose of this measure:

(a) Air quality standards have been adopted to protect public health and the quality of life in California. In the interest of protecting every Californian's health and quality of life, it is necessary that California public agencies improve air quality by offering incentives for meeting mandated air quality standards as expeditiously as possible.

(b) Californians are acting now, by enacting this part, to encourage innovative programs that will help pay for the improvements necessary to improve California's air quality.

(c) Using tax credits to pay for the incremental costs of improved air pollution control technology that is not otherwise required by law or regulation is a cost-effective way to improve public health and environmental quality.

(d) California must substantially reduce air pollution from existing heavy-duty trucks and buses; construction, marine, and farming equipment; engines; locomotives; vessels; wildfires; outdoor burning of agricultural waste and rice straw; wood smoke from inefficient stoves and fireplaces; and ambient ground-level air pollution. Unless these existing sources of air pollution are reduced, the air quality improvements accomplished through the gradually increased use of new cleaner vehicles and equipment will not be sufficient to clean up California's air quickly enough to protect public health.

(e) Public transportation improves air quality. It is appropriate to protect and maintain funding for public transportation.

(f) Advanced technologies, like fuel cells, with great potential for improving air quality and reducing energy consumption, deserve public support in order to enter the market. Voluntary, incentive-based programs are needed to introduce these technologies.

(g) Notwithstanding the enactment of this part, the existing authority and duty of the State Air Resources Board and air quality districts continues to be to adopt technologically feasible and cost-effective control measures to reduce emissions from all sources subject to the jurisdiction of the state board or the districts, including sources described in this part, in order to achieve state and federal air quality standards as expeditiously as possible and to gain the air quality improvements so urgently needed by all Californians.

44475.2. As used in this part, the following terms have the following meanings:

(a) "Agricultural waste" means any vegetative materials grown pursuant to agricultural practices that otherwise would be burned in an outdoor, unenclosed situation. "Agricultural waste" does not include waste from forests or waste from timber harvesting governed by the Z'berg-Nejedly Forest Practices Act of 1973 (Chapter 8 (commencing with Section 4511) of Part 2 of Division 4 of the Public Resources Code).

(b) "District" means a district as defined in Section 39025.

(c) "Emissions reduction" means the reduction or elimination of emissions as compared to a baseline emissions rate, and the reduction, elimination, or removal of pollutants from the atmosphere.

(d) "Emissions" means emissions of pollutants into the air.

(e) "Engine" means an engine or a motor.

(f) "Entitlement" means a contract, franchise, license, permit, or other authorization granted by a local public agency to a person providing an essential public service.

(g) "Heat exchanger" means equipment that transfers heat and provides cooling, including an air conditioner unit, radiator, refrigeration unit, or similar air cooling device.

(h) "Light rail" means an urban rail transit system that is powered from overhead catenary wires.

(i) "Local public agency" means a city, county, or city and county; a public transit or transportation district or other transportation agency; a school district; or any other special-purpose district other than a district as defined in subdivision (b).

(j) "NO_x" means oxides of nitrogen regulated under state or federal law.

(k) "Person" means a person as defined in Section 19.

(l) "Pollutant" means any substance for which the state board or the United States Environmental Protection Agency has adopted an ambient air quality standard, or a precursor to a substance for which an ambient air quality standard has been adopted. For the purposes of this part only, this definition supersedes the definition of "air pollutant" in Section 39013.

(m) "Project" means a purchase, retrofit, repower, or operational change to cause an emissions reduction.

(n) "Repower" or "repowering" means replacing an engine with a cleaner engine. The term generally refers to replacing an older engine without pollution control with a new, emissions-certified engine, although repowering may include replacing an older emissions-certified engine with a newer engine certified to lower emissions standards.

(o) "Retrofit" means making modifications to an existing engine, emission control system, exhaust system, heat exchanger, or fuel system so that the retrofitted engine or equipment has significantly lower emissions than the original engine or equipment, or removes pollutants from the atmosphere.

(p) "State board" means the State Air Resources Board created pursuant to Part 2 (commencing with Section 39500) of this division.

(q) "Toxic air contaminant" means toxic air contaminant as defined in Section 39655.

(r) "Vessel" means every type of watercraft, as defined in subdivision (a) of Section 9840 of the Vehicle Code, that is not required to be registered pursuant to the Vehicle Code because that vessel has a valid marine document issued by the United States Bureau of Customs or any successor federal agency. "Vessel" does not mean a vessel of the United States, of any other state or political subdivision thereof, or of a municipality of another state. For the purpose of this part only, the definition in this subdivision supersedes the definition of "marine vessel" in Section 39037.1. The state board may expand this definition by regulation to include categories of vessels that are subject to registration pursuant to the Vehicle Code if the state board determines that making the tax credit available would be a cost-effective method of reducing emissions from those vessels.

CHAPTER 2. ADMINISTRATION OF THE PROGRAM

44475.5. (a) The state board shall administer this part, and shall adopt all necessary regulations to implement this part, which creates a program for awarding tax credits and issuing certificates pursuant to Section 17052 or 23630 of the Revenue and Taxation Code to provide incentives for reducing emissions. The state board shall adopt regulations for selecting projects pursuant to this part, consistent with the intent, purpose, and requirements of this part.

(b) The state board may delegate to any district, pursuant to regulation or a memorandum of understanding, all or a specific part of its authority to award tax credits pursuant to Sections 44475.23, 44475.25, 44475.26, 44475.28, 44475.29, 44475.30, and 44475.33. Any district that is delegated this authority shall comply with this part and the state board's regulations to ensure that the district awards tax credits consistently with the requirements of this part and applicable provisions of the Revenue and Taxation Code. All tax credit certificates shall be issued solely by the state board. The state board shall assure that districts comply with the limits on tax credits that may be awarded pursuant to Section 44475.57 and with the other provisions of this part. The state board may rescind its delegation on finding that a district has not met any of the requirements of this part.

(c) The state board may authorize districts to assist in implementing this part, including, but not limited to, conducting local inspections, monitoring, and promoting the tax credit program.

(d) Consistent with the allocation of tax credits in Section 44475.57, the state board may, in its regulations, establish priorities and criteria for the reduction of emissions based on the specific air quality attainment needs of each district.

(e) Any regulation required by this part shall be initially adopted no later than June 1, 1999, and may be amended by the state board from time to time thereafter.

(f) Notwithstanding any other provision of law, the state board, when adopting initial regulations pursuant to this part that are subject to the deadline specified in subdivision (e), may,

after at least one public hearing, adopt the regulations without review by the Office of Administrative Law if the state board makes a finding that the deadlines created by this part necessitate the adoption of the regulations within exceptionally short time periods during which review by the Office of Administrative Law would be impracticable and would prevent the timely implementation of this part in accord with the expectations of the voters and taxpayers that the tax credits authorized by this part will be available in the 1998–99 fiscal year.

(g) Except as provided in subdivision (f), any other regulation or order of repeal adopted pursuant to this part shall be otherwise subject to review by the Office of Administrative Law pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(h) The state board may use existing regulations to implement this part to the extent that they meet the requirements of this part.

44475.6. (a) The state board shall develop simple, standardized application packages for tax credits authorized by this part. The application packages shall include an application form, a brief description of the program, project eligibility criteria, the dollar value of tax credits available, descriptions of the selection criteria and evaluation process, specification of the documentation required, and a sample of the contract that applicants will be required to execute before being awarded a tax credit. The state board shall establish procedures to simplify and make understandable the application process for those seeking tax credits. The application package shall also explain how to obtain additional information about the program from the state board.

(b) Each applicant shall describe its project in sufficient detail, and submit any necessary information and supporting documentation not already in the possession of, or otherwise readily available to, the state board, for the state board properly to calculate the emissions reductions expected from the project and to evaluate the project using applicable project selection criteria. The applicant shall specify the dollar value of the tax credit needed for the applicant to undertake the project. An applicant may voluntarily provide any additional information about the emissions reduction potential of the project.

(c) The state board shall minimize the amount of information required to be submitted, and the amount of information required shall be related to the size, complexity, and uniqueness of the project. To minimize information required from applicants, the state board may rely on information from manufacturers, distributors, suppliers, and installers; test data; and reasonable estimates of average emissions reductions.

(d) The first application packages shall be finalized and available for distribution by the state board not later than June 1, 1999.

(e) For categories of projects with substantially uniform emission and cost characteristics and large numbers of potential applicants, the state board shall establish standardized applications that simplify filing by those applicants.

44475.7. (a) Unless otherwise specified in this part, a manufacturer, distributor, supplier, installer, purchaser, or end user may apply for the tax credit authorized by this part. The state board may by regulation further define and clarify categories of eligible applicants.

(b) A tax credit for a single project may be awarded once and only to a single applicant, even though the project may have involved the participation of several potential applicants in the course of manufacturing, distributing, supplying, installing, and using the project. For each project for which a tax credit is awarded pursuant to this part, the state board shall specify in the certificate the California taxpayer awarded the tax credit.

(c) Notwithstanding subdivision (b), a conversion facility utilizing agricultural waste or rice straw shall be the only entity that may apply for a tax credit pursuant to Section 44475.30 or 44475.33, as the case may be.

(d) Notwithstanding any other provision of law, any tax credit awarded pursuant to this part may be used by any member of the taxpayer's unitary group.

44475.8. The state board shall require a manufacturer, installer, authorized dealer of the manufacturer, or distributor of vehicles or equipment eligible for a tax credit pursuant to this part to provide a reasonable warranty for the vehicles or equipment, if a warranty is reasonably necessary to protect the consumers or users of the vehicles or equipment.

44475.9. (a) No project is eligible under this part if it is required pursuant to the Federal Energy Policy Act of 1992, or by any local, state, or federal air quality statute, rule, or regulation in effect on the date the tax credit is to be awarded.

(b) Notwithstanding subdivision (a), the state board may award a tax credit for an otherwise qualified application even if the State Implementation Plan assumes that the project will occur, so long as the project is not required by a statute or regulation in effect on the date the tax credit is to be awarded.

(c) Emissions reductions resulting from a project awarded a tax credit pursuant to this part may not be used under any local, state, or federal emissions averaging or trading program to offset or reduce any emissions reduction obligation of any person effective at the time the tax credit was awarded. Emissions reductions resulting from a project awarded a tax credit pursuant to this part may not be banked under any local, state, or federal emissions banking program.

(d) Tax credits may not be awarded pursuant to this part for projects that are recipients of grants, loans, or other tax credits for the same costs paid for through any other government programs. However, in order to provide adequate incentives for projects, the state board may authorize the awarding of tax credits in combination with other government assistance programs if it determines that the recipient is a public agency and that the financial assistance was for a purpose other than emissions reduction, or if it determines that the dollar value of the tax credit that otherwise would be awarded pursuant to this part can be reduced in proportion to the dollar value of the financial assistance provided by the other government program. This subdivision does not prohibit the awarding of tax credits for the operation or improvement of existing structures, facilities, vehicles, or equipment whose construction or purchase was undertaken with government financial assistance.

(e) Because other regulatory requirements apply to conversion facilities that utilize agricultural waste and rice straw, and are an effective substitute for the requirements of subdivisions (a) and (c), subdivisions (a) and (c) do not apply to projects for the utilization of agricultural waste or rice straw that meet the requirements of Section 44475.30 or 44475.33.

44475.10. (a) The state board shall develop standard-form long-term contracts for awarding tax credits for agricultural waste or rice straw conversion facilities that meet the requirements of Section 44475.30 or 44475.33 and for other categories of projects that the state board determines should be awarded tax credits pursuant to a long-term contract. If the facility or project is awarded a tax credit, the state board shall enter into a long-term contract with the applicant for the tax credit for the facility or project to assure stability for a term sufficient to encourage long-term presence in the market. The term of the long-term contract for agricultural waste or rice straw conversion facilities shall be for up to 10 years. The long-term contract shall specify the conditions applicable to the award of the tax credit and shall obligate the recipient of the tax credit to take the actions described in the application.

(b) The state board shall develop a simple contract for the award of tax credits for categories of projects for which a long-term contract is not necessary. The contract shall specify the conditions applicable to the award of the tax credit and shall obligate the recipient of the tax credit to take the actions described in the application.

(c) Once a tax credit certificate is issued, it may not be disallowed or revoked for the sole reason that the change in

equipment, vehicles, or operations for which the tax credit had been awarded, is later required by statute or regulation.

44475.11. (a) This part does not require any person or local public agency to use the tax credit program established by this part. Any participation in the tax credit program shall be voluntary.

(b) The state board shall institute an outreach program to inform potential participants, technology suppliers and vendors, engine and equipment dealers and distributors, vehicle fleet operators, industry organizations and publications, local public agencies, rail and port organizations, and the public of the availability of tax credits pursuant to this part and of the requirements and objectives of the program. The state board shall vigorously recruit potential applicants and publish examples of successful projects.

44475.12. No later than June 1, 1999, and prior to the award of any tax credits pursuant to this part, the state board shall adopt regulations establishing procedures to monitor whether the emissions reductions for which tax credits were awarded are actually being achieved. Monitoring procedures may include a requirement, as part of the contract between the state board and the tax credit recipient, that the manufacturer, distributor, or installer of the relevant vehicle or equipment, or the recipient of the tax credit provide the state board with information about the project on an annual basis. The costs of monitoring may be included in the amount of the tax credit. Information required from tax credit recipients shall be minimized and the format for reporting the information shall be made simple and convenient. Monitoring requirements included in a contract signed pursuant to the award of a tax credit may be changed only pursuant to an amendment to the contract that is agreed to by the state board and the person awarded the tax credit. The state board may revise the program monitoring procedures as appropriate to enhance program effectiveness and the enforcement of this section.

44475.13. The tax credits awarded pursuant to this part are not gifts of public funds to private parties, but, rather, are awarded in consideration of emissions reductions and benefits to public health and the environment that otherwise would not be realized in a timely manner, without regard to whether the ownership of the vehicles, engines, or equipment is public or private.

44475.14. Notwithstanding any other provision of law, the sum of four million three hundred fifty thousand dollars ($4,350,000) is hereby appropriated from the General Fund to the state board in each fiscal year, commencing with the 1998–99 fiscal year and concluding with the 2010–11 fiscal year, for the administration of this part, including allocations of funds to any district delegated responsibility under this part and allocations for the purposes of Section 42314.6. The program responsibility conferred by this part on the state board is entirely new and in addition to the existing responsibilities of the state board and the districts and may not be financed, wholly or partly, by the reduction or reallocation of funds appropriated to support those existing responsibilities.

CHAPTER 3. PROJECT ELIGIBILITY CRITERIA

44475.15. (a) The state board shall establish a standard of cost-effectiveness for each category of project included in this chapter, expressed in dollars per ton of emissions reduced or pollutants removed from California's atmosphere, calculated pursuant to this section.

(b) The state board shall establish by regulation reasonable methodologies for evaluating project cost-effectiveness, taking into account the degree to which the emissions reductions can be quantified with certainty, the durability and reliability of emissions reductions, timeliness and availability of projects, a fair and reasonable discount rate or time value of public funds, and other factors necessary to achieve the intent and purposes of this part. Where applicable, these methodologies shall be consistent with cost-effectiveness methodologies already published or used by the state board. For projects in the same category that provide reductions of more than one pollutant or that reduce different pollutants, the state board shall establish methodologies for evaluating the total cost-effectiveness of the projects based on the relative public health and environmental importance of reducing each pollutant. The state board shall assess the emissions of toxic air contaminants from each project. Between projects that have similar cost-effectiveness in emissions reduction, the state board shall give preference to projects with greater reductions in emissions of toxic air contaminants.

(c) Subdivisions (a) and (b) do not apply to research and development projects as described in Section 44475.27, pilot and demonstration projects for which tax credits are authorized pursuant to subdivision (b) of Section 44475.57, or agricultural waste and rice straw utilization projects as described in Sections 44475.30 and 44475.33.

(d) Cost-effectiveness calculations shall be made by the state board as part of the evaluation of each application and may not be required as a part of the application for a tax credit. However, an applicant may voluntarily submit cost-effectiveness information. The cost-effectiveness calculations shall be based on the dollar value of the tax credits requested by the applicant, and the state board and the applicant may not recalculate or revise the dollar value of tax credits from the amount requested in the application.

(e) The state board shall establish by regulation reasonable methodologies for evaluating project cost-effectiveness for projects eligible for a tax credit pursuant to Section 44475.30 or 44475.33, which shall be measured by the decrease in the number of tons of material diverted from agricultural waste or rice straw burning per dollar of tax credit, taking into account the degree to which the emissions reductions can be quantified with certainty, the durability and reliability of emission reductions, timeliness and availability of projects, a fair and reasonable discount rate or time value of public funds, and other factors necessary to achieve the intent and purposes of this part. Where applicable, these methodologies shall be consistent with cost-effectiveness methodologies already published or used by the state board. The state board shall give preference to projects that have the greatest decrease in number of tons of material from agricultural waste or rice straw burning per dollar of tax credit accepted by the agricultural waste or rice straw conversion facility receiving the tax credit and that maximize the reduction of outdoor, unenclosed burning of agricultural waste or rice straw. The state board shall take into account the incentives needed to transport the waste from farms to the facility.

(f) For categories of projects with substantially uniform emission and cost characteristics and large numbers of potential applicants, the state board shall establish standardized tax credit allocations based on estimates of average cost-effectiveness for all or a portion of the projects within a category that meet criteria specified by the state board. The standardized tax credit allocations shall meet the requirements of subdivision (b) and be designed to maximize the reduction in emissions from each category of projects consistent with the amount of tax credits allocated pursuant to Section 44475.57. Standardized tax credit allocations may not be established for research and development projects, as described in Section 44475.27, or for pilot and demonstration projects, as described in subdivision (b) of Section 44475.57.

(g) In calculating cost-effectiveness pursuant to this section, the state board may use reasonable estimates of emissions reductions in the absence of in-use or test data. In determining baseline emissions levels for vehicles or equipment, the state board shall use actual in-use emissions data whenever possible, but may use reasonable estimates of in-use emissions, or certification levels if sufficient in-use emissions data are not available. The state board shall accept and consider public comments in developing acceptable estimating methods for the purposes of this subdivision.

(h) Draft regulations implementing this section shall be issued no later than February 1, 1999.

44475.16. Commencing with the 1999–2000 biennium and no less frequently than every two years thereafter, the state board shall review technical data for stationary and portable equipment, engine, vehicle, and other technologies that are eligible for the award of tax credits to determine whether the criteria for projects eligible to be awarded tax credits should be revised to adjust the required amount of reduction in emissions compared with baseline equipment, engines, or vehicles certified as meeting prevailing emissions standards. After completing its review of available emission reduction technologies and their costs, the state board may revise the standard for cost-effectiveness by amending the regulations adopted pursuant to Section 44475.15 to improve the ability of the tax credits to serve as an incentive for the use of those technologies. A change in the standard of cost-effectiveness made pursuant to this section may not require a change in, or affect the validity of, any contract already entered into by the state board or a district.

44475.17. The dollar value of a tax credit awarded pursuant to this part may be prorated by the state board to reflect an estimate of the amount of time the vehicle or equipment is actually operated in California, relative to its total estimated operating time. The state board may require owners or operators of vehicles or equipment awarded tax credits pursuant to this part to certify to the state board their compliance with this section, using fuel purchase receipts or other documentation required by the state board.

44475.20. (a) (1) To expedite the acquisition of cleaner buses and other heavy-duty fleet vehicles with cleaner engines that are owned by or used pursuant to a contract or other entitlement entered into with or granted by a local public agency, the local public agency or person providing an essential public service pursuant to the contract or other entitlement may apply to the state board for the award of a tax credit for the purchase or lease of buses or other heavy-duty fleet vehicles that emit substantially less pollutants than those vehicles whose emissions equal those allowable under current emissions standards as specified in paragraph (2). Up to 10 percent of the tax credits authorized for allocation pursuant to this section may be used to purchase or lease light rail vehicles. Tax credits may not be awarded for projects to acquire rights-of-way, install track, provide power systems, or acquire or construct any other infrastructure to support light rail transit.

(2) The state board shall establish the standard for cost-effectiveness, determined pursuant to Section 44475.15, to expedite the purchase or lease pursuant to this section of the cleanest vehicles that are feasible. The vehicles shall be able to meet normal safety and other requirements and practices for the intended use of the vehicles. To be eligible, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 50 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 50 percent and no increase in NO_x emissions beyond a negligible amount, or a combined reduction in NO_x and particulate emissions of at least 60 percent.

(3) The state board shall award the tax credit to either the person selling or leasing the vehicles to the local public agency, the person selling the vehicles to the person that has the contract or other entitlement from the local public agency, or the person that has the contract or other entitlement from the local public agency.

(b) (1) To expedite the retrofit and repower of buses and other heavy-duty fleet vehicles owned by or used pursuant to a contract or other entitlement entered into with or granted by a local public agency, the local public agency or person providing an essential public service pursuant to the contract or other entitlement may apply to the state board for the award of a tax credit for the retrofit or repower of buses or other heavy-duty fleet vehicles to substantially reduce emissions of pollutants from those vehicles as specified in paragraph (2).

(2) The state board shall establish the standard for cost-effectiveness determined pursuant to Section 44475.15, to expedite pursuant to this section the cleanest feasible retrofit or repower of vehicles. The vehicles shall be able to meet normal safety and other requirements and practices for the intended use of the vehicles. Until June 30, 2004, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 40 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 20 percent and a decrease in NO_x emissions of at least 20 percent. On and after July 1, 2004, each application shall document to the satisfaction of the state board an NO_x emissions reduction of at least 50 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 50 percent and no increase in NO_x emissions beyond a negligible amount, or a combined reduction in NO_x and particulate emissions of at least 60 percent.

(3) The state board shall award the tax credit to either the person retrofitting or repowering the vehicles for the local public agency, or the person retrofitting or repowering the vehicles for the person that has the contract or other entitlement from the local public agency, or the person that has the contract or other entitlement from the local public agency.

(c) In awarding pilot and technology demonstration tax credits pursuant to this section and subdivision (b) of Section 44475.57, the state board shall give preference to projects that develop technologies that deliver substantial reductions in emissions of multiple pollutants and that offer the greatest likelihood of commercial viability.

44475.21. (a) (1) Notwithstanding subdivision (a) of Section 44475.11, to expedite the acquisition of cleaner state agency heavy-duty fleet vehicles, all state agencies authorized to purchase or lease heavy-duty fleet vehicles shall apply to the state board for tax credits, on behalf of vendors and lessors, for the purchase or lease of state vehicles that emit substantially less pollutants than those vehicles in the existing operating fleet of comparable vehicles whose emissions equal those allowable under current emissions standards that apply to those vehicles.

(2) The state board shall establish the standard for cost-effectiveness determined pursuant to Section 44475.15, to expedite pursuant to this section the purchase or lease of the cleanest vehicles that are feasible. The vehicles shall be able to meet normal safety and other requirements and practices for the intended use of the vehicles. To be eligible, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 50 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 50 percent and no increase in NO_x emissions beyond a negligible amount, or a combined reduction in NO_x and particulate emissions of at least 60 percent.

(3) The state board shall award the tax credits to the persons selling or leasing the vehicles to the state agencies.

(b) (1) Notwithstanding subdivision (a) of Section 44475.11, to expedite the retrofit and repower of heavy-duty fleet vehicles operated by state agencies, state agencies shall apply to the state board for tax credits, on behalf of persons retrofitting or repowering state vehicles, to substantially reduce emissions of pollutants from those vehicles as specified in paragraph (2).

(2) The state board shall establish the standard for cost-effectiveness determined pursuant to Section 44475.15, to expedite pursuant to this section the cleanest feasible retrofit or repower of vehicles. The vehicles shall be able to meet normal safety and other requirements and practices for the intended use of the vehicles. Until June 30, 2004, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 40 percent and no increase

in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 20 percent and a decrease in NO_x emissions of at least 20 percent. On and after July 1, 2004, each application shall document to the satisfaction of the state board an NO_x emissions reduction of at least 50 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 50 percent and no increase in NO_x emissions beyond a negligible amount, or a combined reduction in NO_x and particulate emissions of at least 60 percent.

(3) The state board shall award the tax credits to the persons retrofitting or repowering the vehicles for state agencies.

44475.22. (a) The state board shall award tax credits to expedite the retrofit or repower of the vehicles and equipment described in subdivision (b).

(b) The following vehicles and equipment are eligible for a tax credit pursuant to this section:

(1) Motorized implements of husbandry, as defined in Division 16 (commencing with Section 36000) of the Vehicle Code, farm labor vehicles, and other motor vehicles, motorized equipment, and engines used in agricultural operations and not operated on highways.

(2) Buses that are not eligible for a tax credit pursuant to Section 44475.20 or 44475.21.

(3) Heavy-duty trucks with engines that have been certified under the heavy-duty engine standards of the state board or the United States Environmental Protection Agency.

(4) Motor vehicles, motorized equipment, and engines used in grading, excavation, and construction and not operated on highways.

(c) If certification of the retrofit kit or repower qualifications for a replacement engine is required by other provisions of law, the retrofit kit or repower qualifications shall be certified for sale and operation in California. The state board shall act on a certification application for a new retrofit kit or repower qualifications within one year after application by the manufacturer if at all feasible. Any certification otherwise required shall include certification for durability, which may be estimated based on reasonable criteria established by the state board.

(d) The reductions in emissions in each vehicle shall be as specified in this subdivision. Until June 30, 2004, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 40 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 20 percent and a decrease in NO_x emissions of at least 20 percent. On and after July 1, 2004, each application for a tax credit shall document to the satisfaction of the state board an NO_x emissions reduction of at least 50 percent and no increase in particulate emissions beyond a negligible amount, or a particulate emissions reduction of at least 50 percent and no increase in NO_x emissions beyond a negligible amount, or a combined reduction in NO_x and particulate emissions of at least 60 percent.

44475.23. (a) To encourage conversion, retrofit, and repower of existing equipment at and near California ports that reduce emissions, the state board shall award tax credits for installing new, and retrofitting or repowering existing, engines and motorized equipment, or, pursuant to subdivision (b), changing operations of existing motorized equipment or vessels within a port.

(b) To the extent that operational changes in the speed or method of arriving at or departing from a port can be demonstrated to reduce emissions in a verifiable way, the state board may by regulation make those operational changes eligible for a tax credit pursuant to this section. For operational changes, tax credits shall be awarded for a period of up to one year to the operator of the vessel on the basis of the cost-effectiveness of the operational change as determined pursuant to Sections 44475.15 and 44475.55.

44475.24. (a) To encourage the purchase of new, or the retrofit or repower of existing, locomotive engines and related equipment and to encourage operational changes that reduce emissions, the state board shall award tax credits based on the reduction of emissions resulting from the operational changes or the use of new, retrofit, or repowered locomotives or related equipment in California.

(b) The tax credit shall be awarded for the purchase of new, retrofit, or repowered locomotive engines and related equipment that are cleaner than comparable engines and equipment that meet existing federal standards.

(c) For operational changes in the use of existing locomotive engines and equipment, tax credits shall be awarded for a period of up to one year to the operator on the basis of cost-effectiveness of the operational change, as determined pursuant to Sections 44475.15 and 44475.55, and the operational changes shall be demonstrated to the satisfaction of the state board to reduce emissions in a verifiable way.

44475.25. (a) The purpose of this section is to reduce smoke and other visible emissions, particulates, and other emissions from hearth products, and to conserve energy.

(b) To expedite upgrading to clean burning and efficient hearth products and the retrofit of existing wood-fueled fireplaces and stoves, as described in subdivision (d), the state board shall award tax credits for the purchase of natural gas or propane-fueled hearth products; pellet-fueled hearth products; extremely clean, wood-fueled fireplace inserts, stoves, and built-in fireplaces; and extremely clean oil-fueled hearth products.

(c) A hearth product described in subdivision (d), when taken out of service and replaced by a hearth product described in subdivision (e), is eligible for a tax credit pursuant to this section.

(d) To qualify for the tax credit, the existing hearth product shall be taken out of service and traded in, and shall meet the following requirements:

(1) It is either a free-standing stove or fireplace insert or a "wood heater," as defined by the United States Environmental Protection Agency pursuant to the New Source Performance Standards for Residential Wood Heaters (40 C.F.R. Part 60, Subpart AAA), that is designed for the burning of cordwood or coal and was manufactured prior to 1988.

(2) It is still in usable condition.

(3) It will be disposed of to a metal recycler by the retailer offering the trade-in.

(e) To qualify for the tax credit, the new hearth product shall be one of the following types:

(1) An extremely clean wood-fueled stove, fireplace insert, or built-in fireplace that is certified by the United States Environmental Protection Agency.

(2) An extremely clean wood-fueled fireplace that meets the emissions standards established by the United States Environmental Protection Agency.

(3) A prefabricated wood-fueled fireplace that is a "nonaffected facility", as defined by the Environmental Protection Agency pursuant to 40 C.F.R. Part 60, Subpart AAA, and which demonstrates emissions at and below those approved by the Environmental Protection Agency.

(4) Any stove, fireplace, or built-in hearth product that is pellet-fueled.

(5) Any natural gas or propane-fueled stove, fireplace insert, or built-in fireplace with glass fronts for viewing the fire certified by the California Energy Commission as meeting one or more of the following test standards:

(A) Vented or direct vent gas room heater.

(B) Vented or direct vent gas wall furnace—gravity.

(C) Vented or direct vent gas wall heater—fan type.

(6) Any extremely clean oil-fueled hearth product that meets the federal efficiency standard for oil-fueled room heaters and provides a view of the fire.

(f) Hearth products described in paragraphs (1), (2), and (3) of subdivision (e) shall have at least a 10-year warranty for the combustion chamber and components affecting combustion emissions. At the discretion of the manufacturer, the warranty need not include paint, door gasket, glass window, and blower; abuse or misuse; or damage resulting from the use of inappropriate fuels, as determined by the manufacturer. If the product includes a catalytic converter, the warranty is not required to cover the catalytic converter, but the consumer of the product shall be given a spare catalytic converter at the time of sale.

(g) The state board shall give first priority to providing tax credits to accomplish the purposes of subdivision (c). If there is insufficient demand for tax credits pursuant to subdivision (c) in any fiscal year, the state board shall allocate the remaining tax credits from that fiscal year to the following two programs in the subsequent fiscal year:

(1) The conversion to, or replacement of existing wood-fueled fireplaces with, products listed in subdivision (e). Conversion of fireplaces by use of a wood, pellet, natural gas or propane, or oil-fueled insert shall include permanent conversion with an appropriate flue liner system listed by a nationally accredited third party recognized independent testing laboratory. The flue liner system shall connect from the hearth product to chimney termination.

(2) The installation of wood, pellet, natural gas or propane, or oil-fueled fireplaces or wood-fueled heaters in new construction if the hearth product meets the requirements of subdivision (e).

44475.26. The state board shall award tax credits for the purchase of new engines used in lawnmowers and other motorized landscaping or gardening equipment when the purchase is made in conjunction with trading in older, polluting two- and four-stroke engines used in lawnmowers and other landscaping or gardening equipment. The state board shall establish minimum standards to qualify for tax credits pursuant to this section to maximize emission reductions. The tax credit shall be sufficient to induce consumer participation in the program, but shall be awarded for less than the full cost of the new equipment. Tax credits may be awarded only if old equipment is traded in and taken out of service. The old equipment shall be disposed of to a recycler.

44475.27. The state board shall award tax credits for research on, and development and commercialization of, technologies that would facilitate emissions reductions from sources of pollutants described in this part and to persons who make contributions of money to publicly financed or nonprofit institutions to perform that research, development, and commercialization. Projects that are likely to reduce more than one pollutant and also improve energy efficiency shall be given highest priority. The technologies may include those subject to an experimental permit in California. To be eligible for the tax credit, the research, development, or commercialization shall have the potential to result in demonstrable public health or environmental benefits, or both.

44475.28. The state board shall award tax credits for the retrofit of existing, or the acquisition of new, stationary or portable equipment such as pumps and generators. New equipment shall have substantially lower emissions than required by current standards. Retrofit equipment shall emit substantially less emissions as a result of the retrofit. The tax credit shall be sufficient to induce consumer participation in the program, but shall be awarded for less than the full cost of the new equipment. The state board shall establish minimum standards to qualify for tax credits pursuant to this section to maximize emission reductions.

44475.29. To encourage the installation of equipment or devices to reduce ambient air pollution such as ozone from the atmosphere, the state board shall award tax credits for the installation or retrofitting of ambient air pollution destruction technology on heat exchangers. The state board shall establish reasonable methodologies for evaluating the cost-effectiveness of ambient air pollution destruction technology, taking into account the air quality benefits of ambient air pollution reductions considering population exposure.

44475.30. (a) The intent of this section is to reduce or eliminate smoke and other emissions resulting from the outdoor, unenclosed burning of agricultural waste. The state board shall award tax credits for agricultural waste conversion facilities that will either gasify the agricultural waste, convert it to usable chemicals or other products, or utilize it for the generation of electrical energy. The state board shall award tax credits to the facilities that utilize agricultural waste in an amount sufficient to cover, but not to exceed, the full reasonable cost of collection, sizing, delivery, and storage of this material. As provided in subdivision (c) of Section 44475.7, tax credits may be awarded only to the facilities described in this section. Tax credits may not be awarded for any land application of agricultural waste. In entering into a long-term contract for agricultural waste conversion projects, the state board may set a maximum tax credit per ton of agricultural waste delivered to the facility, and may establish different maximum amounts for different categories of agricultural waste. The state board shall calculate the full reasonable cost of collection, sizing, delivery, and storage of the agricultural waste to the closest operating facility. The amount of the tax credit shall be based on the tonnage of agricultural waste delivered to the facility and the amount of tax credit available for each ton.

(b) The state board shall develop criteria for selecting agricultural waste conversion projects based on the reduction or elimination of emissions from outdoor, unenclosed burning compared to the emissions at the agricultural waste conversion facility and associated transportation emissions. In ranking applications for tax credits to be awarded pursuant to this section, the state board shall first consider applications from those facilities using best available control technologies such as bag houses for particulate control and combustion technologies that minimize other emissions. The application for a tax credit pursuant to this section shall certify that the agricultural waste would otherwise have been burned outdoors, and not in any enclosure.

44475.31. To encourage the purchase of cleaner, new, heavy-duty trucks, motor vehicles, and engines of 50 horsepower or greater, the state board shall award tax credits for the purchase in California of a new heavy-duty truck, motor vehicle, or engine that has lower emissions than required by state or federal law on the basis of cost-effectiveness, as determined pursuant to Sections 44475.15 and 44475.55, subject to the following requirements:

(a) Applications for projects involving the purchase of new advanced technology engines or vehicles shall document to the satisfaction of the state board an NO_x emissions reduction of at least 37.5 percent and no increase in particulate emissions beyond a negligible amount, or an NO_x emissions reduction of at least 25 percent and particulate emissions reduction of at least 25 percent compared to the emissions of a new engine or vehicle certified to the applicable baseline emissions standard for that engine or vehicle.

(b) On-road vehicles shall be greater than 14,000 pounds gross vehicle weight to be eligible for tax credits.

(c) All engines and vehicles shall be certified to the heavy-duty engine standards and test procedures specified by the state board.

(d) Engines and motor vehicles other than trucks shall be rated at 50 horsepower or more.

(e) For purposes of this section only, and notwithstanding Section 39033, "heavy-duty" means having a gross vehicle weight of greater than 14,000 pounds.

44475.32. To encourage the purchase of cleaner, new, off-road nonrecreational motor vehicles, and the replacement and retirement of older, more polluting, off-road nonrecreational motor vehicles, the state board shall award tax credits for the purchase of off-road nonrecreational motor vehicles in

California on the basis of cost-effectiveness as determined pursuant to Sections 44475.15 and 44475.55. The state board shall establish minimum standards to qualify for tax credits to maximize emissions reductions. Only nonrecreational motor vehicles of less than 50 horsepower may qualify for tax credits pursuant to this section. The retired nonrecreational motor vehicle shall be disposed of to a recycler.

44475.33. (a) The intent of this section is to reduce or eliminate smoke and other emissions resulting from the outdoor, unenclosed burning of rice straw. The state board shall award tax credits for rice straw conversion facilities that will either gasify the rice straw, convert it to usable chemicals or other products (such as paper, livestock feed, or building materials), or utilize it for the generation of electrical energy. The state board shall award tax credits to facilities that utilize rice straw in an amount sufficient to cover, but not to exceed, the full reasonable cost of collection, delivery, sizing, and storage of the rice straw. As provided in subdivision (c) of Section 44475.7, tax credits may be awarded only to the facilities described in this section. Tax credits may not be awarded for any land application of rice straw. In entering into a long-term contract for rice straw conversion projects, the state board may set a maximum tax credit per ton of rice straw delivered to the facility. The state board shall calculate the full reasonable cost of collection, delivery, sizing, and storage of the rice straw to the closest operating facility. The amount of the tax credit shall be based on the tonnage of rice straw delivered to the facility and the amount of tax credit available for each ton.

(b) The state board shall develop criteria for selecting rice straw conversion projects based on the reduction or elimination of emissions from outdoor, unenclosed burning compared to the emissions at the rice straw conversion facility and associated transportation emissions. In ranking applications for tax credits to be awarded pursuant to this section, the state board shall first consider applications from those facilities using best available control technologies such as bag houses for particulate control and combustion technologies that minimize other emissions. The application for a tax credit pursuant to this section shall certify that rice straw otherwise would have ultimately been burned outdoors, and not in any enclosure, and that, consistent with the requirements of subdivision (d) of Section 44475.9, awarding the tax credit will reduce air pollution by assisting in the implementation of Section 41865 and Chapter 4.5 (commencing with Section 39750) of Part 2.

Chapter 4. General Program Requirements

44475.40. Before a tax credit may be awarded pursuant to this part, the state board shall approve the capability of the particular retrofit technology, vehicle, engine, equipment, or product to meet the criteria for each specified in Chapter 3 (commencing with Section 44475.15). Any certification of vehicles or equipment necessary for operation in California shall be pursuant to the applicable state or federal law.

44475.41. To maintain eligibility for a tax credit, any motor vehicle, vehicle, or implement of husbandry that is required by the Vehicle Code to be registered, and that has been awarded tax credits pursuant to this part, shall have in force at all times a valid registration for operation in California.

44475.42. Subject to the cost-effectiveness requirements of this part, the state board may award tax credits for up to the incremental costs of a project, including incrementally higher operating and lease costs as well as incremental capital costs, as well as for any necessary incentives to encourage the acquisition of new vehicles and equipment, the retrofitting of existing vehicles and equipment, or the adoption of innovative technologies by users.

44475.43. (a) The state board shall by regulation establish procedures to assure that any equipment or vehicles traded in pursuant to this part shall have a reasonable remaining service life, and that the equipment or vehicles are scrapped after trade-in or retirement and not rebuilt or resold. Equipment and vehicles that are traded in or retired shall be destroyed, and the metal parts shall be recycled.

(b) The state board may require evidence that the vehicles or equipment eligible for a tax credit pursuant to this part will have a reasonable expected useful life.

44475.44. The state board and the districts, as appropriate, shall take all appropriate and necessary actions to ensure that emissions reductions achieved pursuant to this part are credited by the United States Environmental Protection Agency to emissions reduction objectives in the State Implementation Plan.

44475.45. In addition to the requirements of Section 44475.16, after study of available emissions reduction technologies and after public notice and comment, the state board may reduce the minimum percentage NO_x and particulate reduction criteria for purchase, retrofits, and add-on equipment stated in Sections 44475.20, 44475.21, 44475.22, and 44475.31 if necessary to maximize emissions reductions from the purchase, retrofit, or repowering of vehicles and equipment pursuant to those sections.

44475.46. The state board may specify conditions of use and other terms with respect to the purchase of vehicles and equipment and the operation of equipment acquired pursuant to this part.

44475.47. The state board may consider ways to increase the flexibility and effectiveness of this program, especially with respect to increasing the usability of the tax credits authorized by this part, and may propose legislation to improve the program. This section does not authorize the Legislature to amend this part.

Chapter 5. Award of Tax Credits

44475.50. The state board or district, as the case may be, has sole discretion to determine the sufficiency and completeness of any application and may determine that an application for a tax credit is not in compliance with this part, and its intent and purposes, and may reject the application.

44475.51. The state board or district, as the case may be, shall expedite the processing of applications and awarding of tax credits to the greatest extent possible.

44475.52. (a) Consistent with the other requirements of this part, the state board shall adopt regulations to award tax credits to projects within each project category set forth in Section 44475.57. Consistent with the other requirements of this part, including, but not limited to, Section 44475.55, the state board may adopt selection criteria to allocate tax credits within each project category to projects with equivalent cost-effectiveness rankings.

(b) Within each category of tax credits listed in Section 44475.57, if equivalent applications are submitted, the state board or district shall first select the application from an applicant that did not receive a tax credit within that category in the previous quarter. This subdivision does not prevent the state board or a district from awarding long-term contracts for tax credits. For purposes of this subdivision, "equivalent applications" means applications that are equally cost-effective and equal with respect to other criteria required by this part or by regulations adopted pursuant to this part.

44475.53. The state board may award tax credits pursuant to this part for projects that conform with the requirements of this part and with applicable regulations of the state board, even if the projects are initiated after the effective date of this part, but before the regulations implementing this part are adopted.

44475.54. (a) The state board or district, as the case may be, shall evaluate each application for consistency with the content requirements of Section 44475.6 and the other requirements of

this part and the regulations of the state board, shall determine the emissions reductions that will result from implementation of each project or category of projects using the methodology established pursuant to Section 44475.15, and shall apply the procedure for ranking projects set forth in Section 44475.55. The state board shall award tax credits to eligible applicants in accordance with the evaluations and determinations made pursuant to this section and Section 44475.55.

(b) Any project that does not meet the cost-effectiveness standard established by the state board pursuant to Section 44475.15, as determined by the state board or district in its sole discretion, shall not be eligible for a tax credit.

44475.55. In each calendar quarter, for any category of project specified in Section 44475.20 (public fleet vehicles), 44475.21 (state heavy-duty fleet vehicles), 44475.22 (retrofit), 44475.23 (ports), 44475.24 (locomotives), 44475.28 (stationary and portable equipment), 44475.29 (ambient air pollution destruction technology), 44475.30 (agricultural waste), 44475.31 (new heavy-duty vehicles), 44475.32 (off-road vehicles), or 44475.33 (rice straw) for which one or more applications meet the cost-effectiveness standard established by the state board, the state board shall rank the qualifying proposed projects in order from the most cost-effective to the least cost-effective. The state board shall award tax credits according to this ranking until all credits available for the particular category of project for that quarter have been awarded or no qualifying projects remain. If the state board is unable to rank two or more projects because they have similar cost-effectiveness in emissions reductions, the state board shall give preference to the project with greater reductions in emissions of toxic air contaminants, in accordance with the procedure in subdivision (b) of Section 44475.15. This section does not apply to projects included in the standardized tax credit allocations established pursuant to subdivision (f) of Section 44475.15. In categories in which districts have been delegated authority to award tax credits, the districts shall cooperate with the state board in implementing this section.

44475.56. (a) Upon the determination of the state board to award a tax credit, the successful applicant shall execute a long-term or short-term contract, as the case may be, as provided in Section 44475.10.

(b) With respect to any tax credit that may be claimed in more than one taxable or income year, the state board shall allocate the entire dollar value of that tax credit to the fiscal year in which the applicant executed the contract. The applicant may thereafter claim portions of the unused amount of the tax credit in subsequent taxable or income years until the total amount of the tax credit is exhausted. The unused amount that may be claimed is not at any time subject to the operation of subdivision (b) of Section 44475.58.

(c) In lieu of the procedure authorized in subdivision (b), at the election of the applicant, the long-term contract may provide that the dollar value of the tax credit may be allocated in equal allotments to two or more fiscal years, up to a total of 10 fiscal years, designated by the applicant. A single long-term contract shall be entered into for multiyear allotments, but, at the time the contract is signed, the state board shall issue a separate tax credit certificate for each allotment. In any taxable or income year in which an allotment may be claimed, the applicant may elect to claim less than the full dollar value of the allotment and may thereafter claim the unused portion of that allotment in subsequent taxable or income years until the total amount of the allotment is exhausted. The unused portion of an allotment may be claimed in the same taxable or income year for which a new allotment is allocated. In any fiscal year in which subdivision (b) of Section 44475.58 is implemented, the dollar value of the allotment of the tax credit allocated to that fiscal year may not be reduced.

44475.57. (a) The state board shall award tax credits in each fiscal year in accordance with the following schedule:

Tax Credits In Millions Of Dollars	*Section*	*Category*
$35	*44475.20(a)*	*New public fleet vehicles*
$ 5	*44475.20(b)*	*Retrofit and repower public fleet vehicles*
$10	*44475.21(a)*	*New state heavy-duty fleets*
$ 5	*44475.21(b)*	*Retrofit and repower state heavy-duty vehicles*
$34	*44475.22*	*Retrofit of older, heavy-duty trucks and equipment*
$15	*44475.23*	*Ports*
$10	*44475.24*	*Locomotives*
$10	*44475.25*	*Hearth products*
$ 5	*44475.26*	*Lawn and garden equipment*
$20	*44475.27*	*Research and development*
$ 3	*44475.28*	*Stationary and portable equipment*
$15	*44475.29*	*Ambient air pollution destruction technology*
$17	*44475.30*	*Agricultural waste conversion facilities*
$25	*44475.31*	*New heavy-duty and 50+ HP motor vehicles*
$ 3	*44475.32*	*New off-road, nonrecreational motor vehicles*
$ 6	*44475.33*	*Rice straw conversion facilities*

(b) (1) The state board shall allocate up to 10 percent of the dollar value of tax credits authorized in each category listed in subdivision (a), except Section 44475.20, for pilot or technology demonstration projects that develop technologies to reduce pollutants from the source identified in each section. The state board shall award tax credits pursuant to this subdivision to the extent that qualified applications are received, up to the 10-percent limit specified in this paragraph.

(2) In implementing this subdivision, highest priority shall be given to projects that may substantially reduce emissions of more than one air pollutant and have the greatest likelihood of commercial viability. Projects that will meet such criteria as durability, safety, reliability, and reduction of actual in-use emissions also shall be given high priority. To be eligible for tax credits, advanced technologies shall have the potential to substantially reduce emissions of pollutants.

(3) This subdivision does not apply to Section 44475.27.

(4) Notwithstanding paragraph (1), the state board shall allocate up to 12 percent of the dollar value of tax credits authorized in subdivision (a) for pilot or technology demonstration projects undertaken pursuant to Section 44475.20 that develop technologies to reduce pollutants from the source identified in that section. The state board shall award tax credits pursuant to this paragraph to the extent that qualified applications are received, up to the 12-percent limit specified in this paragraph. The total dollar value of tax credits allocated by this paragraph from Section 44475.20 may be used for pilot and demonstration projects pursuant to the purposes of subdivision (a) of Section 44475.20.

44475.58. (a) (1) To the extent that applications have been submitted for eligible projects, the state board or district shall award tax credits pursuant to this part at least once per calendar quarter for each category of project specified in Chapter 3 (commencing with Section 44475.15).

(2) In any fiscal year for which there are insufficient qualified tax credit applications in a particular category set forth in the schedule in Section 44475.57, or in the event of a reduction in the tax credits allowed due to the operation of subdivision (b), the state board shall retain the tax credits not awarded

pursuant to Section 44475.57 for award in that category for use in a subsequent fiscal year. In awarding tax credits retained from previous years, the state board shall seek to allocate the tax credits in equal allotments throughout the remaining years of the program, to reduce the impact of the award of the deferred tax credits in any single fiscal year.

(b) The Department of Finance may reduce the total amount of tax credits to be awarded in a fiscal year following a fiscal year in which General Fund receipts were lower than General Fund receipts in the previous fiscal year. The Department of Finance may also reduce the total amount of tax credits to be awarded within a fiscal year if General Fund receipts in that fiscal year are lower from July 1 to March 31 of that fiscal year compared to the same period in the previous fiscal year. In addition, the Department of Finance may reduce the total amount of tax credits to be awarded in each of the 1998–99 and 1999–2000 fiscal years if General Fund receipts did not increase, compared to the previous fiscal year, in an amount to equal the amount of tax credits to be awarded in each of those fiscal years. In the event of any reductions made by the Department of Finance pursuant to this subdivision, the state board shall allocate the reductions in the same proportion as the tax credits are allocated pursuant to Section 44475.57. Tax credits awarded as part of a long-term contract, or pursuant to the carryover provisions set forth in Sections 17052 and 23630 of the Revenue and Taxation Code, may not be reduced.

44475.59. (a) An annual audit shall be performed to determine whether this part is being carried out in accordance with the intent, purposes, and requirements of this part. The audit shall include review of the administration of the program and expenses incurred pursuant to Section 44475.14, taking into account the costs of beginning the program. The Department of Finance shall contract with a private auditing firm to conduct the audit. On completion of the audit, the Department of Finance shall immediately report the results of the audit to the Governor, the Legislature, the state board, and the public. The state board shall report to the Governor, the Legislature, and the public its response to the results and recommendations of the audit within 90 days of completion of the audit. If the audit recommends a reduction in the cost of administering the program, the state board shall reduce its administrative costs or provide a written explanation to the Governor and the Legislature as to why the administrative expenses cannot be reduced.

(b) The first audit shall be for the 1998–99 fiscal year. The Legislature shall appropriate sufficient funds for each fiscal year from the General Fund to the Department of Finance to pay for the audit.

44475.60. The Franchise Tax Board shall calculate the aggregate amount of tax credits awarded by the state board and districts and claimed by taxpayers, as reported pursuant to subdivision (b) of Section 44475.62, and shall report that amount to the Controller, the Director of Finance, and the State Department of Education for each fiscal year. That amount shall represent the total amount of tax credits approved and claimed pursuant to this part for purposes of determining the amount of "General Fund revenues which may be appropriated pursuant to Article XIII B", as that phrase is used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, and in calculating moneys to be applied by the state for the support of school districts and community college districts. Notwithstanding any other provision of law, the amount of the tax credits shall be added to General Fund revenues otherwise considered in making those calculations required by Section 8. The Legislature may amend this section to better achieve its intent, which is to assure that this part does not diminish funding for school districts or community college districts to a level below what would be required absent the tax credits authorized by this part.

44475.61. Notwithstanding any other provision of law, tax credits approved pursuant to this part shall be considered "General Fund revenues which may be appropriated pursuant to Article XIII B", as that phrase is used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, and in calculating moneys to be applied by the state for the support of school districts and community college districts. Those tax credits shall be added to General Fund revenues otherwise considered in making those calculations required by Section 8. The Legislature may amend this section to better achieve its intent, which is to assure that this part does not diminish funding for school districts or community college districts to a level below what would be required absent the tax credits authorized by this part.

44475.62. (a) After the end of each quarter, the state board shall publish a list of all projects awarded tax credits under this program during the previous quarter by the state board and any participating district. The report shall include for each project a description of the project, the amount of annual emissions reductions estimated to result from the project, the number of vehicles or pieces of equipment involved, the cost-effectiveness of the project, and other items considered relevant by the state board. The report shall be transmitted to the Governor, the Legislature, and the public.

(b) The state board shall furnish a list to the Franchise Tax Board after the end of each quarter, in the form and manner agreed upon by the Franchise Tax Board, containing the names, taxpayer identification numbers (including taxpayer identification numbers for each partner or shareholder, as applicable), a description of the tax credit awarded, and the total amount of credit approved for each person awarded a tax credit in that quarter.

44475.63. (a) In the event that the recipient of the tax credit or operator of the equipment, vehicles, locomotives, off-road nonrecreational motor vehicles, or vessels purchased or operated pursuant to the award of the tax credit violates the terms of the contract pursuant to which the tax credit was awarded, the state board may initiate an action to rescind the contract, invalidate the dollar value of any unused tax credit, and recover from the recipient an amount of money equal to the dollar value of the tax credit used, together with interest as computed on deficiency assessments.

(b) Any money recovered pursuant to this section shall be available for appropriation for the purposes of Section 44475.27, and for no other purpose.

(c) Any unused tax credit invalidated pursuant to this section shall be available for award in a subsequent fiscal year by the state board for the same category for which the tax credit originally was awarded.

(d) The state board shall notify the Franchise Tax Board of every action initiated pursuant to this section. The initiation of an action pursuant to this section does not preclude the imposition of any fine, forfeiture, or other penalty or undertaking an administrative enforcement action pursuant to any other provision of law or regulation.

44475.64. Personal services and consulting contracts entered into pursuant to this part are not subject to approval by the Department of General Services if the state board does all of the following:

(a) Designates a state board officer as responsible and directly accountable for the state board's contracting program.

(b) Establishes written policies and procedures and a management system ensuring that state board's contracting activities comply with applicable provisions of law and regulations and that it has demonstrated the ability to carry out these policies and procedures and to implement the management system.

(c) Establishes a plan for ensuring that contracting personnel are adequately trained in contract administration and contract management.

(d) Conducts an audit every two years of the contracting program and reports to the Department of General Services as the department may require.

(e) Establishes procedures for reporting to the Legislature on the contracting program.

CHAPTER 6. REPEAL

44475.70. Section 44475.57 shall continue in effect until January 1, 2011, and is repealed as of that date. The state board and districts may award no further tax credits after January 1, 2011, unless Section 44475.57 is reenacted and becomes effective on or after that date. The Legislature may reenact Section 44475.57 by majority vote. The reenacted section shall take effect on or after January 1, 2011.

SEC. 3. Section 17039 of the Revenue and Taxation Code is amended to read:

17039. (a) Notwithstanding any provision in this part to the contrary, for the purposes of computing tax credits, the term "net tax" means the tax imposed under either Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to lump-sum distributions) less the credits allowed by Section 17054 (relating to personal exemption credits) and any amount imposed under paragraph (1) of subdivision (d) and paragraph (1) of subdivision (e) of Section 17560. Notwithstanding the preceding sentence, the "net tax" shall not be less than the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions), if any. Credits shall be allowed against "net tax" in the following order:

(1) Credits that do not contain carryover or refundable provisions, except those described in paragraphs (4) and (5).

(2) Credits that contain carryover provisions but do not contain refundable provisions.

(3) Credits that contain both carryover and refundable provisions.

(4) The minimum tax credit allowed by Section 17063 (relating to the alternative minimum tax).

(5) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(6) Credits that contain refundable provisions but do not contain carryover provisions.

The order within each paragraph shall be determined by the Franchise Tax Board.

(b) Notwithstanding the provisions of Sections 17053.5 (relating to the renter's credit), 17061 (relating to refunds pursuant to the Unemployment Insurance Code), and 19002 (relating to tax withholding), the credits provided in those sections shall be allowed in the order provided in paragraph (6) of subdivision (a).

(c) (1) Notwithstanding any other provision of this part, no tax credit shall reduce the tax imposed under Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions) below the tentative minimum tax, as defined by Section 17062, except the following credits, but only after allowance of the credit allowed by Section 17063:

(A) The credit allowed by former Section 17052.4 (relating to solar energy).

(B) The credit allowed by former Section 17052.5 (relating to solar energy).

(C) The credit allowed by Section 17052.5 (relating to solar energy).

(D) The credit allowed by Section 17052.12 (relating to research expenses).

(E) The credit allowed by former Section 17052.13 (relating to sales and use tax credit).

(F) The credit allowed by Section 17052.15 (relating to Los Angeles Revitalization Zone sales tax credit).

(G) The credit allowed by Section 17053.5 (relating to the renter's credit).

(H) The credit allowed by former Section 17053.8 (relating to enterprise zone hiring credit).

(I) The credit allowed by Section 17053.10 (relating to Los Angeles Revitalization Zone hiring credit).

(J) The credit allowed by former Section 17053.11 (relating to program area hiring credit).

(K) For each taxable year beginning on or after January 1, 1994, the credit allowed by Section 17053.17 (relating to Los Angeles Revitalization Zone hiring credit).

(L) The credit allowed by Section 17053.33 (relating to targeted tax area sales or use tax credit).

(M) The credit allowed by Section 17053.34 (relating to targeted tax area hiring credit).

(N) The credit allowed by Section 17053.49 (relating to qualified property).

(O) The credit allowed by Section 17053.70 (relating to enterprise zone sales or use tax credit).

(P) The credit allowed by Section 17053.74 (relating to enterprise zone hiring credit).

(Q) The credit allowed by Section 17057 (relating to clinical testing expenses).

(R) The credit allowed by Section 17058 (relating to low-income housing).

(S) The credit allowed by Section 17061 (relating to refunds pursuant to the Unemployment Insurance Code).

(T) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(U) The credit allowed by Section 19002 (relating to tax withholding).

(V) The credit allowed by Section 17052 (relating to reductions in emissions of air pollutants).

(2) Any credit that is partially or totally denied under paragraph (1) shall be allowed to be carried over and applied to the net tax in succeeding taxable years, if the provisions relating to that credit include a provision to allow a carryover when that credit exceeds the net tax.

(d) Unless otherwise provided, any remaining carryover of a credit allowed by a section that has been repealed or made inoperative shall continue to be allowed to be carried over under the provisions of that section as it read immediately prior to being repealed or becoming inoperative.

(e) (1) Unless otherwise provided, if two or more taxpayers (other than husband and wife) share in costs that would be eligible for a tax credit allowed under this part, each taxpayer shall be eligible to receive the tax credit in proportion to his or her respective share of the costs paid or incurred.

(2) In the case of a partnership, the credit shall be allocated among the partners pursuant to a written partnership agreement in accordance with Section 704 of the Internal Revenue Code, relating to partner's distributive share.

(3) In the case of a husband and wife who file separate returns, the credit may be taken by either or equally divided between them.

(f) Unless otherwise provided, in the case of a partnership, any credit allowed by this part shall be computed at the partnership level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit shall be applied to the partnership and to each partner.

(g) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any taxable year attributable to the disregarded business entity shall be limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer's "net tax," as defined in subdivision (a), for the taxable year shall be limited to an amount equal to the excess of the taxpayer's regular tax (as defined in Section 17062), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to that disregarded business entity. No

credit shall be allowed if the taxpayer's regular tax (as defined in Section 17062), determined by including the income attributable to the disregarded business entity, is less than the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any taxable year, the excess amount may be carried over to subsequent taxable years pursuant to subdivisions (c) and (d).

SEC. 4. Section 17052 is added to the Revenue and Taxation Code, to read:

17052. (a) For each taxable year beginning on or after January 1, 1999, there shall be allowed as a credit against the amount of "net tax," as defined in Section 17039, an amount equal to the tax credit awarded pursuant to Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code.

(b) The aggregate amount of tax credits granted to all taxpayers pursuant to this section and Section 23630 may not exceed two hundred eighteen million dollars ($218,000,000) for each fiscal year, plus the amount of tax credits that are retained pursuant to paragraph (2) of subdivision (a) of Section 44475.58 of the Health and Safety Code.

(c) In the case where the credit allowed by this section exceeds the "net tax," the excess may be carried over to reduce the "net tax" in the following year and succeeding years until the credit has been exhausted.

(d) The State Air Resources Board shall do all of the following:

(1) Certify that the taxpayer has been awarded the tax credit as specified in subdivision (a).

(2) Issue tax credit certificates in an aggregate amount that shall not exceed the limit specified in subdivision (b).

(3) Furnish each year a list to the Franchise Tax Board, in a form or manner agreed upon by the Franchise Tax Board and the State Air Resources Board, of the qualified taxpayers that were issued tax credit certificates. If possible, the list shall be in a computer readable form.

(4) Provide the taxpayer with copies of the tax credit certificate.

(5) Obtain the taxpayer's identification number; or, in the case of an organization taxed as a partnership, the taxpayer's identification number of each partner; or, in the case of a Subchapter S corporation, the taxpayer's identification number of each shareholder.

(6) No later than 60 days following the close of each fiscal year within which the credit under this section is available, provide to the Legislature a report with respect to that fiscal year that includes all of the following:

(A) The number of tax credit certificates requested and issued.

(B) The types of taxpayers receiving the tax credit certificates.

(e) To be eligible for the tax credit, the taxpayer shall do all of the following:

(1) As part of the taxpayer's request for a tax credit, provide the State Air Resources Board with documents, as deemed necessary by the State Air Resources Board, verifying that the requirements of this section and Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code have been met.

(2) Retain a copy of the tax credit certificate issued by the State Air Resources Board as specified in subdivision (d).

(3) Provide a copy of the tax credit certificate to the Franchise Tax Board upon request.

(4) Provide the State Air Resources Board with the taxpayer's identification number; or, in the case of an organization taxed as a partnership, the taxpayer identification numbers of each partner; or, in the case of a Subchapter S corporation, the taxpayer's identification number of each shareholder.

(5) If the taxpayer fails to comply with the requirements of this subdivision, no credit may be awarded to that taxpayer until the taxpayer complies.

(f) Any credit allowed pursuant to this section shall be in lieu of any other credit otherwise allowable pursuant to this part for the same purchase, retrofit, repower, or operational change that is the basis for the tax credit under this section. In addition, any deduction for the same purchase, retrofit, repower, or operational change that is the basis for the tax credit under this section shall be reduced, on a pro rata basis, by the part of the purchase, retrofit, repower, or operational change that was paid for by the credit awarded pursuant to this section.

SEC. 5. Section 23036 of the Revenue and Taxation Code is amended to read:

23036. (a) (1) The term "tax" includes any of the following:

(A) The tax imposed under Chapter 2 (commencing with Section 23101).

(B) The tax imposed under Chapter 3 (commencing with Section 23501).

(C) The tax on unrelated business taxable income, imposed under Section 23731.

(D) The tax on S corporations imposed under Section 23802.

(2) The term "tax" does not include any amount imposed under paragraph (1) of subdivision (e) of Section 24667 or paragraph (2) of subdivision (f) of Section 24667.

(b) For purposes of Article 5 (commencing with Section 18661) of Chapter 2, Article 3 (commencing with Section 19031) of Chapter 4, Article 6 (commencing with Section 19101) of Chapter 4, and Chapter 7 (commencing with Section 19501) of Part 10.2, and for purposes of Sections 18601, 19001, and 19005, the term "tax" shall also include all of the following:

(1) The tax on limited partnerships, imposed under Section 17935 or Section 23081, the tax on limited liability companies, imposed under Section 17941 or Section 23091, and the tax on registered limited liability partnerships and foreign limited liability partnerships imposed under Section 17948 or Section 23097.

(2) The alternative minimum tax imposed under Chapter 2.5 (commencing with Section 23400).

(3) The tax on built-in gains of S corporations, imposed under Section 23809.

(4) The tax on excess passive investment income of S corporations, imposed under Section 23811.

(c) Notwithstanding any other provision of this part, credits shall be allowed against the "tax" in the following order:

(1) Credits that do not contain carryover provisions.

(2) Credits that, when the credit exceeds the "tax," allow the excess to be carried over to offset the "tax" in succeeding taxable years. The order of credits within this paragraph shall be determined by the Franchise Tax Board.

(3) The minimum tax credit allowed by Section 23453.

(4) Credits for taxes withheld under Section 18662.

(d) Notwithstanding any other provision of this part, each of the following shall be applicable:

(1) No credit shall reduce the "tax" below the tentative minimum tax (as defined by paragraph (1) of subdivision (a) of Section 23455), except the following credits, but only after allowance of the credit allowed by Section 23453:

(A) The credit allowed by former Section 23601 (relating to solar energy).

(B) The credit allowed by former Section 23601.4 (relating to solar energy).

(C) The credit allowed by Section 23601.5 (relating to solar energy).

(D) The credit allowed by Section 23609 (relating to research expenditures).

(E) The credit allowed by Section 23609.5 (relating to clinical testing expenses).

(F) The credit allowed by Section 23610.5 (relating to low-income housing).

(G) The credit allowed by former Section 23612 (relating to sales and use tax credit).

(H) The credit allowed by Section 23612.2 (relating to enterprise zone sales or use tax credit).

(I) The credit allowed by Section 23612.6 (relating to Los Angeles Revitalization Zone sales tax credit).

(J) The credit allowed by former Section 23622 (relating to enterprise zone hiring credit).

(K) The credit allowed by Section 23622.7 (relating to enterprise zone hiring credit).

(L) The credit allowed by former Section 23623 (relating to program area hiring credit).

(M) For each income year beginning on or after January 1, 1994, the credit allowed by Section 23623.5 (relating to Los Angeles Revitalization Zone hiring credit).

(N) The credit allowed by Section 23625 (relating to Los Angeles Revitalization Zone hiring credit).

(O) *The credit allowed by Section 23630 (relating to reductions in emissions of air pollutants).*

(P) The credit allowed by Section 23633 (relating to targeted tax area sales or use tax credit).

~~(P)~~

(Q) The credit allowed by Section 23634 (relating to targeted tax area hiring credit).

~~(Q)~~

(R) The credit allowed by Section 23649 (relating to qualified property).

(2) No credit against the tax shall reduce the minimum franchise tax imposed under Chapter 2 (commencing with Section 23101).

(e) Any credit which is partially or totally denied under subdivision (d) shall be allowed to be carried over to reduce the "tax" in the following year, and suceeding years if necessary, if the provisions relating to that credit include a provision to allow a carryover of the unused portion of that credit.

(f) Unless otherwise provided, any remaining carryover from a credit that has been repealed or made inoperative shall continue to be allowed to be carried over under the provisions of that section as it read immediately prior to being repealed or becoming inoperative.

(g) Unless otherwise provided, if two or more taxpayers share in costs that would be eligible for a tax credit allowed under this part, each taxpayer shall be eligible to receive the tax credit in proportion to its respective share of the costs paid or incurred.

(h) Unless otherwise provided, in the case of an S corporation, any credit allowed by this part shall be computed at the S corporation level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit shall be applied to the S corporation and to each shareholder.

(i) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any income year attributable to the disregarded business entity shall be limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer's "tax," as defined in subdivision (a), for the income year shall be limited to an amount equal to the excess of the taxpayer's regular tax (as defined in Section 23455), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer's regular tax (as defined in Section 23455), determined by excluding the income attributable to that disregarded business entity. No credit shall be allowed if the taxpayer's regular tax (as defined in Section 23455), determined by including the income attributable to the disregarded business entity is less than the taxpayer's regular tax (as defined in Section 23455), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any income year, the excess amount may be carried over to subsequent income years pursuant to subdivisions (d), (e), and (f).

SEC. 6. Section 23630 is added to the Revenue and Taxation Code, to read:

23630. (a) For each income year beginning on or after January 1, 1999, there shall be allowed as a credit against the amount of "tax," as defined in Section 23036, an amount equal to the tax credit awarded pursuant to Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code.

(b) The aggregate amount of tax credits granted to all taxpayers pursuant to this section and Section 17052 may not exceed two hundred eighteen million dollars ($218,000,000) for each fiscal year, plus the amount of tax credits that are retained pursuant to paragraph (2) of subdivision (a) of Section 44475.58 of the Health and Safety Code.

(c) In the case where the credit allowed by this section exceeds the "tax," the excess may be carried over to reduce the "tax" in the following year and succeeding years until the credit has been exhausted.

(d) The State Air Resources Board shall do all of the following:

(1) Certify that the taxpayer has been awarded the tax credit as specified in subdivision (a).

(2) Issue tax credit certificates in an aggregate amount that shall not exceed the limit specified in subdivision (b).

(3) Furnish each year a list to the Franchise Tax Board, in a form or manner agreed upon by the Franchise Tax Board and the State Air Resources Board, of the qualified taxpayers that were issued tax credit certificates. If possible, the list shall be in a computer readable form.

(4) Provide the taxpayer with copies of the tax credit certificate.

(5) Obtain the taxpayer's identification number; or, in the case of an organization taxed as a partnership, the taxpayer's identification number of each partner; or, in the case of a Subchapter S corporation, the taxpayer's identification number of each shareholder.

(6) No later than 60 days following the close of each fiscal year within which the credit under this section is available, provide to the Legislature a report with respect to that fiscal year that includes all of the following:

(A) The number of tax credit certificates requested and issued.

(B) The types of businesses receiving the tax credit certificates.

(e) To be eligible for the tax credit, the taxpayer shall do all of the following:

(1) As part of the taxpayer's request for a tax credit, provide the State Air Resources Board with documents, as deemed necessary by the State Air Resources Board, verifying that the requirements of this section and Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code have been met.

(2) Retain a copy of the tax credit certificate issued by the State Air Resources Board as specified in subdivision (d).

(3) Provide a copy of the tax credit certificate to the Franchise Tax Board upon request.

(4) Provide the State Air Resources Board with the taxpayer's identification number; or, in the case of an organization taxed as a partnership, the taxpayer identification numbers of all partners; or, in the case of a Subchapter S corporation, the taxpayer's identification number of each shareholder.

(5) If the taxpayer fails to comply with the requirements of this subdivision, no credit may be awarded to that taxpayer until the taxpayer complies.

(f) Any credit allowed pursuant to this section shall be in lieu of any other credit otherwise allowable pursuant to this part for the same purchase, retrofit, repower, or operational change that

is the basis for the tax credit under this section. In addition, any deduction for the same purchase, retrofit, repower, or operational change that is the basis for the tax credit under this section shall be reduced, on a pro rata basis, by the part of the purchase, retrofit, repower, or operational change that was paid for by the credit awarded pursuant to this section.

(g) Notwithstanding any other provision of law, any tax credit awarded pursuant to this section may be used by any member of the taxpayer's unitary group.

SEC. 7. Section 42314.6 is added to the Health and Safety Code, to read:

42314.6. (a) Wildfires in California forests and wildlands release substantial emissions into the air. These emissions currently average almost 600,000 tons of pollutants annually. These emissions adversely affect public health and environmental quality. Emissions from wildfires not only adversely affect air quality in areas where they occur but also are transported to other air basins.

(b) A study of an air quality market-based incentive program for prescribed burning projects is hereby authorized, and shall be paid for by an allocation of funds by the State Air Resources Board pursuant to Section 44475.14. The study shall consider policies, regulations, or standards which could be incorporated into air pollution control requirements that allow the sale, purchase, trade, or substitution of emissions reduction credits among sources of air pollution. As used in this section, "emissions reduction credits" means surplus emissions reductions that represent a net decrease in emissions from the level that otherwise would have been required by federal, state, or local pollution control requirements.

(c) The State Air Resources Board and the affected districts shall conduct the study to assess the feasibility of the program. The study shall be completed by January 1, 2001, and shall include the following:

(1) A methodology for establishing baselines for emissions from wildfire and from prescribed burning projects.

(2) The assessment and development of a methodology for calculating the emissions from prescribed burning projects to reduce anticipated emissions expected to occur from wildfires once the baselines are established.

(3) An assessment of emissions reduction techniques that can be applied to prescribed burning projects, and a methodology for calculating expected emissions reductions, including smoke management techniques that have the greatest potential to limit population exposure to smoke.

(d) The study shall consider the possibility of implementing the program on lands owned by, or where fire is managed by, the California Department of Forestry and Fire Protection, California Department of Fish and Game, the United States Forest Service, the United States Bureau of Land Management, the National Park Service, and the United States Fish and Wildlife Service.

(e) The study shall assume that the following requirements will be met by eligible projects:

(1) The project complies with federal, state, and district air pollution control requirements governing agricultural or nonagricultural burning.

(2) The project will result in cost-effective emissions reductions that satisfy federal and state market-based air pollution control requirements.

(3) The project will result in a net emissions reduction or air quality benefit when used to offset increased emissions from other sources.

(4) The purpose of the project is not to improve forest health, or to convert one ecosystem or habitat type to another ecosystem or habitat type.

(5) The project will meet any additional requirements that, as determined by the State Air Resources Board, will be necessary for this program to meet applicable state and federal requirements governing market-based incentive programs and emissions trading, including the development of technical calculation protocols and procedures that are specific to quantifying the emissions reduction benefits from prescribed burning projects. In estimating the potential emissions value of the credit, the study shall apply modeling data and actual or historic emissions data provided by the Department of Forestry and Fire Protection and approved by the State Air Resources Board.

(f) Because of the transportability of air pollutants generated by wildfires, the study shall consider whether emissions reduction credits for prescribed burning projects within any air basin could be used for offsets, and at what ratio for nonattainment pollutants if within the same air basin, and at what ratio if between adjacent air basins if the State Air Resources Board determines that the upwind area contributes measurably to downwind area emissions.

(g) This section does not authorize any transaction involving emissions reduction credits, nor does it affect the application of existing law authorizing credits for reduced open field burning.

SEC. 8. Article 4 (commencing with Section 4495) is added to Chapter 7 of Part 2 of Division 4 of the Public Resources Code, to read:

Article 4. Prescribed Burning Projects: Air Pollution Reduction

4495. (a) All money recovered pursuant to Section 13009 of the Health and Safety Code for fire suppression costs and received in the fiscal year following the fiscal year in which the costs were incurred or in a subsequent fiscal year, all money recovered in the foreclosure of any lien for the abatement of fire and other hazards and nuisances pursuant to Article 7 (commencing with Section 4170) of Chapter 1, and any other money recovered, forfeited, or otherwise obtained pursuant to statute or any legal action to offset costs incurred in fire suppression shall be expended by the department to implement the prescribed burning elements of the California Fire Plan, as adopted by the State Board of Forestry, that reduce air pollution caused by wildland fires, forest fires, uncontrolled fires, and other wildfires. This subdivision does not apply to any money paid or credited to the department by another public agency in connection with the suppression of fire or the discharge of the department's responsibilities for fire prevention and fire hazard abatement.

(b) All money described in subdivision (a) shall be deposited in the Prefire Management Account, which is hereby created in the General Fund. Notwithstanding Section 13340 of the Government Code, all money in the account is hereby appropriated to the department without regard to fiscal years for expenditure for the purposes of this section.

(c) The department shall give preference to community conservation corps, as defined in Section 14507.5, in undertaking work financed pursuant to this section.

(d) Funds appropriated pursuant to this section shall be supplemental to other funds appropriated by the Legislature or obtained from other sources to implement the California Fire Plan, and may not displace those funds.

(e) Funds expended pursuant to this section may be spent only on the implementation of prescribed burns that are designed to reduce the generation of air pollution resulting from wildfires.

SEC. 9. Section 41202 of the Education Code is amended to read:

41202. The words and phrases set forth in subdivision (b) of Section 8 of Article XVI of the Constitution of the State of California shall have the following meanings:

(a) "Moneys to be applied by the State," as used in subdivision (b) of Section 8 of Article XVI of the California Constitution, means appropriations from the General Fund that are made for allocation to school districts, as defined, or community college districts. An appropriation that is withheld, impounded, or made without provisions for its allocation to school districts or community college districts, shall not be considered to be "moneys to be applied by the State."

(b) "General Fund revenues which may be appropriated pursuant to Article XIII B," as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, means General Fund revenues that are the proceeds of taxes as defined by subdivision (c) of Section 8 of Article XIII B of the California Constitution, including, for the 1986–87 fiscal year only, any revenues that are determined to be in excess of the appropriations limit established pursuant to Article XIII B for the fiscal year in which they are received. General Fund revenues for a fiscal year to which paragraph (1) of subdivision (b) is being applied shall include, in that computation, only General Fund revenues for that fiscal year that are the proceeds of taxes, as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, and shall not include prior fiscal year revenues. Commencing with the 1995–96 fiscal year, and each fiscal year thereafter, "General Fund revenues that are the proceeds of taxes," as defined in subdivision (c) of Section 8 of Article XIII B of the California Constitution, includes any portion of the proceeds of taxes received from the state sales tax that are transferred to the counties pursuant to, and only if, legislation is enacted during the 1995–96 fiscal year the purpose of which is to realign children's programs. The amount of the proceeds of taxes shall be computed for any fiscal year in a manner consistent with the manner in which the amount of the proceeds of taxes was computed by the Department of Finance for purposes of the Governor's Budget for the Budget Act of 1986.

(c) *"General Fund revenues which may be appropriated pursuant to Article XIII B," as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI, includes tax credits approved pursuant to the California Air Quality Improvement Program, as set forth in Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code, and in calculating moneys to be applied by the state for the support of school districts and community college districts. Notwithstanding any other provision of law, those tax credits shall be added to General Fund revenues otherwise considered in making these calculations as required by Section 8.*

(d) "General Fund revenues appropriated for school districts," as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, regardless of whether those appropriations were made from the General Fund to the Superintendent of Public Instruction, to the Controller, or to any other fund or state agency for the purpose of allocation to school districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of *Section 8 of* Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

~~(d)~~

(e) "General Fund revenues appropriated for community college districts," as used in paragraph (1) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means one sum of appropriations made that are for allocation to community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (1) of subdivision (b) of *Section 8 of* Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

~~(e)~~

(f) "Total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means the sum of appropriations made that are for allocation to school districts, as defined in Section 41302.5, and community college districts, regardless of whether those appropriations were made from the General Fund to the Controller, to the Superintendent of Public Instruction, to the Chancellor of the California Community Colleges, or to any other fund or state agency for the purpose of allocation to school districts and community college districts. The full amount of any appropriation shall be included in the calculation of the percentage required by paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI, without regard to any unexpended balance of any appropriation. Any reappropriation of funds appropriated in any prior year shall not be included in the sum of appropriations.

~~(f)~~

(g) "General Fund revenues appropriated for school districts and community college districts, respectively" and "moneys to be applied by the state for the support of school districts and community college districts," as used in Section 8 of Article XVI of the California Constitution, shall include funds appropriated for the Child Care and Development Services Act pursuant to Chapter 2 (commencing with Section 8200) of Part 6 and shall not include any of the following:

(1) Any appropriation that is not made for allocation to a school district, as defined in Section 41302.5, or to a community college district regardless of whether the appropriation is made for any purpose that may be considered to be for the benefit to a school district, as defined in Section 41302.5, or a community college district. This paragraph shall not be construed to exclude any funding appropriated for the Child Care and Development Services Act pursuant to Chapter 2 (commencing with Section 8200) of Part 6.

(2) Any appropriation made to the Teachers' Retirement Fund or to the Public Employees' Retirement Fund except those appropriations for reimbursable state mandates imposed on or before January 1, 1988.

(3) Any appropriation made to service any public debt approved by the voters of this state.

~~(g)~~

(h) "Allocated local proceeds of taxes," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for school districts as defined, those local revenues, except revenues identified pursuant to paragraph (5) of subdivision (h) of Section 42238, that are used to offset state aid for school districts in calculations performed pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing with Section 56836) of Part 30.

~~(h)~~

(i) "Allocated local proceeds of taxes," as used in paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI of the California Constitution, means, for community college districts, those local revenues that are used to offset state aid for community college districts in calculations performed pursuant to Section 84700. In no event shall the revenues or receipts derived from student fees be considered "allocated local proceeds of taxes."

~~(i)~~

(j) For the purposes of calculating the 4 percent entitlement pursuant to subdivision (a) of Section 8.5 of Article XVI of the California Constitution, "the total amount required pursuant to Section 8(b)" shall mean the General Fund aid required for schools pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, and shall not include allocated local proceeds of taxes.

(k) The Legislature may not amend subdivision (c) except to better achieve the intent of that subdivision, which is to assure that the initiative measure that added that subdivision does not diminish funding for school districts and community college

districts to a funding level below that required absent the tax credits authorized by that measure.

SEC. 10. Section 41204.2 is added to the Education Code, to read:

41204.2. Notwithstanding any other provision of law, for the purposes of applying paragraph (2) of subdivision (b) of Section 8 of Article XVI of the California Constitution, in the first fiscal year following approval of tax credits pursuant to the California Air Quality Improvement Program authorized by Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code, and for each fiscal year thereafter, the Director of Finance shall adjust the amount required to ensure that allocations to school districts and community college districts, respectively, are not less than those allocations in the prior fiscal year, to reflect revenue derived from approval of tax credits in that fiscal year pursuant to Part 10 (commencing with Section 44475.1) of Division 26 of the Health and Safety Code, and to ensure that the proportional net fiscal effect reflects the allocation of such revenue to school districts and community college districts consistent with the manner in which the amount of the proceeds of taxes was computed by the Department of Finance for purposes of the Governor's Budget in the immediately preceding fiscal year.

The Legislature may amend this section to better achieve its intent, which is to assure that the initiative measure that enacted this section does not diminish funding for school districts and community college districts to a funding level below that required absent the tax credits authorized by that measure.

SEC. 11. Section 29531 of the Government Code is amended to read:

29531. (a) The board of supervisors shall continuously appropriate the money in ~~such~~ *the local transportation* fund for expenditure for the purposes specified in this article *directly related to administration of the fund and the fund's revenue* and *the transportation and associated fund administration purposes specified* in Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code.

(b) The local transportation fund is a trust fund. Once the local transportation fund is created, it may not be abolished. The terms of the contract entered into pursuant to Section 29530 may not be modified in a manner inconsistent with the purposes and requirements of this section. Money in the fund or designated for transfer to the fund pursuant to Section 29530 may be allocated only to mass transportation, pedestrian and bicycle facilities, streets and roads, transportation planning, and fund administration purposes, as required by this article and by Chapter 4 (commencing with Section 99200) of Part 11 of Division 10 of the Public Utilities Code. Neither the county nor the Legislature may divert any moneys in the fund from these purposes to another purpose.

SEC. 12. (a) Prior to January 1, 2011, the Legislature may amend Sections 17039 and 23036 of the Revenue and Taxation Code if the amendments do not delete or alter the tax credits authorized by Sections 17052 and 23630 of the Revenue and Taxation Code. Prior to January 1, 2011, except where specifically authorized pursuant to this act, the Legislature may make no other amendments to this act and may not repeal or supersede any provision of this act.

(b) On and after January 1, 2011, the Legislature may amend or repeal any provision of this act if the amendments do not reduce or impair the ability of taxpayers to fully utilize tax credits after January 1, 2011, if the tax credits were awarded prior to January 1, 2011, and the taxpayers are eligible to use the carryover provisions of the Revenue and Taxation Code or use the tax credits pursuant to long-term contracts that meet the requirements of Section 44475.10 of the Health and Safety Code.

SEC. 13. It is the intent of the People of California in enacting this act that the operation of this act not reduce funding for school districts or community college districts.

SEC. 14. This act shall be liberally construed to further its purposes, especially with respect to being allowed to take effect.

SEC. 15. (a) This act shall take effect notwithstanding any other provision of law.

(b) It is the express intent of the People of California that this act shall take effect and become operative at 12:01 a.m. on November 4, 1998.

SEC. 16. If any provision of this act or the application thereof is held invalid, that invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

SEC. 17. It is the intent of the People of California in enacting this act that it be carried out in the most expeditious manner possible, and that all state and local officials implement this act to the fullest extent of their authority.

Proposition 8: Text of Proposed Law

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

This initiative measure amends, repeals, and adds sections to the Education 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. This act shall be known, and may be cited, as the Permanent Class Size Reduction and Educational Opportunities Act of 1998.

SEC. 2. (a) The people of the State of California find and declare all of the following:

(1) High expectations for the academic achievement of all children in California are essential elements of the public school system.

(2) Small class sizes, well-trained teachers, a safe learning environment, and parent participation in the public schools are essential components of an educational system that achieves our high expectations for all children.

(3) Information on the quality of education in each public school is essential to identify low-performing schools that are not providing our children with the opportunity to achieve our high expectations.

(b) In enacting the Permanent Class Size Reduction and Educational Opportunities Act of 1998, it is the intent of the people of the State of California to accomplish all of the following:

(1) To give parents a significant role in improving the educational program at the schools attended by their children.

(2) To ensure that persons licensed to teach in California possess essential subject-matter knowledge.

(3) To enable school principals to identify, assist, and, if necessary, remove from their schools, teachers who are not contributing to pupil achievement.

(4) To provide a safe learning environment that fosters learning by keeping mind-altering illegal drugs out of the hands of school children.

(5) To provide a funding guarantee for class size reduction for kindergarten and grades 1 to 3, inclusive.

(6) To provide information to parents, the general public, and elected officials on the performance of individual public schools

so that corrective action may be taken in low-performing schools.

SEC. 3. Chapter 2.5 (commencing with Section 33250) is added to Part 20 of the Education Code, to read:

CHAPTER 2.5. OFFICE OF THE CHIEF INSPECTOR OF THE PUBLIC SCHOOLS

33250. The Office of the Chief Inspector of the Public Schools is hereby established in the state government.

33250.5. The Office of the Chief Inspector of the Public Schools shall be an independent entity in the state government. The Chief Inspector of the Public Schools shall appoint and discharge employees, consistent with applicable civil service laws, and shall establish the compensation of these employees and prescribe their duties.

33251. The Chief Inspector of the Public Schools shall be appointed by the Governor and shall serve for no more than one term of 10 years. The appointment of the Chief Inspector of the Public Schools shall not be subject to approval by the Senate, but the Chief Inspector of the Public Schools may be removed from that office by a two-thirds vote of all members elected to each house of the Legislature.

33251.5. The Chief Inspector of the Public Schools, or employees of the Office of the Chief Inspector of the Public Schools, acting at the direction of the chief inspector, shall inspect each of the public elementary and secondary schools in California at least once every two years. The Chief Inspector of the Public Schools shall submit an annual report on his or her findings to the Governor, the Legislature, the State Board of Education, and the Superintendent of Public Instruction.

33252. The annual report of the Chief Inspector of the Public Schools shall include, but not necessarily be limited to, all of the following:

(a) A ranking of the public schools in categories of comparable grade levels in order of the quality of education offered by the schools.

(b) Identification of the strengths and weaknesses of each public school.

(c) Achievement scores, dropout rates, attendance rates, college entrance rates, vocational program entrance rates, scores on the SAT and other standardized tests, and other information as determined by the chief inspector.

33252.5. Funding for the Office of the Chief Inspector of the Public Schools shall be provided in the annual Budget Act. However, the annual Budget Act appropriation for support of the State Department of Education shall be reduced by an amount equal to the annual Budget Act appropriation for the Office of the Chief Inspector of the Public Schools.

33253. This chapter shall become operative on July 1, 1999.

SEC. 4. Section 44252.9 is added to the Education Code, to read:

44252.9. (a) The commission may issue a preliminary multiple subject or single subject teaching credential, for a period not to exceed two years, to any applicant qualifying under Section 44227 pending completion of the following requirements in paragraph (1), (2), or (3), or to any applicant for a designated subjects teaching credential pending completion of the requirement in paragraph (3):

(1) A commission-approved examination to verify subject matter competence.

(2) A course or examination on the teaching of reading.

(3) A course or examination on the provisions and principles of the United States Constitution.

(b) This section shall apply to credentials issued on or after January 1, 1999.

SEC. 5. Section 44253 of the Education Code is amended to read:

44253. *(a)* The commission may issue a preliminary multiple *subject* or single subject teaching credential, for a period not to exceed two years, to any applicant qualifying under Section 44227 pending completion of the *following* requirements in ~~subdivision (a), (b), or (c)~~ *paragraph (1), (2), or (3),* or to any applicant for a designated subjects teaching credential pending completion of the requirement in ~~subdivision (c).~~

~~(a)~~ *paragraph (3):*

(1) A commission-approved subject matter preparation program or examination to verify subject matter competence.

~~(b)~~

(2) A course or examination on the teaching of reading.

~~(c)~~

(3) A course or examination on the provisions and principles of the United States Constitution.

(b) This section shall apply to credentials issued on or before December 31, 1998. Credentials issued after that date shall be subject to Section 44252.9.

SEC. 6. Section 44256 of the Education Code is amended to read:

44256. Authorization for teaching credentials shall be of four basic kinds, as defined below:

(a) "Single subject instruction" means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, foreign languages. The commission may establish and implement alternative requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.

(b) *(1)* "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education.

(2) The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of students below grade 9, provided that the teacher has completed at least 12 semester units, or ~~six~~ *6* upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, foreign languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.

(c) "Specialist instruction" means any specialty requiring

advanced preparation or special competence including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.

(d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or vocational courses which courses may be part of a program of trade, technical, or vocational education.

(e) This section shall apply to authorizations issued on or before December 31, 1998. Authorizations issued after that date shall be subject to Section 44256.1.

SEC. 7. Section 44256.1 is added to the Education Code, to read:

44256.1. Authorization for teaching credentials shall be of four basic kinds, as defined below:

(a) "Single subject instruction" means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools.

(b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education.

(c) "Specialist instruction" means any specialty requiring advanced preparation or special competence including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.

(d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or vocational courses which courses may be part of a program of trade, technical, or vocational education.

(e) This section shall apply to authorizations issued on or after January 1, 1999.

SEC. 8. Section 44258.3 of the Education Code is amended to read:

44258.3. (a) The governing board of a school district may assign the holder of a credential, other than an emergency permit, to teach any subjects in departmentalized classes in kindergarten or any of grades 1 to 12, inclusive, provided that the governing board verifies, prior to making the assignment, that the teacher has adequate knowledge of each subject to be taught and the teacher consents to that assignment. The governing board shall adopt policies and procedures for the purpose of verifying the adequacy of subject knowledge on the part of each of those teachers. The governing board shall involve subject matter specialists in the subjects commonly taught in the district in the development and implementation of the policies and procedures, and shall include in those policies and procedures both of the following:

(1) One or more of the following ways to assess subject matter competence:

(A) Observation by subject matter specialists, as defined in subdivision (d).

(B) Oral interviews.

(C) Demonstration lessons.

(D) Presentation of curricular portfolios.

(E) Written examinations.

(2) Specific criteria and standards for verifying adequacy of subject matter knowledge using any of the methods in paragraph (1). The criteria shall include, but need not be limited to, evidence of the candidate's knowledge of the subject matter to be taught, including demonstrated knowledge of the curriculum framework for the subject to be taught and the specific content of the course of study in the school district for the subject, at the grade level to be taught.

(b) Teaching assignments made pursuant to this section shall be valid only in that school district. The principal of the school, or other appropriate administrator, shall notify the exclusive representative of the certificated employees for that school district, as provided under Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, of each instance in which a teacher is assigned to teach classes pursuant to this section. Any school district policy or procedures adopted and teaching assignments made pursuant to this section shall be included in the report required by subdivisions (a) and (e) of Section 44258.9. The Commission on Teacher Credentialing may suspend the authority of a school district to use the teaching assignment option authorized by this section upon a finding that the school district has violated the provisions of this section.

(c) Nothing in this section shall be construed to alter the effect of Section 44955 with regard to the reduction by a school district governing board of the number of certificated employees.

(d) For the purposes of this section, "subject matter specialists" are mentor teachers, curriculum specialists, resource teachers, classroom teachers certified to teach a subject, staff to regional subject matter projects or curriculum institutes, or college faculty.

(e) This section shall apply only to assignments made on or before December 31, 1998.

SEC. 9. Section 44259 of the Education Code is amended to read:

44259. (a) Each program of professional preparation for multiple *subject* or single subject teaching credentials shall not include more than one year of, or the equivalent of one-fifth of a five-year program in, professional preparation.

(b) The minimum requirements for the preliminary multiple *subject* or single subject teaching credential, are all of the following:

(1) A baccalaureate degree or higher degree, except in professional education, from a regionally accredited institution of postsecondary education.

(2) Passage of the state basic skills examination that is developed and administered by the commission pursuant to Section 44252.5.

(3) Completion of a program of not more than one year of professional preparation that has been approved or accredited on the basis of standards of program quality and effectiveness pursuant to subdivision (a) of Section 44227, subdivisions (a), (b), and (c) of Section 44372, or Section 44376.

(4) Study of alternative methods of developing English language skills, including the study of reading as described in subparagraphs (A) and (B), among all pupils, including those for whom English is a second language, in accordance with the commission's standards of program quality and effectiveness. The study of reading shall meet the following requirements:

(A) Commencing January 1, 1997, satisfactory completion of comprehensive reading instruction that is research-based and includes all of the following:

(i) The study of organized, systematic, explicit skills including phonemic awareness, direct, systematic, explicit phonics, and decoding skills.

(ii) A strong literature, language, and comprehension component with a balance of oral and written language.

(iii) Ongoing diagnostic techniques that inform teaching and assessment.

(iv) Early intervention techniques.

(v) Guided practice in a clinical setting.

(B) *(i)* For the purposes of this section, "direct, systematic, explicit phonics" means phonemic awareness, spelling patterns, the direct instruction of sound/symbol codes and practice in connected text, and the relationship of direct, systematic, explicit phonics to the components set forth in clauses (i) to (v), inclusive.

(ii) A program for the multiple ~~subjects~~ *subject* credential also shall include the study of integrated methods of teaching language arts.

(5) ~~Completion of a subject matter program that has been approved by the commission on the basis of standards of~~

~~program quality and effectiveness pursuant to Article 6 (commencing with Section 44310) or~~ *Commencing January 1, 1999,* passage of a subject matter examination pursuant to Article 5 (commencing with Section 44280).

(6) Demonstration of a knowledge of the principles and provisions of the *United States* Constitution ~~of the United States~~ pursuant to Section 44335.

(7) Commencing January 1, 2000, demonstration, in accordance with the commission's standards of program quality and effectiveness, of basic competency in the use of computers in the classroom.

(c) The minimum requirements for the professional multiple *subject* or single subject teaching credential shall include completion of the following studies:

(1) Study of health education, including study of nutrition, cardiopulmonary resuscitation, and the physiological and sociological effects of abuse of alcohol, narcotics, and drugs and the use of tobacco. Training in cardiopulmonary resuscitation shall also meet the standards established by the American Heart Association or the American Red Cross.

(2) Study and field experience in methods of delivering appropriate educational services to students with exceptional needs in regular education programs.

(3) Study, in accordance with the commission's standards of program quality and effectiveness, of advanced computer-based technology, including the uses of technology in educational settings.

(4) Completion of an approved fifth year program after completion of a baccalaureate degree at an accredited institution.

(d) A credential that was issued prior to the effective date of this section shall remain in force as long as it is valid under the laws and regulations that were in effect on the date it was issued. The commission may not, by regulation, invalidate an otherwise valid credential unless it issues to the holder of the credential, in substitution, a new credential authorized by another provision in this chapter that is no less restrictive than the credential for which it was substituted with respect to the kind of service authorized and the grades, classes, or types of schools in which it authorizes service.

(e) Notwithstanding this section, persons who were performing teaching services as of January 1, 1991, pursuant to the language of this section that was in effect prior to that date, may continue to perform those services without complying with any requirements that may be added by the amendments adding this subdivision.

(f) Subparagraphs (A) and (B) of paragraph (4) of subdivision (b) do not apply to any person who, as of January 1, 1997, holds a multiple *subject* or single subject teaching credential, or to any person enrolled in a program of professional preparation for a multiple *subject* or single subject teaching credential as of January 1, 1997, who subsequently completes that program. It is the intent of the Legislature that the requirements of subparagraphs (A) and (B) of paragraph (4) of subdivision (b) be applied only to persons who enter a program of professional preparation on or after January 1, 1997.

SEC. 10. Section 44280 of the Education Code is amended to read:

44280. ~~The~~ *Commencing January 1, 1999, the* adequacy of subject matter preparation and the basis for assignment of certified personnel shall be determined by the ~~successful~~ *following:*

(a) Successful passage of a subject matter examination as certified by the commission ~~, except as specifically waived as set forth in Article 6 (commencing with Section 44310) of this chapter~~. For the purpose of determining the adequacy of subject matter knowledge of languages for which there are no adequate examinations, the commission may establish guidelines for accepting assessments performed by organizations that are expert in the language and culture assessed.

(b) Submission of a portfolio of lesson plans in the subject areas to be taught. These lesson plans shall meet standards for lesson plans in the California public schools. These standards shall be developed and adopted by the commission.

SEC. 11. Article 6 (commencing with Section 44310) of Chapter 2 of Part 25 of the Education Code is repealed.

SEC. 12. Section 48915 of the Education Code is amended to read:

48915. (a) Except as provided in subdivisions (c) and (e), the principal or the superintendent of schools shall recommend the expulsion of a pupil for any of the following acts committed at school or at a school activity off school grounds, unless the principal or superintendent finds that expulsion is inappropriate, due to the particular circumstance:

(1) Causing serious physical injury to another person, except in self-defense.

(2) Possession of any knife, explosive, or other dangerous object of no reasonable use to the pupil.

(3) ~~Unlawful possession of any controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, except for the first offense for the possession of not more than one avoirdupois ounce of marijuana, other than concentrated cannabis.~~

~~(4)~~ Robbery or extortion.

~~(5)~~

(4) Assault or battery, as defined in Sections 240 and 242 of the Penal Code, upon any school employee.

(b) Upon recommendation by the principal, superintendent of schools, or by a hearing officer or administrative panel appointed pursuant to subdivision (d) of Section 48918, the governing board may order a pupil expelled upon finding that the pupil committed an act listed in subdivision (a) or in subdivision (a), (b), (c), (d), or (e) of Section 48900. A decision to expel shall be based on a finding of one or both of the following:

(1) Other means of correction are not feasible or have repeatedly failed to bring about proper conduct.

(2) Due to the nature of the act, the presence of the pupil causes a continuing danger to the physical safety of the pupil or others.

(c) The principal or superintendent of schools shall immediately suspend, pursuant to Section 48911, and shall recommend expulsion of , a pupil that he or she determines has committed any of the following acts at school or at a school activity off school grounds:

(1) Possessing, selling, or otherwise furnishing a firearm. This subdivision does not apply to an act of possessing a firearm if the pupil had obtained prior written permission to possess the firearm from a certificated school employee, which is concurred in by the principal or the designee of the principal. This subdivision applies to an act of possessing a firearm only if the possession is verified by an employee of a school district.

(2) Brandishing a knife at another person.

(3) Unlawfully selling a controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code.

(4) Committing or attempting to commit a sexual assault as defined in subdivision (n) of Section 48900 or committing a sexual battery as defined in subdivision (n) of Section 48900.

(5) Unlawful possession of any controlled substance listed in Chapter 2 (commencing with Section 11053) of Division 10 of the Health and Safety Code, except for the first offense for the possession of not more than 28.5 grams of marijuana, other than concentrated cannabis.

(d) The governing board shall order a pupil expelled upon finding that the pupil committed an act listed in subdivision (c), and shall refer that pupil to a program of study that meets all of the following conditions:

(1) Is appropriately prepared to accommodate pupils who exhibit discipline problems.

(2) Is not provided at a comprehensive middle, junior, or senior high school, or at any elementary school.

(3) Is not housed at the schoolsite attended by the pupil at the time of suspension.

(e) Upon recommendation by the principal, superintendent of schools, or by a hearing officer or administrative panel appointed pursuant to subdivision (d) of Section 48918, the governing board may order a pupil expelled upon finding that the pupil, at school or at a school activity off of school grounds , violated subdivision (f), (g), (h), (i), (j), (k), (*l*), or (m) of Section 48900, or Section 48900.2, 48900.3, or 48900.4, and either of the following:

(1) That other means of correction are not feasible or have repeatedly failed to bring about proper conduct.

(2) That due to the nature of the violation, the presence of the pupil causes a continuing danger to the physical safety of the pupil or others.

(f) The governing board shall refer a pupil who has been expelled pursuant to subdivision (b) or (e) to a program of study that meets all of the conditions specified in subdivision (d). Notwithstanding this subdivision, with respect to a pupil expelled pursuant to subdivision (e), if the county superintendent of schools certifies that an alternative program of study is not available at a site away from a comprehensive middle, junior, or senior high school, or an elementary school, and that the only option for placement is at another comprehensive middle, junior, or senior high school, or another elementary school, the pupil may be referred to a program of study that is provided at a comprehensive middle, junior, or senior high school, or at an elementary school.

(g) As used in this section, "knife" means any dirk, dagger, or other weapon with a fixed, sharpened blade fitted primarily for stabbing, a weapon with a blade fitted primarily for stabbing, a weapon with a blade longer than 3½ inches, a folding knife with a blade that locks into place, or a razor with an unguarded blade.

SEC. 13. Section 52126 of the Education Code is amended to read:

52126. The amount of funding that each school district implementing a Class Size Reduction Program pursuant to this chapter is eligible to receive shall be computed as follows:

(a) If a school district applies to participate in Option One, pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 52122, the Superintendent of Public Instruction shall apportion to the applicant school district an amount equal to eight hundred dollars ($800) for each pupil actually enrolled in the classes in which the school district implements the program, except that the maximum number of pupils for which a school district may claim funding for any class shall not exceed 20. The number of pupils claimed pursuant to this subdivision shall be pupils actually enrolled in classes participating in the Class Size Reduction Program and shall not be based on the average size of the classes for any grade levels for which funding is claimed.

(b) If a school district applies to participate in Option Two, pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 52122, the Superintendent of Public Instruction shall apportion to the applicant school district an amount equal to four hundred dollars ($400) per pupil actually enrolled in the classes in which the school district implements the program, except that the number of pupils in any class for which a school district may claim funding for the instructional minutes offered shall not exceed 20. The number of pupils claimed pursuant to this subdivision shall be pupils actually enrolled in classes participating in the Class Size Reduction Program and shall not be based on the average size of the classes for any grade levels for which funding is claimed.

(c) (1) If a school district applies to participate in Option One, pursuant to subparagraph (A) of paragraph (2) of subdivision (b) of Section 52122, the Superintendent of Public Instruction shall apportion to the applicant school district an amount equal to six hundred fifty dollars ($650) for each pupil actually enrolled in the classes in which the school district implements the program and at least one of the following conditions exists:

(A) The requirements of subdivision (e) of Section 52122 have been satisfied, except for the requirements of either paragraph (1) or (2) , of that subdivision, or both.

(B) The pupil enrolls in the school district after February 16, 1998.

(2) The maximum number of pupils for which a school district may claim funding for any class does not exceed 20. The number of pupils claimed pursuant to this subdivision shall be pupils actually enrolled in classes participating in the Class Size Reduction Program, and shall not be based on the average size of the classes for any grade levels for which funding is claimed.

(d) (1) If a school district applies to participate in Option 2, pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 52122, the Superintendent of Public Instruction shall apportion to the applicant district an amount equal to three hundred twenty-five dollars ($325) for each pupil actually enrolled in the classes in which the school district implements the program and at least one of the following conditions exists:

(A) The requirements of subdivision (e) of Section 52122 have been satisfied, except for the requirements of either paragraph (1) or (2) of that subdivision, or both.

(B) The pupil enrolls in the school district after February 16, 1998.

(2) The maximum number of pupils for which a school district may claim funding for any class shall not exceed 20. The number of pupils claimed pursuant to this subdivision shall be pupils actually enrolled in classes participating in the Class Size Reduction Program, and shall not be based on the average size of the classes for any grade levels for which funding is claimed.

(e) The per pupil amount set forth in subdivisions (a) and (b) shall be increased annually for inflation by the percentage change determined pursuant to subdivision (b) of Section 42238.1.

(f) Except for the advance apportionment, the Superintendent of Public Instruction shall apportion funds to a school district only after certification that its Class Size Reduction Program has been implemented for that fiscal year.

(g) The Superintendent of Public Instruction shall apportion funds for this program in the following manner:

(1) An advance apportionment shall be made following passage of the annual Budget Act. This apportionment shall be provided to all school districts that participated in the program in the prior fiscal year, and shall be limited to 25 percent of the amount computed by multiplying the appropriate per pupil stipends times the actual enrollment in each participating class in the prior fiscal year, as reported by the district pursuant to subdivision (d) of Section 52124.

(2) Each year an apportionment to all applicants shall be made following receipt of applications submitted pursuant to Section 52123, adjusted as necessary by the amount received pursuant to paragraph (1). If a school district that participated in this program in the prior fiscal year fails to submit an application, all funds apportioned to that school district pursuant to paragraph (1) shall be deducted from the district's next monthly principal apportionment payment.

(3) A final adjustment to the amounts paid pursuant to paragraph (2) shall be made following receipt of the actual enrollment in each participating class, to be reported by each school district pursuant to subdivision (d) of Section 52124.

(h) Irrespective of the amount that a school district receives pursuant to subdivision (a) on the basis of the application it makes under Section 52123, that district shall not retain any funds it receives for any class that does not actually meet all of the requirements of the Class Size Reduction Program.

~~(i) It is the intent of the Legislature that the total statewide amount computed for the purposes of this chapter pursuant to this section, commencing with the 1997–98 fiscal year, be~~

~~appropriated to the Superintendent of Public Instruction in the annual Budget Act.~~

SEC. 14. Section 52129 is added to the Education Code, to read:

52129. (a) The Class Size Reduction Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code, is continuously appropriated to the State Department of Education. From any funds that are transferred to the Class Size Reduction Fund, the Superintendent of Public Instruction shall annually apportion to each school district the funds for which the school district is eligible pursuant to the Class Size Reduction Program under this chapter.

(b) It is the intent of the Legislature that the establishment of the Class Size Reduction Fund shall provide a guarantee that the funds necessary to pay the costs of class size reduction for all public school pupils in kindergarten and in grades 1 to 3, inclusive, shall be available.

(c) The Director of Finance shall annually calculate the amount necessary to fully fund the Class Size Reduction Program established pursuant to this chapter. The amount to be calculated pursuant to this subdivision shall be the product of the enrollment in kindergarten and in grades 1 to 3, inclusive, as projected by the Director of Finance and the Option One per-pupil amount. From the total funds allocated to school districts from the General Fund pursuant to subdivision (b) of Section 8 of Article XVI of the California Constitution, the Controller shall annually transfer to the Class Size Reduction Fund the amount calculated pursuant to this subdivision.

(d) The Director of Finance shall biennially determine if there are excess funds in the Class Size Reduction Fund. Upon certification by the Director of Finance, the Controller shall transfer any excess funds to the Proposition 98 Reversion Account.

SEC. 15. Chapter 14.5 (commencing with Section 52990) is added to Part 28 of the Education Code, to read:

CHAPTER 14.5. SCHOOLSITE GOVERNING COUNCILS AND TEACHER EVALUATION

52990. As a condition to receiving funds under any program established pursuant to this part or Part 29 (commencing with Section 54000), the governing board of each school district shall ensure that each school in that district establishes a schoolsite governing council that is composed as follows:

(a) The schoolsite governing council shall consist of representatives of classroom teachers selected by classroom teachers at the school and representatives of parents of pupils attending the school selected by the parents.

(b) At least two-thirds of the members of the schoolsite governing council shall be parents of pupils of that school.

(c) The term and procedures for selection and replacement of governing council members shall be specified in the schoolsite governing council's bylaws, which shall be developed in accordance with procedures adopted and promulgated by the governing board of the school district.

52990.5. (a) The schoolsite governing council, in consultation with the principal, shall make all decisions for the school with respect to the school's curricula and expenditure of funds allocated by the governing board to the school, and shall perform the duties prescribed in Section 52991.

(b) The school principal shall make the decisions regarding the employment at the school of all personnel and the removal from the school of all personnel pursuant to Section 52991.5. The school district shall be responsible for assigning personnel who have been removed from the school by the principal.

52991. The schoolsite governing council shall perform the following duties:

(a) Each member of the schoolsite council shall attend training sessions provided by the district or district designee.

(b) Gather and examine available data on the gains made by the pupils enrolled in the school towards meeting the standards of expected pupil achievement. The data shall provide separate information on the gains of pupils from families receiving free or reduced-price meals pursuant to Section 49512, gifted and talented pupils, special education pupils, and the gains of English learners toward meeting the standards of expected pupil achievement. Under no circumstances shall that data reveal the actual names of individual pupils.

(c) At the secondary school level, seek advice from representatives of local businesses and postsecondary institutions.

(d) Request assistance from the school district if it is determined that an unsatisfactory number of the pupils in the school fail to make significant gains towards meeting the standards of expected pupil achievement in any core academic subject for two consecutive years that the identified pupil has spent attending the school.

(e) For each school year, develop a new, or revise an existing, educational quality improvement plan that has been drafted by the certificated employees of the school, and approved by a majority of teachers of the school. The schoolsite governing council shall make modifications, if any, and approve the plan. The educational quality improvement plan shall be a comprehensive plan for the entire school. The plan shall describe the educational program of the school and shall include a specific plan for improving that program, including, but not necessarily limited to, all of the following:

(1) A proposed expenditure plan for funds allocated to the schoolsite.

(2) Preventive actions that will be taken to reduce the likelihood that any pupil will complete grades 4, 8, or 10 without making significant gains towards meeting the standards of expected pupil achievement, and preventive actions that will be taken to ensure that no pupil leaves grade 3 without basic proficiency in reading.

(3) Identification of the pupils completing grades 4, 8, and 10 who have not made significant gains towards meeting the standards of expected pupil achievement, the actions that will be taken to improve the performance of those pupils, and how those actions will be funded.

(4) Identification of pupils completing grade 2 who have not mastered basic reading, and actions that will be taken to assist these pupils to become proficient in reading.

(5) Staff development activities to improve beginning reading instruction, including phonemic awareness and systematically explicit phonics, and other staff development opportunities.

(6) Core curriculum areas in need of improvement at the school.

(7) Instructional strategies that will be used to meet the standards of expected pupil achievement.

(8) Strategies to increase involvement of parents in their child's education.

(9) Incorporation of a current, appropriate technology plan or the establishment of an appropriate technology plan.

52991.5. (a) Notwithstanding any other provision of law, the principal of a school shall be responsible for evaluation of the personnel who are employed at that school.

(b) Notwithstanding any other provision of law, a principal, as part of his or her evaluation of the performance of a certificated employee at the school, shall utilize the results of pupil performance on assessments administered pursuant to Article 4 (commencing with Section 60640) of Chapter 5 of Part 33 in the determination of the job performance of the employee.

52992. On or before February 1, 1999, the State Department of Education shall submit draft regulations for the implementation of this chapter to the State Board of Education for its approval. The State Board of Education shall submit regulations implementing this chapter to the Office of Administrative Law on or before May 1, 1999.

SEC. 16. If any part or parts of this act are found to be in conflict with federal law or with the Constitutions of the United States or California, this act shall be implemented to the maximum extent permitted by federal law and the

Constitutions of the United States and California. Any provisions of this act held to be invalid shall be severed from the remaining provisions of this act, which shall be given full effect.

SEC. 17. Except where expressly provided otherwise, this act shall become operative for all school terms that commence at least 60 days after the effective date of this act.

SEC. 18. The provisions of this act may be amended by a statute that becomes effective upon approval by the electorate or by a statute to further the act's purpose that is passed by a four-fifths vote of each house of the Legislature and signed by the Governor.

Proposition 9: Text of Proposed Law

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

This initiative measure amends and adds sections to the Public Utilities 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

THE UTILITY RATE REDUCTION AND REFORM ACT

SECTION 1. Findings and Declarations.

The People of California find and declare as follows:

The cost and dependability of California's electric utility service are threatened by a new law that was intended to reduce regulation of electric utility companies in this state.

Any change in the way electricity is sold should benefit all electric utility customers, including residential and small business customers, and should result in a fair and competitive marketplace.

Instead of creating a fully competitive market for electricity, the new law unfairly favors existing electric utility monopolies by forcing customers to pay rates more than 40 percent higher than the market price in order to bail out utilities for their past bad investments.

As a result of this $28 billion bailout for electric utility companies, the average California household will pay more than $250 more per year for electricity than it would in a fully competitive market.

Residential and small business customers should not be required to bear the costs of bonds used by utility companies to pay for past bad investments.

It is against public policy for residential and small business customers to be required to pay for the imprudent and uneconomic decisions of electric utility companies to invest in nuclear power plants that the public did not want and that threaten the health and safety of this state.

Under the new law, deregulation of electric utility companies may result in marketing abuses that harm residential and small business customers. Such abuses may include the selling of information about these customers to other companies for profit.

Therefore, the People of California declare that it is necessary to protect residential and small business customers from unfair and unjustified taxes and surcharges that will force them to subsidize electric utility companies. It is also necessary to ensure that residential and small business customers directly benefit from deregulation of electric utility companies.

SEC. 2. Purpose.

The purpose of this chapter is to:

1. Reduce residential and small commercial electricity rates by 20 percent to assure that these customers receive a direct benefit from the transition to the competitive marketplace for electricity.

2. Prohibit taxes, surcharges, bond payments, or any other assessment from being added to electricity bills to pay off utility companies' past bad investments in nuclear power plants and other generation-related costs.

3. Prohibit bonds from being used to force residential and small business customers to pay for past bad investments by electric utility companies.

4. Provide for fair and public review of California Public Utilities Commission decisions related to electricity price and services.

5. Protect the privacy of utility customers and provide the information consumers need to obtain low cost and high quality electric service.

SEC. 3. Section 368.1 is added to the Public Utilities Code, to read:

368.1. (a) No later than January 1, 1999, electricity rates for residential and small commercial customers shall be reduced so that these customers receive rate reductions of at least 20 percent on their total electricity bill as compared to the rate schedules in effect for these customers on June 10, 1996.

(b) The rate reductions described in subdivision (a) shall be achieved through cutting payments to electric corporations for their nuclear and other uneconomic generation costs as described in Sections 367.1 and 367.2.

(c) No utility tax, bond payment, surcharge, or other assessment in any form may be levied against any electric utility customer to pay for the rate reductions described in subdivisions (a) and (b).

SEC. 4. Section 367.1 is added to the Public Utilities Code, to read:

367.1. (a) Effective immediately, costs for nuclear generation plants and related assets and obligations shall not be paid for by electric utility customers, except to the extent that these costs are recovered by the sale of electricity at competitive market prices as reflected in independent Power Exchange revenues or in contracts with the Independent System Operator.

(b) No utility tax, bond payment, surcharge, or other assessment in any form may be levied against any electric utility customer for the recovery of nuclear costs described in subdivision (a).

(c) This section does not apply to reasonable nuclear decommissioning costs as referenced in Section 379.

SEC. 5. Section 367.2 is added to the Public Utilities Code, to read:

367.2. (a) Effective immediately, costs for non-nuclear generation plants and related assets and obligations may not be recovered from electric utility customers under the cost recovery mechanism provided for by Sections 367 to 376, inclusive, except to the extent that those costs are recovered by the sale of electricity at competitive market rates from independent Power Exchange revenues or from contracts with the Independent System Operator, unless the electric utility first demonstrates to the satisfaction of the commission at a public hearing that failure to recover those costs would deprive it of the opportunity to earn a fair rate of return.

(b) This section does not apply to costs associated with renewable non-nuclear electricity generation facilities described in paragraph (3) of subdivision (c) of Section 381, or to costs associated with power purchases from qualifying facilities pursuant to the federal Public Utility Regulatory Policies Act of 1978 and related commission decisions.

SEC. 6. Section 840.1 is added to the Public Utilities Code, to read:

840.1. Notwithstanding current Sections 840 to 847, inclusive:

(a) No electric corporation, affiliate of an electric corporation,

or any other financing entity may assess or collect any utility tax, bond payment, surcharge, or any other assessment authorized by a Public Utilities Commission financing order issued pursuant to Sections 840 to 847, inclusive, for the purpose of paying principal, interest, or other costs of any bonds authorized by those sections.

(b) The Public Utilities Commission may not issue any financing order pursuant to Sections 840 to 847, inclusive, after the effective date of this section.

(c) Any electric corporation, affiliate of an electric corporation, or other financing entity that is subject to a financing order issued under Section 841 that is determined by a court of competent jurisdiction to be enforceable notwithstanding subdivision (a) of this section, shall offset any utility tax, bond payment, surcharge, or other assessment described in subdivision (a) collected from any customer with an equal credit to be applied concurrently with the collection of the utility tax, bond payment, surcharge, or other assessment.

SEC. 7. Section 841.1 is added to the Public Utilities Code, to read:

841.1. Any underwriter or bond purchaser who purchases rate reduction bonds after November 24, 1997, issued pursuant to current Sections 840 to 847, inclusive, shall be deemed to have notice of the provisions of Sections 367.1, 367.2, 368.1, and 840.1.

SEC. 8. Section 1701.5 is added to the Public Utilities Code, to read:

1701.5. (a) Any action or proceeding of the Public Utilities Commission pursuant to Sections 367.1, 367.2, 368.1, and 840.1 shall require a public hearing where evidence is taken by, and discretion is vested in, the Public Utilities Commission.

(b) Any change to the amount of above-market costs for non-nuclear generation plants and related assets and obligations being recovered from utility customers shall be made only after the electrical corporation has provided notice to the public pursuant to Section 454.

(c) Any action or proceeding to attack, review, set aside, void, or annul a determination, finding, or decision of the Public Utilities Commission relating to electric restructuring under Chapter 2.3 (commencing with Section 330) and financing of transition costs as described in Article 5.5 (commencing with Section 840) of Chapter 4 shall be in accordance with Section 1094.5 of the Code of Civil Procedure. In any such action, the writ of mandate shall lie from the court of appeals to the Public Utilities Commission. The court may not exercise its independent judgment, but shall determine only whether the determination, finding, or decision of the Public Utilities Commission is supported by substantial evidence in light of the whole record.

SEC. 9. Section 394.15 is added to the Public Utilities Code, to read:

394.15. The confidentiality of residential and small commercial customer information shall be fully protected as provided by law. No entity providing electricity services, including an electric corporation, may provide information about a residential or small commercial customer to any third party without the express written consent of the customer.

SEC. 10. Section 393 is added to the Public Utilities Code, to read:

393. The Public Utilities Commission shall require each electric utility or electric service provider to provide information or materials with each utility bill issued to residential and small commercial customers as the commission determines are necessary to assist consumers in obtaining low-cost, high-quality electric service options, including electric service options that reduce environmental impacts such as those that rely on renewable energy sources, and to protect the consumers' interest in all matters concerning safe and dependable delivery of electric service.

SEC. 11. Section 330.1 is added to the Public Utilities Code, to read:

330.1. (a) "Utility tax," "bond payments," "surcharge," "assessment," or "involuntary payment" mean any charge that serves to permit an electric corporation to recover the value of uneconomic assets from ratepayers, and includes, but is not limited to, a "fixed transition amount," as defined by subdivision (d) of Section 840, and the "competition transition charge" that is the nonbypassable charge referred to in Sections 367 to 376, inclusive.

(b) For purposes of this section and Sections 367.1, 367.2, 368.1, 393, and 840.1, the terms "electric utility," "electric utility company," and "electric corporation" have the same meaning as the term "electrical corporation" as defined in Section 218.

SEC. 12. Section 367 of the Public Utilities Code is amended to read:

367. The commission shall identify and determine those costs and categories of costs for generation-related assets and obligations, consisting of generation facilities, generation-related regulatory assets, nuclear settlements, and power purchase contracts, including, but not limited to, restructurings, renegotiations or terminations thereof approved by the commission, that were being collected in commission-approved rates on December 20, 1995, and that may become uneconomic as a result of a competitive generation market, in that these costs may not be recoverable in market prices in a competitive market, and appropriate costs incurred after December 20, 1995, for capital additions to generating facilities existing as of December 20, 1995, that the commission determines are reasonable and should be recovered, provided that these additions are necessary to maintain the facilities through December 31, 2001. These uneconomic costs shall include transition costs as defined in subdivision (f) of Section 840, and shall be recovered from all customers or in the case of fixed transition amounts, from the customers specified in subdivision (a) of Section 841, on a nonbypassable basis and shall:

(a) ~~Be amortized over a reasonable time period, including collection on an accelerated basis, consistent with not increasing rates for any rate schedule, contract, or tariff option above the levels in effect on June 10, 1996; provided that, the recovery shall not extend beyond December 31, 2001, except as follows:~~

~~(1) Costs associated with employee-related transition costs as set forth in subdivision (b) of Section 375 shall continue until fully collected; provided, however, that the cost collection shall not extend beyond December 31, 2006.~~

~~(2) Power purchase contract obligations shall continue for the duration of the contract. Costs associated with any buy-out, buy-down, or renegotiation of the contracts shall continue to be collected for the duration of any agreement governing the buy-out, buy-down, or renegotiated contract; provided, however, no power purchase contract shall be extended as a result of the buy-out, buy-down, or renegotiation.~~

~~(3) Costs associated with contracts approved by the commission to settle issues associated with the Biennial Resource Plan Update may be collected through March 31, 2002; provided that only 80 percent of the balance of the costs remaining after December 31, 2001, shall be eligible for recovery.~~

~~(4) Nuclear incremental cost incentive plans for the San Onofre nuclear generating station shall continue for the full term as authorized by the commission in Decision 96-01-011 and Decision 96-04-059; provided that the recovery shall not extend beyond December 31, 2003.~~

~~(5) Costs associated with the exemptions provided in subdivision (a) of Section 374 may be collected through March 31, 2002, provided that only fifty million dollars ($50,000,000) of the balance of the costs remaining after December 31, 2001, shall be eligible for recovery.~~

~~(6) Fixed transition amounts, as defined in subdivision (d) of Section 840, may be recovered from the customers specified in subdivision (a) of Section 841 until all rate reduction bonds~~

~~associated with the fixed transition amounts have been paid in full by the financing entity.~~

~~(b)~~ Be based on a calculation mechanism that nets the negative value of all above market utility-owned generation-related assets against the positive value of all below market utility-owned generation related assets. For those assets subject to valuation, the valuations used for the calculation of the uneconomic portion of the net book value shall be determined not later than December 31, 2001, and shall be based on appraisal, sale, or other divestiture. The commission's determination of the costs eligible for recovery and of the valuation of those assets at the time the assets are exposed to market risk or retired, in a proceeding under Section 455.5, 851, or otherwise, shall be final, and notwithstanding Section 1708 or any other provision of law, may not be rescinded, altered or amended.

~~(c)~~

(b) Be limited in the case of utility-owned fossil generation to the uneconomic portion of the net book value of the fossil capital investment existing as of January 1, 1998, and appropriate costs incurred after December 20, 1995, for capital additions to generating facilities existing as of December 20, 1995, that the commission determines are reasonable and should be recovered, provided that the additions are necessary to maintain the facilities through December 31, 2001. All "going forward costs" of fossil plant operation, including operation and maintenance, administrative and general, fuel and fuel transportation costs, shall be recovered solely from independent Power Exchange revenues or from contracts with the Independent System Operator, provided that for the purposes of this chapter, the following costs may be recoverable pursuant to this section:

(1) Commission-approved operating costs for particular utility-owned fossil powerplants or units, at particular times when reactive power/voltage support is not yet procurable at market-based rates in locations where it is deemed needed for the reactive power/voltage support by the Independent System Operator, provided that the units are otherwise authorized to recover market-based rates and provided further that for an electrical corporation that is also a gas corporation and that serves at least four million customers as of December 20, 1995, the commission shall allow the electrical corporation to retain any earnings from operations of the reactive power/voltage support plants or units and shall not require the utility to apply any portions to offset recovery of transition costs. Cost recovery under the cost recovery mechanism shall end on December 31, 2001.

(2) An electrical corporation that, as of December 20, 1995, served at least four million customers, and that was also a gas corporation that served less than four thousand customers, may recover, pursuant to this section, 100 percent of the uneconomic portion of the fixed costs paid under fuel and fuel transportation contracts that were executed prior to December 20, 1995, and were subsequently determined to be reasonable by the commission, or 100 percent of the buy-down or buy-out costs associated with the contracts to the extent the costs are determined to be reasonable by the commission.

~~(d)~~

(c) Be adjusted throughout the period through March 31, 2002, to track accrual and recovery of costs provided for in this subdivision. Recovery of costs prior to December 31, 2001, shall include a return as provided for in Decision 95-12-063, as modified by Decision 96-01-009, together with associated taxes.

~~(e)~~

(d) (1) Be allocated among the various classes of customers, rate schedules, and tariff options to ensure that costs are recovered from these classes, rate schedules, contract rates, and tariff options, including self-generation deferral, interruptible, and standby rate options in substantially the same proportion as similar costs are recovered as of June 10, 1996, through the regulated retail rates of the relevant electric utility, provided that there shall be a firewall segregating the recovery of the costs of competition transition charge exemptions such that the costs of competition transition charge exemptions granted to members of the combined class of residential and small commercial customers shall be recovered only from these customers, and the costs of competition transition charge exemptions granted to members of the combined class of customers, other than residential and small commercial customers, shall be recovered only from these customers.

(2) Individual customers shall not experience rate increases as a result of the allocation of transition costs. However, customers who elect to purchase energy from suppliers other than the Power Exchange through a direct transaction, may incur increases in the total price they pay for electricity to the extent the price for the energy exceeds the Power Exchange price.

(3) The commission shall retain existing cost allocation authority, provided the firewall and rate freeze principles are not violated.

SEC. 13. Section 368 of the Public Utilities Code is amended to read:

368. Each electrical corporation shall propose a cost recovery plan to the commission for the recovery of the uneconomic costs of an electrical corporation's generation-related assets and obligations identified in Section 367. The commission shall authorize the electrical corporation to recover the costs pursuant to the plan if the plan meets the following criteria:

(a) The cost recovery plan shall set rates for each customer class, rate schedule, contract, or tariff option, at levels equal to the level as shown on electric rate schedules as of June 10, 1996, provided that rates for residential and small commercial customers shall be reduced so that these customers shall receive rate reductions of no less than 10 percent for 1998 continuing through 2002. These rate levels for each customer class, rate schedule, contract, or tariff option shall remain in effect until the earlier of March 31, 2002, or the date on which the commission-authorized costs for utility generation-related assets and obligations have been fully recovered. The electrical corporation shall be at risk for those costs not recovered during that time period. Each utility shall amortize its total uneconomic costs, to the extent possible, such that for each year during the transition period its recorded rate of return on the remaining uneconomic assets does not exceed its authorized rate of return for those assets. For purposes of determining the extent to which the costs have been recovered, any over-collections recorded in Energy Costs Adjustment Clause and Electric Revenue Adjustment Mechanism balancing accounts, as of December 31, 1996, shall be credited to the recovery of the costs.

(b) The cost recovery plan shall provide for identification and separation of individual rate components such as charges for energy, transmission, distribution, public benefit programs, and recovery of uneconomic costs. The separation of rate components required by this subdivision shall be used to ensure that customers of the electrical corporation who become eligible to purchase electricity from suppliers other than the electrical corporation pay the same unbundled component charges, other than energy, that a bundled service customer pays. No cost shifting among customer classes, rate schedules, contract, or tariff options shall result from the separation required by this subdivision. Nothing in this provision is intended to affect the rates, terms, and conditions or to limit the use of any Federal Energy Regulatory Commission-approved contract entered into by the electrical corporation prior to the effective date of this provision.

(c) In consideration of the risk that the uneconomic costs identified in Section 367 may not be recoverable within the period identified in subdivision (a) of Section 367, an electrical corporation that, as of December 20, 1995, served more than

four million customers, and was also a gas corporation that served less than four thousand customers, shall have the flexibility to employ risk management tools, such as forward hedges, to manage the market price volatility associated with unexpected fluctuations in natural gas prices, and the out-of-pocket costs of acquiring the risk management tools shall be considered reasonable and collectible within the transition freeze period. This subdivision applies only to the transaction costs associated with the risk management tools and shall not include any losses from changes in market prices.

(d) ~~In order to ensure implementation of the cost recovery plan, the limitation on the maximum amount of cost recovery for nuclear facilities that may be collected in any year adopted by the commission in Decision 96-01-011 and Decision 96-04-059 shall be eliminated to allow the maximum opportunity to collect the nuclear costs within the transition cap period.~~

~~(e)~~ As to an electrical corporation that is also a gas corporation serving more than four million California customers, so long as any cost recovery plan adopted in accordance with this section satisfies subdivision (a), it shall also provide for annual increases in base revenues, effective January 1, 1997, and January 1, 1998, equal to the inflation rate for the prior year plus two percentage points, as measured by the consumer price index. The increase shall do both of the following:

(1) Remain in effect pending the next general rate case review, which shall be filed not later than December 31, 1997, for rates that would become effective in January 1999. For purposes of any commission-approved performance-based ratemaking mechanism or general rate case review, the increases in base revenue authorized by this subdivision shall create no presumption that the level of base revenue reflecting those increases constitute the appropriate starting point for subsequent revenues.

(2) Be used by the utility for the purposes of enhancing its transmission and distribution system safety and reliability, including, but not limited to, vegetation management and emergency response. To the extent the revenues are not expended for system safety and reliability, they shall be credited against subsequent safety and reliability base revenue requirements. Any excess revenues carried over shall not be used to pay any monetary sanctions imposed by the commission.

~~(f)~~

(e) The cost recovery plan shall provide the electrical corporation with the flexibility to manage the renegotiation, buy-out, or buy-down of the electrical corporation's power purchase obligations, consistent with review by the commission to assure that the terms provide net benefits to ratepayers and are otherwise reasonable in protecting the interests of both ratepayers and shareholders.

~~(g) An example of a plan authorized by this section is the document entitled "Restructuring Rate Settlement" transmitted to the commission by Pacific Gas and Electric Company on June 12, 1996.~~

SEC. 14. Initiative Integrity.

(a) This act shall be broadly construed and applied in order to fully promote its underlying purposes, and to be consistent with the United States Constitution and the California Constitution. If any provision of this act conflicts directly or indirectly with any other provision of law, including but not limited to the cost recovery mechanism provided for by Sections 367 through 376 of the Public Utilities Code, or any other statute previously enacted by the Legislature, it is the intent of the voters that those other provisions shall be null and void to the extent that they are inconsistent with this act, and are hereby repealed.

(b) No provision of this act may be amended by the Legislature except (1) to further the purpose of that provision, by a statute passed in each house by rollcall vote entered in the journal, two thirds of the membership concurring, or (2) by a statute that becomes effective only when approved by the electorate. No amendment by the Legislature may be deemed to further the purposes of this act unless it furthers the purpose of the specific provision of this act that is being amended. In any judicial action with respect to any legislative amendment, the court shall exercise its independent judgment as to whether or not the amendment satisfies the requirements of this subdivision.

(c) If any provision of this act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act that can be given effect in the absence of the invalid provision or application. To this end, the provisions of this act are severable.

(d) It is the will of the People that any legal challenges to the validity of any provision of this act be acted upon by the courts on an expedited basis.

Proposition 10: Text of Proposed Law

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

This initiative measure expressly amends the California Constitution by adding sections thereto, and adds sections to the Health and Safety Code and the Revenue and Taxation Code. New provisions proposed to be added are printed in *italic type* to indicate they are new.

PROPOSED LAW

CALIFORNIA CHILDREN AND FAMILIES FIRST INITIATIVE

SECTION 1. Title. This measure shall be known and may be cited as the "California Children and Families First Act of 1998."

SEC. 2. Findings and Declarations. The people find and declare as follows:

(a) There is a compelling need in California to create and implement a comprehensive, collaborative, and integrated system of information and services to promote, support, and optimize early childhood development from the prenatal stage to five years of age.

(b) There is a further compelling need in California to ensure that early childhood development programs and services are universally and continuously available for children until the beginning of kindergarten. Proper parenting, nurturing, and health care during these early years will provide the means for California's children to enter school in good health, ready and able to learn, and emotionally well developed.

(c) It has been determined that a child's first three years are the most critical in brain development, yet these crucial years have inadvertently been neglected. Experiences that fill the child's first three years have a direct and substantial impact not only on brain development but on subsequent intellectual, social, emotional, and physical growth.

(d) The seminal Starting Points report by the Carnegie Corporation of New York concludes that "how children function from the preschool years all the way through adolescence, and even adulthood, hinges in large part on their experiences before the age of three."

(e) New research from many sources, including the Carnegie Corporation, the Baylor College of Medicine, and the White House Conference on Early Childhood Development,

demonstrates that the capacity of a child's brain grows more during the first three years than at any other time.

(f) The Education Commission of the States' report on the results of neuroscience research associated with early childhood development states: "Too many infants are born with problems that hinder their start in life. Damage that occurs to the embryo during critical growth times may lead to irreversible disabilities."

(g) California taxpayers spend billions of dollars on public education each year, yet there are few programs designed specifically to help prepare children to enter school in good health, ready and able to learn, and emotionally well developed. Children who succeed in school are far more likely to engage in meaningful social, economic, and civic participation as adults and to avoid the use of tobacco and other addictive substances.

(h) Dollars spent now on well-coordinated programs that enable children to begin school healthy, ready and able to learn, and emotionally well developed will save billions of dollars in remedial programs, treatment services, social services, and our criminal justice system.

(i) The well-being of California's infants and children is endangered. Each year, tens of thousands of children are born exposed to tobacco, drugs, and alcohol. Cigarette smoking and other tobacco use by pregnant women and new parents represent a significant threat to the healthy development of infants and young children. Smoking is the leading preventable cause of death and disease in California.

(j) Studies published by the American Lung Association state: "Smoking during pregnancy accounts for an estimated 20 to 30 percent of low birth weight babies, up to 14 percent of preterm deliveries, and some 10 percent of all infant deaths. Maternal smoking has been linked to asthma among infants and young children."

(k) Research and studies demonstrate that low birth weight infants are particularly at risk for severe physical and developmental complications.

(*l*) Studies by the federal Environmental Protection Agency demonstrate an increased risk of sudden infant death syndrome (SIDS) in infants of mothers who smoke. The federal Environmental Protection Agency also estimates that secondhand smoke is responsible for between 150,000 and 300,000 lower respiratory tract infections in infants and children under 18 months of age annually, resulting in between 7,500 and 15,000 hospitalizations each year.

(m) The California Children and Families First Act of 1998 addresses these issues by facilitating the creation of a seamless system of integrated and comprehensive programs and services, and a funding base for the system with program and financial accountability, that will:

(1) Establish community-based programs to provide parental education and family support services relevant to effective childhood development. These services shall include education and skills training in nurturing and in avoidance of tobacco, drugs, and alcohol during pregnancy. Emphasis will be on services not provided by existing programs and on the consolidation of existing programs and new services provided pursuant to this act into an integrated system from the consumer's perspective.

(2) Educate the public, using mass media, on the importance and the benefits of nurturing, health care, family support, and child care; and inform involved professionals and the general public about programs that focus on early childhood development.

(3) Educate the public, using mass media, on the dangers caused by smoking and other tobacco use by pregnant women to themselves and to infants and young children, and the dangers of secondhand smoke to all children.

(4) Encourage pregnant women and parents of young children to quit smoking.

(n) A 50-cent-per-pack increase in the state surtax on cigarettes and an equivalent increase in the state surtax on tobacco products to fund anti-smoking and early childhood development programs is necessary, appropriate, and in the public interest.

SEC. 3. Section 7 is added to Article XIII A of the Constitution, to read:

SEC. 7. Section 3 of this article does not apply to the California Children and Families First Act of 1998.

SEC. 4. Section 13 is added to Article XIII B of the Constitution, to read:

SEC. 13. "Appropriations subject to limitation" of each entity of government shall not include appropriations of revenue from the California Children and Families First Trust Fund created by the California Children and Families First Act of 1998. No adjustment in the appropriations limit of any entity of government shall be required pursuant to Section 3 as a result of revenue being deposited in or appropriated from the California Children and Families First Trust Fund. The surtax created by the California Children and Families First Act of 1998 shall not be considered General Fund revenues for the purposes of Section 8 of Article XVI.

SEC. 5. Division 108 (commencing with Section 130100) is added to the Health and Safety Code, to read:

DIVISION 108. CALIFORNIA CHILDREN AND FAMILIES FIRST PROGRAM

130100. There is hereby created a program in the state for the purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age. These purposes shall be accomplished through the establishment, institution, and coordination of appropriate standards, resources, and integrated and comprehensive programs emphasizing community awareness, education, nurturing, child care, social services, health care, and research.

(a) It is the intent of this act to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development. This system should function as a network that promotes accessibility to all information and services from any entry point into the system. It is further the intent of this act to emphasize local decisionmaking, to provide for greater local flexibility in designing delivery systems, and to eliminate duplicate administrative systems.

(b) The programs authorized by this act shall be administered by the California Children and Families First Commission and by county children and families first commissions. In administering this act, the state and county commissions shall use outcome-based accountability to determine future expenditures.

(c) This division shall be known and may be cited as the "California Children and Families First Act of 1998."

130105. The California Children and Families First Trust Fund is hereby created in the State Treasury.

(a) The California Children and Families First Trust Fund shall consist of moneys collected pursuant to the taxes imposed by Section 30131.2 of the Revenue and Taxation Code.

(b) All costs to implement this act shall be paid from moneys deposited in the California Children and Families First Trust Fund.

(c) The State Board of Equalization shall determine within one year of the passage of this act the effect that additional taxes imposed on cigarettes and tobacco products by this act has on the consumption of cigarettes and tobacco products in this state. To the extent that a decrease in consumption is determined by the State Board of Equalization to be the direct result of additional taxes imposed by this act, the State Board of Equalization shall determine the fiscal effect the decrease in consumption has on the funding of any Proposition 99 (the Tobacco Tax and Health Protection Act of 1988) state health-related education or research programs in effect as of November 1, 1998, and the Breast Cancer Fund programs that

are funded by excise taxes on cigarettes and tobacco products. Funds shall be transferred from the California Children and Families First Trust Fund to those affected programs as necessary to offset the revenue decrease directly resulting from the imposition of additional taxes by this act. Such reimbursements shall occur, and at such times, as determined necessary to further the intent of this subdivision.

(d) Moneys shall be allocated and appropriated from the California Children and Families First Trust Fund as follows:

(1) Twenty percent shall be allocated and appropriated to separate accounts of the state commission for expenditure according to the following formula:

(A) Six percent shall be deposited in a Mass Media Communications Account for expenditures for communications to the general public utilizing television, radio, newspapers, and other mass media on subjects relating to and furthering the goals and purposes of this act, including, but not limited to, methods of nurturing and parenting that encourage proper childhood development, the informed selection of child care, information regarding health and social services, the prevention of tobacco, alcohol, and drug use by pregnant women, and the detrimental effects of secondhand smoke on early childhood development.

(B) Five percent shall be deposited in an Education Account for expenditures for programs relating to education, including, but not limited to, the development of educational materials, professional and parental education and training, and technical support for county commissions in the areas described in subparagraph (A) of paragraph (1) of subdivision (b) of Section 130125.

(C) Three percent shall be deposited in a Child Care Account for expenditures for programs relating to child care, including, but not limited to, the education and training of child care providers, the development of educational materials and guidelines for child care workers, and other areas described in subparagraph (B) of paragraph (1) of subdivision (b) of Section 130125.

(D) Three percent shall be deposited in a Research and Development Account for expenditures for the research and development of best practices and standards for all programs and services relating to early childhood development established pursuant to this act, and for the assessment and quality evaluation of such programs and services.

(E) One percent shall be deposited in an Administration Account for expenditures for the administrative functions of the state commission.

(F) Two percent shall be deposited in an Unallocated Account for expenditure by the state commission for any of the purposes of this act described in Section 130100 provided that none of these moneys shall be expended for the administrative functions of the state commission.

(G) In the event that, for whatever reason, the expenditure of any moneys allocated and appropriated for the purposes specified in subparagraphs (A) to (F), inclusive, is enjoined by a final judgment of a court of competent jurisdiction, then those moneys shall be available for expenditure by the state commission for mass media communication emphasizing the need to eliminate smoking and other tobacco use by pregnant women, the need to eliminate smoking and other tobacco use by persons under 18 years of age, and the need to eliminate exposure to secondhand smoke.

(H) Any moneys allocated and appropriated to any of the accounts described in subparagraphs (A) to (F), inclusive, that are not encumbered or expended within any applicable period prescribed by law shall (together with the accrued interest on the amount) revert to and remain in the same account for the next fiscal period.

(2) Eighty percent shall be allocated and appropriated to county commissions in accordance with Section 130140.

(A) The moneys allocated and appropriated to county commissions shall be deposited in each local Children and Families First Trust Fund administered by each county commission, and shall be expended only for the purposes authorized by this act and in accordance with the county strategic plan approved by each county commission.

(B) Any moneys allocated and appropriated to any of the county commissions that are not encumbered or expended within any applicable period prescribed by law shall (together with the accrued interest on the amount) revert to and remain in the same local Children and Families First Trust Fund for the next fiscal period under the same conditions as set forth in subparagraph (A).

(e) All grants, gifts, or bequests of money made to or for the benefit of the state commission from public or private sources to be used for early childhood development programs shall be deposited in the California Children and Families First Trust Fund and expended for the specific purpose for which the grant, gift, or bequest was made. The amount of any such grant, gift, or bequest shall not be considered in computing the amount allocated and appropriated to the state commission pursuant to paragraph (1) of subdivision (d).

(f) All grants, gifts, or bequests of money made to or for the benefit of any county commission from public or private sources to be used for early childhood development programs shall be deposited in the local Children and Families First Trust Fund and expended for the specific purpose for which the grant, gift, or bequest was made. The amount of any such grant, gift, or bequest shall not be considered in computing the amount allocated and appropriated to the county commissions pursuant to paragraph (2) of subdivision (d).

130110. There is hereby established a California Children and Families First Commission composed of seven voting members and two ex officio members.

(a) The voting members shall be selected, pursuant to Section 130115, from persons with knowledge, experience, and expertise in early child development, child care, education, social services, public health, the prevention and treatment of tobacco and other substance abuse, behavioral health, and medicine (including, but not limited to, representatives of statewide medical and pediatric associations or societies), upon consultation with public and private sector associations, organizations, and conferences composed of professionals in these fields.

(b) The Secretary of Health and Welfare and the Secretary of Child Development and Education, or their designees, shall serve as ex officio nonvoting members of the state commission.

130115. The Governor shall appoint three members of the state commission, one of whom shall be designated as chairperson. One of the Governor's appointees shall be either a county health officer or a county health executive. The Speaker of the Assembly and the Senate Rules Committee shall each appoint two members of the state commission. Of the members first appointed by the Governor, one shall serve for a term of four years, and two for a term of two years. Of the members appointed by the Speaker of the Assembly and the Senate Rules Committee, one appointed by the Speaker of the Assembly and the Senate Rules Committee shall serve for a period of four years with the other appointees to serve for a period of three years. Thereafter, all appointments shall be for four-year terms. No appointee shall serve as a member of the state commission for more than two four-year terms.

130120. The state commission shall, within three months after a majority of its voting members have been appointed, hire an executive director. The state commission shall thereafter hire such other staff as necessary or appropriate. The executive director and staff shall be compensated as determined by the state commission, consistent with moneys available for appropriation in the Administration Account. All professional staff employees of the state commission shall be exempt from civil service. The executive director shall act under the authority of, and in accordance with the direction of, the state commission.

130125. The powers and duties of the state commission shall include, but are not limited to, the following:

(a) Providing for statewide dissemination of public information and educational materials to members of the general public and to professionals for the purpose of developing appropriate awareness and knowledge regarding the promotion, support, and improvement of early childhood development.

(b) Adopting guidelines for an integrated and comprehensive statewide program of promoting, supporting, and improving early childhood development that enhances the intellectual, social, emotional, and physical development of children in California.

(1) The state commission's guidelines shall, at a minimum, address the following matters:

(A) Parental education and support services in all areas required for, and relevant to, informed and healthy parenting. Examples of parental education shall include, but are not limited to, prenatal and postnatal infant and maternal nutrition, education and training in newborn and infant care and nurturing for optimal early childhood development, parenting and other necessary skills, child abuse prevention, and avoidance of tobacco, drugs, and alcohol during pregnancy. Examples of parental support services shall include, but are not limited to, family support centers offering an integrated system of services required for the development and maintenance of self-sufficiency, domestic violence prevention and treatment, tobacco and other substance abuse control and treatment, voluntary intervention for families at risk, and such other prevention and family services and counseling critical to successful early childhood development.

(B) The availability and provision of high quality, accessible, and affordable child care, both in-home and at child care facilities, that emphasizes education, training and qualifications of care providers, increased availability and access to child care facilities, resource and referral services, technical assistance for caregivers, and financial and other assistance to ensure appropriate child care for all households.

(C) The provision of child health care services that emphasize prevention, diagnostic screenings, and treatment not covered by other programs; and the provision of prenatal and postnatal maternal health care services that emphasize prevention, immunizations, nutrition, treatment of tobacco and other substance abuse, general health screenings, and treatment services not covered by other programs.

(2) The state commission shall conduct at least one public hearing on its proposed guidelines before they are adopted.

(3) The state commission shall, on at least an annual basis, periodically review its adopted guidelines and revise them as may be necessary or appropriate.

(c) Defining the results to be achieved by the adopted guidelines, and collecting and analyzing data to measure progress toward attaining such results.

(d) Providing for independent research, including the evaluation of any relevant programs, to identify the best standards and practices for optimal early childhood development, and establishing and monitoring demonstration projects.

(e) Soliciting input regarding program policy and direction from individuals and entities with experience in early childhood development, facilitating the exchange of information between such individuals and entities, and assisting in the coordination of the services of public and private agencies to deal more effectively with early childhood development.

(f) Providing technical assistance to county commissions in adopting and implementing county strategic plans for early childhood development.

(g) Reviewing and considering the annual audits and reports transmitted by the county commissions and, following a public hearing, adopting a written report that consolidates, summarizes, analyzes, and comments on those annual audits and reports.

(h) Applying for gifts, grants, donations, or contributions of money, property, facilities, or services from any person, corporation, foundation, or other entity, or from the state or any agency or political subdivision thereof, or from the federal government or any agency or instrumentality thereof, in furtherance of a statewide program of early childhood development.

(i) Entering into such contracts as necessary or appropriate to carry out the provisions and purposes of this act.

(j) Making recommendations to the Governor and the Legislature for changes in state laws, regulations, and services necessary or appropriate to carry out an integrated and comprehensive program of early childhood development in an effective and cost-efficient manner.

130130. Procedures for the conduct of business by the state commission not specified in this act shall be contained in bylaws adopted by the state commission. A majority of the voting members of the state commission shall constitute a quorum. All decisions of the state commission, including the hiring of the executive director, shall be by a majority of four votes.

130135. Voting members of the state commission shall not be compensated for their services, except that they shall be paid reasonable per diem and reimbursement of reasonable expenses for attending meetings and discharging other official responsibilities as authorized by the state commission.

130140. Any county or counties developing, adopting, promoting, and implementing local early childhood development programs consistent with the goals and objectives of this act shall receive moneys pursuant to paragraph (2) of subdivision (d) of Section 130105 in accordance with the following provisions:

(a) For the period between January 1, 1999 and June 30, 2000, county commissions shall receive the portion of the total moneys available to all county commissions equal to the percentage of the number of births recorded in the relevant county (for the most recent reporting period) in proportion to the entire number of births recorded in California (for the same period), provided that each of the following requirements has first been satisfied:

(1) The county's board of supervisors has adopted an ordinance containing the following minimum provisions:

(A) The establishment of a county children and families first commission. The county commission shall be appointed by the board of supervisors and shall consist of at least five but not more than nine members.

(i) Two members of the county commission shall be from among the county health officer and persons responsible for management of the following county functions: children's services, public health services, behavioral health services, social services, and tobacco and other substance abuse prevention and treatment services.

(ii) One member of the county commission shall be a member of the board of supervisors.

(iii) The remaining members of the county commission shall be from among the persons described in clause (i) and persons from the following categories: recipients of project services included in the county strategic plan; educators specializing in early childhood development; representatives of a local child care resource or referral agency, or a local child care coordinating group; representatives of a local organization for prevention or early intervention for families at risk; representatives of community-based organizations that have the goal of promoting nurturing and early childhood development; representatives of local school districts; and representatives of local medical, pediatric, or obstetric associations or societies.

(B) The manner of appointment, selection, or removal of members of the county commission, the duration and number of terms county commission members shall serve, and any other matters that the board of supervisors deems necessary or convenient for the conduct of the county commission's activities, provided that members of the county commission shall not be

compensated for their services, except they shall be paid reasonable per diem and reimbursement of reasonable expenses for attending meetings and discharging other official responsibilities as authorized by the county commission.

(C) The requirement that the county commission adopt an adequate and complete county strategic plan for the support and improvement of early childhood development within the county.

(i) The county strategic plan shall be consistent with, and in furtherance of the purposes of, this act and any guidelines adopted by the state commission pursuant to subdivision (b) of Section 130125 that are in effect at the time the plan is adopted.

(ii) The county strategic plan shall, at a minimum, include the following: a description of the goals and objectives proposed to be attained; a description of the programs, services, and projects proposed to be provided, sponsored, or facilitated; and a description of how measurable outcomes of such programs, services, and projects will be determined by the county commission using appropriate reliable indicators. No county strategic plan shall be deemed adequate or complete until and unless the plan describes how programs, services, and projects relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system.

(iii) The county commission shall, on at least an annual basis, be required to periodically review its county strategic plan and to revise the plan as may be necessary or appropriate.

(D) The requirement that the county commission conduct at least one public hearing on its proposed county strategic plan before the plan is adopted.

(E) The requirement that the county commission conduct at least one public hearing on its periodic review of the county strategic plan before any revisions to the plan are adopted.

(F) The requirement that the county commission submit its adopted county strategic plan, and any subsequent revisions thereto, to the state commission.

(G) The requirement that the county commission prepare and adopt an annual audit and report pursuant to Section 130150. The county commission shall conduct at least one public hearing prior to adopting any annual audit and report.

(H) The requirement that the county commission conduct at least one public hearing on each annual report by the state commission prepared pursuant to subdivision (b) of Section 130150.

(I) Two or more counties may form a joint county commission, adopt a joint county strategic plan, or implement joint programs, services, or projects.

(2) The county's board of supervisors has established a county commission and has appointed a majority of its members.

(3) The county has established a local Children and Families First Trust Fund pursuant to subparagraph (A) of paragraph (2) of subdivision (d) of Section 130105.

(b) Notwithstanding any provision of this act to the contrary, no moneys made available to county commissions under subdivision (a) shall be expended to provide, sponsor, or facilitate any programs, services, or projects for early childhood development until and unless the county commission has first adopted an adequate and complete county strategic plan that contains the provisions required by clause (ii) of subparagraph (C) of paragraph (1) of subdivision (a).

(c) In the event that any county elects not to participate in the California Children and Families First Program, the moneys remaining in the California Children and Families First Trust Fund shall be reallocated and reappropriated to participating counties in the following fiscal year.

(d) For the fiscal year commencing on July 1, 2000, and for each fiscal year thereafter, county commissions shall receive the portion of the total moneys available to all county commissions equal to the percentage of the number of births recorded in the relevant county (for the most recent reporting period) in proportion to the number of births recorded in all of the counties participating in the California Children and Families First Program (for the same period), provided that each of the following requirements has first been satisfied:

(1) The county commission has, after the required public hearings, adopted an adequate and complete county strategic plan conforming to the requirements of subparagraph (C) of paragraph (1) of subdivision (a), and has submitted the plan to the state commission.

(2) The county commission has conducted the required public hearings, and has prepared and submitted all audits and reports required pursuant to Section 130150.

(3) The county commission has conducted the required public hearings on the state commission annual reports prepared pursuant to subdivision (b) of Section 130150.

(e) In the event that any county elects not to continue participation in the California Children and Families First Program, any unencumbered and unexpended moneys remaining in the local Children and Families First Trust Fund shall be returned to the California Children and Families First Trust Fund for reallocation and reappropriation to participating counties in the following fiscal year.

130145. The state commission and each county commission shall establish one or more advisory committees to provide technical and professional expertise and support for any purposes that will be beneficial in accomplishing the purposes of this act. Each advisory committee shall meet and shall make recommendations and reports as deemed necessary or appropriate.

130150. On or before October 15 of each year, the state commission and each county commission shall conduct an audit of, and issue a written report on the implementation and performance of, their respective functions during the preceding fiscal year, including, at a minimum, the manner in which funds were expended, the progress toward, and the achievement of, program goals and objectives, and the measurement of specific outcomes through appropriate reliable indicators.

(a) The audits and reports of each county commission shall be transmitted to the state commission.

(b) The state commission shall, on or before January 31 of each year, prepare a written report that consolidates, summarizes, analyzes, and comments on the annual audits and reports submitted by all of the county commissions for the preceding fiscal year. This report by the state commission shall be transmitted to the Governor, the Legislature, and each county commission.

(c) The state commission shall make copies of each of its annual audits and reports available to members of the general public on request and at no cost. The state commission shall furnish each county commission with copies of those documents in a number sufficient for local distribution by the county commission to members of the general public on request and at no cost.

(d) Each county commission shall make copies of its annual audits and reports available to members of the general public on request and at no cost.

130155. The following definitions apply for purposes of this act:

(a) "Act" means the California Children and Families First Act of 1998.

(b) "County commission" means each county children and families first commission established in accordance with Section 130140.

(c) "County strategic plan" means the plan adopted by each county children and families first commission and submitted to the California Children and Families First Commission pursuant to Section 130140.

(d) "State commission" means the California Children and Families First Commission established in accordance with Section 130110.

SEC. 6. Article 3 (commencing with Section 30131) is added to Chapter 2 of Part 13 of Division 2 of the Revenue and Taxation Code, to read:

Article 3. California Children and Families First Trust Fund Account

30131. Notwithstanding Section 30122, the California Children and Families First Trust Fund is hereby created in the State Treasury for the exclusive purpose of funding those provisions of the California Children and Families First Act of 1998 that are set forth in Division 108 (commencing with Section 130100) of the Health and Safety Code.

30131.1. The following definitions apply for purposes of this article:

(a) "Cigarette" has the same meaning as in Section 30003, as it read on January 1, 1997.

(b) "Tobacco products" includes, but is not limited to, all forms of cigars, smoking tobacco, chewing tobacco, snuff, and any other articles or products made of, or containing at least 50 percent, tobacco, but does not include cigarettes.

30131.2. (a) In addition to the taxes imposed upon the distribution of cigarettes by Article 1 (commencing with Section 30101) and Article 2 (commencing with Section 30121) and any other taxes in this chapter, there shall be imposed an additional surtax upon every distributor of cigarettes at the rate of twenty-five mills ($0.025) for each cigarette distributed.

(b) In addition to the taxes imposed upon the distribution of tobacco products by Article 1 (commencing with Section 30101) and Article 2 (commencing with Section 30121), and any other taxes in this chapter, there shall be imposed an additional tax upon every distributor of tobacco products, based on the wholesale cost of these products, at a tax rate, as determined annually by the State Board of Equalization, which is equivalent to the rate of tax imposed on cigarettes by subdivision (a).

30131.3. Except for payments of refunds made pursuant to Article 1 (commencing with Section 30361) of Chapter 6, reimbursement of the State Board of Equalization for expenses incurred in the administration and collection of the taxes imposed by Section 30131.2, and transfers of funds in accordance with subdivision (c) of Section 130105 of the Health and Safety Code, all moneys raised pursuant to the taxes imposed by Section 30131.2 shall be deposited in the California Children and Families First Trust Fund and are continuously appropriated for the exclusive purpose of the California Children and Families First Program established by Division 108 (commencing with Section 130100) of the Health and Safety Code.

30131.4. All moneys raised pursuant to taxes imposed by Section 30131.2 shall be appropriated and expended only for the purposes expressed in the California Children and Families First Act, and shall be used only to supplement existing levels of service and not to fund existing levels of service. No moneys in the California Children and Families First Trust Fund shall be used to supplant state or local General Fund money for any purpose.

30131.5. The annual determination required of the State Board of Equalization pursuant to subdivision (b) of Section 30131.2 shall be made based on the wholesale cost of tobacco products as of March 1, and shall be effective during the state's next fiscal year.

30131.6. The taxes imposed by Section 30131.2 shall be imposed on every cigarette and on tobacco products in the possession or under the control of every dealer and distributor on and after 12:01 a.m. on January 1, 1999, pursuant to rules and regulations promulgated by the State Board of Equalization.

SEC. 7. Effective date. Notwithstanding the imposition of the taxes authorized by Section 30131.2 of the Revenue and Taxation Code as of January 1, 1999, this act shall take effect and become operative on the date that the Secretary of State certifies the results of the election at which this act was approved.

SEC. 8. Amendment. This act may be amended only by a vote of two-thirds of the membership of both houses of the Legislature. All amendments to this act shall be to further the act and must be consistent with its purposes.

SEC. 9. Liberal construction. The provisions of this act shall be liberally construed to effectuate its purposes of promoting, supporting, and improving early childhood development from the prenatal stage to five years of age.

SEC. 10. No conflict with other laws. The provisions of this act are intended to be in addition to and not in conflict with any other initiative measure that may be adopted by the people at the November 1998 election, and the provisions of this act shall be interpreted and construed so as to avoid conflicts with any such measure whenever possible.

SEC. 11. Severability. If any provision of this act, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining provisions shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.

DATES TO REMEMBER

October 5, 1998

The last day to register to vote for the General Election

October 5, 1998

First day to apply for an absentee ballot *by mail*

October 27, 1998

The last day to apply for an absentee ballot *by mail*

November 3, 1998

Last day to apply for an absentee ballot *in person* at the office of the county elections official

November 3, 1998

ELECTION DAY

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

BACK COVER