

CALIFORNIA

▶▶ GENERAL ELECTION

TUESDAY, NOVEMBER 7, 2000

▶▶ QUICK REFERENCE

PULLOUT VOTER GUIDE INCLUDED

▶▶ VISIT OUR WEBSITE

AT WWW.SS.CA.GOV

OFFICIAL VOTER INFORMATION GUIDE

CERTIFICATE OF CORRECTNESS

I, Bill Jones, Secretary of State of the State of California, do hereby certify that the measures included herein will be submitted to the electors of the State of California at the GENERAL ELECTION to be held throughout the State on November 7, 2000, and that this pamphlet has been correctly prepared in accordance with the law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 14th day of August, 2000.



Bill Jones
Secretary of State

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Secretary of State

Dear Voter,

Welcome to the first Presidential Election of the new Millennium! As a registered voter of California, you have the opportunity this November 7th to make your voice heard by voting on Election Day. Not only will you help to shape the future of our State by deciding on the important issues contained in this *Voter Information Guide*, but you will also have a powerful voice in determining who will be the next President of the United States!

To better prepare you for the November election, the Secretary of State's Office has produced this newly designed *Voter Information Guide* that contains comprehensive summaries, legislative analyses and pro/con arguments on the eight propositions that will appear on the November 7th ballot. In addition to a redesigned cover, new formatting techniques have been added to make it easier for you to get the information you need to vote on Election Day.

We urge you to please take the time to read each measure carefully before going to the polls. If you or anyone you know is not registered to vote and would like to do so, please visit the Secretary of State's website at www.ss.ca.gov where you can now fill out a voter registration form on-line and access the *Voter Information Guide*. You can also contact the Secretary of State's Voter Registration and Election Fraud Hot-Line at 1-800-345-VOTE to receive a voter registration form. **The deadline to register to vote for the November 7th election is October 10, 2000.**

As Californians, we must take full advantage of the opportunity to decide our future. **We urge you to go to the polls on November 7th and encourage your family and friends to participate and vote!**

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THE GREAT SEAL OF CALIFORNIA



Throughout this Voter Information Guide, you will see elements of and illustrations from the Great Seal of California. The design for the Great Seal was adopted at the Constitutional Convention of 1849. Under thirty-one stars, Minerva, Roman goddess of arts, sciences, and wisdom in war and peace, keeps watch over a tableau depicting industry, commerce, agriculture, and the grandeur of nature. Like the political birth of our State, Minerva was born full grown from the brain of Jupiter, father of the gods and guardian of law and order. The grizzly bear at her feet, independent and formidable, symbolizes California. As part of his official constitutional duties, the Secretary of State is the custodian of the Great Seal.

Dates to Remember



| OCTOBER | | | | | | |
|---------|----------|-----------|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

October 9, 2000

First day to apply for an absentee ballot by mail

October 10, 2000

Last day to register to vote

October 31, 2000

Last day to apply for an absentee ballot by mail

November 7, 2000

Last day to apply for an absentee ballot in person at the office of the county elections official

November 7, 2000

ELECTION DAY!

**Polls are open from
7 a.m. to 8 p.m.**

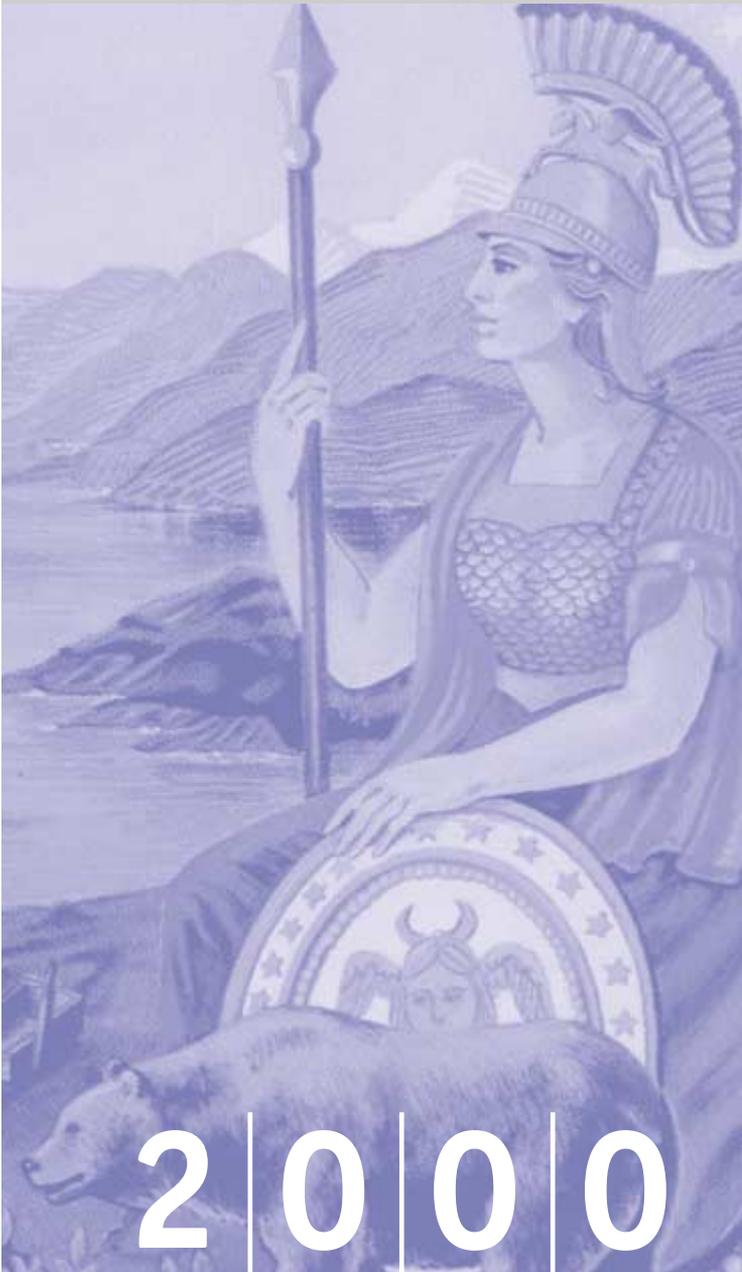
Remember to vote!

| NOVEMBER | | | | | | |
|----------|----|----------|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

..... *Take it with you to the polls!* ▶▶

CALIFORNIA

QUICK REFERENCE PULLOUT GUIDE



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OFFICIAL VOTER INFORMATION GUIDE

- ▶▶ **GENERAL ELECTION**
TUESDAY, NOVEMBER 7, 2000
- ▶▶ **VISIT OUR WEBSITE**
AT WWW.SS.CA.GOV

This reference guide contains a summary of ballot measures for the November 7, 2000, General Election. It has been designed to be easily removed and taken with you to your polling place on Election Day. To remove this section, carefully tear along the perforation to the left of the page.

◀◀ *Take it with you to the polls!*

Ballot Measure Summary

PROPOSITION

32

VETERANS' BOND ACT OF 2000.

BOND ACT.

Put on the Ballot by the Legislature.

SUMMARY

This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide farm and home aid for California veterans. Fiscal Impact: Costs of about \$858 million over 25 years (average cost of about \$34 million per year); costs paid by participating veterans.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: The state would be able to issue \$500 million in general obligation bonds to provide loans for the veterans' farm and home purchase (Cal-Vet) program.

NO

A **NO** vote on this measure means: The state would not be able to issue these bonds for this purpose.

ARGUMENTS

PRO

The time-honored Cal-Vet Loan Program helps wartime veterans to purchase homes and farms in California at no expense to taxpayers. Voter-approved bonds finance the Program and are repaid, along with all program costs, by veteran loan holders. This measure would replenish such bonds. We urge your support.

CON

Proposition 32 is a half billion dollar bond measure that would cost taxpayers a fortune. The money would be used to buy homes for "veterans" defined to even include persons like Presidential candidate George W. Bush who joined his state's Air National Guard instead of going to fight in Vietnam!

FOR ADDITIONAL INFORMATION

FOR

Glenn Gilbert
Assembly Committee on
Veterans Affairs
California State Assembly

1020 N Street, Room 357
Sacramento, CA 95814
(916) 319-2486
glenn.gilbert@asm.ca.gov

AGAINST

Melvin L. Emerich
Attorney at Law

95 South Market St., #300
San Jose, CA 95113
(408) 995-3224
www.melemerich.com

PROPOSITION

33

LEGISLATURE. PARTICIPATION IN PUBLIC
EMPLOYEES' RETIREMENT SYSTEM.

LEGISLATIVE CONSTITUTIONAL AMENDMENT.

Put on the Ballot by the Legislature.

SUMMARY

Allows legislative members to participate in the Public Employees' Retirement System plans in which a majority of state employees may participate. Fiscal Impact: Annual state costs under \$1 million to provide retirement benefits to legislators, with these costs replacing other spending from the fixed annual amount provided in support of the Legislature.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: State legislators could earn retirement benefits under a state retirement system for their years of service in the Legislature.

NO

A **NO** vote on this measure means: For retirement purposes, state legislators would continue to earn only Social Security benefits for their years of service in the Legislature.

ARGUMENTS

PRO

Proposition 33 is about fairness and about allowing everyone to serve in the Legislature, not just the rich. Proposition 33 only allows members of the Legislature to participate in the same pension plan as every other state employee. No additional perks. Proposition 33 will require no additional state spending.

CON

Vote **NO**. Legislators' salaries are now \$99,000, plus some reimbursement for living expenses. They need no more perks. This measure, written by politicians, wipes out a key part of Proposition 140 enacted by voters in 1990 and will increase general fund costs. Vote **NO** on Proposition 33.

FOR ADDITIONAL INFORMATION

FOR

Yes on Prop. 33

c/o Western Group
P.O. Box 596
Yucaipa, CA 92399
(909) 795-9722

AGAINST

Lewis Uhler, President
The National
Tax-Limitation Committee

151 N. Sunrise Ave., Suite 901
Roseville, CA 95661
(916) 786-9400

Ballot Measure Summary

PROPOSITION

34

CAMPAIGN CONTRIBUTIONS AND SPENDING. LIMITS. DISCLOSURE.

LEGISLATIVE INITIATIVE AMENDMENT.

Put on the Ballot by the Legislature.

SUMMARY

Limits campaign contributions and loans to state candidates and political parties. Provides voluntary spending limits; expands public disclosure requirements and increases penalties. Fiscal Impact: Additional net costs to the state, potentially up to several million dollars annually, and unknown but probably not significant costs to local government.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: New contribution and voluntary spending limits will be established for state elective offices. Limits previously adopted by the voters for state and local offices, which have not been implemented because of a pending lawsuit, would be repealed. The new limits are higher than those that would be repealed.

ARGUMENTS

PRO

Proposition 34 is real reform that puts voters—not special interests—back in charge of California's political process. Proposition 34 sets enforceable, constitutional limits on campaign financing where none exist today. It limits contributions and spending, speeds up disclosure, increases fines and closes loopholes for wealthy candidates without public financing.

FOR ADDITIONAL INFORMATION

FOR

Tom Knox
Committee for Constitutional Campaign Reform

1215 K Street, Ste. 2100
Sacramento, CA 95814
(916) 443-3354
CAyeson34.org

NO

A **NO** vote on this measure means: Existing contribution and voluntary spending limits for state and local elective offices enacted by a voter-approved initiative would not be repealed.

CON

Incumbent politicians will be begging for money when they should be tending to the public's business. Challengers will be forced to seek campaign funds from any and all sources that want political favors from Sacramento. *Proposition 34 is a recipe for a government more beholden to special interests.* Vote No.

AGAINST

Lonni Granlund
Western Group

P.O. Box 596
Yucaipa, CA 92399
(909) 795-9722
westerngrp@aol.com

PROPOSITION

35

PUBLIC WORKS PROJECTS. USE OF PRIVATE CONTRACTORS FOR ENGINEERING AND ARCHITECTURAL SERVICES.

INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.

Put on the Ballot by Petition Signatures.

SUMMARY

Amends Constitution eliminating existing restrictions on state, local contracting with private entities for engineering, architectural services; contracts awarded by competitive selection; bidding permitted, not required. Fiscal Impact: Unknown impact on state spending for architectural and engineering services and construction project delivery. Actual impact will depend on how the state uses the contracting flexibility under the proposition.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: The state could contract with private individuals or firms for architectural and engineering services in all situations rather than only under certain conditions (such as when the work is of a temporary nature or of such a specialized nature that it cannot be provided by state employees).

ARGUMENTS

PRO

Prop. 35—Supported by hundreds of taxpayer groups, seniors, schools, local governments, business, labor, highway/earthquake safety engineers. *Restores government's ability to engage in public/private partnerships with qualified engineers to speed up thousands of backlogged highway and other public works projects.* Creates 40,000 jobs. Saves taxpayers \$2.5 billion annually.

FOR ADDITIONAL INFORMATION

FOR

Taxpayers for Fair Competition—
A coalition of taxpayers, engineers, seniors, schools, local government, business, labor, highway safety experts and frustrated commuters.
11300 W. Olympic Blvd., Ste. 840
Los Angeles, CA 90064
(310) 996-2671/Info@YesProp35.com
www.YesProp35.com

NO

A **NO** vote on this measure means: The state could contract with private individuals or firms for architectural and engineering services only under certain conditions.

CON

Proposition 35 changes the Constitution to benefit one special interest at taxpayer expense. Like other states, California currently awards engineering contracts based on cost, qualifications, and experience. Prop. 35 replaces that with an undefined contracting process which allows overpriced government contracts based on campaign contributions and political influence. *Vote No!*

AGAINST

Steve Hopcraft
No On Prop. 35

3551 N St.
Sacramento, CA 95816
(916) 446-0512
noonprop35@cwo.com
noonprop35.org

Ballot Measure Summary

PROPOSITION

36

DRUGS. PROBATION
AND TREATMENT PROGRAM.

INITIATIVE STATUTE.

Put on the Ballot by Petition Signatures.

SUMMARY

Requires probation and drug treatment, not incarceration, for possession, use, transportation of controlled substances and similar parole violations, except sale or manufacture. Authorizes dismissal of charges after completion of treatment. Fiscal Impact: Net annual savings of \$100 million to \$150 million to the state and about \$40 million to local governments. Potential avoidance of one-time capital outlay costs to the state of \$450 million to \$550 million.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: Adult offenders convicted of being under the influence of illegal drugs or using, transporting, or possessing illegal drugs for personal use would generally be sentenced to probation and drug treatment.

NO

A **NO** vote on this measure means: Adult offenders convicted of being under the influence of illegal drugs or using, transporting, or possessing illegal drugs would generally continue to be sentenced to prison, jail, or probation. There would be no requirement that they be sentenced to drug treatment.

ARGUMENTS

PRO

The war on drugs has failed. Nonviolent drug users are overcrowding our jails. Violent criminals are being released early. Drug treatment programs are rarely available. We pay \$25,000 annually for prisoners when treatment costs only \$4,000. Expanded treatment programs will reduce crime, save lives, and save taxpayers hundreds of millions.

CON

Proposition 36 prohibits jail for persons convicted of using heroin, crack, PCP and other illegal drugs, or for possessing "date rape" drugs—even those with prior convictions for rape, child molesting and other violent crimes. Proposition 36 has no regulatory safeguards, cripples legitimate treatment, invites fraud and endangers public safety.

FOR ADDITIONAL INFORMATION

FOR

California Campaign for New Drug Policies

(310) 394-2952
www.drugreform.org

AGAINST

Californians United Against Drug Abuse/Sponsored by Law Enforcement, Drug Treatment Professionals, Healthcare, Crime Victims and Taxpayers—No on 36.
455 Capitol Mall, Suite 801
Sacramento, CA 95814
1-800-995-3221
www.noonprop36.com

PROPOSITION

37

FEEES. VOTE REQUIREMENTS. TAXES.

INITIATIVE CONSTITUTIONAL AMENDMENT.

Put on the Ballot by Petition Signatures.

SUMMARY

Requires two-thirds vote of State Legislature, majority or two-thirds of local electorate to impose future state, local fees on activity to study or mitigate its environmental, societal or economic effects. Defines such fees as taxes except property, development, certain other fees. Fiscal Impact: Unknown, potentially significant, reduction in future state and local government revenues from making it more difficult to approve certain regulatory charges.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: Government actions to establish certain regulatory charges would require approval by a greater number of legislators or local voters.

NO

A **NO** vote on this measure means: Current laws and constitutional requirements regarding regulatory charges would not be changed.

ARGUMENTS

PRO

The California Taxpayers Association urges you to vote **Yes** on Proposition 37 to stop hidden taxes on food, gasoline, utilities and other necessities. Proposition 37 makes politicians accountable to taxpayers by requiring a vote of the people or a 2/3 vote of the Legislature to enact these hidden taxes.

CON

Proposition 37 *protects polluters and shifts their costs to taxpayers*. The oil and tobacco lobbies who paid for Prop. 37 want you to pay for the pollution and sickness they cause. *American Cancer Society, League of Women Voters, Sierra Club and California Tax Reform Association say: No on 37!*

FOR ADDITIONAL INFORMATION

FOR

Californians Against Hidden Taxes

591 Redwood Hwy., Suite 4000
Mill Valley, CA 94941
(916) 448-4266
info@yesonprop37.org
www.yesonprop37.org

AGAINST

Doug Linney
Taxpayers Against Polluter Protection

1904 Franklin Street, Suite 909
Oakland, CA 94612
(510) 444-4793
info@polluterprotection.com
www.polluterprotection.com

Ballot Measure Summary

PROPOSITION

38

SCHOOL VOUCHERS. STATE-FUNDED PRIVATE AND RELIGIOUS EDUCATION. PUBLIC SCHOOL FUNDING.

INITIATIVE CONSTITUTIONAL AMENDMENT.
Put on the Ballot by Petition Signatures.

SUMMARY

Authorizes annual state payments of at least \$4000 per pupil for private/religious schools. Permits replacement of current constitutional public school funding formula. Fiscal Impact: Near-term state costs from zero to \$1.1 billion annually. Long-term state impact from \$2 billion in annual costs to \$3 billion in annual savings, depending on how many public school students shift to private schools.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: In addition to funding a public school system, the state would make available to all school-age children (kindergarten through 12th grade) scholarships (vouchers) of at least \$4,000 each year to pay tuition and fees at private schools.

NO

A **NO** vote on this measure means: The state would not fund scholarships (vouchers) to pay tuition and fees at private schools. The current approach of funding public education for kindergarten through 12th grade through a system of public schools would continue.

ARGUMENTS

PRO

Prop. 38 gives a \$4,000 school voucher to all parents to choose the best education for their children and provides a stronger public education funding guarantee. Prop. 38 holds schools accountable to parents and students, is only fair, and leads to smaller, safer classrooms.

CON

Proposition 38 would create voucher schools with no standards for students, no credentials for teachers, and no accountability to taxpayers. Not one penny of the billions spent on Prop 38 will be used to make our children's public schools better. Prop 38 is an expensive experiment our children can't afford.

FOR ADDITIONAL INFORMATION

FOR

Pat Rosenstiel
Prop38Yes,
School Vouchers 2000

400 Seaport Ct., Suite 102
Redwood City, CA 94063
(650) 306-1111
Campaign@vouchers2000.com
www.38Yes.com

AGAINST

No on Prop 38 Committee

1510 J Street, Suite 115
Sacramento, CA 95814
(916) 442-4406
info@NoVouchers2000.com
www.NoOnProp38.com

PROPOSITION

39

SCHOOL FACILITIES. 55% LOCAL VOTE. BONDS, TAXES. ACCOUNTABILITY REQUIREMENTS.

INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE.
Put on the Ballot by Petition Signatures.

SUMMARY

Authorizes bonds for repair, construction or replacement of school facilities, classrooms, if approved by 55% local vote. Fiscal Impact: Increased bond debt for many school districts. Long-term costs statewide could total in the hundreds of millions of dollars annually. Potential longer-term state savings to the extent school districts assume greater responsibility for funding school facilities.

WHAT YOUR VOTE MEANS

YES

A **YES** vote on this measure means: Local school bonds could be approved by a 55 percent vote rather than a two-thirds vote of the local electorate.

NO

A **NO** vote on this measure means: Local school bonds would continue to require approval by a two-thirds vote of the local electorate.

ARGUMENTS

PRO

Parents, business, teachers and taxpayers say "Yes on 39" to fix our classrooms and fix the way schools spend money. The California State PTA says 39 helps reduce class size and protects taxpayers and homeowners. It requires a tough 55% vote for bonds and prohibits spending on administration or bureaucracy.

CON

Proposition 39 destroys 121 year Constitutional Protection requiring two-thirds vote to approve local bonds. 39 has No property tax limits. 39 could lead to further actions which double property taxes, returning to pre-1978 levels. Bonds create homeowner liens. "Special Provisions" can be changed anytime without voter approval. Vote No.

FOR ADDITIONAL INFORMATION

FOR

Taxpayers for Accountability & Better Schools

1121 L Street, Suite 401
Sacramento, CA 95814
(916) 341-1055
info@betterschoolsforCA.org
www.yesonprop39.org

AGAINST

Jon Coupal
Save Our Homes Committee,
Vote No on Proposition 39

921 Eleventh Street, Suite 1201
Sacramento, CA 95814
(916) 444-9959
Info@SaveOurHomes.com
www.SaveOurHomes.com

Secretary of State online



<http://www.ss.ca.gov>



• **FIND** your polling place



• **RESEARCH** campaign contributions



• **WATCH** live election results



• **OBTAIN** absentee ballot information



• **VIEW** lists of candidates

Send your comments directly to the
Secretary of State at bjones@ss.ca.gov 

NOVEMBER 7, 2000 GENERAL ELECTION Election Day "CHECKLIST"

BALLOT MEASURES AT A GLANCE

PROPOSITION 32

Veterans' Bond Act of 2000.

YES

NO

PROPOSITION 33

Legislature. Participation in Public Employees' Retirement System. Legislative Constitutional Amendment.

YES

NO

PROPOSITION 34

Campaign Contributions and Spending. Limits. Disclosure. Legislative Initiative Amendment.

YES

NO

PROPOSITION 35

Public Works Projects. Use of Private Contractors for Engineering and Architectural Services. Initiative Constitutional Amendment and Statute.

YES

NO

PROPOSITION 36

Drugs. Probation and Treatment Program. Initiative Statute.

YES

NO

PROPOSITION 37

Fees. Vote Requirements. Taxes. Initiative Constitutional Amendment.

YES

NO

PROPOSITION 38

School Vouchers. State-Funded Private and Religious Education. Public School Funding. Initiative Constitutional Amendment.

YES

NO

PROPOSITION 39

School Facilities. 55% Local Vote. Bonds, Taxes. Accountability Requirements. Initiative Constitutional Amendment and Statute.

YES

NO

NOTES:

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 votes 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.

Official Title and Summary Prepared by the Attorney General**VETERANS' BOND ACT OF 2000.**

- This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide farm and home aid for California veterans.
- Appropriates money from state General Fund to pay off bonds, if costs not offset by payments from participating veterans.

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

- Costs of about \$858 million to pay off both the principal (\$500 million) and interest (about \$358 million) on the bonds; costs paid by participating veterans.
- Average payment for principal and interest of about \$34 million per year for 25 years.

Final Votes Cast by the Legislature on AB 2305 (Proposition 32)

| | | |
|-----------|---------|--------|
| Assembly: | Ayes 76 | Noes 0 |
| Senate: | Ayes 36 | Noes 0 |

BACKGROUND

Since 1921, the voters have approved a total of about \$7.9 billion of general obligation bond sales to finance the veterans' farm and home purchase (Cal-Vet) program. As of July 2000, there was about \$270 million remaining from these funds.

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

PROPOSAL

This measure authorizes the state to sell \$500 million in general obligation bonds for the Cal-Vet program. These bonds would provide sufficient funds for at least 2,500 additional veterans to receive loans.

FISCAL EFFECT

The bonds authorized by this measure would be paid off over a period of about 25 years. If the \$500 million in bonds were sold at an interest rate of 5.5 percent, the cost would be about \$858 million to pay off both the principal (\$500 million) and the interest (\$358 million). The average payment for principal and interest would be about \$34 million per year.

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

For text of Proposition 32 see page 54.

Argument in Favor of Proposition 32

The Cal-Vet Farm and Home Loan Program was established after World War I to help veterans in establishing livelihoods and homes following active military service to their country. Since then, more than 400,000 wartime veterans have been assisted by this self-supporting Program. The Program, which has earned the consistent support of voters for 79 years, is a working memorial to the veterans of California.

Voter-approved general obligation bonds finance the Program and are repaid by the veterans. Veteran loan holders are charged interest on their loans at the lowest rates that will cover all costs, including redemption of general obligation bonds, debt service, and all program administrative charges. The Program is operated entirely without cost to the California taxpayer.

To ensure that deserving California veterans receive the best possible service under the Cal-Vet Program, the Legislature recently directed the Department of Veterans Affairs, which administers the Program, to establish all systems, procedures, technologies and guidelines necessary to achieve efficient loan processing at a pace

competitive with private-sector services. The Governor, the Legislature, the Treasurer, and the California Veterans Board all actively oversee the Program.

The last Cal-Vet bond measure appeared on the 1996 ballot and received strong voter support. Proposition 32 is needed now to ensure that the Cal-Vet Program will be able to meet the future needs of veterans. The Legislature placed this act on the ballot, at the request of Governor Davis, with no negative votes, sending the measure to voters with a vote of 76-0 in the Assembly and 36-0 in the Senate.

We urge you to vote *FOR* Proposition 32, the Veterans' Bond Act of 2000. The success of this measure will enable California's wartime veterans to purchase farms and homes here with low interest rates and at no cost to you. Our veterans deserve no less.

ASSEMBLYMAN JOHN A. DUTRA, *Chair*
Assembly Committee on Veterans Affairs
SENATOR K. MAURICE JOHANNESSEN, *Chair*
Senate Committee on Veterans Affairs

Rebuttal to Argument in Favor of Proposition 32

PROPOSERS' CLAIM that the Cal-Vet loan program operates "*entirely without cost to the California taxpayer*" IS NOT TRUE.

Raising money by selling tax-free bonds results in a loss of revenue (from income on other possible investments that would be taxed) to both the *state* treasury and the *federal* treasury. This is explained in the main argument against Proposition 32 on the opposite page.

The question is whether continuing the Cal-Vet program is worth its high cost.

On this point, PROPOSERS' CLAIM that the program has assisted "*wartime veterans*" IS MISLEADING.

Most California veterans have not been able to obtain assistance through the Cal-Vet loan program precisely because the program is not limited to war "time" veterans, or persons who served in actual combat, or veterans who became disabled by serving in the military.

Even someone who stayed at home in the National Guard is a qualified "*veteran*" under the Cal-Vet loan program.

Presidential candidate *George W. Bush* of Texas, who joined in his state's "*Air*" National Guard instead of going to fight the War in Vietnam, is technically a "*veteran*." But would he deserve a subsidized home loan for such service?

Instead of funding another half-billion dollars in low-interest loans for the purchase of "*homes and farms*" for a relatively small number of persons in the broad category of "*veterans*," let's spend money on programs limited to the most deserving and needy people—such as persons who became disabled in military combat.

MELVIN L. EMERICH
Attorney at Law

Argument Against Proposition 32

In this measure, state legislators are proposing that the State of California sell a *half billion dollars* in bonds to be used by the Cal-Vet Home Loan Program.

While it is true that the lucky home buyers repay the bonds—principal and interest—the *program costs everyone else hundreds of millions of dollars in a way proponents never talk about.*

You see, government bonds are purchased by investors even though they yield a low rate of interest only because the interest earned is tax-free under both federal and state law.

When investors buy tax-free bonds instead of making tax-producing investments in the private sector, the federal and state governments lose money that would have been collected on taxable investment returns.

The amount lost approximates the difference between the rate of interest on government bonds and the rate of interest on secure, taxable investments.

So, the Cal-Vet Home Loan Program is actually quite expensive. If it were “free” as proponents have claimed

in the past, everyone could receive low interest loans from the government! We could have a “Cal-Resident Home Loan Program” for everyone. But, it does not work that way.

Now that you know how *the Cal-Vet Home Loan Program costs YOU hundreds of millions of dollars*, the question is whether the program is justified.

Here are the biggest problems we see:

(1) The program is not limited to veterans who served in combat.

Any California veteran may apply.

(2) Bureaucrats then decide which veterans get the homes and which do not.

Relatively few veterans end up benefiting from the program.

MELVIN L. EMERICH, *Co-chair*

Voter Information Alliance

GARY B. WESLEY, *Co-chair*

Voter Information Alliance

Rebuttal to Argument Against Proposition 32

The Cal-Vet Home Loan Program is California’s means of keeping the promise to honor those who served. Veterans using the Program are not simply “lucky home buyers”; they are individuals who have made sacrifices for State and Country.

The Cal-Vet Home Loan Program has no direct cost to taxpayers. It is true that the program is funded by the sale of tax-exempt bonds, but the investors purchase these bonds as a part of their tax-exempt strategies. If they did not purchase these bonds, which are used to benefit veterans and in turn to bolster California’s real estate industry, purchasers would find other tax-exempt investments that might not benefit California, or our veterans.

Contrary to the arguments against the Veterans Bond Act, the Program is fully justified:

1. The bonds in question are General Obligation Bonds. *These bonds can be used only by veterans who have wartime service and are purchasing homes in California.*

2. State and federal laws determine the use of tax-exempt bonds. Loans are underwritten, according to common industry practice, by the staff of the California Department of Veterans Affairs. More than 412,000 veterans have benefited from the Program since its inception in 1921.

HONORABLE GRAY DAVIS

Governor

ASSEMBLYMAN JOHN A. DUTRA, *Chair*

Assembly Committee on Veterans Affairs

SENATOR K. MAURICE JOHANNESSEN, *Chair*

Senate Committee on Veterans Affairs

33**LEGISLATURE. PARTICIPATION IN PUBLIC EMPLOYEES' RETIREMENT SYSTEM.**
Legislative Constitutional Amendment.Official Title and Summary Prepared by the Attorney General**LEGISLATURE. PARTICIPATION IN PUBLIC EMPLOYEES' RETIREMENT SYSTEM.**

Legislative Constitutional Amendment.

- Amends Constitution to allow members of the California Legislature the option to participate in the Public Employees' Retirement System.
- Allows any person elected or serving in the Legislature on or after November 1, 1990 to participate in any state retirement plan in which a majority of the employees of the State may participate.
- Only the employer's share of the contribution necessary for participation in such state retirement plans will be paid by the State.
- Requires members of the Legislature to continue to participate in the Federal Social Security System.

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

- Annual state costs under \$1 million to provide retirement benefits to legislators, with these costs replacing other spending from the fixed annual amount provided in support of the Legislature. No net impact on state spending.

Final Votes Cast by the Legislature on ACA 12 (Proposition 33)

| | | |
|-----------|---------|---------|
| Assembly: | Ayes 57 | Noes 12 |
| Senate: | Ayes 27 | Noes 0 |

BACKGROUND

The California Legislature has 120 members—80 in the Assembly and 40 in the Senate. The State Constitution currently provides that:

- Salaries and benefits (other than retirement) of legislators are set annually by an independent commission.
- Retirement benefits for service in the Legislature are limited to participation in the federal Social Security system.

Prior to November 1990, legislators also participated in the state-run Legislators' Retirement System. Proposition 140, passed by the voters in November 1990, prohibited legislators from that time forward from earning any new retirement benefits (other than Social Security). Proposition 140 also established an annual "cap" on spending in support of the Legislature (for expenses such as legislator and staff salaries and other operating costs). The cap increases annually based on growth in the state's economy and population.

PROPOSAL

This proposition amends the State Constitution to allow legislators to participate in the state Public

Employees' Retirement System (PERS). This system provides retirement benefits to a majority of state government workers. A legislator choosing to participate in the plan would pay almost 5 percent of his or her salary to the system. In addition, the state would pay into the system in the same way it pays for its other employees. The state's contribution is determined each year by PERS and is paid as a percent of the employee's salary. These rates can vary significantly from year to year. For instance, the current PERS employer rate is zero (due to recent performance of PERS investments), but this rate is projected to increase to around 4.5 percent in 2001–02.

FISCAL EFFECT

The state cost to provide PERS retirement benefits to legislators would depend on (1) how many legislators choose to participate in PERS and (2) the annual employer PERS contribution rate. These costs, however, would be under \$1 million each year.

This expense would have to be paid out of the annual amount provided for support of the Legislature. As such, this proposition would not result in additional state costs, but would instead replace other types of spending in support of the Legislature.

For text of Proposition 33 see page 55.

33 LEGISLATURE. PARTICIPATION IN PUBLIC EMPLOYEES' RETIREMENT SYSTEM.

Legislative Constitutional Amendment.

Argument in Favor of Proposition 33

Most working people in their 30's or 40's have a retirement plan. They pay into that plan each month—and their employer puts some in too. And at age 65 they can retire with full benefits.

But what would happen if you lost six years of service toward your pension? You'd have to work an additional six years—and wait to retire until after you were 70.

That's exactly what people who run for state office are faced with. They are limited to six years of service in the Assembly or eight years in the State Senate—by term limits. But they are allowed no service time toward their pensions for the time they served in public office.

It's only fair that people who commit to public service are allowed to provide for their future.

PROPOSITION 33 WOULD TREAT STATE LAWMAKERS LIKE ALL OTHER PUBLIC EMPLOYEES.

It would allow Legislators to put aside some of their paycheck each month and have the State put some in too. No special deal. No special benefits. Just the same retirement plan available to the majority of state workers.

Nurses, Teachers, Firefighters, Farmers—people from these jobs can't retire on their investments, they need

pension plans. And if we don't treat lawmakers like every other public employee, then soon we'll only have candidates rich enough not to need pensions.

Taxpayer activists and term-limit supporters like People's Advocate, labor unions like the California School Employees Association and many other diverse groups in California agree that people should not be discouraged from seeking public office.

MAKE SURE ALL CALIFORNIANS—NOT JUST THE RICH—HAVE A FAIR OPPORTUNITY TO SERVE IN THE LEGISLATURE. VOTE YES ON PROPOSITION 33.

PETER SZEGO, *Chair*

State Legislative Committee

American Association of Retired Persons

ALLAN ZAREMBERG, *President*

California Chamber of Commerce

DAN TERRY, *President*

California Professional Firefighters

Rebuttal to Argument in Favor of Proposition 33

Proposition 33 is an attack on the reforms we enacted through Proposition 140.

Proposition 33 does not treat state lawmakers "like all other public employees", as claimed by the proponent's argument.

In analyzing this constitutional amendment, the State Department of Finance concluded: "This bill is inequitable since . . . legislators could become eligible for full retiree health benefits upon meeting a 10 year vesting requirement, while state employees could be required to work 20 years to earn the same benefit."

State Legislators are eligible for a \$99,000 salary and some reimbursement for living expenses. They should

use some of that to invest for their own retirement, rather than asking taxpayers to foot the bill.

Serving in the Legislature is a privilege and an honor. We do not need to entice people to run for office with promises of a taxpayer-paid luxury retirement.

Vote NO on Proposition 33.

RANDY THOMASSON, *Executive Director*

Campaign for California Families

RICK GANN, *Director of Legal Affairs*

Paul Gann's Spirit of 13 Committee

PETER F. SCHABARUM, *Co-Author*

Proposition 140

Argument Against Proposition 33

Career politicians are at it again!

In 1990 voters overwhelmingly enacted term limits and other landmark legislative reforms aimed at cutting the perks and breaking the influence of the career politicians.

Proposition 33 changes the Constitution to allow state legislators to participate in the Public Employees' Retirement System (PERS)—the very benefits we took away from them in 1990. *According to the Legislature's own analyst, if Proposition 33 passes, California taxpayers like you and us will be stuck paying increased general fund costs in retirement benefits for state legislators.* These taxpayer-paid benefits will come on top of Social Security and other retirement plans legislators may have.

Over the last ten years, state legislators have received raises to increase their pay by 90 percent—TO ALMOST \$100,000 A YEAR.

In addition to their salary, legislators are eligible to receive some reimbursement for their living expenses.

But for some, this is not enough. They want us—the taxpayers—to pay for their retirement as well. And they

want us to give this perk a protected place in our Constitution!

Legislators make a hefty salary. They can and should invest their money and plan for their retirement just like anybody else. Instead, they want special treatment—yet another perk that is not available to any citizen working in the private sector.

Don't be fooled. The fact is, Prop. 33 takes money out of your pocket and puts it into the pockets of the state politicians.

Protect your pocketbook and protect the important reforms you enacted in 1990.

VOTE NO ON 33.

ERNEST F. DYNDA, *President*
United Organizations of Taxpayers
LEWIS K. UHLER, *President*
National Tax Limitation Committee

Rebuttal to Argument Against Proposition 33

• Proposition 33 only allows members of the Legislature to participate in the same pension plan as every other state employee. No additional perks.

• Proposition 33 will require no additional state spending.

• Proposition 33 will require legislators to contribute to the pension plan from their own salaries, just like every other state employee.

• Proposition 33 is about fairness and about allowing everyone to serve in the Legislature, not just the rich.

In order to retire, working people must be able to save money during their prime working years.

Right now anyone who sets aside six or eight years of their life to leave their careers and serve in the Legislature is denied the option of saving for retirement. Without a pension, many people with families cannot afford to temporarily leave their careers to serve in the state Assembly or Senate. For many potential public servants

in their maximum-earning years, such a sacrifice imposes great burdens not only on themselves but on their spouses and children as well.

Thus, your neighbors and friends, school teachers, factory and high-tech workers, middle-income citizens of all types are effectively discouraged from running for office. That means we all forfeit our Legislature to rich or well-to-do Californians with substantial and secure financial means.

DR. WILLIAM CRIST, *President*
Board of Administration,
California Public Employees' Retirement System
BILL HAUCK, *Former Chairman*
California Constitution Revision Commission
MARK MUSCARDINI, *President*
California Association of Highway Patrolmen

34

CAMPAIGN CONTRIBUTIONS AND SPENDING. LIMITS. DISCLOSURE.

Legislative Initiative Amendment.

Official Title and Summary Prepared by the Attorney General

CAMPAIGN CONTRIBUTIONS AND SPENDING. LIMITS. DISCLOSURE.

Legislative Initiative Amendment.

- Limits individual campaign contributions per election: state legislature, \$3,000; statewide elective office, \$5,000 (small contributor committees may double these limits); governor, \$20,000. Limits contributions to political parties/political committees for purpose of making contributions for support or defeat of candidates.
- Establishes voluntary spending limits, requires ballot pamphlet to list candidates who agree to limit campaign spending.
- Expands public disclosure requirements, increases penalties for violations.
- Prohibits lobbyists' contributions to officials they lobby.
- Limits campaign fund transfers between candidates, regulates use of surplus campaign funds.
- Effective 1/1/01, except statewide elective office effective 11/6/02.

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

- Additional net costs to the state, potentially up to several million dollars annually, to publish candidate statements in the state ballot pamphlet and to implement and enforce provisions of the measure.
- Unknown, but probably not significant, costs to local governments to implement voluntary spending limit provisions of the measure.

Final Votes Cast by the Legislature on SB 1223 (Proposition 34)

| | | |
|-----------|---------|---------|
| Assembly: | Ayes 42 | Noes 23 |
| Senate: | Ayes 32 | Noes 2 |

BACKGROUND

Political Reform Laws. The Political Reform Act of 1974, approved by California voters in that year, established campaign finance disclosure requirements. Specifically, it required candidates for state and local offices, proponents and opponents of ballot measures, and other campaign organizations to report contributions received and expenditures made during campaigns. These reports are filed with the Secretary of State's office, local election officials, or both. The Fair Political Practices Commission (FPPC) is the state agency primarily responsible for enforcing the law.

In November 1996, California voters approved Proposition 208, an initiative that amended the Political Reform Act, to establish limits on campaign contributions to candidates, voluntary limits on campaign spending, and rules on when fund-raising can occur. The measure also required identification of certain donors in campaign advertisements for and against ballot measures and contained various other provisions regulating political campaigns.

A lawsuit challenging Proposition 208 resulted in a court order in January 1998 blocking enforcement of its provisions. At the time this analysis was prepared, the lawsuit was still pending. Until the case is resolved, it is unclear which, if any, provisions of Proposition 208 will be implemented. At this time generally no contribution and expenditure limits are in place for campaigns for state elective offices.

Ballot Pamphlet and Sample Ballot. Before each statewide election, a ballot pamphlet prepared by the Secretary of State is mailed to each household with a registered California voter. It contains information on propositions placed on the ballot by the Legislature as well as ballot initiative and referendum measures placed before voters through signature gathering. State law also directs county elections officials to prepare and mail to each voter a sample ballot listing the federal, state, and local candidates and ballot measures.

On-Line Campaign Reporting. State law requires certain candidates and campaign organizations involved in elections for state elective office or ballot propositions to file campaign finance information on-line or in electronic formats with the Secretary of State. Information from those campaign finance reports is then made available for public review through the Internet.

PROPOSAL

This measure revises state laws on political campaigns for state and local elective offices and ballot propositions. Most of these changes would take effect beginning in 2001. Campaigns for statewide elective office, such as Governor, would generally not be affected by the provisions of the measure until after the November 2002 election. This measure does not affect campaigns for federal office, such as the U.S. Congress and generally does not affect the contribution limits now enforced for local offices. The major provisions of this measure include the following:

- Repeals the campaign contribution and voluntary spending limits for state and local elective offices enacted by Proposition 208. Establishes new contribution and voluntary campaign spending limits, with higher dollar amounts than those contained in Proposition 208, for state elective offices.
- Enacts new campaign disclosure requirements, including on-line or electronic reporting in a timely manner of campaign contributions and expenditures of \$1,000 or more.
- Increases penalties for campaign law violations to the same levels as Proposition 208.

These major provisions of the measure are described in more detail below.

Campaign Contribution Limits

This measure establishes limits on contributions to candidates for state elective office. The limits vary according to the state office sought by the candidate and the source of the contribution, as shown in Figure 1. The limits would be adjusted every two years for inflation.

Figure 1
Proposition 34
Campaign Contribution Limits

| Contributor | Candidate for: | | |
|--|----------------|---------------------|------------|
| | Legislature | Statewide Office | |
| | | Other Than Governor | Governor |
| Individual | \$3,000 | \$5,000 | \$20,000 |
| "Small Contributor Committee" ^a | 6,000 | 10,000 | 20,000 |
| Lobbyist ^b | Prohibited | Prohibited | Prohibited |
| Political party | No limit | No limit | No limit |

^a Defined as a committee in existence for at least six months with 100 or more members, none of whom contribute more than \$200 to the committee in a year, and which contributes to five or more candidates.

^b Prohibition applies to lobbyists only in certain circumstances.

This measure repeals the contribution limits contained in Proposition 208 and replaces them with limits that are generally higher than those contained in Proposition 208. For example, this measure limits contributions from an individual to a candidate for the Legislature to \$3,000 per election and repeals the Proposition 208 limit of \$250 per election for such contributions.

The measure also limits contributions by an individual to a political party for the support or defeat of candidates for elective state office. The contributions would be limited to \$25,000 per calendar year, although additional sums could be given to support other party activities. This measure does not limit the contributions political parties could make to candidates.

The measure also establishes contribution limits both for small contributor committees and for the transfer of funds left over from prior campaigns to the same candidate. In addition, it prohibits contributions from lobbyists to state elective officials or candidates under certain conditions. This measure also repeals a provision

in Proposition 208 limiting contributions to political committees which operate independently of a candidate's campaign committee.

Under this measure, candidates would be allowed to give unlimited amounts of their own money to their campaigns. However, the amount candidates could loan to their campaigns would be limited to \$100,000 and the earning of interest on any such loan would be prohibited.

This measure repeals a provision of Proposition 208 that bans transfers of funds from any state or local candidate or officeholder to another candidate, but establishes limits on such transfers from state candidates. The measure also repeals a provision of Proposition 208 that prohibits candidates for state and local elective office from fund-raising in nonelection years.

Voluntary Spending Limits

Proposition 208 enacted voluntary campaign spending limits for state elective offices. Candidates who accepted those limits would (1) be entitled to obtain larger campaign contributions than otherwise; (2) be identified in the state ballot pamphlet, county sample ballot materials, and on the ballot as having accepted the limits; and (3) receive free space for a statement in support of his or her candidacy in the state ballot pamphlet or in county ballot materials (depending upon the office sought).

This measure repeals those provisions and enacts a new set of voluntary spending limits. Candidates who accepted these limits would (1) be identified in the state ballot pamphlet as having accepted the limits and (2) be eligible to purchase space in the state ballot pamphlet for a statement in support of his or her candidacy.

The major spending limit provisions of this measure are shown in Figure 2. These voluntary limits, which would be adjusted every two years for inflation, are higher than the limits contained in Proposition 208. For example, this measure would repeal a voluntary expenditure limit of \$100,000 for the primary election for an Assembly seat and instead establish a limit of \$400,000 for such an election contest.

Figure 2

**Proposition 34
Voluntary Spending Limits**

| Election Contest | Election | |
|--|-----------|-------------|
| | Primary | General |
| Assembly | \$400,000 | \$700,000 |
| Senate | 600,000 | 900,000 |
| State Board of Equalization | 1 million | 1.5 million |
| Other statewide offices, except Governor | 4 million | 6 million |
| Governor | 6 million | 10 million |

Figure 3 shows some of the key changes made by Proposition 34.

Figure 3

Key Changes Made by Proposition 34

This measure would enact new contribution and voluntary spending limits for candidates for state elective office. Two examples are shown below of how these provisions differ from the Political Reform Act, which is the current practice in regular elections, and Proposition 208, which has not been implemented because of a pending lawsuit.

| Election Contest | Political Reform Act of 1974 | Proposition 208 | Proposition 34 |
|---|------------------------------|-----------------|----------------|
| Limits Per Election on Campaign Contributions by Individuals^a | | | |
| Assembly and Senate | No limits | \$250 | \$3,000 |
| Statewide offices (except Governor) | No limits | \$500 | \$5,000 |
| Governor | No limits | \$500 | \$20,000 |
| Voluntary Campaign Spending Limits^{b,c} | | | |
| Assembly | | | |
| Primary: | No limits | \$100,000 | \$400,000 |
| General: | No limits | \$200,000 | \$700,000 |
| Senate | | | |
| Primary: | No limits | \$200,000 | \$600,000 |
| General: | No limits | \$400,000 | \$900,000 |
| Board of Equalization | | | |
| Primary: | No limits | \$200,000 | \$1 million |
| General: | No limits | \$400,000 | \$1.5 million |
| Statewide Office (except Governor) | | | |
| Primary: | No limits | \$1 million | \$4 million |
| General: | No limits | \$2 million | \$6 million |
| Governor | | | |
| Primary: | No limits | \$4 million | \$6 million |
| General: | No limits | \$8 million | \$10 million |

^a Under Proposition 208, limits double if candidate agrees to voluntary campaign spending limit.
^b Under Proposition 208, limits can as much as triple under certain circumstances defined in the measure.
^c Under Proposition 34, political party expenditures on behalf of a candidate do not count against voluntary spending limits.

Campaign Disclosure Rules

Paid Endorsements. Under this measure, if a person appearing in a campaign advertisement for or against a state or local ballot proposition was paid, or will be paid \$5,000 or more for the appearance, that fact would have to be disclosed in the advertisement.

On-Line Reporting. This measure requires that a candidate for state elective office or a committee supporting a state ballot measure make on-line or electronic reports to the Secretary of State within 24 hours of receiving a contribution of \$1,000 or more during the 90 days before an election. Certain independently operating committees would similarly have to make on-line or electronic reports of expenditures of \$1,000 or more related to a candidate for state elective office.

Advertising Payments. Under current law, if a person spends funds to directly advocate the election or defeat of a candidate for state office, such expenditures generally must be disclosed in a statement filed with the Secretary of State before the election. This measure would generally require an on-line or electronic report before the election when someone is purchasing campaign advertisements involving payments of \$50,000 or more that clearly identify a candidate for state office but do not expressly advocate the candidate's election or defeat.

"Slate Mailers." Slate mailers—mailed campaign advertisements containing lists of recommendations for voters—would have to include a written notice if they indicate an association with a political party but their recommended position on a ballot proposition or candidate differs from that political party's official position.

Other Provisions

Fund-Raising by Appointees. This measure repeals a provision in Proposition 208 that would prohibit members of certain appointed public boards or commissions from contributing to or soliciting campaign contributions on behalf of the person who appointed them to that office.

Surplus Campaign Funds. This measure limits the use of surplus campaign funds to specified purposes, including repayment of campaign debts or political contributors, charitable donations, contributions to

political parties, home security systems for candidates or officeholders subjected to threats, and payment of legal bills related to seeking or holding office. In so doing, the measure repeals a provision of Proposition 208 that generally requires, within 90 days after an election, the distribution of any surplus funds to political parties, political contributors, or to the state.

Penalties and Enforcement. This measure increases penalties for violations of campaign law to the same levels as Proposition 208. For example, the FPPC could impose a fine of up to \$5,000 per violation, instead of the prior penalty of \$2,000. Additionally, the measure repeals a provision of Proposition 208 allowing the FPPC to initiate criminal prosecution of alleged violations of campaign laws, and narrows the cases in which an alleged campaign law violation is subject to penalties.

FISCAL EFFECT

This measure would result in additional costs to the state primarily related to the publication of candidate statements in the state ballot pamphlet and the implementation and enforcement of various provisions of the measure. The additional state costs would be offset to an unknown extent by payments and fines from candidates and political committees. We estimate that the net costs to the state could potentially be as much as several million dollars annually. In addition, local governments would incur unknown, but probably not significant, costs to implement the voluntary spending limit provisions of the measure.

For text of Proposition 34 see page 55.

34 CAMPAIGN CONTRIBUTIONS AND SPENDING. LIMITS. DISCLOSURE.

Legislative Initiative Amendment.

Argument in Favor of Proposition 34

Reform California political campaigns. Vote YES on Proposition 34.

- Clamp a lid on campaign contributions
- Limit campaign spending
- Require faster disclosure of contributions via the Internet
- Does not allow taxpayer dollars to be used in campaigns
- Stop political “sneak attacks”
- Close loopholes for wealthy candidates
- Increase fines for law violators

Currently there are no limits on what politicians can collect and spend to get elected to state office. California is still the wild west when it comes to campaign fundraising. Six-figure campaign contributions are routine. Proposition 34 finally sets enforceable limits and puts voters back in charge of California's political process.

• PROPOSITION 34 LIMITS POLITICAL CONTRIBUTIONS

Proposition 34 brings strict contribution limits to every state office. These limits are tough enough to rein in special interests and reasonable enough to be upheld by the courts. Proposition 34 bans lobbyists from making ANY contribution to any elected state officer they lobby.

• PROPOSITION 34 CREATES CAMPAIGN SPENDING LIMITS

Campaign spending is out of control. Proposition 34 creates legally allowable limits to keep spending under control and includes a system so voters know who abides by the limits and who doesn't.

• PROPOSITION 34 USES THE INTERNET TO SPEED UP DISCLOSURE

Proposition 34 requires candidates and initiatives to disclose contributions of \$1,000 or more on the Internet within 24 hours for a full three months before the end of the campaign.

• PROPOSITION 34 DOES NOT ALLOW TAXPAYER FUNDED CAMPAIGNS

Proposition 34 does not impose taxpayer dollars to be used to finance political campaigns in California. Our tax money is better spent on schools, roads and public safety.

• PROPOSITION 34 MORE THAN DOUBLES FINES TO \$5,000 PER VIOLATION

• PROPOSITION 34 CLOSES LOOPHOLES FOR WEALTHY CANDIDATES

Wealthy candidates can loan their campaigns more than \$100,000, then have special interests repay their loans. Proposition 34 closes this loophole.

• PROPOSITION 34 STOPS POLITICAL SNEAK ATTACKS

In no-limits California, candidates flush with cash can swoop into other races and spend hundreds of thousands of dollars at the last minute to elect their friends. Proposition 34 stops these political sneak attacks.

• PROPOSITION 34 REFORMS WON'T BE THROWN OUT

Three times in the past twelve years, voters have attempted to enact limits only to have the courts strike them down.

Proposition 34 has been carefully written to fully comply with all court rulings and will set reasonable limits that can be enforced.

VOTE YES ON PROPOSITION 34 if you're tired of special interests controlling our government.

VOTE YES ON PROPOSITION 34 if you want real campaign reform that can and will be enforced.

VOTE YES ON PROPOSITION 34 if you don't want taxpayers to pay for political campaigns.

Proposition 34 is tough, fair and enforceable. It deserves your support.

DAN STANFORD, *Former Chair*

California Fair Political Practices Commission

EILEEN PADBERG, *Member*

Bipartisan Commission on the Political Reform Act

HOWARD L. OWENS, *Director of Region IX*

National Council of Senior Citizens

Rebuttal to Argument in Favor of Proposition 34

Proponents of Proposition 34 just don't get it! Ridding state government of special influence is a worthy goal. **BUT PROPOSITION 34 OFFERS A CURE THAT IS WORSE THAN THE DISEASE.**

It is very expensive to run for political office in California. Candidates need campaign contributions to inform voters where they stand on the issues. If candidates are unable to raise the money needed to finance a campaign, how will voters be able to make informed choices as to who is the best person to represent them?

Free speech is a cherished right in our nation. **WHY SHOULD WE RESTRICT A POLITICAL CANDIDATE'S FREE SPEECH IN THE GUISE OF POLITICAL REFORM?**

Proponents of campaign finance reform have the false illusion that Proposition 34 contribution limits will keep special interest politics out of the State Legislature.

They're wrong.

PROPOSITION 34 WON'T WORK. Here's why:

By clamping unworkable limits on normal campaign contributions, candidates will be forced to spend *more time*—not less—asking wealthy political donors for money.

Incumbent politicians will be begging for money when they should be tending to the public's business. Challengers will be forced to seek campaign funds from any and all sources that want political favors from Sacramento.

PROPOSITION 34 IS A RECIPE FOR A GOVERNMENT MORE BEHOLDEN TO SPECIAL INTERESTS.

The best way to reduce special interest influence is to fully disclose all campaign contributions and let the voters decide which candidate deserves our trust.

Vote No on Proposition 34.

BRETT GRANLUND, *Assemblyman*

65th Assembly District

BILL MORROW, *Senator*

38th District

Argument Against Proposition 34

True campaign finance reform is to require detailed reporting of all contributions and let the chips fall where they may.

Proposition 34 is an unnecessary scheme to limit the amount of money that can be spent by candidates for State office. CANDIDATES SPEND CAMPAIGN MONEY TO SEND US INFORMATION ABOUT THEIR CAMPAIGN AND THEIR POSITIONS ON ISSUES. THIS ENABLES US TO MAKE CHOICES. No money, no information.

The supporters of Proposition 34 say we should limit campaign money because contributors could unduly influence candidates or officeholders. Do you want to be dependent upon biased newspapers or news organizations to tell us what a candidate thinks rather than letting the candidate himself or herself tell you?

If a person feels so strongly about the qualities of a candidate that he or she wants to give money to help get the candidate elected, so what? If a person believes the positions of an incumbent politician are wrong, doesn't he or she have the right to financially help the opponent? ALL CAMPAIGN CONTRIBUTIONS ARE NOW REPORTED. IF WE DON'T LIKE THE PEOPLE WHO GIVE MONEY TO A POLITICIAN, WE CAN VOTE AGAINST HIM OR HER!

Without a political campaign, we'd never know which of the candidates are worthy of our support. Proposition 34 would

impose severe limits on campaign money. Limits so severe that most politicians would be unable to communicate effectively. Limits so severe that we might wind up electing the politician we'd heard something about—the most famous name. DO WE WANT TO LIMIT OUR CHOICE OF CANDIDATES TO A GROUP OF RICH MOVIE STARS, FAMOUS ATHLETES OR CELEBRITY TALK SHOW HOSTS?

Political campaigns cost money: money for mail advertisements, money for television and radio advertisements. We may not believe what they tell us, but it doesn't cost US anything.

Our Founding Fathers wrote a guarantee of "free speech" into the Constitution. But speech isn't free if you want a lot of people to hear it. When you outlaw campaign money, you are really outlawing effective speech in politics—and that's wrong!
VOTE NO ON PROPOSITION 34!

BRETT GRANLUND, *Assemblyman*
 65th Assembly District
 BILL MORROW, *Senator*
 38th District

Rebuttal to Argument Against Proposition 34

Opponents of Proposition 34 argue that we don't need reform of our campaign system. They would have us believe that unlimited campaign contributions by special interests do not influence politicians. Are they serious?

Former Insurance Commissioner Chuck Quackenbush accepted five and six figure campaign contributions from insurance companies which led to one of the biggest corruption scandals in California history. These huge contributions would not have been allowed under Proposition 34.

PROPOSITION 34 WILL PUT THE BRAKES ON SPECIAL INTEREST DOLLARS.

- Special interests will be limited in what they can contribute to candidates.
 - Lobbyists will be forbidden from making contributions.
 - Campaign spending will be limited.
 - Faster public disclosure of contributions will be required.
- PROPOSITION 34 IS CONSTITUTIONAL.

On three recent occasions, voters have approved ballot measures imposing strict contribution limits. Each time, the courts have struck them down.

Unlike other reform measures, Proposition 34 was drafted by experts to fully comply with all court rulings. It will allow candidates to spend enough to campaign effectively without allowing special interests to buy elections.

With no current contribution or spending limits in place, politicians routinely spend \$1 million for a seat in the State Legislature. Where do they get this money? The vast majority of their campaign dollars come from powerful special interests seeking favors in Sacramento.

Officials should work for the people who elect them, not for special interests.

REFORM CALIFORNIA CAMPAIGNS. FIGHT CORRUPTION.
VOTE YES ON 34.

LEE BACA, *Sheriff*
 Los Angeles County
 DAN STANFORD, *Former Chair*
 California Fair Political Practices Commission
 GEORGE ZENOVICH, *Associate Justice*
 Court of Appeal, Fifth District (ret.)

35

PUBLIC WORKS PROJECTS. USE OF PRIVATE CONTRACTORS FOR ENGINEERING AND ARCHITECTURAL SERVICES.

Initiative Constitutional Amendment and Statute.

Official Title and Summary Prepared by the Attorney General

PUBLIC WORKS PROJECTS. USE OF PRIVATE CONTRACTORS FOR ENGINEERING AND ARCHITECTURAL SERVICES.

Initiative Constitutional Amendment and Statute.

- Amends constitution to provide that in the design, development and construction of public works projects, state government may choose to contract with private entities for engineering and architectural services without regard to certain existing legal restrictions which apply to the procurement of other services.
- Specifies that local governments may also choose to contract with private entities for engineering, architectural services.
- Imposes competitive selection process, which permits but does not require competitive bidding, in awarding engineering and architectural contracts.

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

- Unknown fiscal impact on state spending for architectural and engineering services and construction project delivery. Actual impact will depend on how the state uses the contracting flexibility granted by the proposition in the future.
- Little or no fiscal impact on local governments because they generally can now contract for these services.

BACKGROUND

Under California constitutional law, services provided by state agencies generally must be performed by state civil service employees. These services cover a broad range of activities—such as clerical support, building maintenance and security, and legal services. In some cases, however, the state may contract with private firms to obtain services. Such contracting is allowed, for example, if services needed by the state are: (1) of a temporary nature, (2) not available within the civil service, or (3) of a highly specialized or technical nature. Unlike the state, local governments are not subject to constitutional restrictions on contracting for services.

The state and local governments frequently contract with private firms for construction-related services, which include architectural, engineering, and environmental impact studies. State and local governments enter into these contracts through a competitive process of advertising for the service, selecting the firm determined to be best qualified, and negotiating a contract with that firm. However, neither the state nor most local government entities use a bidding process for these services. By comparison, bidding generally is used to acquire goods and for construction of projects.

PROPOSAL

This proposition amends the State Constitution to allow the state and local governments to contract with qualified private entities for architectural and engineering services for all phases of a public works project. Thus, governments could decide to contract out for these specific services in any case, rather than just on an exception basis.

The proposition also enacts statutory laws which:

- Define the term “architectural and engineering services” to include all architectural, landscape architectural, environmental, engineering, land surveying, and construction project management services.
- Specify that all projects in the State Transportation Improvement Program (STIP) are covered by the requirements of the proposition. The STIP is the state’s transportation plan that includes public works projects to increase the capacity of the state’s highways and provide transit capital improvements (such as new freeways, new interchanges, and passenger rail rights-of-way). The STIP is the state’s largest ongoing capital improvement program.

Thus, the proposition would probably have the greatest impact in the transportation area.

- Require architectural and engineering services to be obtained through a fair, competitive selection process that avoids conflicts of interest.

FISCAL EFFECT

Impacts on State Costs

Eliminating restrictions on contracting out for architectural and engineering services would make it easier for the state to enter into contracts with private individuals or firms to obtain these services. As a result, the state would likely contract out more of these services. This could affect state costs in two main ways.

Cost of the Services. The fiscal impact would depend on the cost of salaries and benefits for state employees performing architectural and engineering services compared to the cost of contracts with private firms. These costs would vary from project to project. In some cases, costs may be higher to contract out. It may still be in the state’s best interest to do so, however, because of other considerations. For instance, during times of workload growth (such as a short-term surge in construction activity), contracting for services could be faster than hiring and training new state employees. In addition, contracting can prevent the build-up of a “peak-workload” staff that can take time to reduce once workload declines.

For these reasons, the proposition’s net impact on state costs for architectural and engineering services is unknown, and would depend in large part on how the state used the flexibility granted under the measure.

Impact on Construction Project Delivery. The ability to contract for architectural and engineering services could also result in construction projects being completed earlier. As noted above, during times of workload growth, the ability to contract for these services could result in projects’ completion earlier than through the hiring and training of new state employees. This, in turn, could have state fiscal impacts—such as savings in construction-related expenses. In these cases, faster project completion would also benefit the public as capital improvements would be in service sooner.

Impacts on Local Government Costs

There should be little or no fiscal impact on local governments because they generally can now contract for architectural and engineering services.

For text of Proposition 35 see page 65.

35 PUBLIC WORKS PROJECTS. USE OF PRIVATE CONTRACTORS FOR ENGINEERING AND ARCHITECTURAL SERVICES.

Initiative Constitutional Amendment and Statute.

Argument in Favor of Proposition 35

TRAFFIC GRIDLOCK, OVERCROWDED SCHOOLS: DOESN'T IT JUST MAKE SENSE TO PUT EVERYONE TO WORK TO SOLVE THESE PROBLEMS?

• Proposition 35, the Fair Competition Initiative, *simply gives state and local governments the choice* to hire qualified private sector engineers and architects where it makes sense to do so—**SOMETHING MANY OTHER STATES DO ALREADY.**

Why is Proposition 35 needed?

BEEN STUCK IN TRAFFIC LATELY?

According to the state's independent Legislative Analyst, last year traffic congestion cost California consumers \$7.8 million a day! *There is a huge BACKLOG of transportation projects needed to REDUCE CONGESTION and PREPARE OUR HIGHWAYS, BRIDGES AND OVERPASSES FOR THE NEXT EARTHQUAKE.*

• PROP. 35 WILL ALLOW US TO USE PRIVATE EXPERTS TO GET TRANSPORTATION PROJECTS COMPLETED ON TIME AND ON BUDGET—AND KEEP TAXES DOWN.

How did we get into this mess?

A small group of Caltrans bureaucrats—concerned only with their self-interests—filed several lawsuits that essentially banned the state from hiring private architects and engineers. *They even terminated 15 existing earthquake retrofit contracts with private engineering firms.*

• PROP. 35 WILL ALLOW CALIFORNIA TO ONCE AGAIN MAKE USE OF PRIVATE SECTOR EARTHQUAKE EXPERTS TO ENSURE THE SAFETY OF OUR HIGHWAYS AND BRIDGES.

But the problem doesn't end there: *school districts, cities, counties and other local agencies' ability to choose both private and public sector architects and engineers is at risk, too.*

Prop. 35 would simply restore state and local agencies' choice to utilize private experts—using the same fair selection process on the books today—to *select the most qualified architects or engineers to get these projects designed and built on time and on budget.*

• PROP. 35 MEANS WE DON'T HAVE TO RELY ONLY ON CALTRANS.

The state's independent Legislative Analyst recommended Caltrans contract out more work.

Why? Caltrans simply cannot do all the work alone. *Plus, 17% of the Caltrans engineers have less than 3 years experience.* And Caltrans is hardly a model of efficiency—a recent university study shows *Caltrans spends more on administration than on maintenance of our roads and highways!*

• THE CALIFORNIA TAXPAYERS' ASSOCIATION and other taxpayer groups SUPPORT PROP. 35 because it could SAVE CALIFORNIANS \$2.5 BILLION ANNUALLY and CREATE 40,000 JOBS over the next ten years.

California's population is growing, creating the need for more schools, roads, transit, hospitals and other vital services. **THERE'S PLENTY OF WORK FOR BOTH PUBLIC AND PRIVATE ENGINEERS AND ARCHITECTS to relieve traffic congestion, accommodate growing school needs and retrofit our aging highway system.**

• COMMON SENSE TELLS US PUBLIC-PRIVATE PARTNERSHIPS ARE THE MOST COST-EFFECTIVE WAY TO MEET THESE NEEDS and SAVE TAXPAYERS MONEY.

With so much at stake, WE NEED ALL HANDS ON DECK.

Join with:

- California Taxpayer Protection Committee
- Coalition for Adequate School Housing
- California Minority and Women's Business Coalition
- California Chamber of Commerce
- California Society of Professional Engineers
- National Federation of Independent Business
- J. E. Smith, Former Commissioner of the California Highway Patrol

And hundreds of school districts, cities, counties, water districts, transportation agencies and earthquake engineers.

VOTE YES on 35.

LARRY McCARTHY, *President*

California Taxpayers' Association

LORING A. WYLLIE, JR., *Past President*

Earthquake Engineering Research Institute

TODD NICHOLSON, *President*

Californians for Better Transportation

Rebuttal to Argument in Favor of Proposition 35

Proposition 35's backers use buzzwords: "gridlock," "overcrowded schools." **BUT THEY DON'T SAY WHAT IT ACTUALLY DOES.**

They say we need to give government "the choice" to contract with private engineering corporations. But that choice **ALREADY EXISTS.**

FACTS:

• CALIFORNIA ALREADY USES BOTH PUBLIC AND PRIVATE ENGINEERS. Just like other states, **THOUSANDS OF GOVERNMENT CONTRACTS ARE ANNUALLY AWARDED** to private firms of every kind. This year, Caltrans will spend \$150,000,000.00 on contracts with private engineers.

• PUBLIC-PRIVATE PARTNERSHIPS ALREADY EXIST. For example, when the Northridge earthquake knocked down the Santa Monica Freeway, a partnership of Caltrans engineers and private construction companies rebuilt it in record time.

So why is Proposition 35 on the ballot?

The **REAL PURPOSE** is to benefit engineering consultants who paid to put Proposition 35 on the ballot.

• Proposition 35 **AMENDS THE CONSTITUTION TO EXEMPT JUST THIS ONE INDUSTRY** from *legal requirements that apply to every other business* that contracts with state government.

• Proposition 35 **REQUIRES A NEW SELECTION PROCESS WHICH IT DOES NOT DEFINE.** How will engineering contracts be awarded? Proposition 35 doesn't say.

Because Proposition 35 doesn't define the process, it will cause **CONFUSION, LITIGATION AND COSTLY ROAD AND SCHOOL CONSTRUCTION DELAYS** while new regulations are created and challenged in court.

California Federation of Teachers says Proposition 35 will delay construction needed for class size reduction. Howard Jarvis Taxpayers Association says Proposition 35 will **COST TAXPAYERS HUNDREDS OF MILLIONS OF DOLLARS.**

Don't let a special interest change the Constitution for its benefit, not yours.

VOTE NO ON PROPOSITION 35!

LENNY GOLDBERG, *Executive Director*

California Tax Reform Association

MARY BERGAN, *President*

California Federation of Teachers

HOWARD OWENS, *President*

Consumer Federation of California

PUBLIC WORKS PROJECTS. USE OF PRIVATE CONTRACTORS FOR ENGINEERING AND ARCHITECTURAL SERVICES. **35**

Initiative Constitutional Amendment and Statute.

Argument Against Proposition 35

You've seen it before, and here we go again. PROPOSITION 35 IS ANOTHER MISLEADING, SELF-SERVING, SPECIAL INTEREST INITIATIVE.

WHO'S BEHIND PROPOSITION 35?

According to official reports, huge engineering corporations paid millions to place Proposition 35 on the ballot and they are spending millions more to mislead you into voting for it. Are they really spending all that money to help you, the taxpayer? Of course not!

PROPOSITION 35 CHANGES CALIFORNIA'S CONSTITUTION so large engineering corporations don't have to abide by the rules that apply to every other business that contracts with government in California. Every year, state and local governments spend billions of dollars on contracts with thousands of businesses.

PROPOSITION 35 CREATES A SPECIAL INTEREST EXEMPTION FOR ONLY ONE GROUP—ITS SPONSORS!

HOW DOES PROPOSITION 35 AFFECT YOU?

Independent experts agree that PROPOSITION 35 WILL DELAY CONSTRUCTION OF ROADS, SCHOOLS, HEALTH CARE FACILITIES, and other needed projects for years.

A top regulatory expert says Proposition 35 will bring public contracting to a "crawl, if not a complete halt" while a NEW BLOATED STATE BUREAUCRACY develops a NEW SET OF STATE REGULATIONS and IMPOSES THEM ON OUR CITIES, COUNTIES, AND SCHOOL DISTRICTS!

Independent legal analyses say LAWSUITS WILL CAUSE EVEN MORE DELAYS!

THESE DELAYS COST YOU MONEY! The former State Auditor General, California's independent fiscal watchdog, identified MORE THAN \$8 BILLION of school, road, and hospital projects that will be delayed at a cost of HUNDREDS OF MILLIONS OF DOLLARS! Taxpayer dollars—YOUR DOLLARS!

Project delays mean TRAFFIC CONGESTION WILL GET WORSE. That's why the Engineers and Scientists of California and public

safety organizations—including the California Association of Highway Patrolmen and the California Professional Firefighters—oppose Proposition 35.

PROPOSITION 35 WILL DELAY CONSTRUCTION OF NEW CLASSROOMS NEEDED TO REDUCE CLASS SIZE AND IMPROVE EDUCATION. That's why educators, including school districts throughout California and the California School Employees Association, oppose Proposition 35.

PROPOSITION 35 WILL DELAY CONSTRUCTION OF HEALTH CARE FACILITIES, increasing the cost of health care. That's why health care professionals and seniors groups—including the California Nurses Association and the Congress of California Seniors—oppose Proposition 35.

Jon Coupal, President of the HOWARD JARVIS TAXPAYERS ASSOCIATION, says "Taxpayers should be very concerned with this proposal and its potential costs. We urge voters to vote NO on Proposition 35."

Don't let a few huge, greedy corporations mislead you into voting to change the Constitution to give them a special exemption so they can waste your tax dollars! Please join with the Howard Jarvis Taxpayers Association, the California Tax Reform Association, the Consumer Federation of California, the California Small Business Roundtable, law enforcement, firefighters, teachers, seniors, nurses, labor and many, many others who OPPOSE PROPOSITION 35.

VOTE NO ON PROPOSITION 35!

JEFF SEDIVEC, *President*

California State Firefighters' Association

LOIS WELLINGTON, *President*

Congress of California Seniors

MARLAYNE MORGAN

Engineers and Scientists of California

Rebuttal to Argument Against Proposition 35

They're at it again. *The CALTRANS BUREAUCRATS WHO ARE BANKROLLING THE CAMPAIGN AGAINST PROP. 35 will stop at nothing.*

First they filed lawsuits to terminate government's ability to contract with private sector architects and engineers. Then they brought *more* lawsuits to deny you the opportunity to vote on Prop. 35.

Now that it's on the ballot, those same bureaucrats are using their political allies in Sacramento and discredited studies to try to deceive you.

We invite you to read Prop. 35 yourself. IT'S THE MOST STRAIGHTFORWARD INITIATIVE ON THE BALLOT.

Prop. 35 will simply restore the ability of state and local government to use qualified private sector engineers and architects where it makes sense to do so—something many other states do already.

PROP. 35 DOESN'T CREATE ANY NEW COMPLICATED REGULATIONS OR DELAYS. *On the contrary, it restores the public/private partnerships needed to speed up the delivery of thousands of backlogged public works projects.*

That's precisely why hundreds of local governments, schools, transportation agencies, engineers, earthquake safety experts and *more than a dozen taxpayer groups URGE A YES VOTE ON PROP. 35.*

Working together, the public and private sectors can GET THE JOB DONE SOONER, SAFELY and MORE EFFICIENTLY.

It's a simple question really:

- If you want to preserve the Caltrans status quo of delays, vote no.
- If you want to see the PUBLIC AND PRIVATE SECTORS WORKING TOGETHER to speed up project delivery, SAVE taxpayers \$2.5 BILLION ANNUALLY and create 40,000 new jobs . . . VOTE YES on PROP. 35.

MIKE SPENCE, *President*

California Taxpayer Protection Committee

RON HAMBURGER, *President*

Structural Engineers Association of California

MICHAEL E. FLYNN, *President*

Taxpayers for Fair Competition—a coalition of taxpayers, engineers, seniors, schools, local government, business, labor, highway safety experts and frustrated commuters

36 DRUGS. PROBATION AND TREATMENT PROGRAM. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

DRUGS. PROBATION AND TREATMENT PROGRAM.

Initiative Statute.

- Requires probation and drug treatment program, not incarceration, for conviction of possession, use, transportation for personal use or being under influence of controlled substances and similar parole violations, not including sale or manufacture.
- Permits additional probation conditions except incarceration.
- Authorizes dismissal of charges when treatment completed, but requires disclosure of arrest and conviction to law enforcement and for candidates, peace officers, licensure, lottery contractors, jury service; prohibits using conviction to deny employment, benefits, or license.
- Appropriates treatment funds through 2005–2006; prohibits use of these funds to supplant existing programs or for drug testing.

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

- Net savings to the state of between \$100 million and \$150 million annually, within several years of implementation.
- Potential one-time avoidance of capital outlay costs to the state of between \$450 million and \$550 million in the long term.
- Net savings to local government of about \$40 million annually, within several years of implementation.

OVERVIEW

This measure changes state law so that certain adult offenders who use or possess illegal drugs would receive drug treatment and supervision in the community, rather than being sent to prison or jail or supervised in the community, generally without drug treatment. The measure also provides state funds to counties to operate the drug treatment programs.

The most significant provisions of the measure and their fiscal effects are discussed below.

BACKGROUND

Three Types of Crimes. Under current state law, there are three kinds of crimes: felonies, misdemeanors, and infractions.

A felony is the most severe type of crime and can result in a sentence in state prison or county jail, a fine, or supervision on county probation in the community. Current law classifies some felonies as “violent” or “serious.” The state’s “Three Strikes and You’re Out” law provides longer prison sentences, in some cases 25 years to life, for offenders who have prior convictions for violent or serious felonies.

Misdemeanors are considered less serious and can result in a jail term, probation, a fine, or release to the community without probation but with certain conditions imposed by the court. Infractions, which include violations of certain traffic laws, cannot result in a prison or jail sentence.

Drug Offenses. State law generally makes it a crime to possess, use, or be under the influence of certain drugs, including marijuana, cocaine, heroin, and methamphetamine.

Some drug-related offenses are classified as felonies and some as misdemeanors. Whether a drug-related crime is classified as a felony or misdemeanor, as well as the punishment imposed upon conviction, depends primarily upon the specific substance found to be in the possession of an offender. Drug offenses are not classified by law as violent or serious offenses.

State law generally provides more severe punishment for offenders convicted of possessing illegal drugs for sale rather than for their own personal use.

Probation Violators. With some exceptions, an offender convicted of drug use or possession can be sentenced to county probation supervision in the community instead of jail or prison, or to probation supervision after a term in jail. A probationer found to have committed a new crime while on probation such as using or possessing an illegal drug, or who violated any condition of probation, could be sent to state prison or county jail by the courts.

Parole Violators. After release from prison, an offender imprisoned for felony drug possession is subject to up to three years of state parole supervision in the

community. A parolee who commits a new crime, such as using or possessing an illegal drug, could be returned to prison by the courts based on new criminal charges, or by the administrative action of the Board of Prison Terms based on a finding of a parole violation.

PROPOSAL

Drug Offenders Convicted in Court

Changes in Sentencing Law. Under this proposition, effective July 1, 2001, an offender convicted of a “nonviolent drug possession offense” would generally be sentenced to probation, instead of state prison, county jail, or probation without drug treatment. As a condition of probation, the offender would be required to complete a drug treatment program.

The measure defines a nonviolent drug possession offense as a felony or misdemeanor criminal charge for being under the influence of illegal drugs or for possessing, using, or transporting illegal drugs for personal use. The definition excludes cases involving possessing for sale, producing, or manufacturing of illegal drugs.

Offenders convicted of nonviolent drug possession offenses would be sentenced by the court for up to one year of drug treatment in the community and up to six additional months of follow-up care. The drug treatment programs must be licensed and certified by the state and could include various types of treatment methods, including residential and outpatient services and replacement of narcotics with medications, such as methadone. A court could require offenders to participate in vocational training, family counseling, literacy training or community service, and could impose other probation conditions. The measure requires that offenders who are reasonably able to do so help pay for their own drug treatment.

Some Offenders Excluded. This measure specifies that certain offenders would be excluded from its provisions and thus could be sentenced by a court to a state prison, county jail, or probation without drug treatment. This would be the case for an offender who refused drug treatment, or who possessed or was under the influence of certain (although not all) illegal drugs while using a firearm. This measure also excludes offenders convicted in the same court proceeding of a misdemeanor unrelated to drug use or any felony other than a nonviolent drug possession offense. Also, an offender who had two or more times failed the drug treatment programs required under this measure, and who was found by the court to be “unamenable” to any form of drug treatment, would be sentenced to 30 days in county jail.

In addition, offenders with one or more violent or serious felonies on their record, and thus subject to longer prison sentences under the Three Strikes law,

would not be sentenced under this measure to probation and drug treatment, unless certain conditions existed. Specifically, during the five years before he or she committed a nonviolent drug possession offense, the offender (1) had not been in prison, (2) had not been convicted of a felony (other than nonviolent drug possession), and (3) had not been convicted of any misdemeanor involving injury or threat of injury to another person.

Court Petitions. An offender placed on probation who successfully completes drug treatment and complies with his or her probation conditions could petition the court to dismiss the charges and to have that arrest considered, with some exceptions, to have never occurred.

Sanctions. An offender sentenced by a court to participate in and complete a drug treatment program under this measure would only be subject to certain sanctions if it were determined that he or she was unamenable to treatment or had violated a condition of probation. The sanctions could include being moved to an alternative or more intensive form of drug treatment, revocation of probation, and incarceration in prison or jail. In some cases involving repeat drug-related violations, return to prison or jail would be mandatory.

Parole Violators

Changes in Parole Revocation. Under this proposition, effective July 1, 2001, a parole violator found to have committed a nonviolent drug possession offense or to have violated any drug-related condition of parole would generally be required to complete a drug treatment program in the community, instead of being returned to state prison. The Board of Prison Terms could require parole violators to participate in and complete up to one year of drug treatment and up to six additional months of follow-up care.

Parolees could also be required to participate in vocational training, family counseling, or literacy training. Parolees reasonably able to do so could be required to help pay for their own drug treatment.

Some Parole Violators Excluded. Under the measure, the Board of Prison Terms could continue to send to prison any parole violator who refused drug treatment, or had been convicted of a violent or serious felony. The measure also excludes parole violators who committed a misdemeanor unrelated to the use of drugs or any felony at the same time as a nonviolent drug possession offense.

Court Petitions. Unlike drug offenders placed on probation by the courts, parolees would not be eligible under this measure to submit petitions for dismissal of the charges or to have their arrest considered to have never occurred.

Sanctions. Parolees who fail to comply with their drug treatment requirements or violate their conditions of parole would only be subject to sanctions similar to those for drug offenders on probation, including modification of their drug treatment program or revocation of parole and return to state prison.

Other Provisions

The measure provides state funds to counties to implement the measure and requires a study of its effectiveness and fiscal impact. County governments would be directed to report specified information on the implementation and effectiveness of the drug treatment programs to the state, and their expenditures would be subject to audits by the state.

FISCAL EFFECT

This measure would have significant fiscal effects upon both state and local governments. The major effects are discussed below.

Individual Fiscal Components

State Prison System. This measure would result in savings to the state prison system. This is because as many as 24,000 nonviolent drug possession offenders per year would be diverted to drug treatment in the community instead of being sent to state prison. Because many of these offenders would otherwise have served only a few months in prison, we estimate as many as 11,000 fewer prison beds would be needed at any given time. Consequently, state prison operating costs would be reduced by between \$200 million to \$250 million annually within several years after implementation of this measure.

The estimate reflects a range of potential savings because of (1) differences in how counties would implement the measure and the effectiveness of the treatment programs they would establish, (2) possible changes in the way prosecutors and judges handle drug cases, such as changes in plea bargaining practices, and (3) uncertainty about the number of Three Strikes cases affected by the measure. These savings would be partly offset to the extent that the offenders diverted to the community under this measure later commit additional crimes that result in their commitment to state prison.

Assuming that growth in the inmate population would have otherwise continued, the state would also be able to delay the construction of additional prison beds as a result of this measure. This would result in a one-time avoidance of capital outlay costs of between \$450 million and \$550 million in the long term.

State Parole System. This measure would divert a significant number of offenders from entering state custody as prison inmates. Thus, fewer offenders would eventually be released from state prison to state parole supervision, resulting in a savings to the state. We estimate that the initiative would result in a net caseload reduction of as many as 9,500 parolees and a net state savings of up to \$25 million annually for parole operations.

County Jails. We estimate that the provisions in this measure barring jail terms for nonviolent drug possession offenses would divert about 12,000 eligible offenders annually from jail sentences to probation supervision and drug treatment in the community. This would result in about \$40 million annual net savings to county

governments on a statewide basis, within several years after implementation of the measure. These savings would decline to the extent that jail beds no longer needed for drug possession offenders were used for other criminals who are now being released early because of a lack of jail space.

Treatment Trust Fund. This measure appropriates \$60 million from the state General Fund for the 2000–01 fiscal year, and \$120 million each year thereafter concluding with the 2005–06 fiscal year, to a Substance Abuse Treatment Trust Fund. After 2005–06, funding contributions from the General Fund to the trust fund would be decided annually by the Legislature and Governor.

The money placed in the trust fund would be allocated each year to county governments to offset their costs of implementing this measure, including increased probation caseloads, substance abuse treatment, court monitoring of probationers, vocational training, family counseling, literacy training, and compliance with the state reporting requirements. None of the money could be used for drug testing of offenders.

Fees Paid by Offenders. This measure authorizes the courts and the Board of Prison Terms to require eligible offenders to contribute to the cost of their drug treatment programs. The amount of revenues generated from charging such fees to offenders is unknown but would probably amount to several million dollars annually on a statewide basis within several years after implementation of the measure.

Trial Court Impacts. This measure would probably result in significant ongoing annual savings for the court system because fewer offenders facing nonviolent drug possession charges would contest those charges at trial. The combined savings to the state and county governments for trial court, prosecution, and indigent defense counsel costs would probably amount to several million dollars annually on a statewide basis within several years after implementation of the measure. However, the savings to the state could be offset by an unknown, but probably small, amount for additional court costs to monitor treatment compliance by diverted offenders.

Other Drug Treatment Effects. To the extent that the additional drug treatment services provided under this measure are effective in reducing substance abuse, state and local governments could experience savings for

health care, public assistance, and law enforcement programs. The amount of such potential savings is unknown.

Summary of Fiscal Effects

This measure is likely to result in net savings to the state after several years of between \$100 million and \$150 million annually due primarily to lower costs for prison operations. Assuming inmate population growth would have otherwise continued, the state would also be able to delay the construction of additional prison beds for a one-time avoidance of capital outlay costs of between \$450 million and \$550 million in the long term. Counties would probably experience net savings of about \$40 million annually due primarily to a lower jail population.

A summary of the fiscal effects of the measure is shown in Figure 1.

Figure 1
Proposition 36
Summary of Fiscal Effects of Major Provisions^a

| | State | Local |
|--|--|---|
| Substance Abuse Treatment Trust Fund Appropriation | \$120 million annual costs. | — |
| Prison operations | \$200 million to \$250 million annual savings. | — |
| Prison construction | \$450 million to \$550 million one-time cost avoidance. | — |
| Parole operations | \$25 million annual savings. | — |
| Jail operations | — | \$40 million annual savings statewide. |
| Fees paid by offenders | — | Potentially several million dollars in annual revenues statewide. |
| Trial courts, prosecution, public defense | Potentially several million dollars in annual savings. | Potentially several million dollars in annual savings statewide. |
| Total Fiscal Impact | \$100 million to \$150 million annual net savings; \$450 million to \$550 million one-time cost avoidance. | About \$40 million in annual net savings statewide. |

^a Within several years after implementation of the measure.

Argument in Favor of Proposition 36

If Proposition 36 passes, nonviolent drug offenders convicted for the first or second time after 7/1/2001, will get mandatory, court-supervised, treatment instead of jail.

California prisons are overcrowded. We don't want violent criminals to be released early to make room for nonviolent drug users. We must keep violent criminals behind bars, and try a different approach with nonviolent drug users.

Proposition 36 is strictly limited. It only affects those guilty of simple drug possession. If previously convicted of violent or serious felonies, they will not be eligible for the treatment program unless they've served their time and have committed no felony crimes for five years. If convicted of a non-drug crime along with drug possession, they're not eligible. If they're convicted of selling drugs, they're not eligible.

Treatment under Proposition 36 is not a free ride. The rules are strict. For example, if an offender commits a non-drug crime, or demonstrates that treatment isn't working by repeatedly testing positive for drug use, the offender can be jailed for one to three years.

Besides drug treatment, judges can also order job training, literacy training and family counseling. The idea is to turn addicts into productive citizens, so they pay taxes and stop committing crimes to support their habits.

This is smart drug policy. A California governmental study showed that taxpayers save \$7 for every \$1 invested in drug treatment. The state's impartial Legislative Analyst says Proposition 36 can save California hundreds of millions of dollars a year, even after spending \$120 million annually on treatment programs.

In 1996, Arizona voters passed a similar initiative. Their Supreme Court reported millions of dollars in savings and a

remarkable success rate in treating drug users during the first two years. More recently, New York State decided to implement a similar program.

Proposition 36 is a safe, smart alternative to the failed drug war. It is supported by prominent Democrats and Republicans, major newspapers, and the California Society of Addiction Medicine. Some law enforcement officers and organizations also support Proposition 36. It is opposed by the prison guards union and law enforcement groups that want to spend even more money on failed drug policies we've had for 25 years.

Proposition 36 only affects simple drug possession. No other criminal laws are changed. Right now there are 19,300 people in California prisons for this offense. We're paying \$24,000 per year for each of them. When they get out, many will return to drugs and crime. Treatment costs about \$4,000, and while it doesn't help every drug user, it does reduce future crime more effectively than prison.

Proposition 36 is not radical. It gives eligible drug users the opportunity for treatment. If they fail, or break the rules, they can go to jail. Those who can afford to pay for treatment can be forced to do so. If they are convicted of a violent or serious felony or are dealing drugs, they won't be eligible. Treatment instead of jail works in Arizona and will work in California.

PETER BANYS, *President*

California Society of Addiction Medicine

RICHARD POLANCO, *Majority Leader*

California State Senate

KAY McVAY, *President*

California Nurses Association

Rebuttal to Argument in Favor of Proposition 36

Supporters of Proposition 36 say a similar initiative in Arizona is a "proven success." In fact, it has created a nightmare.

Because drug offenders now realize there are no consequences for failing or refusing treatment, many are thumbing their noses at the court and continuing to abuse drugs.

As a result, treatment is less effective and our drug problems are getting worse.

RICHARD M. ROMLEY, *Maricopa County District Attorney,*
State of Arizona

Proposition 36 is not limited to "nonviolent" drug users.

Persons convicted of possessing "date rape" drugs can remain on the street under Proposition 36—even those with prior convictions for sex crimes like rape and child molesting.

Proposition 36 also lets drug abusers with a history of criminal violence remain free, including those with prior convictions for murder, child abuse, assault and other violent crimes.

Under Proposition 36, they cannot be sent to jail, no matter how violent their criminal history.

ROBERT NALETT, *Vice President*

California Sexual Assault Investigators Association

Proposition 36 doesn't provide "court-supervised" drug treatment.

It ties the hands of judges, hurts legitimate treatment and effectively decriminalizes heroin, methamphetamine and other illegal drugs.

Proposition 36 includes no licensing or accountability guidelines—inviting unregulated, ineffective treatment by unqualified operators.

It cripples California's successful drug courts, which provide effective treatment under court supervision—helping drug abusers and saving taxpayers an estimated \$10 for every dollar invested.

Drug courts hold drug abusers accountable with regular drug testing and consequences for failing treatment—accountability not found in Proposition 36.

STEPHEN V. MANLEY, *President*

California Association of Drug Court Professionals

Argument Against Proposition 36

Decriminalizes Heroin and Other Hard Drugs

Proposition 36 effectively decriminalizes heroin, crack cocaine, PCP, methamphetamine, “date rape” drugs and many other illegal substances—the hard drugs behind most child abuse, domestic violence, sexual attacks and other violent and theft-related crimes in California.

Instead of offering a real solution to drug abuse, it gives up the fight.

This dangerous and misleading initiative pretends to offer a new approach to drug treatment. In fact, it hurts legitimate drug treatment programs that work—like California’s highly successful drug courts.

Proposition 36 wasn’t written by drug treatment experts. It was written by a criminal defense lawyer and funded by three wealthy out-of-state backers whose ultimate goal is to legalize drugs.

Puts Potentially Violent Drug Abusers on the Street

Proponents claim Proposition 36 deals only with non-violent drug users. In reality, it will allow an estimated 37,000 felony drug abusers to remain on our streets every year—many of them addicted to drugs that often ignite violent criminal behavior.

Even drug abusers with long histories of drug dealing, parole violations and prior felonies would escape jail. Instead, they would be diverted into “treatment” programs. But the initiative includes no safeguards or licensing guidelines to ensure these programs are effective. This opens the door to fraud, abuse and “fly-by-night” half-way houses run by people interested in money, not results. Programs offering nothing more than cassette tapes or Internet “chat rooms” could qualify for tax money.

Weakens the Law Against “Date Rape” Drugs

If Proposition 36 becomes law, serial rapists, child molesters and other sex offenders convicted of possessing “date rape”

drugs could escape jail or prison. Instead, they would be given treatment.

Proposition 36 also prevents prison or jail for persons convicted of possessing illegal drugs while armed with loaded firearms, or of abusing drugs while on parole.

Proposition 36 forces employers to keep drug abusers on the job, making it easier for drug abusers to continue working as teachers, school bus drivers, even airline pilots.

Proposition 36 promises to save tax money, but former California Director of Finance Jesse Huff warns the “ultimate cost of this initiative is far higher than its promised savings. It commits taxpayers to spending \$660 million and contains millions of dollars in hidden costs for law enforcement, probation and court expenses.”

Proposition 36 spends \$660 million in tax money, but prohibits any of this money from being used for drug testing. Testing is vital because it holds drug abusers accountable during treatment. Without testing, there is no way to prove treatment is working.

Sends the Wrong Message to Our Kids

Proposition 36 tells our children there are no longer any real consequences for using illegal drugs like heroin and cocaine. It sends the same message to hardcore drug abusers.

Don’t be fooled. This dangerous and misleading initiative threatens public safety and hurts our ability to help drug abusers conquer their addictions with treatment programs that really work.

JOHN T. SCHWARZLOSE, *President*

Betty Ford Center

ALAN M. CROGAN, *President*

Chief Probation Officers of California

THOMAS J. ORLOFF, *President*

California District Attorneys Association

Rebuttal to Argument Against Proposition 36

Opponents think the war on drugs is working. They want to spend even more money on this failed policy. So they’re distorting Proposition 36.

They claim it “decriminalizes” drugs. Not true. Possession of illegal drugs remains a felony, but for the first two convictions, the punishment is treatment, not prison.

Opponents claim Proposition 36 hurts drug courts. Not true. California’s drug courts will continue, but they serve less than 5% of drug offenders.

Opponents claim drug offenders with loaded firearms will only get treatment. Not true. Carrying concealed weapons is a separate crime for which one can be jailed.

They claim offenders in treatment won’t be drug tested. Not true. Judges can order testing and require offenders to pay for it and their treatment.

Opponents claim treatment programs will be “fly-by-night.” Not true. Proposition 36 requires all programs to be licensed.

They try to scare you by saying sex offenders with “date rape” drugs benefit from this initiative. Not true. Only drug

possession “for personal use” qualifies; using drugs to enable rape is not “personal use.”

Opponents argue that drug users must be kept on the job, including airline pilots and bus drivers. Ridiculous. Nothing in Proposition 36 prevents anyone from being fired for a drug offense, or from being fired for failing a drug test.

Opponents say the initiative has “hidden costs,” but the impartial Legislative Analyst says the initiative will generate huge savings, after treatment programs are paid for. You decide who’s right.

Vote YES on Proposition 36.

MAXINE WATERS

Member of U.S. Congress

PETER BANYS, *President*

California Society of Addiction Medicine

TIM SINNOTT, *President*

California Association of Alcoholism and Drug Abuse Counselors

Official Title and Summary Prepared by the Attorney General**FEES. VOTE REQUIREMENTS. TAXES.**

Initiative Constitutional Amendment.

- Requires two-thirds vote of State Legislature, or either majority or two-thirds of local electorate, to impose on any activity fees used to pay for monitoring, studying, or mitigating the environmental, societal or economic effects of that activity when the fees impose no regulatory obligation upon the payor.
- Redefines such fees as taxes.
- Excludes certain real property related fees, assessments and development fees.
- Excludes damages, penalties, or expenses recoverable from a specific event.
- Does not apply to fees enacted before July 1, 1999, or increased fees due to inflation or greater workload, as specified.

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

- Unknown, potentially significant, reduction in future state and local government revenues from making it more difficult to approve certain regulatory charges.

Analysis by the Legislative Analyst**BACKGROUND**

State and local governments impose a variety of taxes and fees on people and businesses. Generally, taxes—such as income, sales, and property taxes—are used to pay for general public services such as education, transportation, and the courts. Fees, by comparison, typically pay for a particular service or program benefitting individuals or businesses. There are two major categories of fees:

- User fees, such as state park entrance fees and garbage fees, where the user pays for the cost of a specific service or program.
- Regulatory fees, such as fees on restaurants to pay for health inspections, smog check fees, and land development fees. Regulatory fees pay for programs which place rules upon the activities of businesses or people to achieve particular public goals.

The State Constitution has different rules regarding taxes and fees. Most notably, the process for creating

new taxes is more difficult than the process for creating new fees. As Figure 1 shows, state or local governments usually can create or increase a fee by a majority vote of the governing body. Imposing or increasing a tax, in contrast, requires approval by two-thirds of the state Legislature (for state taxes) or a vote of the people (for local taxes).

Figure 1**State and Local Fees and Taxes: Approval Requirements**

| | Fee | Tax |
|-------|--|--|
| State | Majority of Legislature | Two-thirds of Legislature |
| Local | Generally, a majority of the governing body. | Two-thirds of local voters (or a majority of local voters if the use of the money is not designated for a specific purpose). |

In recent years, there has been disagreement regarding the difference between regulatory fees and

taxes, particularly when the money is raised to pay for a program of broad public benefit. In 1991, for example, the state began imposing a regulatory fee on those paint companies and other businesses which make or previously made products containing lead. The state uses this money to screen children at risk for lead poisoning, follow-up on their treatment, and identify sources of lead contamination responsible for the poisoning. In court, the Sinclair Paint Company argued that the regulatory fee was a tax because (1) the program provides a broad public benefit, not a benefit to the regulated business, and (2) the companies which pay the fee have no duties regarding the lead poisoning program other than payment of the fee.

In 1997, the California Supreme Court ruled that this charge on businesses was a regulatory fee, not a tax. The court said government may impose fees on companies which make contaminating products in order to help correct adverse health effects related to those products.

PROPOSAL

This proposition, which amends the State Constitution, would classify as “taxes” some new charges that government otherwise could impose as “fees.” As taxes, these charges would be subject to the more difficult approval requirements shown in Figure 1.

Which Fees Would Be Considered Taxes?

This proposition affects fees imposed for the primary purpose of addressing health, environmental, or other “societal or economic” concerns. The proposition states that charges imposed for these purposes are taxes, unless government also imposes significant responsibilities on the fee payer related to addressing the public problem.

The proposition, however, exempts from these provisions:

- Any fee authorized before July 1, 1999. (Increases in these fees to cover the cost of inflation and workload changes would be permitted.)
- Any penalties, or money paid as damages for the cost of fixing a problem associated with a specific event (such as a penalty imposed to clean up a hazardous waste spill).

Example. Under current law, the state could impose a charge on businesses which sell cigarettes and use the money to provide health services to people with smoking-induced illnesses. The state could create this charge as a “regulatory fee” by a majority vote of the Legislature. Unless the state also imposed other significant duties on the businesses, this proposition would define this charge to be a “tax.” As a tax, the cigarette charge would require approval by a two-thirds vote of the Legislature.

Constitutional Standard Regarding the Amount of a Regulatory Fee

This measure also places into the State Constitution a provision regarding the level of regulatory fees. Specifically, if a regulatory fee is greater than the reasonable cost of regulating the activities of the business or individual, the regulatory fee is a tax. In this regard, the proposition’s wording appears similar to the standard that courts currently use to distinguish between regulatory fees and taxes.

FISCAL EFFECT

This proposition’s primary fiscal effect would be to make it more difficult for government to impose new regulatory charges on businesses and individuals to pay for certain programs. Some charges which government currently may impose as fees would be considered taxes. To the extent that a newly defined tax does not obtain the higher level of approval required for a tax, government would receive less revenue than otherwise would have been the case.

The amount of future revenues potentially reduced due to the more difficult approval requirement cannot be estimated. This revenue reduction could range from minor to significant. The amount would depend on the factors discussed below.

- **Resolution of Legal Questions.** The range of fees affected by this measure would depend on court interpretation of many matters, including the purpose of future fees, the level of additional responsibilities assigned to fee payers, and any difference between the proposed standard regarding the cost of regulatory fees and the current standard.
- **Actions by Legislature and Public.** The voting decisions of local residents and the Legislature would also affect the proposition’s fiscal impact. For example, if most newly designated taxes are approved (even with the higher vote requirements) the proposition would have little effect.
- **Actions by State and Local Governments.** Government decisions regarding regulatory requirements would affect the proposition’s fiscal effect. Under this proposition, if government imposes a new fee and, in addition, imposes a significant “regulatory obligation” on the fee payer, the fee would not be redefined as a tax. (While the proposition does not define the term regulatory obligation, this term presumably includes duties such as requiring a business to change the way it makes a product or provides a service.) Thus, if governments impose significant regulatory duties *along with* new fees, the proposition may have little fiscal effect. (Implementing or participating in new regulatory programs, however, could impose other costs on businesses or individuals.)

For text of Proposition 37 see page 69.

Argument in Favor of Proposition 37

Vote YES on Proposition 37 to STOP HIDDEN TAXES!
Vote YES on Proposition 37 to REQUIRE CITY AND COUNTY POLITICIANS TO GET VOTER PERMISSION BEFORE RAISING YOUR TAXES!

Vote YES on Proposition 37 to REQUIRE STATE POLITICIANS TO GET TWO-THIRDS LEGISLATIVE APPROVAL BEFORE RAISING YOUR TAXES!

Current law makes it easy for politicians to raise your taxes by calling them fees. What's the difference between a tax on gasoline, utilities, food, property or household products and a government-imposed fee on those necessities? Nothing! But by calling them fees, POLITICIANS CAN RAISE YOUR TAXES without a two-thirds vote of the Legislature or a vote of the people.

Proposition 37 means that politicians must be MORE ACCOUNTABLE TO TAXPAYERS. You, the taxpayer, will decide if you want to pay more in local fees on goods or services that you use. At the state level, politicians who want to create new programs funded by tax-like fees must justify those fees to a two-thirds majority of the State Legislature.

Proposition 37 will reduce the threat of bigger government, bureaucratic waste and higher prices for consumers.

WE PAY ENOUGH TAXES IN CALIFORNIA. Gasoline taxes, utility taxes, income taxes, property taxes, inheritance taxes, insurance taxes, motor vehicle taxes, cable television taxes, parking taxes, tourism taxes, telephone taxes. The list goes on and on.

TAXPAYERS SHOULD HAVE A VOICE IN HOW OUR MONEY IS SPENT. Government seems to have an endless appetite for new programs—some good, some not so good. Once in place, they are almost impossible to get rid of—and taxpayers keep paying and paying and paying. Proposition 37 makes certain taxpayers know what they're paying for.

A YES vote on Proposition 37 will make it tougher for politicians to force you to pay for their pet projects. A YES vote means YOU DECIDE which programs are worth paying for with your tax dollars.

Here are some of the fees that consumers and taxpayers could pay if we don't vote YES to stop these hidden taxes:

- Fees on fast food to pay for litter clean-up.
- Fees on aspirin to pay for poison control centers.
- Fees on fatty foods to pay for health programs.
- Fees on movie tickets to pay for parks and recreation programs.
- Fees on automobiles to pay for accident prevention and investigation.
- Fees on cell phones to study possible health effects.

On two occasions, California voters said that new taxes should be subject to a two-thirds vote of the State Legislature and local taxes should be approved by the local electorate. A YES vote on Proposition 37 says that government-imposed "fees" should be subject to the same standards as government-imposed taxes.

The California Taxpayers' Association calls Proposition 37, "the most important taxpayer protection the people of California can have."

Join taxpayers, consumers, farmers and businesses. Vote YES on Proposition 37.

LARRY McCARTHY, *President*
California Taxpayers' Association
DAVID MOORE, *President*
Western Growers Association
SUSAN CORRALES-DIAZ, *Director*
California Chamber of Commerce

Rebuttal to Argument in Favor of Proposition 37

The oil, tobacco, and alcohol companies who put this on the ballot are hiding their real goal: Polluter Protection.

THEY WANT THE TAXPAYER TO PAY, instead of those corporations responsible for environmental and health damage. That's what Prop. 37 is REALLY about.

Read their argument carefully. No facts. No law. No information. Just a SMOKESCREEN about taxes and politicians.

FACT: all local taxes and homeowner fees MUST be voted on by taxpayers, according to Proposition 13 and Proposition 218.

FACT: Proposition 13 ALREADY provides for 2/3 vote of the legislature on taxes.

FACT: the examples the proponents give are ABSURD. No one is suggesting such ridiculous fees, except the proponents. And they would be found ILLEGAL UNDER CURRENT LAW.

THE BOTTOM LINE: they don't want to pay to clean up toxic sites and other environmental and health damage they cause.

Here's what the Supreme Court said in the case which Prop. 37 would overturn:

"A reasonable way to achieve Proposition 13's goal of tax relief is to shift the costs of controlling . . . pollution from the tax-paying public to the pollution-causing industries themselves."

FACT: Proposition 37 OVERTURNS THAT TAXPAYER PROTECTION, in favor of the polluters. They want to shift their costs to the tax-paying public.

As the *Sacramento Bee* framed Proposition 37: "WHO PAYS? . . . If not polluters, then the rest of us." (July 6, 2000)

- Join with:
- American Cancer Society
 - Natural Resources Defense Counsel
 - Children's Advocacy Institute
 - Common Cause
 - California Nurses Association
 - California Tax Reform Association
- NO on Proposition 37!

GAIL D. DRYDEN, *President*
League of Women Voters of California
LUCY CRAIN, M.D., M.P.H., *District Chair*
California District IX, American Academy of Pediatrics
MARGUERITE YOUNG, *California Director*
Clean Water Action

Argument Against Proposition 37

Proposition 37 asks a simple question of voters: should polluters or taxpayers pay for the cost of cleaning up pollution?

We say that polluters, not taxpayers, should pay. So we say NO on Proposition 37.

The oil, tobacco, and alcohol companies who put this on the ballot don't want to pay the costs of cleaning up their mess, or even monitoring or researching the problems they cause. *They'd rather stick you with the bill.*

That's why we call Prop. 37 **THE POLLUTER PROTECTION ACT** (www.polluterprotection.com)

OIL, TOBACCO, AND ALCOHOL CORPORATIONS CONTRIBUTED 92% OF THE MONEY BEHIND THIS MEASURE, according to their first report with the Secretary of State. They spent over \$1 million to put this on the ballot.

And oil, tobacco, and alcohol will spend millions more to pass it. Monitor their spending at www.calvoter.org.

Here's how it works:

Proposition 37 would overturn a UNANIMOUS decision of the California Supreme Court which upheld the Childhood Lead Poisoning Prevention Act. (*Sinclair Paint vs. Board of Equalization*, 1997.)

The Childhood Lead Poisoning Prevention Act enacted fees, by majority vote, on those oil and paint companies who put lead in our environment. Those fees pay for removing lead paint from the environment and treating children poisoned by lead.

Proposition 37 would make it impossible to enact such fees to address clean-up and health costs ever again. Instead, these fees would be prohibited, so that these companies would now be able to hide behind laws designed to protect ordinary taxpayers.

They want to call clean-up fees "taxes", in order to require 2/3 vote of the Legislature. These special interests know that they have enough power to get 1/3 of one house of the Legislature to block such taxes.

And, by calling clean-up fees "taxes", they know that politicians would then have to vote for "tax" increases. Since politicians are reluctant to buck these powerful interests, they can now say they are against "tax increases". That's how special interest protection works.

As the *Sacramento Bee* warned, "The initiative won't change the underlying reality, which is that someone has to pay the costs of mitigating pollution; if not polluters, then the rest of us." (Editorial entitled, "Who Pays? Voters to decide who gets the bill for pollution," July 6, 2000.)

Here's the type of fees which would be banned if Proposition 37 passes:

- Fees on oil companies to clean up MTBE in our water supply.
- Fees on tobacco companies to research treatment for smoking-related diseases.
- Fees on liquor stores and stripclubs to pay for police protection in neighborhoods.
- Fees on airlines to monitor noise caused by airport expansion.

AND IF THE POLLUTERS DON'T PAY, WE, THE TAXPAYERS, WILL! If Prop. 37 passes, your taxes will pay for the problems that tobacco, oil, and other polluting companies cause.

Join California Professional Firefighters, Coalition for Clean Air, Sierra Club, Congress of California Seniors, Consumer Federation of California, California Nurses Association, and the California Association of Professional Scientists.

Vote NO on the Polluter Protection Act!

CLANCY FARIA, *President*

Peace Officers Research Association of California

LENNY GOLDBERG, *Executive Director*

California Tax Reform Association

JON RAINWATER, *Executive Director*

California League of Conservation Voters

Rebuttal to Argument Against Proposition 37

Opponents want you to think Proposition 37 is about pollution and the environment. It isn't. Proposition 37 doesn't change anything when it comes to holding companies responsible for damage they cause to the environment.

It's about politicians taxing everyday products without our permission.

If you believe TAXPAYERS SHOULD HAVE A VOICE IN HOW THEY'RE TAXED, you should vote YES on Proposition 37.

WE PAY ENOUGH FOR ESSENTIALS LIKE FOOD AND GASOLINE without politicians adding a hidden tax for some special interest program.

Proposition 37 is simple: IT WILL STOP LOCAL POLITICIANS FROM TAXING CONSUMERS WITHOUT OUR PERMISSION!

In nearly every case, the taxes addressed by Proposition 37 are ADDED DIRECTLY TO THE PRICE YOU PAY FOR THINGS LIKE FOOD, GASOLINE, UTILITIES, TELEPHONE, HOUSEHOLD PRODUCTS, MEDICINE, CABLE TV AND CELL PHONES.

The last thing we need when we have billion dollar budget surpluses is another way for politicians to raise taxes. If local

politicians propose a tax increase, Proposition 37 means YOU HAVE THE OPPORTUNITY TO VOTE ON IT. At the state level, a two-thirds vote of the Legislature is necessary to raise your taxes.

Voters said twice before that tax increases should be subject to voter approval and greater scrutiny by the State Legislature. Proposition 37 CLOSES A LOOPHOLE THAT ALLOWS POLITICIANS TO AVOID ACCOUNTABILITY to taxpayers and voters and restores our right to vote on higher taxes.

Protect your right to decide if you want to pay more in taxes.

Vote YES on Proposition 37.

LARRY McCARTHY, *President*

California Taxpayers Association

JACK STEWART, *President*

California Manufacturers and Technology Association

RUTH LOPEZ WILLIAMS, *Chair*

Latin Business Association

38**SCHOOL VOUCHERS. STATE-FUNDED PRIVATE AND RELIGIOUS EDUCATION. PUBLIC SCHOOL FUNDING.**

Initiative Constitutional Amendment.

Official Title and Summary Prepared by the Attorney General**SCHOOL VOUCHERS. STATE-FUNDED PRIVATE AND RELIGIOUS EDUCATION. PUBLIC SCHOOL FUNDING.**

Initiative Constitutional Amendment.

- Authorizes annual state payments of at least \$4000 per pupil for private and religious schools phased in over four years.
- Restricts state and local authority to require private schools to meet standards, including state academic requirements.
- Limits future health, safety, zoning, building restrictions on private schools.
- Requires release of composite test scores of voucher pupils.
- Permits Legislature to replace current voter-enacted constitutional funding priority for public schools (Proposition 98) with minimum formula based on national per-pupil average, as defined by terms of this measure.

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

- Short-term (first several years) state costs averaging between zero and \$1.1 billion annually.
- Longer-term (within five years to ten years) net fiscal effect on state funding of K–12 schools is largely unknown. Annual impact likely to range from costs of about \$2 billion to savings of over \$3 billion, depending on the number of pupils who shift from public schools to private schools.
- Debt service savings to the state and school districts potentially in excess of \$100 million annually after 10 years to 20 years, resulting from reduced need for construction of public schools.
- Potential loss of federal funds in the hundreds of millions of dollars annually.

PROPOSAL

This proposition, which amends the State's Constitution, makes major changes in public funding for K–12 education. These changes are described below.

Scholarships (Vouchers) for School-Age Children

Currently, about six million pupils attend kindergarten through 12th grade (K–12) in California public schools. In addition, about 650,000 pupils are enrolled in K–12 grades in various private schools that are not part of the public school system. The state and local school districts generally do not provide funding for pupils attending K–12 private schools. (The only exception is for a small number of children with physical, mental, or learning disabilities who are placed in certain private schools.)

This proposition requires the state to offer an annual scholarship (also known as a voucher) to every school-age child in California. The scholarships are grants of aid to parents on behalf of their children. Scholarship checks would be made out to parents, but sent to private schools selected by the parents. These checks could only be cashed to pay tuition and other educational fees at schools which have chosen to become "scholarship-redeeming" schools. The scholarships would not be considered income for state tax purposes.

In order to redeem scholarships, a private school cannot "advocate unlawful behavior" or discriminate on the basis of race, ethnicity, color, or national origin. The proposition does not prohibit a private school from restricting admission on other bases, including sex, religion, ability, and disability.

Each year the scholarship amount would be the *greater* of:

- \$4,000 per pupil; or
- One-half of national average spending per pupil in public schools (as defined by the proposition); or
- One-half of California's spending per public school pupil (as defined by the proposition).

We estimate, using the proposition's definition of spending per pupil, that currently both California and national spending per pupil is somewhat less than \$8,000. As a result, the scholarship level initially would be set at the \$4,000 level. Our review indicates that the scholarship level would rise above \$4,000 within the near future.

Starting with the first year the proposition would be in effect (the 2001–02 school year), all pupils who were previously in *public* schools and all children entering kindergarten would be eligible for scholarships. For students who were previously in *private* schools, the proposition phases in eligibility over a four-year period (see Figure 1).

Figure 1

Phase-In of Scholarships for Existing Private School Students

| School Year | Private School Grades |
|-------------|---------------------------|
| 2001–02 | Kindergarten |
| 2002–03 | Kindergarten – 2nd Grade |
| 2003–04 | Kindergarten – 8th Grade |
| 2004–05 | Kindergarten – 12th Grade |

If the tuition and fees at a private school are less than the amount of the scholarship, the state would put the difference in an account to be held in trust for the pupil's future tuition and fee expenses at any scholarship-redeeming school as well as any college or university. A student would be eligible to use the trust account until his or her 21st birthday (if not enrolled in school at that time) or else through completion of an undergraduate degree.

Regulations Affecting Private Schools

Under current law, private schools generally operate under laws and regulations that are significantly less restrictive than those applied to public schools. The Legislature and local governments may change these private school laws and regulations—in most cases by a majority vote of the state or local legislative body.

This proposition affects the regulation of private schools in two main ways. First, all *state* laws that applied to private schools as of January 1, 1999—and all *local* laws that are in effect as of the November 2000 general election—would remain in effect. Second, the proposition imposes significant new restrictions on the ability of government to adopt new laws and regulations affecting private schools. Any new state laws would require a three-fourths vote of the Legislature. Local governments could impose new health, safety, or land use regulations on private schools only upon a two-thirds vote by the local governing body *and* a majority vote in an election held in the affected area.

Testing

This proposition requires scholarship-redeeming schools to administer the same standardized tests required of public schools for measuring academic achievement relative to pupils nationally. Test results for each grade would be released to the public. Individual pupil results would be released only to a parent or guardian.

Changes in Minimum Funding Level for Public Schools

Currently, Proposition 98, approved by the voters in 1988, establishes a minimum funding level for public schools and community colleges (K–14 education). Proposition 98 permits the state to spend more, or under specified circumstances less, than this minimum level. The current minimum funding level for K–14 education is \$42 billion. This minimum funding level increases each year generally with changes in public school attendance and growth in the state's economy. (K–14 education also receives additional funds from sources that are "outside" of Proposition 98, such as federal funds and lottery funds.)

This proposition creates an alternative minimum funding level for California's public K–12 schools that would be based on a national average of per-pupil funding of public schools. In the first fiscal year that per-pupil funding provided to California's public schools equals or exceeds the national average, this alternative

guarantee would permanently replace the Proposition 98 guarantee. These per-pupil numbers would be calculated each year by the state's Department of Finance, based on definitions of funding specified in this proposition.

This proposition's national average funding guarantee does not include funds for community colleges, adult education, or most child care programs, which currently are funded under the Proposition 98 guarantee. Thus, under the national average funding guarantee, these programs would have to compete for funding with state programs generally, rather than against K–12 education programs. It is not known how this would affect funding over time for community colleges, adult education, or child care programs.

FISCAL EFFECT

This proposition would have major fiscal impacts on the state and local school districts. The size of these fiscal impacts would depend on legal interpretations of the proposition and such factors as:

- *How people respond to the availability of scholarships.* For example, the fiscal effect would depend on how many parents choose to send their children to scholarship-redeeming schools, how much room existing private schools make for new scholarship pupils, and to what extent new scholarship-redeeming schools are established.
- *What actions the Legislature takes in response to the proposition.* For example, the fiscal effect would depend on the amount of funding provided to K–12 public schools (which, in turn, could affect the scholarship level under the terms of this proposition).
- *What actions local school districts take in response to the proposition.* For example, the fiscal effect would depend on actions school districts take to maintain public school enrollments, such as the formation of charter public schools as an alternative to private schools or other education reforms.

Below we discuss the significant fiscal impacts of the proposition.

State Impacts

The primary effects of the proposition on the state involve (1) costs for providing scholarships to pupils who would have attended private schools regardless of this proposition and (2) net savings related to pupils who move from public schools to scholarship-redeeming private schools.

- *Costs for Existing Private School Pupils.* We assume that the initial scholarship amount would be \$4,000 and the vast majority of existing private schools would become scholarship-redeeming schools. Thus, once all existing private school pupils are eligible (beginning in the proposition's fourth year),

the state would have costs of at least \$4,000 per child for almost 650,000 children who would have attended private school anyway.

- *Net Savings From Public School Departures.* As children move from public schools to scholarship-redeeming schools, the state will save money that would have been spent on them in public schools. We estimate that the state initially would save almost \$7,000 for each pupil leaving the system. (As noted below, there are other savings, namely capital outlay savings, that would not be on a per-pupil basis and, therefore, are not reflected in this estimate.) Thus, the net savings would be almost \$3,000 for each departing pupil (nearly \$7,000 in savings less \$4,000 in scholarship costs). Each of these amounts would grow over time with inflation and economic growth.

The net effect of these costs and savings factors would be very different in the short term and the long term.

Short-Term Effects. There are likely to be net costs to the state for the first several years. This is because the state would have to pay for scholarships for almost 650,000 existing private school pupils. As described above, the proposition phases in scholarships for pupils already in private schools over a four-year period. At the same time, however, savings to the state would start at a relatively low level and increase as the number of pupils shifting from public to scholarship-redeeming schools increases. While we cannot predict what these net state costs would be, they are likely to average as high as \$1.1 billion annually for the first several years (if few pupils leave the public schools) to essentially no costs (if many pupils leave).

Long-Term Effects. Within five to ten years, we believe most people and schools will have responded to this proposition. That is, existing private schools will have decided whether to become scholarship-redeeming schools and whether to serve additional pupils, people will have decided whether to start scholarship-redeeming schools, and parents will have decided on the placement of their children in schools.

Figure 2 summarizes our estimates of the potential long-term state impacts of the proposition. In estimating these impacts, the single most important assumption is the proportion of public school pupils who shift to scholarship-redeeming schools. While it is impossible to predict this number, we believe a reasonable range in the long run would be between 5 percent and 25 percent. As the figure shows, the annual savings resulting from these shifts could range from \$1.3 billion to \$6.7 billion. The figure also shows that in all cases the state would have costs of about \$3.3 billion each year to provide scholarships to existing private school pupils.

Figure 2 shows the net state impact under different assumptions about the shift of pupils from public to private schools. It indicates that:

- With a 5 percent shift, there are net state costs of about \$2 billion annually.

- With a 15 percent shift, on the other hand, the state would realize net savings of almost \$700 million annually.
- With a 25 percent shift, the state would realize net savings of over \$3 billion annually.

Figure 2

Net Fiscal Impact on the State—Long Term Under Different Assumptions About Pupil Shifts From Public to Private Schools

| Level of Shift From Public Schools | Percent of Shift | Number of Pupils Shifting | Savings From Shifts | Costs for Existing Private School Pupils | Net Impact |
|------------------------------------|------------------|---------------------------|---------------------|--|------------------------------|
| Low end of range | 5% | 300,000 | \$1.3 billion | \$3.3 billion | \$2 billion annual costs |
| Middle of range | 15 | 900,000 | 4.0 billion | 3.3 billion | \$700 million annual savings |
| High end of range | 25 | 1,500,000 | 6.7 billion | 3.3 billion | \$3.4 billion annual savings |

Other State Fiscal Impacts. In addition to the primary costs and savings identified above, the proposition would have the following impacts:

- **Impact of the New National Average Guarantee.** Our review indicates that the national average minimum funding guarantee proposed by this proposition would soon replace the Proposition 98 minimum funding guarantee. Over time, the national average guarantee could require the state to spend either more or less per pupil than under Proposition 98, depending generally on how California's economy performs relative to the other states.
- **Capital Outlay Savings.** In addition to funding school operating costs, the state provides money to local school districts (through the issuance of state general obligation bonds) to build and renovate facilities. By shifting students from public schools, this proposition would reduce local demand for this state funding. As a result, the state would realize significant future savings in bond debt service costs. The amount of these savings is unknown, but could be in excess of \$100 million annually in about 10 years to 20 years.
- **Administrative Costs.** The state would have annual costs of about \$10 million to administer the scholarship program and the trust accounts (for scholarship amounts in excess of tuition). An

unknown portion of these costs could be paid from interest earnings on the trust accounts.

Local Impacts

Local school districts would also be affected by the shift of public school students to scholarship-redeeming schools. The impact would depend primarily on the extent to which the loss of state funding resulting from fewer pupils is matched by offsetting cost reductions. We estimate that school districts would lose, on average, almost \$7,000 in state funding for every pupil who transfers to a scholarship-redeeming school. (The actual amount per pupil would vary from district to district.)

Generally, district cost reductions would offset most or all of these funding reductions. However, the amounts by which districts could reduce costs as a result of having to teach fewer pupils would vary significantly from district to district. For example, the proportion of higher-cost pupils—those with certain disabilities or other special needs—probably will increase in some districts as a result of the transfer of large numbers of lower-cost pupils to scholarship-redeeming schools, resulting in higher average per-pupil costs. This would require those school districts either to reduce costs by finding new efficiencies, reduce programs, or find new sources of funding.

Capital Outlay Savings. As with the state, local school districts provide money (through the issuance of bonds and the use of various other funding sources) to build and renovate facilities. By shifting students from public schools, this proposition would reduce the demand for this funding. As a result, districts would realize significant future savings in bond debt service and other costs. The amount of these savings is unknown, but could be in excess of \$100 million annually statewide in about 10 years to 20 years.

Loss of Federal Funds. Each year California receives almost \$4 billion from the federal government to support a variety of public school programs. For many of these programs, the amount received by the state depends on the number of enrolled public school pupils. Thus, this proposition would cause the state and local school districts to lose federal funds, to the extent the proposition leads to fewer pupils in the public schools. This potential revenue loss is unknown but could be in the hundreds of millions of dollars annually.

County Administrative Costs. We estimate that county offices of education would have costs of several million dollars annually (statewide total) to administer reporting requirements under this proposition.

38 SCHOOL VOUCHERS. STATE-FUNDED PRIVATE AND RELIGIOUS EDUCATION. PUBLIC SCHOOL FUNDING.

Initiative Constitutional Amendment.

Argument in Favor of Proposition 38

We can no longer stand by while bureaucrats prop up a crumbling education system that traps millions of California's children in failing schools.

Consider:

- California ranks at the bottom of the nation in reading and math.
- Over 30 percent of California's ninth graders never graduate from high school—forever being burdened with the label of “dropout.”
- California's education system is riddled with waste and abuse like the \$200 million Belmont High School in Los Angeles—never to be occupied because education bureaucrats allowed it to be built on toxic land.
- State colleges are forced to provide high school English and math classes to over half of the freshmen who are unable to complete basic assignments.

CONTROL OVER THE EDUCATION AND DESTINY OF CALIFORNIA'S CHILDREN MUST BE TAKEN FROM BUREAUCRATS AND GIVEN TO PARENTS. PARENTS MUST HAVE THE RIGHT AND FINANCIAL ABILITY TO REMOVE THEIR CHILDREN FROM FAILING SCHOOLS. THESE KIDS ARE CALIFORNIA'S FUTURE, AND IT'S ONLY FAIR THAT EVERY CHILD HAS THE OPPORTUNITY TO LEARN AT THE SCHOOL THAT IS BEST FOR HIM OR HER.

Prop. 38 holds schools accountable to parents and taxpayers. It helps public schools, increases per pupil spending, gives parents a choice, provides healthy competition, and offers every kid a fair chance.

Prop. 38 offers parents in California a \$4,000 school voucher to give their child the best possible education. It also allows parents to save any difference between \$4,000 and a lower tuition amount for future education expenses for their child, including college.

Prop. 38 supports California's public schools by guaranteeing they will always be funded at or ABOVE the national average in dollars per pupil once this level is reached.

Prop. 38 has been very carefully written to result in savings and provide a better education for all of California's children.

Prop. 38 will improve the learning environment and result in smaller, safer classes where teachers can give each student more attention.

Prop. 38 will force public schools to compete for students, thereby encouraging public schools to improve their performance.

Prop. 38 offers all children—regardless of race, gender or socioeconomic status—the opportunity to reach their academic potential and achieve success.

Prop. 38 holds schools accountable to parents and taxpayers by requiring schools to provide financial statements and measurements of students' academic performance.

Prop. 38 provides important protections for private schools from unnecessary and onerous government regulations.

Prop. 38 gives parents the freedom to choose how to educate their child.

Too many of California's children are trapped in a low-performing education system that wastes money and robs children of their chance for a bright future. Proposition 38 will offer them real choices and ensure a quality education for all of California's children.

Don't let another California child spend 13 years in failing schools.

Please vote yes on Prop. 38. A REAL CHOICE FOR EVERY FAMILY. A FAIR CHANCE FOR EVERY CHILD.

CARMELA GARNICA, *Teacher*
Escuela de la Raza Unida

TIM DRAPER
Parent

JOHN McCAIN
United States Senator

Rebuttal to Argument in Favor of Proposition 38

THE TRUTH ABOUT PROPOSITION 38
PROPOSITION 38 WILL HURT TAXPAYERS.

The Howard Jarvis Taxpayers Association has supported other voucher proposals but *opposes* Proposition 38.

Proposition 38 means that money for vouchers will come from cuts in police, fire, health care and similar programs, *or from new taxes*.

Proposition 38 could result in costs of billions of dollars to taxpayers.

Vote No on Proposition 38.

MARK DOLAN, *Chairman*
Howard Jarvis Taxpayers Association

PROPOSITION 38 WILL HURT PRIVATE SCHOOLS.

Private and parochial schools that value their independence do *not* want government funding.

Proposition 38 is deceptively written, promising taxpayer funding, but without the customary financial accountability that

taxpayers have a right to expect. While we would be surprised that taxpayers would stand for such a system, our opposition to Proposition 38 is based on what we hold to be even more fundamental issues.

Many private schools include religious instruction throughout the school day. The initiative cannot guarantee that religious instruction will not be restricted if we accept public dollars.

And frankly, as Alan J. Reinach, Esq., Director of Public Affairs and Religious Liberty for the 15,000-student California Seventh Day Adventist schools says, “Taxpayers must not be forced to pay for religious instruction with which they may disagree.”

Please vote “No” on Proposition 38.

JOSEPH J. BARTOSCH, *Headmaster*
Sacramento Preparatory Academy

CRAIG GARBE, *Headmaster*
Cornerstone Christian Schools

Argument Against Proposition 38

LET'S FIX OUR PUBLIC SCHOOLS, NOT ABANDON THEM

California's children need the best teachers, in small classrooms, teaching to high standards, in schools that are accountable.

But Prop. 38 will not achieve any of these goals.

Some of what you are about to read about Prop. 38 may seem incredible. But through error or some other motivation, the authors of Prop. 38 have opened up extraordinary loopholes that create a system of unaccountable voucher schools, while hurting the vast majority of kids who go to public schools.

The California State PTA says, "Prop. 38 will do nothing to improve our public schools but will hurt neighborhood schools by cutting their budget."

Prop. 38 gives parents whose kids are already in private schools \$4000 to go to voucher schools, *costing California taxpayers between \$2-\$3 billion per year.* And where do you think that money will come from? Taxpayers.

But not one penny of the billions spent on Prop. 38 will be used to make our children's schools better.

Not every child will have access to this new system of voucher schools. That is because voucher schools will be able to reject students who apply based on their gender, their ability to pay and their academic and physical abilities.

Governor Gray Davis calls Prop. 38 "a risky proposition that will take money away from public education and erode accountability. It's a major step backwards."

VOUCHER SCHOOLS ARE NOT ACCOUNTABLE TO TAXPAYERS

The California Business Roundtable says, "the full text of Prop. 38 virtually prohibits any real state or local regulation of voucher schools that make them accountable to taxpayers."

Voucher schools are not required to have their finances audited and can make decisions on how to spend our tax dollars in secret behind closed doors.

Prop. 38 gives taxpayers' money to voucher schools that are not accountable to the taxpayers.

California permits parents to home school their children, but under Prop. 38, this practice could now lead to fraud and abuse.

VOUCHER SCHOOLS ARE NOT REQUIRED TO MEET MEANINGFUL EDUCATIONAL STANDARDS

The California State Superintendent of Public Instruction Delaine Eastin says, "Prop. 38 allows fly-by-night operators to open voucher schools and hire teachers without teaching credentials, without training and without experience educating children."

Prop. 38 will prevent the state from requiring any meaningful educational standards for voucher schools.

PROPOSITION 38 HURTS PUBLIC AND PRIVATE SCHOOLS

Prop. 38 is opposed by public and private educators because it will cut funding for public schools while raising tuition for children that already attend private and parochial schools. A private school cannot stay private if it takes public money.

Prop. 38 will *not* provide better teachers, smaller classrooms, high standards for our schools or accountability to taxpayers.

Prop. 38 . . . an expensive experiment our children can't afford. Vote No on Prop. 38.

LAVONNE McBROOM, *President*
California PTA

LOIS WELLINGTON, *President*
Congress of California Seniors

WAYNE JOHNSON, *President*
California Teachers Association

Rebuttal to Argument Against Proposition 38

There's one simple truth the opponents of school choice always avoid: vouchers work.

Democrat Mayor John Norquist of Milwaukee, a city that has had a voucher program for ten years, told California radio listeners, "All of the things that the critics pointed to as problems haven't happened. It has worked really well. And it's also helped the public schools focus more on higher quality that can attract positive attention from parents."

The education establishment talks about accountability to its bureaucracy, but voucher schools are accountable to the people that matter most: parents and students.

The education establishment says vouchers will damage public schools, when in reality, Prop. 38 has a stronger public school funding guarantee than current law and will lead to smaller, safer classrooms.

The education establishment says vouchers will leave vulnerable children behind. Mayor Norquist says those who benefit most from Milwaukee's voucher program are "kids with learning disabilities, kids that aren't doing well in public school."

School vouchers have a proven track record of success.

Why are the people in charge of the current failed education system afraid of families choosing the best schools for their children?

The education establishment doesn't mind pouring taxpayer money into bad schools, but in opposing Prop. 38 they refuse to allow parents to put money into good schools.

Prop. 38 invests in children.

Give parents a choice. Give kids a chance.

Vote yes on Prop. 38.

JOHN O. NORQUIST, *Mayor*
City of Milwaukee, Wisconsin

DR. ALEXANDRIA CORONADO, *Member*
Anaheim School Board

VIRGINIA HALL
Retired Public School Teacher

39

SCHOOL FACILITIES. 55% LOCAL VOTE. BONDS, TAXES. ACCOUNTABILITY REQUIREMENTS. Initiative Constitutional Amendment and Statute.

Official Title and Summary Prepared by the Attorney General

SCHOOL FACILITIES. 55% LOCAL VOTE. BONDS, TAXES. ACCOUNTABILITY REQUIREMENTS.

Initiative Constitutional Amendment and Statute.

- Authorizes bonds for repair, construction or replacement of school facilities, classrooms, if approved by 55% local vote for projects evaluated by schools, community college districts, county education offices for safety, class size, and information technology needs.
- Accountability requirements include annual performance and financial audits on use of bond proceeds.
- Prohibits use of bond proceeds for salaries or operating expenses.
- Requires facilities for public charter schools.
- Authorizes property taxes in excess of 1% limit by 55% vote, rather than current two-thirds, as necessary to pay school bonds.

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

- Increased debt costs for many school districts, depending on local voter approval of future school bond issues (these costs would vary by individual district). District costs throughout the state could total in the hundreds of millions of dollars each year within a decade.
- Potential longer-term state savings to the extent local school districts assume greater responsibility for funding school facilities.

Analysis by the Legislative Analyst

BACKGROUND

Property Taxes

The California Constitution limits property taxes to 1 percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

School Facilities

Kindergarten Through Twelfth Grade (K-12). California public school facilities are the responsibility of over 1,000 school districts and county offices of education. Over the years, the state has provided a significant portion of the funding for these facilities through the state schools facilities program. Most recently, this program was funded with \$6.7 billion in state general obligation bonds approved by the voters in November 1998.

Under this program, the state generally pays:

- 50 percent of the cost of new school facilities.
- 80 percent of the cost of modernizing existing facilities.
- 100 percent of the cost of either new facilities or modernization in "hardship cases."

In addition to state bonds, funding for school facilities has been provided from a variety of other sources, including:

- School district general obligation bonds.
- Special local bonds (known as "Mello-Roos" bonds).
- Fees that school districts charge builders on new residential, commercial, and industrial construction.

Community Colleges. Community colleges are part of the state's higher education system and include 107 campuses operated by 72

local districts. Their facilities are funded differently than K-12 schools. In recent years, most facilities for community colleges have been funded 100 percent by the state, generally using state bonds. The state funds are available only if appropriated by the Legislature for the specific facility. There is no requirement that local community college districts provide a portion of the funding in order to obtain state funds. However, community college districts may fund construction of facilities with local general obligation bonds or other nonstate funds if they so choose.

Charter Schools

Charter schools are independent public schools formed by teachers, parents, and other individuals and/or groups. The schools function under contracts or "charters" with local school districts, county boards of education, or the State Board of Education. They are exempt from most state laws and regulations affecting public schools.

As of June 2000, there were 309 charter schools in California, serving about 105,000 students (less than 2 percent of all K-12 students). The law permits an additional 100 charter schools each year until 2003, at which time the charter school program will be reviewed by the Legislature. Under current law, school districts must allow charter schools to use, at no charge, facilities not currently used by the district for instructional or administrative purposes.

PROPOSAL

Provisions of the Proposition

This proposition (1) changes the State Constitution to lower the voting requirement for passage of local school bonds and (2) changes existing statutory law regarding charter school facilities.

The constitutional amendments could be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K–12 school districts, community college districts, and county offices of education.

Change in the Voting Requirement. This proposition allows (1) school facilities bond measures to be approved by *55 percent* (rather than *two-thirds*) of the voters in local elections and (2) property taxes to exceed the current 1 percent limit in order to repay the bonds.

This 55 percent vote requirement would apply only if the local bond measure presented to the voters includes:

- A requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities.
- A specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list.
- A requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure.

Charter School Facilities. This proposition requires each local K–12 school district to provide charter school facilities sufficient to accommodate the charter school's students. The district, however, would not be required to spend its general discretionary revenues to provide these facilities for charter schools. Instead, the district could choose to use these or other revenues—including state and local bonds. The proposition also provides that:

- The facilities must be reasonably equivalent to the district schools that these students would otherwise attend.
- The district may charge the charter school for its facilities if district discretionary revenues are used to fund the facilities.
- A district may decline to provide facilities for a charter school with a current or projected enrollment of fewer than 80 students.

Provisions of Related Legislation

Legislation approved in June 2000 would place certain limitations on local school bonds to be approved by 55 percent of the voters. The provisions of the law, however, would take effect only if this proposition is approved by the voters. These provisions require that:

- Two-thirds of the governing board of a school district or community college district approve placing a bond issue on the ballot. (Current law requires a majority vote.)
- The bond proposal be included on the ballot of a statewide primary or general election, a regularly scheduled local election, or a statewide special election. (Currently, school boards can hold bond elections throughout the year.)
- The tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a school district), or \$25 (for a community college district), per \$100,000 of taxable property value. (Current law does not have this type of restriction.)
- The governing board of a school district or community college district appoint a citizens' oversight committee to inform the public concerning the spending of the bond revenues. (Existing law does not require appointment of an oversight committee.)

These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

FISCAL EFFECT

Local School Impact

This proposition would make it easier for school bonds to be approved by local voters. For example, between 1986 and June 2000:

- **K–12 Schools.** K–12 bond measures totaling over \$18 billion received the necessary two-thirds voter approval. During the

same period, however, over \$13 billion of bonds received over 55 percent but less than two-thirds voter approval and therefore were defeated.

- **Community Colleges.** Local community college bond measures totaling almost \$235 million received the necessary two-thirds voter approval. During the same period, though, \$579 million of bonds received over 55 percent but less than two-thirds voter approval and therefore were defeated.

Districts approving bond measures that otherwise would not have been approved would have increased debt costs to pay off the bonds. The cost to any particular district would depend primarily on the size of the bond issue. (See box for the impact on a typical property owner.) The total cost for all districts throughout the state, however, could be in the hundreds of millions of dollars annually within a decade.

How Would the Proposition Affect the Average Homeowner?

As noted in the text, this proposition would only have an impact on property owners in cases where a school district bond issue is approved by less than two-thirds but at least 55 percent of the voters. In these instances, the impact on a property owner (business or homeowner) would depend on two factors: (1) the tax rate "add-on" needed to pay the debt on the bonds and (2) the assessed value of a particular property.

The following illustrates the possible impact of the proposition. A homeowner lives in a unified school district that places a bond before the voters. The bond is approved with a 58 percent vote and the size of the bond requires a tax rate levy of \$60 per each \$100,000 of assessed value. If the assessed value of the owner's home is the statewide average (about \$170,000), the owner would pay about \$100 in additional property taxes each year for the life of the bond (typically between 20 and 30 years).

State Impact

The proposition's impact on state costs is less certain. In the near term, it could have varied effects on demand for state bond funds. For instance, if more local bonds are approved, fewer local jurisdictions would qualify for hardship funding by the state. In this case, state funding would be reduced from 100 percent to 50 percent of the cost for a new local school. On the other hand, there are over 500 school jurisdictions that do not currently participate in the state school facilities program. To the extent the reduced voter-approval requirement encourages some of these districts to participate in the state program, demand for state bond funds would increase.

In the longer run, the proposition could have a more significant fiscal impact on the state. For instance, if local districts assume greater funding responsibility for school facilities, the state's debt service costs would decline over time.

The actual impact on state costs ultimately would depend on the level of state bonds placed on the ballot in future years by the Legislature and the Governor, and voters' decisions on those bond measures.

Charter Schools

The requirement that K–12 school districts provide charter schools with comparable facilities could increase state and local costs. As discussed above, districts are currently required to provide facilities for charter schools only if unused district facilities are available. The proposition might lead many districts to increase the size of their bond issues somewhat to cover the cost of facilities for charter schools. This could also increase state costs to the extent districts apply for and receive state matching funds. The amount of this increase is unknown, as it would depend on the availability of existing facilities and the number and types of charter schools.

For text of Proposition 39 see page 73.

39 SCHOOL FACILITIES. 55% LOCAL VOTE. BONDS, TAXES. ACCOUNTABILITY REQUIREMENTS. Initiative Constitutional Amendment and Statute.

Argument in Favor of Proposition 39

FIX CLASSROOMS.

FIX THE WAY SCHOOLS SPEND MONEY.

Taxpayers, seniors, teachers, businesses, and parents agree: If we vote "YES" on Proposition 39, we can fix the way our schools spend money AND fix our schools!

We're all aware of financial abuses in some of our schools—the waste, bureaucracy and mismanagement. If we're going to make California's schools among the best in the nation, we must make our schools accountable for the way they spend our tax dollars.

PASSING PROP. 39 WILL:

HOLD ADMINISTRATORS ACCOUNTABLE FOR SPENDING SCHOOL BOND CONSTRUCTION MONEY:

- Prohibit using funds for administration or bureaucracy.
- Require school administrators to produce a detailed list of specific school construction and repair projects to be funded.
- Require schools to undergo two rigid, independent financial and performance audits every year.
- Require bonds to be passed by a tough 55% super-majority vote.

ADD MORE PROTECTION FOR TAXPAYERS AND HOMEOWNERS:

When Prop. 39 passes, legislation automatically goes into effect that:

- Mandates citizen watchdog committees of local taxpayers, homeowners, parents and business leaders to make sure the money is not wasted.
- Empowers watchdog committees to stop any project if audits show wasteful or unauthorized spending, inform the public of abuse or waste and vigorously investigate and prosecute violations.
- Prohibits these bond votes except at regularly scheduled elections.
- Caps and limits how much property taxes can be raised by a local school bond.

"Proposition 39 and supporting legislation impose a strict cap on property tax increases which may result from an election held

under the provisions of this initiative. For an average California home, the cost would be less than \$100 per year. Based on my thorough analysis, the claim of a 'doubling of property tax' is significantly overstated and historically inaccurate."

Thomas W. Hayes, Former State Treasurer and Auditor General
HELP FIX OUR SCHOOLS.

- Our classrooms are overcrowded—California has more students per classroom than any other state except one.
- If we're going to reduce class size, we've got to build more classrooms. Just to keep up with the school population growth expected over the next ten years, experts say we'll need 20,000 new classrooms.
- Students in some districts go to class in trailers or in cafeterias, libraries and gyms that have been converted to classrooms.
- Many schools need repairs and updating so children can use computers and get connected to the Internet where they can learn to use the tools they will need to succeed in the future.

"This initiative helps fix classroom overcrowding and provides much needed repairs of unsafe and outdated schools. It mandates the strictest accountability requirements to ensure that bond funds are spent only on schools and classrooms, protecting taxpayers."

Gail D. Dryden, President, League of Women Voters of California
JOIN GOVERNOR GRAY DAVIS AND FORMER GOVERNOR PETE WILSON, SENIORS, TEACHERS, PARENTS, BUSINESS AND COMMUNITY LEADERS, TAXPAYERS, LABOR, ETHNIC AND PUBLIC SAFETY ORGANIZATIONS:

VOTE YES ON PROPOSITION 39.

LAVONNE McBROOM, *President*

California State PTA

JACQUELINE N. ANTEE

AARP State President

ALLAN ZAREMBERG, *President*

California Chamber of Commerce

Rebuttal to Argument in Favor of Proposition 39

Incredible! The very heart of the Arguments FOR Proposition 39 are about provisions NOT IN PROPOSITION 39!

Provisions NOT IN 39:

- NO watchdog committees.
- NO election rules.
- NO limits on property tax increases.

The ENTIRE SECTION titled "More Protections for Taxpayers and Homeowners" is NOT IN 39! These provisions were added by 39's promoters in the Legislature AFTER 39 was filed. They can be removed or changed anytime WITHOUT VOTER APPROVAL.

United States Justice Foundation Executive Director Gary Krep certifies:

"The Watchdog Committees, Election Rules and Tax Limitations referenced in the promoters' Arguments are not in 39. Therefore, these provisions may be waived anytime without voter approval."

These "Special Provisions" risks are unnecessary! GOOD BONDS PASS NOW. Since 1996, 62% passed, with two-thirds voter approval. \$13 Billion worth! Do you *really* want every bond, good or bad, approved? Each bond creates a new lien on your home, usually for 30 years.

Remember, PROPOSITION 39 has NO PROPERTY TAX LIMITS. Meaning:

"Proposition 39 could realistically lead to actions more than doubling current property taxes, putting them back to pre-1978 levels."

Joseph Skeeahan, Certified Public Accountant

Join seniors, educators, parents, small businesses, newspapers, Democrats, Republicans, Independents, homeowners and renters throughout California.

HELP SAVE OUR HOMES.

VOTE NO ON PROPOSITION 39.

GIL A. PEREZ

Retired School District Administrator

JOAN C. LONGOBARDO, *Governing Board Member*

Covina-Valley Unified School District

Does promoters' Rebuttal, to right, raise questions? Have other questions? Want to help Save Our Homes? Get answers NOW. Visit: SaveOurHomes.com. We, 39's opponents, wrote "NOTICE TO VOTERS", which follows, to help voters understand 39's "Special Provisions" risks.

JON COUPAL, *Chairman*

*Save Our Homes Committee, Vote No on Proposition 39,
a Project of the Howard Jarvis Taxpayers Association*

Argument Against Proposition 39

NOTICE TO VOTERS: After Proposition 39 was filed, its promoters introduced a special law in the Legislature adding provisions which only take effect if Proposition 39 passes. Therefore, all the changes which will occur if 39 passes are not in Proposition 39 itself. These added provisions DO NOT appear in *Proposition 39: Text of the Proposed Law* in this Voter Information Guide. If Proposition 39 passes, these added "Special Provisions" could be changed or revoked anytime in the future without voter approval.

ARGUMENTS AGAINST PROPOSITION 39:

The "Special Provisions," dealing with critically important tax increase and accountability issues, were either added because of drafting errors, or because the promoters wanted to be free to make changes after the election without voter approval.

In either case, these "Special Provisions" create huge risks. What changes will be made later WITHOUT VOTER APPROVAL?

These "Special Provisions" risks are reason enough to reject Proposition 39.

However, Proposition 39 is also misleading. It says it's about schools. Actually it's about your home and your taxes.

What Proposition 39 does:

1. Permits local bond passage with 55% votes instead of the current two-thirds vote requirement. There is NO LIMIT on how much property taxes can eventually increase with passage of 55% bonds.

2. Ends our Constitution's 121 year old provision requiring a two-thirds vote on local bonds. These bonds put liens on your home, usually for 30 years. Tax collectors foreclose if homeowners cannot pay. Prior to voter approved property tax limitations in 1978, excessive taxes often forced home sales.

3. Proposition 39 bonds increase apartment taxes. Landlords may increase rents to pay these taxes.

4. Proposition 39 bonds require taxpayers in the poorest districts to pay tax rates about twenty times higher (and taxpayers in typical districts to pay about five times higher) than taxpayers in the richest districts to raise the same amount per student.

What Proposition 39 DOES NOT do:

1. DOES NOT require student performance improvements.
2. DOES NOT require parental or taxpayer oversight.

Campaign:

Proposition 39's wealthy promoters reportedly pledged \$30 million. We cannot match their money. But, we outnumber them, so we can win. Pledge your help now. Visit saveourhomes.com or call (toll-free) 1-866-VOTE39NO (1-866-868-3396).

55% risks:

In 1978, property taxes were 2.6 times higher. Could history repeat? Could property taxes return to twice, even three times today's levels? Once started, 55% bonds won't stop here. Every government agency will demand 55%. PROPOSITION 39 PROVIDES NO TAX LIMITS. So, yes, 55% could lead to further actions which eventually double, even triple, property taxes.

Conclusion:

Don't risk the "Special Provisions" without voter control.

Don't risk unlimited property tax increases.

Don't risk starting 55% bonds for all government agencies.

Don't risk new 30 year homeowner liens.

Don't risk higher rents.

Don't encourage putting the highest tax rates on the poorest districts.

And, don't give up our Constitution's two-thirds vote requirement to increase property taxes.

Help Save Our Homes. Please VOTE NO ON PROPOSITION 39.

JON COUPAL, *Chairman*

*Save Our Homes Committee, Vote No on Proposition 39,
a Project of the Howard Jarvis Taxpayers Association*

DEAN ANDAL, *Chairman*

Board of Equalization, State of California

FELICIA ELKINSON, *Past President*

Council of Sacramento Senior Organizations

Rebuttal to Argument Against Proposition 39

Strong accountability and taxpayer protections in 39 and the "special provisions" opponents criticize will:

- Limit how much property taxes can be raised by a local school bond.

- Prohibit using funds for administration or bureaucracy.

- Require citizen watchdog committees.

- Prohibit special elections for enacting these bonds.

NONE OF THESE REFORMS WILL BECOME LAW UNLESS WE PASS PROPOSITION 39!

That's why the California Chamber of Commerce, California Organization of Police and Sheriffs, League of Women Voters of California, California Hispanic Chamber of Commerce, California Professional Firefighters, Consumer Federation of California and 200 other community organizations and leaders support 39.

OPponents of 39 WANT YOU TO BELIEVE ALL THESE RESPECTED GROUPS ARE LYING. BUT WHO'S REALLY LYING?

"Shame on the Jarvis political committee. They can't make their case with facts so they resort to scare tactics, fear-mongering and misleading statements."

AARP California State President Jacqueline N. Antee

"Contrary to the Jarvis group, passage of Proposition 39 *doesn't* raise property taxes, *doesn't* put a lien on your home and *doesn't* increase rents. Local voters have the final say in passing school bonds through a tough 55% super-majority vote."

California State PTA President Lavonne McBroom

By voting YES on 39, we can:

- Build new classrooms, repair older ones and reduce class size.

- Cut waste and abuses that have taken place in some districts.

- Assure that our children and grandchildren have safe schools in which to learn and prepare for the future.

YES on Proposition 39: fix the way schools spend money AND fix our schools.

ANDREW YSIANO, *Immediate Past President*

California Hispanic Chamber of Commerce

WILLIAM HAUCK, *Chairman*

California Business for Education Excellence

DAN TERRY, *President*

California Professional Firefighters

AN OVERVIEW OF STATE BOND DEBT

This section of the ballot pamphlet provides an overview of the state's current bond debt. It also provides a discussion of the impact the bond measure on this ballot, if approved, would have on this debt level.

BACKGROUND

What Is Bond Financing? Bond financing is a type of long-term borrowing that the state uses to raise money for specific purposes. The state gets money by selling bonds to investors. The state repays this money plus interest.

The money raised from bonds primarily pays for the purchase of property and construction of facilities—such as parks, prisons, schools, and colleges. The state uses bond financing mainly because these facilities are used for many years and their large dollar costs are difficult to pay for all at once.

General Fund Bond Debt. Most of the bonds the state sells are *general obligation* bonds. The state's debt payments on about three-fourths of these bonds are made from the state General Fund. The money in the General Fund comes primarily from state personal and corporate income taxes and sales taxes. The remaining general obligation bonds (such as housing bonds) are self-supporting and, therefore, do not require General Fund support. All general obligation bonds must be approved by a majority of voters and are placed on the ballot by legislative action or by initiative.

The state also issues bonds known as *lease-payment* bonds. These bonds do not require voter approval. The state pays a higher interest rate and selling costs on these bonds than it does on general obligation bonds. The state has used these bonds to build higher education facilities, prisons, veterans' homes, and state offices. The General Fund is also used to make debt payments on these bonds.

What Are the Direct Costs of Bond Financing? The state's cost for using bonds depends primarily on the interest rate that is paid on the bonds and the number of years payments are made. Most general obligation bonds are paid off over a period of 20 to 30 years. Assuming an interest rate of 5.5 percent (the current rate for this type of bond), the cost of paying off bonds over 25 years is about \$1.70 for each dollar borrowed—\$1 for the dollar borrowed and 70 cents for the interest. This cost, however, is spread over the entire period, so the cost after adjusting for inflation is less. Assuming a 3 percent future annual inflation rate, the cost of paying off the bonds in today's dollars would be about \$1.25 for each \$1 borrowed.

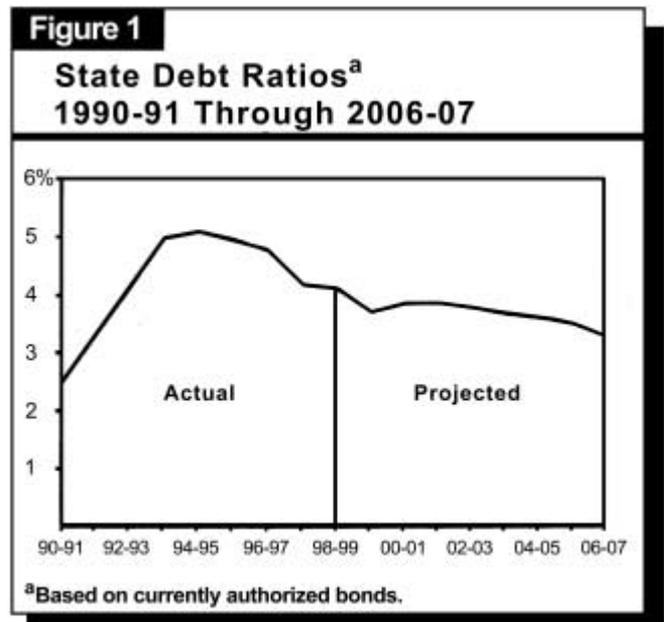
The State's Current Debt Situation

The Amount of State Debt. As of April 2000, the state had about \$23 billion of General Fund bond

debt—\$17 billion of general obligation bonds and \$6 billion of lease-payment bonds. Also, the state has not yet sold about \$17 billion of authorized bonds because the projects to be funded by the bonds have not yet been undertaken.

Debt Payments. We estimate that payments on the state's General Fund bond debt will be around \$2.9 billion during the 2000–01 fiscal year. As currently authorized bonds are sold, bond debt payments will increase to \$3.4 billion in 2005–06 and decline thereafter.

The level of debt payments stated as a percentage of state General Fund revenues is referred to as the state's "debt-ratio." Figure 1 shows actual and projected debt ratios from 1990–91 through 2006–07. The figure shows that as currently authorized bonds are sold, the state's debt ratio will be 3.9 percent in 2001–02 and decline thereafter. The projected ratios will vary depending on when bonds are actually sold and on the state's actual General Fund revenues.



Bond Proposition on This Ballot

Proposition 32—the Veterans' Bond Act of 2000—provides \$500 million in self-supporting general obligation bonds. This is the only general obligation bond proposition on this ballot. As noted above, self-supporting general obligation bonds do not require General Fund support. As a result, voter approval of these bonds will not affect the state's debt ratio.

Your Vote Starts Here!

TABLE OF CONTENTS

- Finding Your Polling Place
- Voter Information
- Finding Your County Elections Officials
- Political Party Statements of Purpose
- About Initiatives
- Safe at Home Program Confidential Voting
- Audio Version of the Ballot Pamphlet



Can't find your polling place?

We'll point you in the right direction.



<http://www.ss.ca.gov>



FIND your polling place



RESEARCH campaign contributions



WATCH live election results



OBTAIN absentee ballot information



VIEW lists of candidates

Send your comments directly to the Secretary of State at bjones@ss.ca.gov 

Voter Information



HOW CAN I REGISTER TO VOTE?

You may register to vote if you are a U.S. citizen, 18 years of age or older by election day, a resident of California, not in prison or on parole for a felony, and not deemed by an appropriate court to be mentally incapacitated. To obtain a voter registration card, you may either contact the Secretary of State's office voter information number at 1-800-345-VOTE, or contact your county elections official (see the following pages for phone numbers and website information). Voter registration forms may also be obtained from most public libraries, post offices, civic and political party organizations, and the Department of Motor Vehicles.

Upon acquiring a voter registration form, simply fill in your name, residence and mailing addresses, date of birth, birthplace, driver's license or California identification card number (optional), political party affiliation, and any previous registration information (if applicable). Be sure to sign and date the postage paid card, and drop it in the mail. It is as simple as that!

If you move or change your name or political party affiliation, you must re-register. However, if you move within the same county and don't re-register, you may go to the polling place assigned to your new address. Bring your driver's license or state identification card showing your new address or two forms of identification (current utility bill or rent receipt) to establish your new residence address. You will be allowed to vote under the "fail-safe" voting provisions, and the elections official will update your registration information. If you move to another county, you should re-register no later than 29 days before an election. The only exception to this rule is: If you move within 29 days before an election, you may return to your old polling place to vote. You should then re-register at your new address.

HOW DO I VOTE BY MAIL?

Any registered voter may vote by "absentee" ballot. You may register to vote absentee by: (1) completing the absentee ballot application that is included with the sample ballot and voter information pamphlet sent to you by your county elections official prior to the election or (2) applying in writing to your local elections official (see the following pages for address information) and providing your printed name and residence address, the address where you want to receive your absentee ballot, your signature, and the name and date of the election for which you want an absentee ballot.

Upon receipt of the absentee ballot, vote and mail the ballot back to your county elections official. All absentee ballots must be received by your county elections official no later than close of polls (8:00 p.m.) on election day to be counted. If you are unable to get your voted absentee ballot in the mail on time, deliver the voted ballot to any polling place or county elections office within your county on election day.

The first day that county elections officials will begin processing absentee ballot applications for the November 7, 2000, General Election is October 9, 2000. The last day that county elections officials will accept any voter's application for an absentee ballot is October 31, 2000.



ALAMEDA COUNTY

Alameda County Court House
1225 Fallon Street, Room G-1
Oakland, CA 94612-4283
510-272-6973
510-208-4967 TDD
www.co.alameda.ca.us/rov

ALPINE COUNTY

P.O. Box 158
Markleeville, CA 96120
530-694-2281
www.co.alpine.ca.us

AMADOR COUNTY

Elections-Sheldon D. Johnson
500 Argonaut Lane
Jackson, CA 95642
209-223-6465

BUTTE COUNTY

Butte County Clerk-Recorder/Elections Division
25 County Center Drive
Oroville, CA 95965-3375
530-538-7761
<http://clerk-recorder.buttecounty.net>

CALAVERAS COUNTY

Election Department
891 Mountain Ranch Road
San Andreas, CA 95249
209-754-6376

COLUSA COUNTY

546 Jay Street
Colusa, CA 95932
530-458-0500
www.colusanet.com/colusaclerk

CONTRA COSTA COUNTY

P.O. Box 271
524 Main Street
Martinez, CA 94553
925-646-4166
www.co.contra-costa.ca.us/depart/elec/index.htm

DEL NORTE COUNTY

981 "H" Street, Ste. 160
Crescent City, CA 95531
707-465-0383

EL DORADO COUNTY

El Dorado County Elections Dept.
2850 Fairlane Court
P.O. Box 678001
Placerville, CA 95667
530-621-7480
www.co.el-dorado.ca.us/elections

FRESNO COUNTY

2221 Kern Street
Fresno, CA 93721
559-488-3246
www.fresno.ca.gov

GLENN COUNTY

516 W. Sycamore St., 2nd Floor
Willows, CA 95988
530-934-6414

HUMBOLDT COUNTY

3033 H Street, Rm. 20
Eureka, CA 95501
707-445-7678
co.humboldt.ca.us

IMPERIAL COUNTY

Dolores Provencio, Registrar of Voters
940 Main St., Room 202
El Centro, CA 92243
760-482-4226
www.co.imperial.ca.us

INYO COUNTY

P.O. Box F
Independence, CA 93526
760-878-0224

KERN COUNTY

1115 Truxtun Avenue-1st Floor
Bakersfield, CA 93301
661-868-3590
www.co.kern.ca.us

KINGS COUNTY

1400 W. Lacey Blvd.
Hanford, CA 93230
559-582-3211 Ext. 4401
www.co.kings.ca.us

LAKE COUNTY

Registrar of Voters Office
255 North Forbes Street, Rm. 209
Lakeport, CA 95453
707-263-2372

LASSEN COUNTY

220 S. Lassen Street, Ste. 5
Susanville CA 96130
530-251-8217
www.co.lassen.ca.us/elections_mission.htm

LOS ANGELES COUNTY

12400 Imperial Highway
Norwalk, CA 90650
562-466-1310
www.co.la.ca.us/regrec/main.htm

MADERA COUNTY

209 W. Yosemite Avenue
Madera, CA 93637
559-675-7720

MARIN COUNTY

P.O. Box E
San Rafael, CA 94913
415-499-6465
www.marin.org

MARIPOSA COUNTY

4982 10th Street
P.O. Box 247
Mariposa, CA 95338
209-966-2007

MENDOCINO COUNTY

501 Low Gap Road, Rm. 1020
Ukiah, CA 95482
707-463-4371
www.co.mendocino.ca.us

MERCED COUNTY

2222 "M" Street, Room 14
Merced, CA 95340
209-385-7541
www.co.merced.ca.us

MODOC COUNTY

Maxine Madison
P.O. Box 130
Alturas, CA 96101
530-233-6200

MONO COUNTY

Annex II, Bryant Street
P.O. Box 237
Bridgeport, CA 93517
760-932-5241

MONTEREY COUNTY

P.O. Box 1848
Salinas, CA 93902
1370 B South Main Street
Salinas, CA 93901
831-755-5085
831-755-5485 FAX
www.mocovote.org

NAPA COUNTY

Elections Division
900 Coombs Street, Room 256
Napa, CA 94559
707-253-4321
www.co.napa.ca.us

NEVADA COUNTY

Nevada County Elections
County Clerk Recorder
10433 Willow Valley Rd., Ste. E
Nevada City, CA 95959-2367
530-265-1298
www.co.nevada.ca.us/coclerk



ORANGE COUNTY
 P.O. Box 11298
 Santa Ana, CA 92711
 1300 S. Grand Avenue, Bldg. C
 Santa Ana, CA 92705
 714-567-7600
www.oc.ca.gov/election/

PLACER COUNTY
 P.O. Box 5278
 Auburn, CA 95604
 530-886-5650
www.placer.ca.gov/elections

PLUMAS COUNTY
 520 Main Street, Room 102
 Quincy, CA 95971
 530-283-6256
countyofplumas.com

RIVERSIDE COUNTY
 Registrar of Voters
 2724 Gateway Drive
 Riverside, CA 92507
 909-486-7330
 909-486-7335 FAX
www.voteinfo.net

SACRAMENTO COUNTY
 Department of Voter Registration
 and Elections
 3700 Branch Center Road
 Sacramento, CA 95827
 916-875-6451
www.co.sacramento.ca.us/elections

SAN BENITO COUNTY
 440 Fifth Street, Room 206
 Hollister, CA 95023
 831-636-4016

SAN BERNARDINO COUNTY
 Registrar of Voters
 777 E. Rialto Avenue
 San Bernardino, CA 92415-0770
 909-387-8300
www.sbcrov.com or
www.co.san-bernardino.ca.us/rov

SAN DIEGO COUNTY
 Registrar of Voters
 5201 Ruffin Road, Ste. I
 San Diego, CA 92123
 858-565-5800
www.sdvote.com

SAN FRANCISCO COUNTY
 1 Dr. Carlton B Goodlett Place, Rm. 48
 San Francisco, CA 94102
 415-554-4375
www.ci.sf.ca.us/election

SAN JOAQUIN COUNTY
 212 N. San Joaquin Street
 P.O. Box 810
 Stockton, CA 95201
 209-468-2890
www.co.san-joaquin.ca.us/elect/index.htm

SAN LUIS OBISPO COUNTY
 Clerk-Records-Elections
 1144 Monterey Street, Ste. A
 San Luis Obispo, CA 93408
 805-781-5228
www/slonet.org/~clerk-rec/

SAN MATEO COUNTY
 Registration and Elections Division
 40 Tower Road
 San Mateo, CA 94402
 650-312-5222
www.shapethefuture.org

SANTA BARBARA COUNTY
 P.O. Box 159
 Santa Barbara, CA 93102
 805-568-2201
www.sb-democracy.com

SANTA CLARA COUNTY
 1555 Berger Drive
 P.O. Box 1147
 San Jose, CA 95108
 408-299-VOTE (8683)
www.sccvote.org

SANTA CRUZ COUNTY
 701 Ocean Street, Room 210
 Santa Cruz, CA 95060
 831-454-2060
www.votescount.com

SHASTA COUNTY
 Downtown Redding Mall
 1643 Market Street
 Redding, CA 96001
 530-225-5730
www.co.shasta.ca.us

SIERRA COUNTY
 P.O. DRAWER D
 Downieville, CA 95936
 530-289-3295

SISKIYOU COUNTY
 311 Fourth Street, Room 201
 P.O. Box 338
 Yreka, CA 96097
 530-842-8086
www.co.siskiyou.ca.us

SOLANO COUNTY
 P.O. Box I
 Fairfield, CA 94533
 707-421-6675
www.solanocounty.com/elections

SONOMA COUNTY
 435 Fiscal Drive
 P.O. Box 11485
 Santa Rosa, CA 95406-1485
 707-565-6800
www.sonoma-county.org

STANISLAUS COUNTY
 County Elections
 1021 I Street, #101
 Modesto, CA 95354
 209-525-5200
www.stanislauselections.com

SUTTER COUNTY
 433 Second Street
 Yuba City, CA 95991
 530-822-7122

TEHAMA COUNTY
 P.O. Box 250
 633 Washington Street, Rm. 33
 Red Bluff, CA 96080
 530-527-8190

TRINITY COUNTY
 101 Court Street
 P.O. Box 1258
 Weaverville, CA 96093
 530-623-1220
www.trinitycounty.org

TULARE COUNTY
 221 S. Mooney Blvd., Rm. G-28
 Visalia, CA 93291
 559-733-6275
www.tularecoauditor.org/elections

TUOLUMNE COUNTY
 2 South Green Street
 Sonora, CA 95370
 209-533-5570

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

YOLO COUNTY
 625 Court Street, Room B05
 Woodland, CA 95695
 P.O. Box 1820
 Woodland, CA 95776
 530-666-8133
www.yoloelections.org

YUBA COUNTY
 Elections Department
 935 14th Street
 Marysville, CA 95901
 530-741-6545



American Independent Party

The American Independent Party, California affiliate of the Constitution Party, supports:

The sanctity of innocent human life, including the lives of the unborn;

Protection of American jobs from unfair foreign competition; repeal of NAFTA, GATT/WTO;

Limits on legal immigration, and an end to illegal immigration; no tax funded benefits to illegals;

Excellence in education, and right of parents to choose public schools, private schools, or home schooling;

Control of crime; capital punishment for the most aggravated offenses;

Right of citizens to keep and bear arms as provided by the Bill of Rights;

Ending the personal income tax, and abolition of the IRS;

A debt free money system;

A non-interventionist foreign policy, and a strong national defense free of waste;

Protection of consumers' rights in utility rates, insurance, health care, and housing;

Consideration of human needs in environmental concerns.

We oppose any revision of the California Constitution to limit the right to vote, impair the people's right of initiative, overturn voter approved term limits, make it easier for government to tax and spend, or create bureaucratic regional governments.

We oppose both government speculation with social security funds, and affirmative action programs which substitute racial favoritism for individual ability.

PAUL MEEUWENBERG, *State Chairman*

American Independent Party

1084 W. Marshall Blvd., San Bernardino, CA 92405

559-299-3875 Email: sbaip@gte.net

Website: www.aipca.org

Libertarian Party

The Libertarian Party, founded in 1971, is one of the most successful third parties in U.S. history. Dozens of Libertarians hold office across California, including Mendocino County District Attorney Norman L. Vroman, Calaveras County Supervisor Thomas Tryon, and Moreno Valley Mayor Pro Tem Bonnie Flickinger.

Libertarians are neither liberal nor conservative. Libertarians believe that you have the right to live your life as you wish, without the government interfering—as long as you don't violate the rights of others. Politically, this means Libertarians favor rolling back the size and cost of government and eliminating laws that stifle the economy and control people's personal choices.

Specifically, the Libertarian Party of California is fighting to:

- Improve education by reducing the role of government and encouraging choice and competition

- Make neighborhoods safe by ending the failed War on Drugs, giving law-abiding citizens greater freedom to protect

themselves, and punishing violent criminals rather than prosecuting victimless crimes

- Sharply reduce California's bloated \$100 billion state government

Increasingly, voters frustrated with the status quo are turning to the Libertarian Party. We invite you to join us as we fight for everyone's liberty on every issue, all the time.

MARK W.A. HINKLE, *Chair*

Libertarian Party of California

14547 Titus St., Suite 214, Panorama City, CA 91402-4935

800-ELECT-US Email: office@ca.lp.org

Website: www.lp.org

Green Party

The Green Party's core values include social and economic justice, ecological wisdom, nonviolence, and grassroots democracy.

We Support:

Living wages, safe workplaces, and the right to organize unions.

Strong local economies and an end to corporate welfare.

Universal health care, including alternative methods and mental health.

Protection of reproductive freedom.

Higher taxes on pollution and large corporations, lower taxes on working people.

More funding for education, while allowing schools to try new ideas.

Ending unfair global trade laws.

Equal rights for people of all races, religions, genders, sexual orientations, abilities, national origins, and economic backgrounds.

Ending attacks on the poor and immigrants through so-called welfare reform.

Stronger regulations for clean air and water and protection of endangered species, and eliminating toxic and cancer-causing chemicals.

More mass transit and bicycle access.

Increasing renewable energy and ending nuclear power, coal, and big dams as energy sources.

Organic and family farms.

Crime prevention—promote education, job opportunities, and nonviolent problem solving. Treat addiction as a health issue. No new prisons.

Abolishing the death penalty.

Use of the internet for free speech and information distribution.

Campaign finance reform and proportional representation.

The right of all to participate fully in democratic processes.

GREEN PARTY OF CALIFORNIA

P.O. Box 2828, Sacramento, CA 95812

916-448-3437 Email: gpca@greens.org

Website: http://www.greens.org/california



Democratic Party

With your support, Democrats from Governor Gray Davis to your local candidates will continue fighting for working families, our youth and the elderly. Democrats are dedicated to the issues that matter.

Together, Democrats have:

- Increased school accountability, supported teachers and improved public education, resulting in higher test scores
- Insured that California's economy will continue to expand
- Passed tough legislation to get assault weapons and Saturday Night Specials off our streets and out of our schools
- Enacted meaningful HMO reform, giving healthcare decisions back to patients and their doctors

By electing Al Gore as President, re-electing U.S. Senator Dianne Feinstein and supporting Democratic candidates for Congress and the State Legislature, Democrats will be able to continue fighting for:

- Expanded educational opportunities, including hiring more teachers

- Further reductions in violent crimes to make our neighborhoods and schools safer
 - A woman's right to choose
 - Seniors by protecting Social Security and Medicare benefits
 - Affordable prescription drugs, especially for seniors
 - Greater environmental protections and a clean environment for future generations
 - Tolerance and the eradication of hate crimes
- Please join us. Become a member of our e-mail network. Together, we can build a better California.

SENATOR ART TORRES, (Ret.), *Chairman*

California Democratic Party

911 20th Street, Sacramento, CA 95814-3115

916-442-5707 FAX: 916-442-5715

Email: info@ca-dem.org Website: www.ca-dem.org

Republican Party

Abraham Lincoln, the first Republican President, fought to protect the freedoms of every American citizen. The California Republican Party shares his vision and spirit of fairness. Today, we are working hard to see that all of California's residents are empowered with the opportunity to enjoy the American dream.

Today, the California Republican Party is fighting for:

- *Better Schools* for our children. Parents, teachers and local school boards should decide what's best for our children—not the state education bureaucracy in Sacramento.
- *Safe Neighborhoods*, victims' rights and tougher criminal laws. No one is free if they feel threatened in their own homes and communities.
- *Tax Relief* and an accountable, efficient government responsive to the people who pay their salaries.

We feel that California's government today should be more like the businesses that serve you well. Your government should not be a burden in your life—saddling you with excessive taxes and regulations.

We are working for our state's future and to ensure that every Californian has the same opportunities regardless of race or ethnicity. Please join us as we work together to build a brighter, more prosperous California.

JOHN MCGRAW, *Chairman*

The California Republican Party

Ronald Reagan California Republican Center

1903 West Magnolia Boulevard, Burbank, CA 91506

818-841-5210 Email: Chairman@cagop.org

Website: <http://www.cagop.org>

Natural Law Party

The Natural Law Party was founded to create a new, mainstream political party to offer voters forward-looking, prevention-oriented, scientifically proven solutions to America's problems. Our principles and programs harness the most up-to-date scientific knowledge of natural law—the intelligence of nature that governs our complex universe—and apply it to public policy.

Currently America's fastest growing political party, the Natural Law Party stands for prevention-oriented government, conflict-free politics, and proven solutions, including:

- Natural health care programs shown to prevent disease and cut costs
- Education that develops students' full potential through programs that increase intelligence and creativity
- Effective, field-tested crime prevention and rehabilitation programs
- Lowering taxes through cost-effective solutions, not reduced services

- Protecting the environment through energy efficiency and use of nonpolluting energy sources
- Safeguarding America's food supply through sustainable, organic agriculture practices
- Mandatory labeling and safety testing of genetically engineered foods
- Ensuring a strong economy by harnessing the creativity of our citizens and implementing pro-growth fiscal policies
- Promoting more prosperous, harmonious international relations by increasing the export of U.S. know-how, rather than weapons
- Ending special interest control of politics by eliminating PACs, soft money, and lobbying by former public servants

NATURAL LAW PARTY OF CALIFORNIA

P.O. Box 50843, Palo Alto, CA 94303

831-425-2201 FAX: 831-427-9230

Email: nlpca@aol.com Website: <http://www.natural-law.org>

Reform Party

The *Reform Party* is the leading national "third" party and is committed to:

- *Setting the highest ethical standards for the White House and Congress;*
- *Implementing Campaign Finance reform:* reduce campaigns to four months and require Members of Congress to raise all money from their district voters;
- *Balancing the budget and passing the Balanced Budget Amendment;*
- *Creating a new simpler and fairer tax system* to pay the bills, and requiring future tax increases be approved by the people;
- *Election reform:* voting on Saturdays and Sundays, not Tuesdays, so working people can get to the polls;
- *Term Limits:* three terms for the House and two terms for the Senate;
- *Carefully established plans for Medicare, Medicaid and Social Security;*

- *Negotiating trade agreements* promoting American jobs, protecting the environment and creating an environment in which small businesses can develop;
- *Lobbying reform:* prohibiting former officials from working for foreign interests as foreign lobbyists and prohibiting gifts from foreign interests at any time.

Join the thousands of Americans from every part of the country who want to reform their government **now** and bring the control and the destiny of their families in line with the American Dream!

RAYMOND O. MILLS, *Chair*

Reform Party of California ("RPCa")

P.O. Box 1914, Tustin, CA 92781

Messages: 888-82-REFORM Phone/Fax/Hotline: 714-7-311-311

Email: ReformPartyOC@juno.com

Website: <http://California.ReformParty.org>

WHERE DO ALL THOSE BALLOT INITIATIVES COME FROM?

About Initiatives

The initiative process, often referred to as “direct democracy,” is a tool which citizens can use to propose changes to California law or the State Constitution or both for voter approval or rejection.

HOW TO QUALIFY AN INITIATIVE FOR THE BALLOT

The first step in the process of qualifying an initiative is to write the text of the proposed law. The measure’s proponents can write the text themselves, seek the assistance of their own private counsel, or can request assistance from the Legislative Counsel’s office.

TITLE AND SUMMARY

Once the text of the measure has been written, a written request must be submitted, along with \$200, to the Attorney General. The Attorney General prepares an official title and summary of the measure, and if necessary, a fiscal analysis is prepared by the Department of Finance and Joint Legislative Budget Committee.

PETITION CIRCULATED

Once the title and summary are issued by the Attorney General, an official filing date is established and a calendar of important filing deadlines is prepared for the proponents by the Secretary of State. The proponents have 150 days to circulate petitions and gather enough signatures to qualify. The proponents must collect five percent of the votes cast for all candidates for Governor at the last gubernatorial election to qualify an initiative statute (currently 419,260) and eight percent of the total gubernatorial votes cast (670,816) in order to qualify a constitutional amendment for the ballot.

FILING AND CIRCULATION

Once the requisite number of signatures has been collected, the proponent must file the petitions with the appropriate county elections official. The signatures are then verified. The initiative is considered qualified once the Secretary of State receives certificates from the county elections officials showing the petitions have been signed by the required number of registered voters.

PROPOSITION PLACED ON THE BALLOT FOR VOTER APPROVAL

Once the measure qualifies, it is placed on the ballot. However, it must qualify at least 131 days before the statewide election in which it is to be submitted to the voters. If approved by a majority vote, the measure takes effect the day after the election unless the measure specifies another enactment date in the text.

For more information regarding the initiative process, you may visit our website at www.ss.ca.gov or call the Elections Division at 916-657-2166.



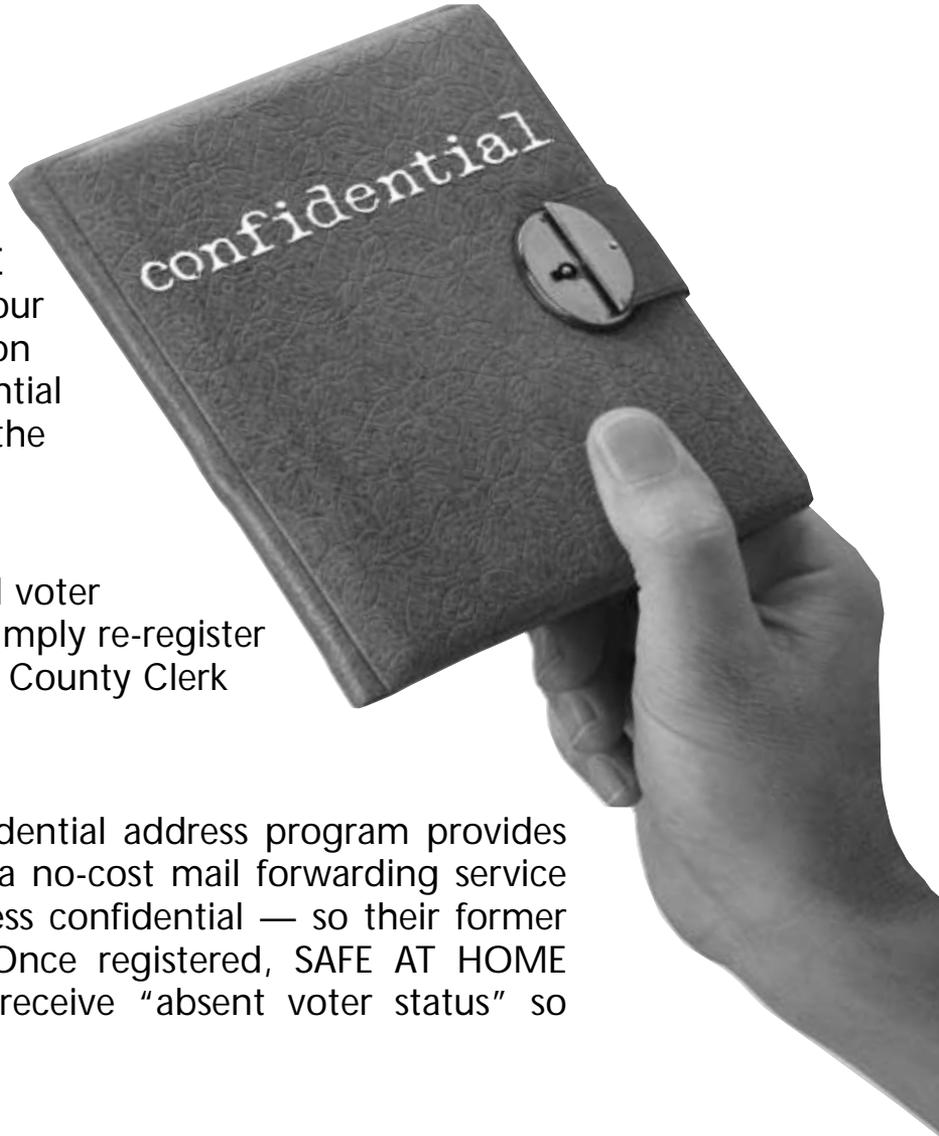
Protect Your Privacy

AND YOUR RIGHT TO VOTE.

There's a new program available for victims of domestic abuse called **SAFE AT HOME**. If you qualify, your voter registration information can be kept strictly confidential from campaigns, pollsters, the media, and other parties.

Just complete a confidential voter registration affidavit — or simply re-register at the Registrar of Voters or County Clerk offices in your area.

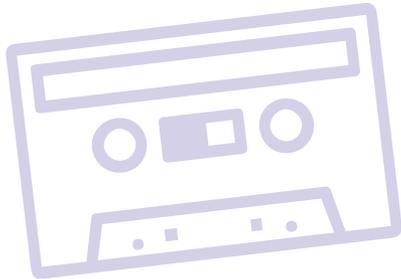
The **SAFE AT HOME** confidential address program provides victims of domestic abuse a no-cost mail forwarding service that helps keep their address confidential — so their former partner can't find them. Once registered, **SAFE AT HOME** participants automatically receive "absent voter status" so they can vote by mail.



call 1-877-322-5227.

Audio Version

of the Ballot Pamphlet



The Secretary of State's office produces a cassette-recorded version of the ballot pamphlet for the visually impaired. Cassettes can be obtained by calling your local public library or by calling **1-800-345-VOTE**.



Promote the Vote!

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Stephanie Borboa

10th Grade

San Bernardino High School

San Bernardino, California

Proposition 32: Text of Proposed Law

This law proposed by Assembly Bill 2305 (Statutes of 2000, Ch. 51) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

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

PROPOSED LAW

SECTION 1. Article 5w (commencing with Section 998.300) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5w. Veterans' Bond Act of 2000

998.300. *This article may be cited as the Veterans' Bond Act of 2000.*

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

(b) *For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the board.*

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

(a) *"Board" means the Department of Veterans Affairs.*

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

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

(d) *"Committee" means the Veterans' Finance Committee of 1943, established by Section 991.*

(e) *"Fund" means the Veterans' Farm and Home Building Fund of 1943, established by Section 998.*

998.303. *For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the Veterans' Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than five hundred million dollars (\$500,000,000), exclusive of refunding bonds, in the manner provided herein.*

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

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

(c) *On the dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal of, and interest on, the bonds in each fiscal year, there shall be returned to the General Fund all of the money in the fund, not in excess of the principal of, and interest on, any bonds then due and payable. If the money so returned on the remittance dates is less than the principal and interest then due and payable, the balance remaining unpaid shall be returned*

to the General Fund out of the fund as soon as it shall become available, together with interest thereon from the dates of maturity until returned, at the same rate of interest as borne by the bonds, compounded semiannually.

Notwithstanding any other provision of law to the contrary, this subdivision shall apply to all veterans farm and home purchase contracts pursuant to this chapter. This subdivision does not grant any lien on the fund or the moneys therein to holders of any bonds issued under this article. For the purposes of the subdivision, "debt service" means the principal (whether due at maturity, by redemption, or acceleration), premium, if any, or interest payable on any date to any series of bonds. This subdivision shall not apply, however, in the case of any debt service that is payable from the proceeds of any refunding bonds.

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

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

(b) *That sum necessary to carry out Section 998.306, appropriated without regard to fiscal years.*

998.306. *For the purposes of this article, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of a sum of money not to exceed the amount of the unsold bonds which have been authorized by the committee to be sold pursuant to this article. Any sums withdrawn shall be deposited in the fund. All moneys made available under this section to the board shall be returned by the board to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from the sale of bonds for the purpose of carrying out this article.*

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

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

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

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

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

Whenever the committee deems it necessary for an effective sale of the bonds, the committee may authorize the Treasurer to sell any issue of bonds at less than their par value, notwithstanding

Section 16754 of the Government Code. However, the discount on the bonds shall not exceed 3 percent of the par value thereof.

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

998.312. Any bonds issued and sold pursuant to this article may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. The approval of the voters for the issuance of bonds under this article includes approval for the issuance of bonds issued to refund bonds originally issued or any previously issued refunding bonds.

998.313. Notwithstanding any provision of the bond act, if the Treasurer sells bonds under this article for which bond counsel has issued an opinion to the effect that the interest on the bonds is excludable from gross income for purposes of federal income tax, subject to any conditions which may be designated, the Treasurer

may establish separate accounts for the investment of bond proceeds and for the earnings on those proceeds, and may use those proceeds or earnings to pay any rebate, penalty, or other payment required by federal law or take any other action with respect to the investment and use of bond proceeds required or permitted under federal law necessary to maintain the tax-exempt status of the bonds or to obtain any other advantage under federal law on behalf of the funds of this state.

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

998.315. Notwithstanding any other provision of law, any bonds issued and sold under the Veterans Bond Act of 1982, and the Veterans Bond Act of 1984 may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, without regard to the first sentence of Section 16786 of the Government Code.

Proposition 33: Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 12 of the 1999–2000 Regular Session (Resolution Chapter 83, Statutes of 2000) 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 4.5 OF ARTICLE IV

SEC. 4.5. Notwithstanding any other provision of this Constitution or existing law, a person elected to or serving in the Legislature on or after November 1, 1990, shall participate in the Federal Social Security (Retirement, Disability, Health Insurance) ~~Program~~ System, and ~~he~~ may elect to participate in

the Public Employees' Retirement System in any state retirement plan in which a majority of the employees of the state may participate. The State shall pay only the employer's share of the contribution contributions necessary to such that participation. No other pension or retirement benefit shall accrue as a result of service in the Legislature, such that service not being intended as a career occupation. This Section section shall not be construed to abrogate or diminish any vested pension or retirement benefit which that may have accrued under an existing law to a person holding or having held office in the Legislature, but upon adoption of this Act act no further entitlement to nor vesting in any existing program programs shall accrue to any such person, other than the Social Security System and the Public Employees' Retirement System to the extent herein provided.

Proposition 34: Text of Proposed Law

This law proposed by Senate Bill 1223 (Statutes of 2000, Chapter 102) is submitted to the people in accordance with the provisions of Article II, Section 10 of the California Constitution.

This proposed law amends, adds, repeals, and repeals and adds sections to the Government 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. (a) The people find and declare all of the following:

(1) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but large contributions may corrupt or appear to corrupt candidates for elective office.

(2) Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy.

(3) Political parties play an important role in the American political process and help insulate candidates from the potential corrupting influence of large contributions.

(b) The people enact the Campaign Contribution and Voluntary Expenditure Limits Without Taxpayer Financing Amendments to the Political Reform Act of 1974 to accomplish all of the following purposes:

(1) To ensure that individuals and interest groups in our society have a fair and equitable opportunity to participate in the elective and governmental processes.

(2) To minimize the potentially corrupting influence and appearance of corruption caused by large contributions by providing reasonable contribution and voluntary expenditure limits.

(3) To reduce the influence of large contributors with an interest in matters before state government by prohibiting lobbyist contributions.

(4) To provide voluntary expenditure limits so that candidates and officeholders can spend a lesser proportion of their time on fundraising and a greater proportion of their time conducting public policy.

(5) To increase public information regarding campaign contributions and expenditures.

(6) To enact increased penalties to deter persons from violating the Political Reform Act of 1974.

(7) To strengthen the role of political parties in financing political campaigns by means of reasonable limits on contributions to political party committees and by limiting restrictions on contributions to, and expenditures on behalf of, party candidates, to a full, complete, and timely disclosure to the public.

SEC. 2. Section 82016 of the Government Code is amended to read:

82016. (a) "Controlled committee" means a committee ~~which that~~ is controlled directly or indirectly by a candidate or state measure proponent or ~~which that~~ acts jointly with a

candidate, controlled committee, or state measure proponent in connection with the making of expenditures. A candidate or state measure proponent controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee.

(b) *Notwithstanding subdivision (a), a political party committee, as defined in Section 85205, is not a controlled committee.*

SEC. 3. Section 82053 of the Government Code is amended to read:

82053. "Statewide elective office" means the office of Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, Controller, Secretary of State, Treasurer, and Superintendent of Public Instruction *and member of the State Board of Equalization.*

SEC. 4. Section 83116 of the Government Code, as added by Proposition 9 at the June 4, 1974, statewide primary election, is repealed.

~~83116. When the Commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if such a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 5, Sections 11500 et seq.). The Commission shall have all the powers granted by that chapter.~~

~~When the Commission determines on the basis of the hearing that a violation has occurred, it shall issue an order which may require the violator to:~~

- ~~(a) Cease and desist violation of this title;~~
- ~~(b) File any reports, statements or other documents or information required by this title;~~
- ~~(c) Pay a monetary penalty of up to two thousand dollars (\$2,000) to the General Fund of the state.~~

~~When the Commission determines that no violation has occurred, it shall publish a declaration so stating.~~

SEC. 5. Section 83116 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~83116. When the Commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if such a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 5, Sections 11500 et seq.). The Commission shall have all the powers granted by that chapter. When the Commission determines on the basis of the hearing that a violation has occurred, it shall issue an order which may require the violator to:~~

- ~~(a) Cease and desist violation of this title;~~
- ~~(b) File any reports, statements or other documents or information required by this title;~~
- ~~(c) Pay a monetary penalty of up to five thousand dollars (\$5,000) per violation to the General Fund of the state. When the Commission determines that no violation has occurred, it shall publish a declaration so stating.~~

SEC. 6. Section 83116 is added to the Government Code, to read:

83116. *When the commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Chapter 5 (commencing with Section 11500), Part 1, Division 3, Title 2, Government Code). The commission shall have all the powers granted by that chapter. When the commission determines on the basis of the hearing that a violation has occurred, it shall issue an order that may require the violator to do all or any of the following:*

- (a) Cease and desist violation of this title.*
- (b) File any reports, statements, or other documents or information required by this title.*
- (c) Pay a monetary penalty of up to five thousand dollars (\$5,000) per violation to the General Fund of the state. When the Commission determines that no violation has occurred, it shall publish a declaration so stating.*

SEC. 7. Section 83116.5 of the Government Code, as added by Chapter 670 of the Statutes of 1984, is repealed.

~~83116.5. Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter. Provided, however, that this section shall apply only to persons who have filing or reporting obligations under this title, or who are compensated for services involving the planning, organizing, or directing any activity regulated or required by this title, and that a violation of this section shall not constitute an additional violation under Chapter 11.~~

SEC. 8. Section 83116.5 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~83116.5. Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter and Chapter 11 (commencing with Section 91000).~~

SEC. 9. Section 83116.5 is added to the Government Code, to read:

83116.5. *Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter. However, this section shall apply only to persons who have filing or reporting obligations under this title, or who are compensated for services involving the planning, organizing, or directing any activity regulated or required by this title, and a violation of this section shall not constitute an additional violation under Chapter 11 (commencing with Section 91000).*

SEC. 10. Section 83124 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~83124. The commission shall adjust the contribution limitations and expenditure limitations provisions in Sections 85100 et seq. in January of every even numbered year to reflect any increase or decrease in the California Consumer Price Index. Such adjustments shall be rounded to the nearest 50 for the limitations on contributions and the nearest 1,000 for the limitations on expenditures.~~

SEC. 11. Section 83124 is added to the Government Code, to read:

83124. *The commission shall adjust the contribution limitations and voluntary expenditure limitations provisions in Sections 85301, 85302, 85303, and 85400 in January of every odd-numbered year to reflect any increase or decrease in the Consumer Price Index. Those adjustments shall be rounded to the nearest one hundred dollars (\$100) for limitations on contributions and one thousand dollars (\$1,000) for limitations on expenditures.*

SEC. 12. Section 84201 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~84201. The threshold for contributions and expenditures reported in the campaign statements designated in Sections 84203.5, 84211, and 84219, except for subdivision (i) of Section 84219, and for cash contributions and anonymous contributions designated in Sections 84300 and 84304, shall be set at no more than one hundred dollars (\$100) notwithstanding any other provision of law or any legislative amendment to such sections.~~

SEC. 13. Section 84204 of the Government Code is amended to read:

84204. (a) A candidate or committee that makes a late independent expenditure, as defined in Section 82036.5, shall report the late independent expenditure by facsimile transmission, telegram, guaranteed overnight mail through the United States Postal Service or personal delivery within 24 hours of the time it is made. A late independent expenditure shall be reported on subsequent campaign statements without regard to reports filed pursuant to this section.

(b) A candidate or committee that makes a late independent expenditure shall report its full name and street address, as well as the name, office, and district of the candidate if the report is related to a candidate, or if the report is related to a measure, the number or letter of the measure, the jurisdiction in which the measure is to be voted upon, and the amount and the date, as well as a description of goods or services for which the late independent expenditure was made. *In addition to the information required by this subdivision, a committee that makes a late independent expenditure shall include with its late independent expenditure report the information required by paragraphs (1) to (5), inclusive, of subdivision (f) of Section 84211, covering the period from the day after the closing date of the last campaign report filed to the date of the late independent expenditure, or if the committee has not previously filed a campaign statement, covering the period from the previous January 1 to the date of the late independent expenditure. No information required by paragraphs (1) to (5), inclusive, of subdivision (f) of Section 84211, that is required to be reported with a late independent expenditure report by this subdivision, is required to be reported on more than one late independent expenditure report.*

(c) A candidate or committee that makes a late independent expenditure shall file a late independent expenditure report in the places where it would be required to file campaign statements under this article as if it were formed or existing primarily to support or oppose the candidate or measure for or against which it is making the late independent expenditure.

(d) A report filed pursuant to this section shall be in addition to any other campaign statement required to be filed by this article.

SEC. 14. Section 84305.6 is added to the Government Code, to read:

84305.6. In addition to the requirements of Section 84305.5, a slate mailer organization or committee primarily formed to support or oppose one or more ballot measures may not send a slate mailer unless any recommendation in the slate mailer to support or oppose a ballot measure or to support a candidate that is different from the official recommendation to support or oppose by the political party that the mailer appears by representation or indicia to represent is accompanied, immediately below the ballot measure or candidate recommendation in the slate mailer, in no less than nine-point roman boldface type in a color or print that contrasts with the background so as to be easily legible, the following notice: "THIS IS NOT THE OFFICIAL POSITION OF THE (political party that the mailer appears by representation or indicia to represent) PARTY."

SEC. 15. Section 84511 is added to the Government Code, to read:

84511. Any individual who appears in an advertisement to support or oppose the qualification, passage, or defeat of a ballot measure and who has been paid or promised payment of five thousand dollars (\$5,000) or more for that appearance shall disclose that payment or promised payment in a manner prescribed by the commission. The advertisement shall include the statement "(spokesperson's name) is being paid by this campaign or its donors" in highly visible roman font shown continuously if the advertisement consists of printed or televised material, or spoken in a clearly audible format if the advertisement is a radio broadcast or telephone message.

SEC. 16. Article 1 (commencing with Section 85100) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

SEC. 17. Article 1 (commencing with Section 85100) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 18. Article 1 (commencing with Section 85100) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 1. Title of Chapter

85100. This chapter shall be known as the "Campaign Contribution and Voluntary Expenditure Limits Without Taxpayer Financing Amendments to the Political Reform Act of 1974."

SEC. 19. Article 2 (commencing with Section 85202) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 20. Article 2.5 (commencing with Section 85202) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 2.5. Applicability of the Political Reform Act of 1974

85202. Unless specifically superseded by the act that adds this section, the definitions and provisions of this title shall govern the interpretation of this chapter.

85203. "Small contributor committee" means any committee that meets all of the following criteria:

(a) The committee has been in existence for at least six months.

(b) The committee receives contributions from 100 or more persons.

(c) No one person has contributed to the committee more than two hundred dollars (\$200) per calendar year.

(d) The committee makes contributions to five or more candidates.

85204. "Election cycle" for purposes of Sections 85309 and 85500, means the period of time commencing 90 days prior to an election and ending on the date of the election.

85204.5. With respect to special elections, the following terms have the following meanings:

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

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

85205. "Political party committee" means the state central committee or county central committee of an organization that meets the requirements for recognition as a political party pursuant to Section 5100 of the Elections Code.

85206. "Public moneys" has the same meaning as defined in Section 426 of the Penal Code.

SEC. 21. Section 85301 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

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

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

SEC. 22. Section 85301 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85301. (a) Except as provided in subdivision (a) of Section 85402 and Section 85706, no person, other than small contributor committees and political party committees, shall make to any candidate or the candidate's controlled committee for local office in districts with fewer than 100,000 residents, and no such candidate or the candidate's controlled committee shall accept from any person a contribution or contributions totaling more than one hundred dollars (\$100) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.~~

~~(b) Except as provided in subdivision (b) of Section 85402 and Section 85706, no person, other than small contributor committees and political party committees, shall make to any~~

~~candidate or the candidate's controlled committee campaigning for office in districts of 100,000 or more residents, and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than two hundred fifty dollars (\$250) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.~~

~~(c) Except as provided in subdivision (c) of Section 85402, no person, other than small contributor committees and political party committees, shall make to any candidate or the candidate's controlled committee for statewide office, and no such candidate or the candidate's controlled committee shall accept from any such person a contribution or contributions totaling more than five hundred dollars (\$500) for each election in which the candidate is attempting to be on the ballot or is a write-in candidate.~~

~~(d) No person shall make to any committee that contributes to any candidate and no such committee shall accept from each such person a contribution or contributions totaling more than five hundred dollars (\$500) per calendar year. This subdivision shall not apply to candidate controlled committees, political party committees, and independent expenditure committees.~~

~~(e) The provisions of this section shall not apply to a candidate's contribution of his or her personal funds to his or her own campaign committee, but shall apply to contributions from a spouse.~~

SEC. 23. Section 85301 is added to the Government Code, to read:

85301. (a) A person, other than a small contributor committee or political party committee, may not make to any candidate for elective state office other than a candidate for statewide elective office, and a candidate for elective state office other than a candidate for statewide elective office may not accept from a person, any contribution totaling more than three thousand dollars (\$3,000) per election.

(b) Except to a candidate for Governor, a person, other than a small contributor committee or political party committee, may not make to any candidate for statewide elective office, and except a candidate for Governor, a candidate for statewide elective office may not accept from a person other than a small contributor committee or a political party committee, any contribution totaling more than five thousand dollars (\$5,000) per election.

(c) A person, other than a small contributor committee or political party committee, may not make to any candidate for Governor, and a candidate for Governor may not accept from any person other than a small contributor committee or political party committee, any contribution totaling more than twenty thousand dollars (\$20,000) per election.

(d) The provisions of this section do not apply to a candidate's contributions of his or her personal funds to his or her own campaign.

SEC. 24. Section 85302 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

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

SEC. 25. Section 85302 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85302. No small contributor committee shall make to any candidate or the controlled committee of such a candidate, and no such candidate or the candidate's controlled committee shall accept from a small contributor committee, a contribution or contributions totaling more than two times the applicable contribution limit for persons prescribed in Section 85301 or 85402, whichever is applicable.~~

SEC. 26. Section 85302 is added to the Government Code, to read:

85302. (a) A small contributor committee may not make to any candidate for elective state office other than a candidate for statewide elective office, and a candidate for elective state office, other than a candidate for statewide elective office may not accept from a small contributor committee, any contribution totaling more than six thousand dollars (\$6,000) per election.

(b) Except to a candidate for Governor, a small contributor committee may not make to any candidate for statewide elective office and except for a candidate for Governor, a candidate for statewide elective office may not accept from a small contributor committee, any contribution totaling more than ten thousand dollars (\$10,000) per election.

(c) A small contributor committee may not make to any candidate for Governor, and a candidate for Governor may not accept from a small contributor committee, any contribution totaling more than twenty thousand dollars (\$20,000) per election.

SEC. 27. Section 85303 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

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

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

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

SEC. 28. Section 85303 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85303. No person shall give in the aggregate to political party committees of the same political party, and no such party committees combined shall accept from any person, a contribution or contributions totaling more than five thousand dollars (\$5,000) per calendar year; except a candidate may distribute any surplus, residual, or unexpended campaign funds to a political party committee.~~

SEC. 29. Section 85303 is added to the Government Code, to read:

85303. (a) A person may not make to any committee, other than a political party committee, and a committee other than a political party committee may not accept, any contribution totaling more than five thousand dollars (\$5,000) per calendar year for the purpose of making contributions to candidates for elective state office.

(b) A person may not make to any political party committee, and a political party committee may not accept, any contribution totaling more than twenty-five thousand dollars (\$25,000) per calendar year for the purpose of making contributions for the support or defeat of candidates for elective state office.

(c) Except as provided in Section 85310, nothing in this chapter shall limit a person's contributions to a committee or political party committee provided the contributions are used for purposes other than making contributions to candidates for elective state office.

(d) Nothing in this chapter limits a candidate for elected state office from transferring contributions received by the candidate in excess of any amount necessary to defray the candidate's expenses for election related activities or holding office to a political party

committee, provided those transferred contributions are used for purposes consistent with paragraph (4) of subdivision (b) of Section 89519.

SEC. 30. Section 85304 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

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

SEC. 31. Section 85304 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85304. No more than 25 percent of the recommended expenditure limits specified in this act at the time of adoption by the voters, subject to cost of living adjustments as specified in Section 83124, shall be accepted in cumulative contributions for any election from all political party committees by any candidate or the controlled committee of such a candidate. Any expenditures made by a political party committee in support of a candidate shall be considered contributions to the candidate.~~

SEC. 32. Section 85304 is added to the Government Code, to read:

85304. (a) A candidate for elective state office or an elected state officer may establish a separate account to defray attorney's fees and other related legal costs incurred for the candidate's or officer's legal defense if the candidate or officer is subject to one or more civil or criminal proceedings or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officer's governmental activities and duties. These funds may be used only to defray those attorney fees and other related legal costs.

(b) A candidate may receive contributions to this account that are not subject to the contribution limits set forth in this article. However, all contributions shall be reported in a manner prescribed by the commission.

(c) Once the legal dispute is resolved, the candidate shall dispose of any funds remaining after all expenses associated with the dispute are discharged for one or more of the purposes set forth in paragraphs (1) to (5), inclusive, of subdivision (b) of Section 89519.

SEC. 33. Section 85305 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

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

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

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

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

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

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

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

~~(3) No broad-based political committee or political party shall make and no candidate or campaign treasurer shall solicit or accept, any contribution or loan which would cause the total amount contributed or loaned by that committee or political party to that candidate or any committee controlled by that candidate to exceed five thousand dollars (\$5,000) during any special election cycle or special runoff election cycle.~~

SEC. 34. Section 85305 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85305. (a) In districts of fewer than 1,000,000 residents, no candidate or the candidate's controlled committee shall accept contributions more than six months before any primary or special primary election or, in the event there is no primary or special primary election, any regular election or special election in which the candidate is attempting to be on the ballot or is a write in candidate.~~

~~(b) In districts of 1,000,000 residents or more and for statewide elective office, no candidate or the candidate's controlled committee shall accept contributions more than 12 months before any primary or special primary election or, in the event there is no primary or special primary election, any regular election or special election in which the candidate is attempting to be on the ballot or is a write in candidate.~~

~~(c) No candidate or the controlled committee of such candidate shall accept contributions more than 90 days after the date of withdrawal, defeat, or election to office. Contributions accepted immediately following such an election or withdrawal and up to 90 days after that date shall be used only to pay outstanding bills or debts owed by the candidate or controlled committee. This section shall not apply to retiring debts incurred with respect to any election held prior to the effective date of this act, provided such funds are collected pursuant to the contribution limits specified in Article 3 (commencing with Section 85300) of this act, applied separately for each prior election for which debts are being retired, and such funds raised shall not count against the contribution limitations applicable for any election following the effective date of this act.~~

~~(d) Notwithstanding subdivision (c), funds may be collected at any time to pay for attorney's fees for litigation or administrative action which arises directly out of a candidate's or elected officer's alleged violation of state or local campaign, disclosure, or election laws or for a fine or assessment imposed by any governmental agency for violations of this act or this title, or for a recount or contest of the validity of an election, or for any expense directly associated with an external audit or unresolved tax liability of the campaign by the candidate or the candidate's controlled committee; provided such funds are collected pursuant to the contribution limits of this act.~~

~~(e) Contributions pursuant to subdivisions (c) and (d) of this provision shall be considered contributions raised for the election in which the debts, fines, assessments, recounts, contests, audits, or tax liabilities were incurred and shall be subject to the contribution limits of that election.~~

SEC. 35. Section 85305 is added to the Government Code, to read:

85305. A candidate for elective state office or committee controlled by that candidate may not make any contribution to any other candidate for elective state office in excess of the limits set forth in subdivision (a) of Section 85301.

SEC. 36. Section 85306 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

~~85306. Any person who possesses campaign funds on the effective date of this chapter may expend these funds for any lawful purpose other than to support or oppose a candidacy for elective office.~~

SEC. 37. Section 85306 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85306. No candidate and no committee controlled by a candidate or officeholder, other than a political party~~

~~committee, shall make any contribution to any other candidate running for office or his or her controlled committee. This section shall not prohibit a candidate from making a contribution from his or her own personal funds to his or her own candidacy or to the candidacy of any other candidate for elective office.~~

SEC. 38. Section 85306 is added to the Government Code, to read:

85306. (a) A candidate may transfer campaign funds from one controlled committee to a controlled committee for elective state office of the same candidate. Contributions transferred shall be attributed to specific contributors using a "last in, first out" or "first in, first out" accounting method, and these attributed contributions when aggregated with all other contributions from the same contributor may not exceed the limits set forth in Section 85301 or 85302.

(b) Notwithstanding subdivision (a), a candidate for elective state office, other than a candidate for statewide elective office who possesses campaign funds on January 1, 2001, may use those funds to seek elective office without attributing the funds to specific contributors.

(c) Notwithstanding subdivision (a), a candidate for statewide elective office who possesses campaign funds on November 6, 2002, may use those funds to seek elective office without attributing the funds to specific contributors.

SEC. 39. Section 85307 of the Government Code, as added by Proposition 73 at the June 7, 1988, statewide primary election, is repealed.

~~85307. The provisions of this article regarding loans shall apply to extensions of credit, but shall not apply to loans made to the candidate by a commercial lending institution in the lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.~~

SEC. 40. Section 85307 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85307. (a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to all contribution limitations.~~

~~(b) Extensions of credit for a period of more than 30 days, other than loans from financial institutions given in the normal course of business, are subject to all contribution limitations.~~

~~(c) No candidate shall personally make outstanding loans to his or her campaign or campaign committee that total at any one point in time more than twenty thousand dollars (\$20,000) in the case of any candidate, except for candidates for governor, or fifty thousand dollars (\$50,000) in the case of candidates for governor. Nothing in this chapter shall prohibit a candidate from making unlimited contributions to his or her own campaign.~~

SEC. 41. Section 85307 is added to the Government Code, to read:

85307. (a) The provisions of this article regarding loans apply to extensions of credit, but do not apply to loans made to a candidate by a commercial lending institution in the lender's regular course of business on terms available to members of the general public for which the candidate is personally liable.

(b) A candidate for elective state office may not personally loan to his or her campaign an amount, the outstanding balance of which exceeds one hundred thousand dollars (\$100,000). A candidate may not charge interest on any loan he or she made to his or her campaign.

SEC. 42. Section 85308 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85308. (a) Contributions by a husband and wife shall not be aggregated.~~

~~(b) Contributions by children under 18 shall be treated as contributions attributed equally to each parent or guardian.~~

SEC. 43. Section 85308 is added to the Government Code, to read:

85308. (a) Contributions made by a husband and wife may not be aggregated.

(b) A contribution made by a child under 18 years of age is presumed to be a contribution from the parent or guardian of the child.

SEC. 44. Section 85309 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85309. No more than 25 percent of the recommended voluntary expenditure limits specified in this act at the time of adoption by the voters, subject to cost of living adjustments as specified in Section 83124, for any election shall be accepted in contributions from other than individuals, small contributor committee, and political party committees in the aggregate by any candidate or the controlled committee of such a candidate. The limitation in this section shall apply whether or not the candidate agrees to the expenditure ceilings specified in Section 85400.~~

SEC. 45. Section 85309 is added to the Government Code, to read:

85309. (a) In addition to any other report required by this title, candidates for elective state office who are required to file reports pursuant to Section 84605 shall file online or electronically with the Secretary of State a report disclosing receipt of a contribution of one thousand dollars (\$1,000) or more received during an election cycle. Those reports shall disclose the same information required by subdivision (a) of Section 84203 and shall be filed within 24 hours of receipt of the contribution.

(b) In addition to any other reports required by this title, any committee primarily formed to support one or more state ballot measures that is required to file reports pursuant to Section 84605 shall file online or electronically with the Secretary of State a report disclosing receipt of a contribution of one thousand dollars (\$1,000) or more received during an election cycle. Those reports shall disclose the same information required by subdivision (a) of Section 84203 and shall be filed within 24 hours of receipt of the contribution.

SEC. 46. Section 85310 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85310. No person shall contribute in the aggregate more than twenty five thousand dollars (\$25,000) to all state candidates and the state candidates' controlled committees and political party committees in any two year period. Contributions from political parties shall be exempt from this provision.~~

SEC. 47. Section 85310 is added to the Government Code, to read:

85310. (a) Any person who makes a payment or a promise of payment totaling fifty thousand dollars (\$50,000) or more for a communication that clearly identifies a candidate for elective state office, but does not expressly advocate the election or defeat of the candidate, and that is disseminated, broadcast, or otherwise published within 45 days of an election, shall file online or electronically with the Secretary of State a report disclosing the name of the person, address, occupation, and employer, and amount of the payment. The report shall be filed within 48 hours of making the payment or the promise to make the payment.

(b) (1) Except as provided in paragraph (2), if any person has received a payment or a promise of a payment from other persons totaling five thousand dollars (\$5,000) or more for the purpose of making a communication described in subdivision (a), the person receiving the payments shall disclose on the report the name, address, occupation and employer, and date and amount received from the person.

(2) A person who receives or is promised a payment that is otherwise reportable under paragraph (1) is not required to report the payment if the person is in the business of providing goods or

services and receives or is promised the payment for the purpose of providing those goods or services.

(c) Any payment received by a person who makes a communication described in subdivision (a) is subject to the limits specified in subdivision (b) of Section 85303 if the communication is made at the behest of the clearly identified candidate.

SEC. 48. Section 85311 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85311. All payments made by a person established, financed, maintained, or controlled by any business entity, labor organization, association, political party, or any other person or group of such persons shall be considered to be made by a single person.~~

SEC. 49. Section 85311 is added to the Government Code, to read:

85311. (a) For purposes of this chapter the following terms have the following meanings:

(1) "Entity" means any person, other than an individual.

(2) "Majority-owned" means a direct or indirect ownership of more than 50 percent.

(b) The contributions of an entity whose contributions are directed and controlled by any individual shall be aggregated with contributions made by that individual and any other entity whose contributions are directed and controlled by the same individual.

(c) If two or more entities make contributions that are directed and controlled by a majority of the same persons, the contributions of those entities shall be aggregated.

(d) Contributions made by entities that are majority-owned by any person shall be aggregated with the contributions of the majority owner and all other entities majority-owned by that person, unless those entities act independently in their decisions to make contributions.

SEC. 50. Section 85312 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85312. The costs of internal communications to members, employees, or shareholders of an organization, other than a political party, for the purpose of supporting or opposing a candidate or candidates for elective office or a ballot measure or measures shall not be considered a contribution or independent expenditure under the provisions of this act, provided such payments are not for the costs of campaign materials or activities used in connection with broadcasting, newspaper, billboard, or similar type of general public communication.~~

SEC. 51. Section 85312 is added to the Government Code, to read:

85312. For purpose of this title, payments for communications for purpose of this title to members, employees, shareholders, or families of members, employees, or shareholders of an organization for the purpose of supporting or opposing a candidate or a ballot measure are not contributions or independent expenditures, provided those payments are not made for general public advertising such as broadcasting, billboards, and newspaper advertisements.

SEC. 52. Section 85313 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~85313. (a) Each elected officer may be permitted to establish one segregated officerholder expense fund for expenses related to assisting, serving, or communicating with constituents, or with carrying out the official duties of the elected officer, provided aggregate contributions to such a fund do not exceed ten thousand dollars (\$10,000) within any calendar year and that the expenditures are not made in connection with any campaign for elective office or ballot measure.~~

~~(b) No person shall make, and no elected officer or officerholder account shall solicit or accept from any person, a~~

~~contribution or contributions to the officerholder account totaling more than two hundred fifty dollars (\$250) during any calendar year. Contributions to an officerholder account shall not be considered campaign contributions.~~

~~(c) No elected officerholder or officerholder account shall solicit or accept a contribution to the officerholder account from, through, or arranged by a registered state or local lobbyist or a state or local lobbyist employer if that lobbyist or lobbyist employer finances, engages, or is authorized to engage in lobbying the governmental agency of the officerholder.~~

~~(d) All expenditures from, and contributions to, an officerholder account are subject to the campaign disclosure and reporting requirements of this title.~~

~~(e) Any funds in an officerholder account remaining after leaving office shall be turned over to the General Fund.~~

SEC. 53. Section 85314 is added to the Government Code, to read:

85314. The contribution limits of this chapter apply to special elections and apply to special runoff elections. A special election and a special runoff election are separate elections for purposes of the contribution and voluntary expenditure limits set forth in this chapter.

SEC. 54. Section 85315 is added to the Government Code, to read:

85315. (a) Notwithstanding any other provision of this chapter, an elected state officer may establish a committee to oppose the qualification of a recall measure, and the recall election. This committee may be established when the elected state officer receives a notice of intent to recall pursuant to Section 11021 of the Elections Code. An elected state officer may accept campaign contributions to oppose the qualification of a recall measure, and if qualification is successful, the recall election, without regard to the campaign contributions limits set forth in this chapter. The voluntary expenditure limits do not apply to expenditures made to oppose the qualification of a recall measure or to oppose the recall election.

(b) After the failure of a recall petition or after the recall election, the committee formed by the elected state officer shall wind down its activities and dissolve. Any remaining funds shall be treated as surplus funds and shall be expended within 30 days after the failure of the recall petition or after the recall election for a purpose specified in subdivision (b) of Section 89519.

SEC. 55. Section 85316 is added to the Government Code, to read:

85316. A contribution for an election may be accepted by a candidate for elective state office after the date of the election only to the extent that the contribution does not exceed net debts outstanding from the election, and the contribution does not otherwise exceed the applicable contribution limit for that election.

SEC. 56. Section 85317 is added to the Government Code, to read:

85317. Notwithstanding subdivision (a) of Section 85306, a candidate for state elective office may carry over contributions raised in connection with one election for elective state office to pay campaign expenditures incurred in connection with a subsequent election for the same elective state office.

SEC. 57. Section 85318 is added to the Government Code, to read:

85318. A candidate for state elective office may raise contributions for a general election prior to the primary election for the same elective state office if the candidate set aside these contributions and uses these contributions for the general election. If the candidate for state elective office is defeated in the primary election or otherwise withdraws from the general election, the general election funds shall be refunded to the contributors on a pro rata basis less any expenses associated with the raising and administration of general election contributions.

SEC. 58. Section 85319 is added to the Government Code, to read:

85319. A candidate for state elective office may return all or part of any contribution to the donor who made the contribution at any time, whether or not other contributions are returned.

SEC. 59. Article 4 (commencing with Section 85400) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 60. Article 4 (commencing with Section 85400) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 4. Voluntary Expenditure Ceilings

85400. (a) A candidate for elective state office, other than the Board of Administration of the Public Employees' Retirement System, who voluntarily accepts expenditure limits may not make campaign expenditures in excess of the following:

(1) For an Assembly candidate, four hundred thousand dollars (\$400,000) in the primary or special primary election and seven hundred thousand dollars (\$700,000) in the general, special, or special runoff election.

(2) For a Senate candidate, six hundred thousand dollars (\$600,000) in the primary or special primary election and nine hundred thousand dollars (\$900,000) in the general, special, or special runoff election.

(3) For a candidate for the State Board of Equalization, one million dollars (\$1,000,000) in the primary election and one million five hundred thousand dollars (\$1,500,000) in the general election.

(4) For a statewide candidate other than a candidate for Governor or the State Board of Equalization, four million dollars (\$4,000,000) in the primary election and six million dollars (\$6,000,000) in the general election.

(5) For a candidate for Governor, six million dollars (\$6,000,000) in the primary election and ten million dollars (\$10,000,000) in the general election.

(b) For purposes of this section "campaign expenditures" has the same meaning as "election related activities" as defined in subparagraph (C) of paragraph (2) of subdivision (b) of Section 82015.

(c) A campaign expenditure made by a political party on behalf of a candidate may not be attributed to the limitations on campaign expenditures set forth in this section.

85401. (a) Each candidate for elective state office shall file a statement of acceptance or rejection of the voluntary expenditure limits set forth in Section 85400 at the time he or she files the statement of intention specified in Section 85200.

(b) Any candidate for elective state office who declined to accept the voluntary expenditure limits but who nevertheless does not exceed the limits in the primary, special primary, or special election, may file a statement of acceptance of the expenditure limits for a general or special runoff election within 14 days following the primary, special primary, or special election.

85402. (a) Any candidate for elective state office who has filed a statement accepting the voluntary expenditure limits is not bound by those limits if an opposing candidate contributes personal funds to his or her own campaign in excess of the limits set forth in Section 85400.

(b) The commission shall require by regulation timely notification by candidates for elective state office who make personal contributions to their own campaign.

85403. Any candidate who files a statement of acceptance pursuant to Section 85401 and makes campaign expenditures in excess of the limits shall be subject to the remedies in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000).

SEC. 61. Article 5 (commencing with Section 85500) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 62. Article 5 (commencing with Section 85500) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 5. Independent Expenditures

85500. (a) In addition to any other report required by this title, committees, including political party committees, which are required to file reports pursuant to Section 84605 and that make independent expenditures of one thousand dollars (\$1,000) or more during an election cycle in connection with a candidate for elective state office, shall file online or electronically a report with the Secretary of State disclosing the making of the independent expenditure. Those reports shall disclose the same information required by subdivision (b) of Section 84204 and shall be filed within 24 hours of the time the independent expenditure is made.

(b) An expenditure may not be considered independent, and shall be treated as a contribution from the person making the expenditure to the candidate on whose behalf, or for whose benefit, the expenditure is made, if the expenditure is made under any of the following circumstances:

(1) The expenditure is made with the cooperation of, or in consultation with, any candidate or any authorized committee or agent of the candidate.

(2) The expenditure is made in concert with, or at the request or suggestion of, any candidate or any authorized committee or agent of the candidate.

(3) The expenditure is made under any arrangement, coordination, or direction with respect to the candidate or the candidate's agent and the person making the expenditure.

85501. A controlled committee of a candidate may not make independent expenditures and may not contribute funds to another committee for the purpose of making independent expenditures.

SEC. 63. Article 6 (commencing with Section 85600) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 64. Article 6 (commencing with Section 85600) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 6. Ballot Pamphlet

85600. The Secretary of State and local election officers shall designate in the ballot pamphlet those candidates for elective state office who have voluntarily agreed to expenditure limitations set forth in Section 85400.

85601. A candidate for elective state office who accepts voluntary expenditure limits may purchase the space to place a statement in the ballot pamphlet that does not exceed 250 words. The statement may not make any reference to any opponent of the candidate. The statement shall be submitted in accordance with timeframes and procedures set forth in the Elections Code for the preparation of ballot pamphlets.

SEC. 65. Article 7 (commencing with Section 85700) of Chapter 5 of Title 9 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

SEC. 66. Article 7 (commencing with Section 85700) is added to Chapter 5 of Title 9 of the Government Code, to read:

Article 7. Additional Contribution Requirements

85700. A candidate or committee shall return within 60 days any contribution of one hundred dollars (\$100) or more for which the candidate or committee does not have on file in the records of the candidate or committee the name, address, occupation, and employer of the contributor.

85701. Any candidate or committee that receives a contribution in violation of Section 84301 shall pay to the General Fund of the state the amount of the contribution.

85702. An elected state officer or candidate for elected state office may not accept a contribution from a lobbyist, and a lobbyist may not make a contribution to an elected state officer or candidate for elected state office, if that lobbyist is registered to

lobby the governmental agency for which the candidate is seeking election or the governmental agency of the elected state officer.

85703. Nothing in this act shall nullify contribution limitations or prohibitions of any local jurisdiction that apply to elections for local elective office, except that these limitations and prohibitions may not conflict with the provisions of Section 85312.

85704. A person may not make any contribution to a committee on the condition or with the agreement that it will be contributed to any particular candidate unless the contribution is fully disclosed pursuant to Section 84302.

SEC. 67. Section 89510 of the Government Code is amended to read:

89510. (a) A candidate may only accept contributions from persons, political committees, broad based political committees, and political parties and only in the amounts specified in Article 3 (commencing with Section 85300). A candidate shall not accept contributions from any other source in accordance with the provision set forth in Chapter 5 (commencing with Section 85100).

(b) All contributions deposited into the campaign account shall be deemed to be held in trust for expenses associated with the election of the candidate to the specific office for which the candidate has stated, pursuant to Section 85200, that he or she intends to seek or expenses associated with holding that office for purposes set forth in Chapter 5 (commencing with Section 85100).

(c) In the event that the numerical reference to a district changes due to a reapportionment subsequent to a candidate declaring an intention to seek a specific office, the candidate may use the contribution raised under the old numbered district to seek office, and for office expenses, in the new numbered district.

(d) In the event that the boundaries of the district for a specific office change as a result of a reapportionment which is enacted after a candidate files a statement of intention to be a candidate for that specific office, the candidate may use any contributions received for that specific office for expenses associated with the election of the candidate to any other equivalent district office of the agency body which includes the specific office, at the next election for that other district office, and for expenses associated with holding that other district office.

SEC. 68. Section 89519 of the Government Code, as added by Chapter 84 of the Statutes of 1990, is repealed.

89519. Upon leaving any elected office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, campaign funds raised after January 1, 1989, under the control of the former candidate or elected officer shall be considered surplus campaign funds and shall be disclosed pursuant to Chapter 4 (commencing with Section 84100) and shall be used only for the following purposes:

(a) The payment of outstanding campaign debts or elected officer's expenses.

(b) The pro rata repayment of contributions.

(c) Donations to any bona fide charitable, educational, civic, religious, or similar tax exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer.

(d) Contributions to a political party or committee so long as the funds are not used to make contributions in support of or opposition to a candidate for elective office.

(e) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure.

SEC. 69. Section 89519 of the Government Code, as added by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

89519. Any campaign funds in excess of expenses incurred for the campaign or for expenses specified in subdivision (d) of Section 85305, received by or on behalf of an individual who seeks nomination for election, or election to office, shall be deemed to be surplus campaign funds and shall

be distributed within 90 days after withdrawal, defeat, or election to office in the following manner:

(a) No more than ten thousand dollars (\$10,000) may be deposited in the candidate's officeholder account, except such surplus from a campaign fund for the general election shall not be deposited into the officeholder account within 60 days immediately following the election.

(b) Any remaining surplus funds shall be distributed to any political party, returned to contributors on a pro rata basis, or turned over to the General Fund.

SEC. 70. Section 89519 is added to the Government Code, to read:

89519. (a) Upon leaving any elected office, or at the end of the postelection reporting period following the defeat of a candidate for elective office, whichever occurs last, campaign funds raised after January 1, 1989, under the control of the former candidate or elected officer shall be considered surplus campaign funds and shall be disclosed pursuant to Chapter 4 (commencing with Section 84100).

(b) Surplus campaign funds shall be used only for the following purposes:

(1) The payment of outstanding campaign debts or elected officer's expenses.

(2) The repayment of contributions.

(3) Donations to any bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer.

(4) Contributions to a political party committee, provided the campaign funds are not used to support or oppose candidates for elective office. However, the campaign funds may be used by a political party committee to conduct partisan voter registration, partisan get-out-the-vote activities, and slate mailers as that term is defined in Section 82048.3.

(5) Contributions to support or oppose any candidate for federal office, any candidate for elective office in a state other than California, or any ballot measure.

(6) The payment for professional services reasonably required by the committee to assist in the performance of its administrative functions, including payment for attorney's fees for litigation which arises directly out of a candidate's or elected officer's activities, duties, or status as a candidate or elected officer, including, but not limited to, an action to enjoin defamation, defense of an action brought of a violation of state or local campaign, disclosure, or election laws, and an action from an election contest or recount.

(c) For purposes of this section, the payment for, or the reimbursement to the state of, the costs of installing and monitoring an electronic security system in the home or office, or both, of a candidate or elected officer who has received threats to his or her physical safety shall be deemed an outstanding campaign debt or elected officer's expense, provided that the threats arise from his or her activities, duties, or status as a candidate or elected officer and that the threats have been reported to and verified by an appropriate law enforcement agency. Verification shall be determined solely by the law enforcement agency to which the threat was reported. The candidate or elected officer shall report any expenditure of campaign funds made pursuant to this section to the commission. The report to the commission shall include the date that the candidate or elected officer informed the law enforcement agency of the threat, the name and the telephone number of the law enforcement agency, and a brief description of the threat. No more than five thousand dollars (\$5,000) in surplus campaign funds may be used, cumulatively, by a candidate or elected officer pursuant to this subdivision. Payments made pursuant to this subdivision shall be made during the two years immediately following the date upon which the campaign funds become surplus campaign funds. The candidate or elected officer shall reimburse the surplus fund account for the fair market value of the security system no later than two years immediately following the date upon which the campaign funds became surplus campaign funds. The campaign funds become surplus campaign funds upon sale of the property on which the system is installed, or prior to the closing of the surplus campaign fund account, whichever comes

first. The electronic security system shall be the property of the campaign committee of the candidate or elected officer.

SEC. 71. Section 91000 of the Government Code, added by Proposition 9 at the June 4, 1974, statewide primary election, is repealed.

~~91000. (a) Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.~~

~~(b) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars (\$10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction for each violation.~~

~~(c) Prosecution for violation of this title must be commenced within two years after the date on which the violation occurred.~~

SEC. 72. Section 91000 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~91000. (a) Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.~~

~~(b) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars (\$10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction for each violation.~~

~~(c) Prosecution for violation of this title must be commenced within four years after the date on which the violation occurred.~~

~~(d) The commission has concurrent jurisdiction in enforcing the criminal misdemeanor provisions of this title.~~

SEC. 73. Section 91000 is added to the Government Code, to read:

91000. (a) Any person who knowingly or willfully violates any provision of this title is guilty of a misdemeanor.

(b) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars (\$10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction for each violation.

(c) Prosecution for violation of this title must be commenced within four years after the date on which the violation occurred.

SEC. 74. Section 91004 of the Government Code, added by Proposition 9 at the June 4, 1974, statewide primary election, is repealed.

~~91004. Any person who intentionally or negligently violates any of the reporting requirements of this act shall be liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount not more than the amount or value not properly reported.~~

SEC. 75. Section 91004 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~91004. Any person who intentionally or negligently violates any of the reporting requirements of this act, or who aids and abets any person who violates any of the reporting requirements of this act, shall be liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount not more than the amount or value not properly reported.~~

SEC. 76. Section 91004 is added to the Government Code, to read:

91004. Any person who intentionally or negligently violates any of the reporting requirements of this title shall be liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount not more than the amount or value not properly reported.

SEC. 77. Section 91005.5 of the Government Code, as added by Chapter 727 of the Statutes of 1982, is repealed.

~~91005.5. Any person who violates any provision of this title, except Sections 84305, 84307, and 89001, for which no specific civil penalty is provided, shall be liable in a civil action~~

~~brought by the commission or the district attorney pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to two thousand dollars (\$2,000).~~

~~No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.~~

~~The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.~~

SEC. 78. Section 91005.5 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~91005.5. Any person who violates any provision of this title, except Sections 84305, 84307, and 89001, for which no specific civil penalty is provided, shall be liable in a civil action brought by the commission or the district attorney pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to five thousand dollars (\$5,000) per violation.~~

~~No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.~~

~~The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.~~

SEC. 79. Section 91005.5 is added to the Government Code, to read:

91005.5. Any person who violates any provision of this title, except Sections 84305, 84307, and 89001, for which no specific civil penalty is provided, shall be liable in a civil action brought by the commission or the district attorney pursuant to subdivision (b) of Section 91001, or the elected city attorney pursuant to Section 91001.5, for an amount up to five thousand dollars (\$5,000) per violation.

~~No civil action alleging a violation of this title may be filed against a person pursuant to this section if the criminal prosecutor is maintaining a criminal action against that person pursuant to Section 91000.~~

~~The provisions of this section shall be applicable only as to violations occurring after the effective date of this section.~~

SEC. 80. Section 91006 of the Government Code, added by Proposition 9 at the June 4, 1974, statewide primary election, is repealed.

~~91006. If two or more persons are responsible for any violation, they shall be jointly and severally liable.~~

SEC. 81. Section 91006 of the Government Code, as amended by Proposition 208 at the November 5, 1996, statewide general election, is repealed.

~~91006. Any person who violates any provision of this title, who purposely or negligently causes any other person to violate any provision of this title, or who aids and abets any other person in the violation of any provision of this title, shall be liable under the provisions of this chapter and Chapter 3 (commencing with Section 83100) of this title. If two or more persons are responsible for any violation, they shall be jointly and severally liable.~~

SEC. 82. Section 91006 is added to the Government Code, to read:

91006. If two or more persons are responsible for any violation, they shall be jointly and severally liable.

SEC. 83. This act shall become operative on January 1, 2001. However, Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code, except subdivision (a) of Section 85309 of the Government Code, shall apply to candidates for statewide elective office beginning on and after November 6, 2002.

SEC. 84. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 85. (a) A special election is hereby called to be held throughout the state on November 7, 2000. The election shall be consolidated with the statewide general election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used.

(b) Notwithstanding Section 9040 of the Elections Code or any other provision of law, the Secretary of State, pursuant to

subdivision (b) of Section 81012 of the Government Code shall submit this act for approval to the voters at the November 7, 2000, statewide general election.

SEC. 86. This is an act calling an election pursuant to paragraph (3) of subdivision (c) of Section 8 of Article IV of the California Constitution, and shall take effect immediately.

Proposition 35: Text of Proposed Law

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

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

PROPOSED LAW

FAIR COMPETITION AND TAXPAYER SAVINGS INITIATIVE

SECTION 1. TITLE

This measure shall be known and may be cited as the "Fair Competition and Taxpayer Savings Act."

SEC. 2. PURPOSE AND INTENT

It is the intent of the people of the State of California in enacting this measure:

(a) To remove existing restrictions on contracting for architectural and engineering services and to allow state, regional and local governments to use qualified private architectural and engineering firms to help deliver transportation, schools, water, seismic retrofit and other infrastructure projects safely, cost effectively and on time;

(b) To encourage the kind of public/private partnerships necessary to ensure that California taxpayers benefit from the use of private sector experts to deliver transportation, schools, water, seismic retrofit and other infrastructure projects;

(c) To promote fair competition so that both public and private sector architects and engineers work smarter, more efficiently and ultimately deliver better value to taxpayers;

(d) To speed the completion of a multi-billion dollar backlog of highway, bridge, transit and other projects;

(e) To ensure that contracting for architectural and engineering services occurs through a fair, competitive selection process, free of undue political influence, to obtain the best quality and value for California taxpayers; and

(f) To ensure that private firms contracting for architectural and engineering services with governmental entities meet established design and construction standards and comply with standard accounting practices and permit financial and performance audits as necessary to ensure contract services are delivered within the agreed schedule and budget.

SEC. 3. Article XXII is added to the California Constitution, to read:

SECTION 1. The State of California and all other governmental entities, including, but not limited to, cities, counties, cities and counties, school districts and other special districts, local and regional agencies and joint power agencies, shall be allowed to contract with qualified private entities for architectural and engineering services for all public works of improvement. The choice and authority to contract shall extend to all phases of project development including permitting and environmental studies, rights-of-way services, design phase services and construction phase services. The choice and authority shall exist without regard to funding sources whether federal, state, regional, local or private, whether or not the project is programmed by a state, regional or local governmental entity, and whether or not the completed project is a part of any state owned or state operated system or facility.

SEC. 2. Nothing contained in Article VII of this Constitution shall be construed to limit, restrict or prohibit the State or any other governmental entities, including, but not limited to, cities, counties, cities and counties, school districts and other special districts, local and regional agencies and joint power agencies, from contracting with private entities for the performance of architectural and engineering services.

SEC. 4. Chapter 10.1 (commencing with Section 4529.10) is added to Division 5 of Title 1 of the Government Code, to read:

4529.10. For purposes of Article XXII of the California Constitution and this act, the term "architectural and engineering services" shall include all architectural, landscape architectural, environmental, engineering, land surveying, and construction project management services.

4529.11. All projects included in the State Transportation Improvement Program programmed and funded as interregional improvements or as regional improvements shall be subject to Article XXII of the California Constitution. The sponsoring governmental entity shall have the choice and the authority to contract with qualified private entities for architectural and engineering services. For projects programmed and funded as regional improvements, the sponsoring governmental entity shall be the regional or local project sponsor. For projects programmed and funded as interregional improvements, the sponsoring governmental entity shall be the State of California, unless there is a regional or local project sponsor, in which case the sponsoring governmental entity shall be the regional or local project sponsor. The regional or local project sponsor shall be a regional or local governmental entity.

4529.12. All architectural and engineering services shall be procured pursuant to a fair, competitive selection process which prohibits governmental agency employees from participating in the selection process when they have a financial or business relationship with any private entity seeking the contract, and the procedure shall require compliance with all laws regarding political contributions, conflicts of interest or unlawful activities.

4529.13. Nothing contained in this act shall be construed to change project design standards, seismic safety standards or project construction standards established by state, regional or local governmental entities. Nor shall any provision of this act be construed to prohibit or restrict the authority of the Legislature to statutorily provide different procurement methods for design-build projects or design-build-and-operate projects.

4529.14. Architectural and engineering services contracts procured by public agencies shall be subject to standard accounting practices and may require financial and performance audits as necessary to ensure contract services are delivered within the agreed schedule and budget.

4529.15. This act only applies to architectural and engineering services defined in Government Code Section 4529.10. Nothing contained in this act shall be construed to expand or restrict the authority of governmental entities to contract for fire, ambulance, police, sheriff, probation, corrections or other peace officer services. Nor shall anything in this act be construed to expand or restrict the authority of governmental entities to contract for education services including but not limited to, teaching services, services of classified school personnel and school administrators.

4529.16. This act shall not be applied in a manner that will result in the loss of federal funding to any governmental entity.

4529.17. *The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.*

4529.18. *If any act of the Legislature conflicts with the provisions of this act, this act shall prevail.*

4529.19. *This act shall be liberally construed to accomplish its purposes.*

4529.20. *This act seeks to comprehensively regulate the matters which are contained within its provisions. These are matters of statewide concern and when enacted are intended to apply to charter cities as well as all other governmental entities.*

SEC. 5. This initiative may be amended to further its purposes by statute, passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring, and signed by the Governor.

SEC. 6. If there is a conflicting initiative measure on the same ballot, which addresses and seeks to comprehensively regulate the same subject, only the provisions of this measure shall become operative if this measure receives the highest affirmative vote.

Proposition 36: 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 Health and Safety Code and the Penal Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SUBSTANCE ABUSE AND CRIME PREVENTION ACT OF 2000

SECTION 1. Title

This act shall be known and may be cited as the "Substance Abuse and Crime Prevention Act of 2000."

SEC. 2. Findings and Declarations

The People of the State of California hereby find and declare all of the following:

(a) Substance abuse treatment is a proven public safety and health measure. Nonviolent, drug-dependent criminal offenders who receive drug treatment are much less likely to abuse drugs and commit future crimes, and are likelier to live healthier, more stable and more productive lives.

(b) Community safety and health are promoted, and taxpayer dollars are saved, when nonviolent persons convicted of drug possession or drug use are provided appropriate community-based treatment instead of incarceration.

(c) In 1996, Arizona voters by a 2-1 margin passed the Drug Medicalization, Prevention, and Control Act, which diverted nonviolent drug offenders into drug treatment and education services rather than incarceration. According to a Report Card prepared by the Arizona Supreme Court, the Arizona law: is "resulting in safer communities and more substance abusing probationers in recovery," has already saved state taxpayers millions of dollars, and is helping more than 75 percent of program participants to remain drug free.

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 divert from incarceration into community-based substance abuse treatment programs nonviolent defendants, probationers and parolees charged with simple drug possession or drug use offenses;

(b) To halt the wasteful expenditure of hundreds of millions of dollars each year on the incarceration—and reincarceration—of nonviolent drug users who would be better served by community-based treatment; and

(c) To enhance public safety by reducing drug-related crime and preserving jails and prison cells for serious and violent offenders, and to improve public health by reducing drug abuse and drug dependence through proven and effective drug treatment strategies.

SEC. 4. Section 1210 is added to the Penal Code, to read:

1210. Definitions

As used in Sections 1210.1 and 3063.1 of this code, and Division 10.8 (commencing with Section 11999.4) of the Health and Safety Code:

(a) *The term "nonviolent drug possession offense" means the unlawful possession, use, or transportation for personal use of any controlled substance identified in Section 11054, 11055, 11056, 11057 or 11058 of the Health and Safety Code, or the offense of being under the influence of a controlled substance in violation of Section 11550 of the Health and Safety Code. The term "nonviolent drug possession offense" does not include the possession for sale, production, or manufacturing of any controlled substance.*

(b) *The term "drug treatment program" or "drug treatment" means a licensed and/or certified community drug treatment program, which may include one or more of the following: outpatient treatment, half-way house treatment, narcotic replacement therapy, drug education or prevention courses and/or limited inpatient or residential drug treatment as needed to address special detoxification or relapse situations or severe dependence. The term "drug treatment program" or "drug treatment" does not include drug treatment programs offered in a prison or jail facility.*

(c) *The term "successful completion of treatment" means that a defendant who has had drug treatment imposed as a condition of probation has completed the prescribed course of drug treatment and, as a result, there is reasonable cause to believe that the defendant will not abuse controlled substances in the future.*

(d) *The term "misdemeanor not related to the use of drugs" means a misdemeanor that does not involve (1) the simple possession or use of drugs or drug paraphernalia, being present where drugs are used, or failure to register as a drug offender, or (2) any activity similar to those listed in paragraph (1).*

SEC. 5. Section 1210.1 is added to the Penal Code, to read:

1210.1. Possession of Controlled Substances; Probation; Exceptions

(a) *Notwithstanding any other provision of law, and except as provided in subdivision (b), any person convicted of a nonviolent drug possession offense shall receive probation.*

As a condition of probation the court shall require participation in and completion of an appropriate drug treatment program. The court may also impose, as a condition of probation, participation in vocational training, family counseling, literacy training and/or community service. A court may not impose incarceration as an additional condition of probation. Aside from the limitations imposed in this subdivision, the trial court is not otherwise limited in the type of probation conditions it may impose.

In addition to any fine assessed under other provisions of law, the trial judge may require any person convicted of a nonviolent drug possession offense who is reasonably able to do so to contribute to the cost of his or her own placement in a drug treatment program.

(b) *Subdivision (a) does not apply to either of the following:*

(1) *Any defendant who previously has been convicted of one or more serious or violent felonies in violation of subdivision (c) of Section 667.5 or Section 1192.7, unless the nonviolent drug possession offense occurred after a period of five years in which the defendant remained free of both prison custody and the commission of an offense that results in (A) a felony conviction other than a nonviolent drug possession offense, or (B) a*

misdemeanor conviction involving physical injury or the threat of physical injury to another person.

(2) Any defendant who, in addition to one or more nonviolent drug possession offenses, has been convicted in the same proceeding of a misdemeanor not related to the use of drugs or any felony.

(3) Any defendant who:

(A) While using a firearm, unlawfully possesses any amount of (i) a substance containing either cocaine base, cocaine, heroin, methamphetamine, or (ii) a liquid, non-liquid, plant substance, or hand-rolled cigarette, containing phencyclidine.

(B) While using a firearm, is unlawfully under the influence of cocaine base, cocaine, heroin, methamphetamine or phencyclidine.

(4) Any defendant who refuses drug treatment as a condition of probation.

(5) Any defendant who (A) has two separate convictions for nonviolent drug possession offenses, (B) has participated in two separate courses of drug treatment pursuant to subdivision (a), and (C) is found by the court, by clear and convincing evidence, to be unamenable to any and all forms of available drug treatment. Notwithstanding any other provision of law, the trial court shall sentence such defendants to 30 days in jail.

(c) Within seven days of an order imposing probation under subdivision (a), the probation department shall notify the drug treatment provider designated to provide drug treatment under subdivision (a). Within 30 days of receiving that notice, the treatment provider shall prepare a treatment plan and forward it to the probation department. On a quarterly basis after the defendant begins the drug treatment program, the treatment provider shall prepare and forward a progress report to the probation department.

(1) If at any point during the course of drug treatment the treatment provider notifies the probation department that the defendant is unamenable to the drug treatment being provided, but may be amenable to other drug treatments or related programs, the probation department may move the court to modify the terms of probation to ensure that the defendant receives the alternative drug treatment or program.

(2) If at any point during the course of drug treatment the treatment provider notifies the probation department that the defendant is unamenable to the drug treatment provided and all other forms of drug treatment, the probation department may move to revoke probation. At the revocation hearing, unless the defendant proves by a preponderance of the evidence that there is a drug treatment program to which he or she is amenable, the court may revoke probation.

(3) Drug treatment services provided by subdivision (a) as a required condition of probation may not exceed 12 months, provided, however, that additional aftercare services as a condition of probation may be required for up to six months.

(d) Dismissal of charges upon successful completion of drug treatment

(1) At any time after completion of drug treatment, a defendant may petition the sentencing court for dismissal of the charges. If the court finds that the defendant successfully completed drug treatment, and substantially complied with the conditions of probation, the conviction on which the probation was based shall be set aside and the court shall dismiss the indictment or information against the defendant. In addition, the arrest on which the conviction was based shall be deemed never to have occurred. Except as provided in paragraph (2) or (3), the defendant shall thereafter be released from all penalties and disabilities resulting from the offense of which he or she has been convicted.

(2) Dismissal of an indictment or information pursuant to paragraph (1) does not permit a person to own, possess, or have in his or her custody or control any firearm capable of being concealed upon the person or prevent his or her conviction under Section 12021.

(3) Except as provided below, after an indictment or information is dismissed pursuant to paragraph (1), the defendant may indicate in response to any question concerning his or her

prior criminal record that he or she was not arrested or convicted for the offense. Except as provided below, a record pertaining to an arrest or conviction resulting in successful completion of a drug treatment program under this section may not, without the defendant's consent, be used in any way that could result in the denial of any employment, benefit, license, or certificate.

Regardless of his or her successful completion of drug treatment, the arrest and conviction on which the probation was based may be recorded by the Department of Justice and disclosed in response to any peace officer application request or any law enforcement inquiry. Dismissal of an information or indictment under this section does not relieve a defendant of the obligation to disclose the arrest and conviction in response to any direct question contained in any questionnaire or application for public office, for a position as a peace officer as defined in Section 830, for licensure by any state or local agency, for contracting with the California State Lottery, or for purposes of serving on a jury.

(e) Violation of probation

(1) If probation is revoked pursuant to the provisions of this subdivision, the defendant may be incarcerated pursuant to otherwise applicable law without regard to the provisions of this section.

(2) Non-drug-related probation violations

If a defendant receives probation under subdivision (a), and violates that probation either by being arrested for an offense that is not a nonviolent drug possession offense, or by violating a non-drug-related condition of probation, and the state moves to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. The court may modify or revoke probation if the alleged violation is proved.

(3) Drug-related probation violations

(A) If a defendant receives probation under subdivision (a), and violates that probation either by being arrested for a nonviolent drug possession offense or by violating a drug-related condition of probation, and the state moves to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. The trial court shall revoke probation if the alleged probation violation is proved and the state proves by a preponderance of the evidence that the defendant poses a danger to the safety of others. If the court does not revoke probation, it may intensify or alter the drug treatment plan.

(B) If a defendant receives probation under subdivision (a), and for the second time violates that probation either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of probation, and the state moves for a second time to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. The trial court shall revoke probation if the alleged probation violation is proved and the state proves by a preponderance of the evidence either that the defendant poses a danger to the safety of others or is unamenable to drug treatment. In determining whether a defendant is unamenable to drug treatment, the court may consider, to the extent relevant, whether the defendant (i) has committed a serious violation of rules at the drug treatment program, (ii) has repeatedly committed violations of program rules that inhibit the defendant's ability to function in the program, or (iii) has continually refused to participate in the program or asked to be removed from the program. If the court does not revoke probation, it may intensify or alter the drug treatment plan.

(C) If a defendant receives probation under subdivision (a), and for the third time violates that probation either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of probation, and the state moves for a third time to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. If the alleged probation violation is proved, the defendant is not eligible for continued probation under subdivision (a).

(D) If a defendant on probation at the effective date of this act for a nonviolent drug possession offense violates that probation either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of probation, and the state moves to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. The trial court shall

revoke probation if the alleged probation violation is proved and the state proves by a preponderance of the evidence that the defendant poses a danger to the safety of others. If the court does not revoke probation, it may modify probation and impose as an additional condition participation in a drug treatment program.

(E) If a defendant on probation at the effective date of this act for a nonviolent drug possession offense violates that probation a second time either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of probation, and the state moves for a second time to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. The trial court shall revoke probation if the alleged probation violation is proved and the state proves by a preponderance of the evidence either that the defendant poses a danger to the safety of others or that the defendant is unamenable to drug treatment. If the court does not revoke probation, it may modify probation and impose as an additional condition participation in a drug treatment program.

(F) If a defendant on probation at the effective date of this act for a nonviolent drug offense violates that probation a third time either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of probation, and the state moves for a third time to revoke probation, the court shall conduct a hearing to determine whether probation shall be revoked. If the alleged probation violation is proved, the defendant is not eligible for continued probation under subdivision (a).

SEC. 6. Section 3063.1 is added to the Penal Code, to read:

3063.1. Possession of Controlled Substances; Parole; Exceptions

(a) Notwithstanding any other provision of law, and except as provided in subdivision (b), parole may not be suspended or revoked for commission of a nonviolent drug possession offense or for violating any drug-related condition of parole.

As an additional condition of parole for all such offenses or violations, the Parole Authority shall require participation in and completion of an appropriate drug treatment program. Vocational training, family counseling and literacy training may be imposed as additional parole conditions.

The Parole Authority may require any person on parole who commits a nonviolent drug possession offense or violates any drug-related condition of parole, and who is reasonably able to do so, to contribute to the cost of his or her own placement in a drug treatment program.

(b) Subdivision (a) does not apply to:

(1) Any parolee who has been convicted of one or more serious or violent felonies in violation of subdivision (c) of Section 667.5 or Section 1192.7.

(2) Any parolee who, while on parole, commits one or more nonviolent drug possession offenses and is found to have concurrently committed a misdemeanor not related to the use of drugs or any felony.

(3) Any parolee who refuses drug treatment as a condition of parole.

(c) Within seven days of a finding that the parolee has either committed a nonviolent drug possession offense or violated any drug-related condition of parole, the Parole Authority shall notify the treatment provider designated to provide drug treatment under subdivision (a). Within 30 days thereafter the treatment provider shall prepare a drug treatment plan and forward it to the Parole Authority and to the California Department of Corrections Parole Division agent responsible for supervising the parolee. On a quarterly basis after the parolee begins drug treatment, the treatment provider shall prepare and forward a progress report to these entities and individuals.

(1) If at any point during the course of drug treatment the treatment provider notifies the Parole Authority that the parolee is unamenable to the drug treatment provided, but amenable to other drug treatments or related programs, the Parole Authority may act to modify the terms of parole to ensure that the parolee receives the alternative drug treatment or program.

(2) If at any point during the course of drug treatment the treatment provider notifies the Parole Authority that the parolee is unamenable to the drug treatment provided and all other forms of

drug treatment, the Parole Authority may act to revoke parole. At the revocation hearing, parole may be revoked unless the parolee proves by a preponderance of the evidence that there is a drug treatment program to which he or she is amenable.

(3) Drug treatment services provided by subdivision (a) as a required condition of parole may not exceed 12 months, provided, however, that additional aftercare services as a condition of probation may be required for up to six months.

(d) Violation of parole

(1) If parole is revoked pursuant to the provisions of this subdivision, the defendant may be incarcerated pursuant to otherwise applicable law without regard to the provisions of this section.

(2) Non-drug-related parole violations

If a parolee receives drug treatment under subdivision (a), and during the course of drug treatment violates parole either by being arrested for an offense other than a nonviolent drug possession offense, or by violating a non-drug-related condition of parole, and the Parole Authority acts to revoke parole, a hearing shall be conducted to determine whether parole shall be revoked. Parole may be modified or revoked if the parole violation is proved.

(3) Drug-related parole violations

(A) If a parolee receives drug treatment under subdivision (a), and during the course of drug treatment violates parole either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of parole, and the Parole Authority acts to revoke parole, a hearing shall be conducted to determine whether parole shall be revoked. Parole shall be revoked if the parole violation is proved and a preponderance of the evidence establishes that the parolee poses a danger to the safety of others. If parole is not revoked, the conditions of parole may be intensified to achieve the goals of drug treatment.

(B) If a parolee receives drug treatment under subdivision (a), and during the course of drug treatment violates that parole either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of parole, and the Parole Authority acts for a second time to revoke parole, a hearing shall be conducted to determine whether parole shall be revoked. If the alleged parole violation is proved, the parolee is not eligible for continued parole under any provision of this section and may be reincarcerated.

(C) If a parolee already on parole at the effective date of this act violates that parole either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of parole, and the Parole Authority acts to revoke parole, a hearing shall be conducted to determine whether parole shall be revoked. Parole shall be revoked if the parole violation is proved and a preponderance of the evidence establishes that the parolee poses a danger to the safety of others. If parole is not revoked, the conditions of parole may be modified to include participation in a drug treatment program as provided in subdivision (a). This paragraph does not apply to any parolee who at the effective date of this act has been convicted of one or more serious or violent felonies in violation of subdivision (c) of Section 667.5 or Section 1192.7.

(D) If a parolee already on parole at the effective date of this act violates that parole for the second time either by being arrested for a nonviolent drug possession offense, or by violating a drug-related condition of parole, and the Parole Authority acts for a second time to revoke parole, a hearing shall be conducted to determine whether parole shall be revoked. If the alleged parole violation is proved, the parolee is not eligible for continued parole under any provision of this section and may be reincarcerated.

SEC. 7. Division 10.8 (commencing with Section 11999.4) is added to the Health and Safety Code, to read:

DIVISION 10.8. SUBSTANCE ABUSE TREATMENT FUNDING

11999.4. Establishment of the Substance Abuse Treatment Trust Fund

A special fund to be known as the "Substance Abuse Treatment Trust Fund" is created within the State Treasury and is continuously appropriated for carrying out the purposes of this division.

11999.5. Funding Appropriation

Upon passage of this act, \$60,000,000 shall be continuously appropriated from the General Fund to the Substance Abuse Treatment Trust Fund for the 2000–01 fiscal year. There is hereby continuously appropriated from the General Fund to the Substance Abuse Treatment Trust Fund an additional \$120,000,000 for the 2001–02 fiscal year, and an additional sum of \$120,000,000 for each such subsequent fiscal year concluding with the 2005–06 fiscal year. These funds shall be transferred to the Substance Abuse Treatment Trust Fund on July 1 of each of these specified fiscal years. Funds transferred to the Substance Abuse Treatment Trust Fund are not subject to annual appropriation by the Legislature and may be used without a time limit. Nothing in this section precludes additional appropriations by the Legislature to the Substance Abuse Treatment Trust Fund.

11999.6. Distribution of Monies from Substance Abuse Treatment Trust Fund

Monies deposited in the Substance Abuse Treatment Trust Fund shall be distributed annually by the Secretary of the Health and Human Services Agency through the State Department of Alcohol and Drug Programs to counties to cover the costs of placing persons in and providing (a) drug treatment programs under this act, and (b) vocational training, family counseling and literacy training under this act. Additional costs that may be reimbursed from the Substance Abuse Treatment Trust Fund include probation department costs, court monitoring costs and any miscellaneous costs made necessary by the provisions of this act other than drug testing services of any kind. Such monies shall be allocated to counties through a fair and equitable distribution formula that includes, but is not limited to, per capita arrests for controlled substance possession violations and substance abuse treatment caseload, as determined by the department as necessary to carry out the purposes of this act. The department may reserve a portion of the fund to pay for direct contracts with drug treatment service providers in counties or areas in which the director of the department has determined that demand for drug treatment services is not adequately met by existing programs. However, nothing in this section shall be interpreted or construed to allow any entity to use funds from the Substance Abuse Treatment Trust Fund to supplant funds from any existing fund source or mechanism currently used to provide substance abuse treatment.

11999.7. Local Government Authority to Control Location of Drug Treatment Programs

Notwithstanding any other provision of law, no community drug treatment program may receive any funds from the Substance Abuse Treatment Trust Fund unless the program agrees to make its facilities subject to valid local government zoning ordinances and development agreements.

11999.8. Surplus Funds

Any funds remaining in the Substance Abuse Treatment Trust Fund at the end of a fiscal year may be utilized to pay for drug treatment programs to be carried out in the subsequent fiscal year.

11999.9. Annual Evaluation Process

The department shall annually conduct a study to evaluate the effectiveness and financial impact of the programs that are funded pursuant to the requirements of this act. The study shall include, but not be limited to, a study of the implementation process, a review of lower incarceration costs, reductions in crime, reduced prison and jail construction, reduced welfare costs, the adequacy of funds appropriated, and any other impacts or issues the department can identify.

11999.10. Outside Evaluation Process

The department shall allocate up to 0.5 percent of the fund's total monies each year for a long-term study to be conducted by a public university in California aimed at evaluating the effectiveness and financial impact of the programs that are funded pursuant to the requirements of this act.

11999.11. County Reports

Counties shall submit a report annually to the department detailing the numbers and characteristics of clients-participants served as a result of funding provided by this act. The department shall promulgate a form which shall be used by the counties for the reporting of this information, as well as any other information that may be required by the department. The department shall establish a deadline by which the counties shall submit their reports.

11999.12. Audit of Expenditures

The department shall annually audit the expenditures made by any county that is funded, in whole or in part, with funds provided by this act. Counties shall repay to the department any funds that are not spent in accordance with the requirements of this act.

11999.13. Excess Funds

At the end of each fiscal year, a county may retain unspent funds received from the Substance Abuse Treatment Trust Fund and may spend those funds, if approved by the department, on drug programs that further the purposes of this act.

SEC. 8. Effective Date

Except as otherwise provided, the provisions of this act shall become effective July 1, 2001, and its provisions shall be applied prospectively.

SEC. 9. Amendment

This act may be amended only by a roll call 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 shall be consistent with its purposes.

SEC. 10. Severability

If any provision of this act or the application thereof to any person or circumstances is held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this initiative that can be given effect without the invalid or unconstitutional provision or application, and to this end the provisions of this initiative are severable.

Proposition 37: 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 amending sections 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 LAW**Two-Thirds Vote Preservation Act of 2000****SECTION 1. Title**

This measure shall be known and may be cited as the "Two-Thirds Vote Preservation Act of 2000."

SECTION 2. Findings and Declaration of Purpose

The People of the State of California find and declare that:

(a) Article XIII A, Section 3, of the California Constitution prohibits the California Legislature from imposing a state tax without approval by a two-thirds vote of the members of each house.

(b) Article XIII C, Section 2, subdivisions (b) and (d), of the California Constitution prohibit local governments from imposing a general tax without approval by a majority vote of the people or a special tax without approval by a two-thirds vote of the people.

(c) These vote requirements do not apply to the imposition of legitimate fees.

(d) There have been increasing attempts by the state and local governments to disguise new taxes as fees in order to avoid the vote requirements.

(e) In 1997 the California Supreme Court in the case of *Sinclair Paint Company v. State Board of Equalization* defined a fee in such manner as to unreasonably broaden the purposes for which fees can be imposed.

(f) The breadth of the Supreme Court's decision will encourage the use of fees to avoid the vote requirements of Articles XIII A and XIII C and significantly weaken the tax protections created by these propositions.

(g) The distinction between a fee and a tax was reasonably clear before the Supreme Court decision.

(h) In order to preserve that distinction and prevent avoidance of the two-thirds legislative vote requirement of Article XIII A and the majority and two-thirds popular vote requirements of Article XIII C, it is necessary to amend the Constitution.

SECTION 3. Section 3 of Article XIII A of the California Constitution is amended to read:

SEC. 3. From and after the effective date of this article, any changes in state taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in ~~methods~~ *the method* of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed. *For purposes of this section, "state taxes" do not include an "assessment" or "fee" as defined in Article XIII D, Section 2, subdivisions (b) and (e), real property development fees, or regulatory fees that do not exceed the reasonable cost of regulating the activity for which the fee is charged. Provided, however, compulsory fees enacted after July 1, 1999, to monitor, study or mitigate the societal or economic effects of an activity, and which impose no significant regulatory obligation on the fee payor's activity other than the payment of the fee, and regulatory fees that exceed the reasonable cost of regulating the activity for which the fee is charged, shall be deemed state taxes subject to the two-thirds vote requirement of this section. Monies recoverable as damages, remedial expenses or penalties arising from a specific event shall not be deemed taxes or fees.*

This section shall not apply to (1) any fee that was authorized by law prior to July 1, 1999, (2) any increase in such fee attributable to inflation, or (3) any increase in such fee attributable to increased workload, provided such increased workload is not the result of expansion of the class of activity or activities to which the fee applied prior to July 1, 1999.

SECTION 4. Section 1 of Article XIII C of the California Constitution is amended to read as follows:

SECTION 1. Definitions. As used in this article:

(a) "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

(e) For purposes of subdivisions (a) and (d), "general taxes" and "special taxes" do not include an "assessment" or "fee" as defined in Article XIII D, Section 2, subdivisions (b) and (e), real property development fees, or regulatory fees that do not exceed the reasonable cost of regulating the activity for which the fee is charged. Provided, however, compulsory fees enacted after July 1, 1999, to monitor, study or mitigate the societal or economic effects of an activity, and which impose no significant regulatory obligation on the fee payor's activity other than the payment of the fee, and regulatory fees that exceed the reasonable cost of regulating the activity for which the fee is charged, shall be deemed general or special taxes subject to the majority or two-thirds vote requirements of Section 2, subdivisions (b) and (d), of this article. Monies recoverable as damages, remedial expenses or penalties arising from a specific event shall not be deemed taxes, special taxes, assessments or fees.

This section shall not apply to (1) any fee that was authorized by law prior to July 1, 1999, (2) any increase in such fee attributable to inflation, or (3) any increase in such fee attributable to increased workload, provided such increased workload is not the result of expansion of the class of activity or activities to which the fee applied prior to July 1, 1999.

SECTION 5. 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.

Proposition 38: 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; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

The National Average School Funding Guarantee and Parental Right to Choose Quality Education Amendment

SECTION 1. TITLE

This measure shall be known and may be cited as "The National Average School Funding Guarantee and Parental Right to Choose Quality Education Amendment."

SECTION 2. Section 8.1 is added to Article IX of the Constitution, to read:

Sec. 8.1. *The people of the State of California find and declare:*

(a) The economic and social viability of California depends on a well educated citizenry.

(b) Test scores from students in government operated schools reveal that the public school system in this state has become an inefficient monopoly, with many parents forced to enroll their children in schools that are failing to prepare students with the foundation skills of reading, writing and mathematics.

(c) As California embarks on the 21st century, basic changes in California's education delivery structure must be made to ensure that our children receive the benefits of quality education services.

(d) Parents are best equipped to make decisions for their children and have the right to select the educational setting that will best serve the interests and educational needs of their child.

(e) Families have the right to have their children attend schools that successfully teach reading, writing and mathematics to all enrolled students.

(f) The scholarship provided pursuant to this measure is a grant in aid to the parents for the education of their children. The decision by a parent to accept a scholarship and how it is used is not the decision of the state but an exercise of independent parental judgement.

(g) The scholarships provided pursuant to this measure are consistent with existing programs operated by the state including Cal-Grants, special education services in non-public schools, and

child care services, all of which use government revenues to provide services at privately operated institutions chosen by eligible individuals.

(h) The scholarship program enacted by this article is not intended to establish, support, promote or in any way endorse any religion. The people of this State intend only to provide the parents of schoolchildren with the financial means to make their own school choices, not to promote or disadvantage any particular class of schools.

(i) In order for California's students to compete with the students of other states and countries in the global economy of the 21st century, the people of the State of California hereby declare the importance of restoring the focus on academic outcome, introducing competition into the delivery of education services, eliminating waste and inefficiency in government operated schools while providing necessary resources for a quality public education.

(j) This measure recognizes the importance of maintaining and enhancing the per-pupil funding base in government schools at or above the national average amount as part of the system-wide reform of introducing competition and expanding the educational options for parents, which it would accomplish.

SECTION 3. Section 8.3 is added to Article IX of the Constitution, to read:

SEC. 8.3. (a) The Legislature may fund public schools by an amount equal to or exceeding the national average on a dollar per pupil basis pursuant to this section by a statute passed by a majority vote of the members of each house concurring. The amount of funding provided for the support of public schools pursuant to this section each fiscal year thereafter shall be equal to the number of students enrolled in the public school system in kindergarten through grade 12, inclusive, multiplied by an amount equal to or greater than the national average dollar per pupil funding amount calculated pursuant to subdivision (c). This amount shall be known as the national average school funding guarantee.

(b) If the national average school funding guarantee is operative it may only be suspended for a period of one fiscal year by a statute passed in each house by roll call vote entered in the journal, three fourths of the membership concurring provided that the statute may not be made part of, or included within, any bill enacted pursuant to Section 12 of Article IV.

(c) Each fiscal year, the Director of the Department of Finance shall calculate the amount of funding provided for support of public schools in this state, the enrollment in public schools in this state, and the national average dollar per pupil funding amount for support of public schools. To the extent that the Director of Finance is unable to determine the current year amount dedicated in each of the states for the public schools, the most recent amount for each state shall be adjusted upward by the appropriate number of times using the latest positive dollar per pupil growth rate in that state.

(d) If in any fiscal year, the amount of funding provided for support of public schools is at least the national average school funding guarantee calculated pursuant to subdivision (a), the amount calculated pursuant to subdivision (a) shall be used to calculate the amount of funds provided for the support of public schools in all subsequent fiscal years and this section shall supercede Section 8 of Article XVI.

(e) If the national average school funding guarantee becomes operative pursuant to this section, then this section shall supercede all the provisions of Section 8 of Article XVI with respect to funding for school districts and will define the amount of funds required to be appropriated for the support of public schools, thereby guaranteeing that students enrolled in California public schools are funded at or above the national average dollar per pupil amount.

(f) For purposes of this article, the following terms have the following meanings:

(1) "Amount of funding provided for the support of public schools" shall include all funds used to support services to students in public schools in grades kindergarten through 12, inclusive, including federal, state, and local sources, unrestricted funds, categorical funding, and funding dedicated to cover annual debt service on state and local bonds, certificates of participation, notes, and other forms of indebtedness, or any other funds, which are dedicated to finance local and state educational programs,

administration or facilities for grades kindergarten through 12, inclusive, including disbursements, if any, pursuant to Section 8.5 of Article XVI.

(2) "National average dollar per pupil funding" shall be the average amount of funds provided in the United States for public school students in grades kindergarten through 12, inclusive, determined by calculating a statewide dollar per pupil average for each state which is the amount of funding provided for the support of public schools in that state, pursuant to paragraph (1), divided by the number of public school students enrolled in grades kindergarten through 12, inclusive. These dollar per pupil amounts shall then be averaged across all the states.

(3) "Child," "pupil," or "student" is a person eligible to attend kindergarten or any grades 1 to 12, inclusive.

(4) "Parent" is any person having legal or effective custody of a child.

(5) "Gender" means either a male human being or a female human being.

(g) The Legislature may enact a statute pursuant to Section 12 of Article IV for the necessary support of the community colleges in each fiscal year this section is operative. The intent of the people is that any such statute fully fund the demand for programs offered by the community colleges.

SECTION 4. Section 8.5 is added to Article IX of the Constitution, to read:

SEC. 8.5. (a) The people of this state, in recognition of their right to promote the general welfare, to secure the blessings of liberty to themselves and their posterity, and to pursue happiness, find that parents and not the state have the right to choose the appropriate educational setting for their children, whether that setting is a public school or a private school. Therefore, parents who choose to send their children to schools operated or owned by an entity other than the state or any of its subdivisions or agencies are eligible to receive a scholarship which may be used for the education of their children, consistent with this section.

(b) Commencing with the fiscal year following the approval by the voters of this section, the parents of school age children whose children are starting kindergarten or were enrolled for the previous school year in any of the grades kindergarten through 11, inclusive, in a public school shall receive, upon request, a scholarship for purposes of providing the parent with additional choices in the type of educational setting in which to enroll their child.

(c) In the second fiscal year and each fiscal year thereafter until fully implemented, parents' phase in eligibility for scholarships shall be determined as follows.

Parents of children who were enrolled in any of the grades kindergarten through 11, inclusive, in a public school in the prior year and in,

(1) year two: all other parents of children in grades kindergarten through 2, inclusive,

(2) year three: all other parents of children in grades kindergarten through 8, inclusive,

(3) year four and each subsequent year: all parents.

(d) (1) The amount of a scholarship, excluding any increases provided pursuant to paragraph (2) of this subdivision, shall be in grades kindergarten to twelve, inclusive, the greater of four thousand dollars (\$4,000), one-half of the national average dollar per pupil funding defined pursuant to Section 8.3 of Article IX, or one-half of the amount of funds provided for the support of public schools divided by the enrollment of students enrolled in public schools in grades kindergarten through 12, inclusive if provided pursuant to Section 8.3.

(2) If a parent decides to apply for a scholarship to enroll their child in a scholarship-redeeming school, any scholarship amount that exceeds the tuition and fees of the scholarship-redeeming school for any year in which the pupil is in attendance shall be credited to an account on behalf of the parent for each eligible child to be managed by the State Treasurer. A parent may apply that surplus to supplement future tuition or fee costs that exceed the scholarship amount for that child in any of the grades one through twelve inclusive, and through the completion of an undergraduate degree. Any credit remaining on the date the pupil completes an undergraduate degree, or reaches 21 and is not enrolled in a scholarship-redeeming school, shall be credited to the state general fund.

(3) Costs to the State Treasurer pursuant to this subdivision shall be reimbursed from interest income earned on the management of these funds. The net interest earnings shall be deposited in the state general fund.

(4) The Legislature may enact statutes governing the management of the parent savings account.

(e) The amounts disbursed to parents for scholarships pursuant to this section shall not be calculated toward the amounts provided for the support of public schools pursuant to Section 8.3 of this article or Section 8 of Article XVI.

(f) Scholarships provided under this section are grants of aid to parents on behalf of their children, to provide parents with greater choice in selecting the most appropriate educational setting for their child, and not to the schools in which parents decide to enroll their children. These scholarships do not constitute taxable income to the parent or their child.

(g) After accepting a scholarship pursuant to this section, a parent may choose a non-public educational placement for the child and that selection is not, and shall not be deemed to be, a decision or act of the state or any of its subdivisions.

(h) (1) Any parent eligible pursuant to subdivision (c), having enrolled their child in a scholarship-redeeming school, may request a scholarship by providing proof of enrollment, tuition and fee information, and the address of the scholarship-redeeming school to the county office of education in the county in which the scholarship-redeeming school is located. The county office of education shall compile this information for all scholarship-redeeming parents within the county and shall submit the statement of current enrollment, tuition and fees, and addresses of scholarship-redeeming schools, to the Controller within 30 days of proof of enrollment.

(2) The Controller shall make four quarterly disbursements to the parent in the form of a check for the amount of the scholarship established pursuant to paragraph (1) of subdivision (d) adjusted for the amount transferred to or from the account established on behalf of the parent pursuant to paragraph (2) of subdivision (d). The Controller shall send the check to the address provided in paragraph (1). The parent shall restrictively endorse each quarterly check for application to the parent's account at the scholarship-redeeming school. In any fiscal year, the sum of the quarterly checks to a parent on behalf of a child shall not exceed the tuition and fees for that child at the scholarship-redeeming school.

(3) If a pupil of a parent or guardian receiving a scholarship transfers from a scholarship-redeeming school, the school shall provide written notification of the transfer and its effective date to the county office of education within 10 days of the transfer. The county office of education shall notify the Controller of the transfer and the Controller shall prorate the disbursement(s) to reflect only the period of time in which the child was actually enrolled.

(4) At the end of each fiscal year, the Controller shall deposit the unused portion of each scholarship in the parent's account established pursuant to paragraph (2) of subdivision (d).

(i) (1) A private school may become a scholarship-redeeming school by filing with the Superintendent of Public Instruction a statement certifying that the school satisfies the legal requirements that applied to private schools on January 1, 1999, and each of the requirements set forth in paragraph (2).

(2) To become a scholarship-redeeming school, a school shall certify that it meets each of the following requirements:

(A) The school does not discriminate on the basis of race, ethnicity, color or national origin, or advocate unlawful behavior of any kind. Nothing precludes the establishment of same gender schools or classrooms.

(B) The school does not deliberately provide false or misleading information about the school.

(C) No person convicted of (i) any felony or crime involving moral turpitude, (ii) any offense involving lewd or lascivious conduct, or (iii) any offense involving molestation or other abuse of a child, shall own, contract with or be employed by the school.

(D) A high school shall certify either (i), that the school has obtained notice from the University of California, California State University, or any private college or university accredited by a regional accreditation agency or an accreditation agency recognized by the state, that coursework completed by a pupil at the high school in one or more academic subjects designated by

the institution issuing notice will fulfill the institution's admission requirements in the designated subject or subjects if a pupil's grades and the duration of study are acceptable; or (ii), that it has received either accreditation or provisional accreditation from a regional accreditation agency or an accrediting agency recognized by the state.

(3) Each scholarship-redeeming school shall comply with each of the following requirements on an annual basis:

(A) Prepare a statement of financial condition that lists the revenues, expenses and debts of the school. These documents shall be provided to parents upon request.

(B) Administer nationally normed reference tests, mandated to be taken by pupils enrolled in public schools and that provide individual student scores, to pupils whose parents have accepted scholarships, for the purpose of monitoring academic improvement of these pupils. The composite results of the test scores of the pupils of parents who accepted scholarships for each grade level tested shall be released to the public. Individual results shall be released only to the child's parents and the school that the child attends.

(4) Any scholarship-redeeming school may establish a code of conduct and discipline and enforce the code with sanctions, including dismissal. The school shall provide to the parent a copy of the written code of conduct and discipline upon the pupil's admission to the school. A pupil who is responsible for serious or habitual misconduct related to school activity or school attendance may be dismissed. A dismissed pupil may use the unused portion of a scholarship for the balance of the year in which the dismissal occurred at any other scholarship-redeeming school that will grant admission, or may return to a public school and forego the scholarship. The scholarship-redeeming school shall notify the county office of education in writing within ten days of any such dismissal.

(5) Notwithstanding Section 8.7 of this article, the Legislature may by majority vote enact civil and criminal penalties for schools and persons who engage in fraudulent conduct in connection with the solicitation of pupils or the redemption of scholarships under this section.

SECTION 5. Section 8.7 is added to Article IX of the Constitution, to read:

SEC. 8.7. (a) Private schools, including scholarship-redeeming schools, regardless of size, need maximum flexibility to educate pupils. Therefore, private schools shall be free from unnecessary, burdensome or onerous regulation. In any legal proceeding challenging a state statute or any regulation promulgated pursuant to a state statute as inconsistent with this section, the state shall bear the burden of establishing that the statute or regulation is necessary and that the statute or regulation does not impose any undue burden on private schools, including scholarship-redeeming schools.

(b) Except as provided in this section, private schools including scholarship-redeeming schools, are not subject to any state regulation beyond the state statutes, in effect and as enforced, that applied to private schools on January 1, 1999, including, but not limited to, Article 1 (commencing with Section 32000), Article 2 (commencing with Section 32020), and Article 5 (commencing with Section 32050) of Chapter 1 of Part 19 of, Article 5 (commencing with Section 33190) and Article 10.5 (commencing with Section 35295) of Chapter 2 of Part 20 of, and Sections 44237, 48200, 48202, 48222, 49068, 49069, and 51202 of, the Education Code. No additional statutes shall be enacted by the Legislature pertaining to private schools, including scholarship-redeeming private schools, unless approved by a three-fourths vote of the membership of each house of the Legislature.

(c) No regulation or ordinance may be enacted on or after the approval by the voters of this section that affects private schools, including scholarship-redeeming schools and that pertains to health, safety or land use and is imposed by any county, city, city and county, district or other subdivision of the state, except by a two-thirds vote of the governmental body issuing or enacting the regulation or ordinance and a majority vote of qualified electors within the affected jurisdiction. In any legal proceeding challenging a regulation or ordinance as inconsistent with this subdivision, the governmental body issuing or enacting the regulation or ordinance shall bear the burden of establishing that the regulation or ordinance meets each of the following criteria:

(1) *It is essential to assure the health, safety or education of pupils, or, as to any land use regulation, that the governmental body has a compelling interest in issuing or enacting the regulation or ordinance.*

(2) *It does not unduly burden or impede private schools or the parents of students attending private schools.*

(3) *It does not harass, injure or suppress private schools.*

(4) *It does not infringe on a parent or guardian's freedom to make decisions regarding the quality and content of their child's education, or whether the child attends a public or private school, including a scholarship-redeeming school.*

SECTION 6. Section 8.8 is added to Article IX of the Constitution, to read:

SEC. 8.8. If any portion of Section 8.5 of Article IX is enjoined from being utilized by parents to expand their choice in educational settings for their children at any class of schools, it shall not prevent Section 8.5 of Article IX from being operative for any other school or class of schools not explicitly covered by the judicial order.

Proposition 39: Text of Proposed Law

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

This initiative measure amends provisions of the California Constitution and 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 SMALLER CLASSES, SAFER SCHOOLS AND FINANCIAL ACCOUNTABILITY ACT

SECTION ONE. TITLE

This act shall be known as the Smaller Classes, Safer Schools and Financial Accountability Act.

SECTION TWO. FINDINGS AND DECLARATIONS

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

(a) Investing in education is crucial if we are to prepare our children for the 21st Century.

(b) We need to make sure our children have access to the learning tools of the 21st Century like computers and the Internet, but most California classrooms do not have access to these technologies.

(c) We need to build new classrooms to facilitate class size reduction, so our children can learn basic skills like reading and mathematics in an environment that ensures that California's commitment to class size reduction does not become an empty promise.

(d) We need to repair and rebuild our dilapidated schools to ensure that our children learn in a safe and secure environment.

(e) Students in public charter schools should be entitled to reasonable access to a safe and secure learning environment.

(f) We need to give local citizens and local parents the ability to build those classrooms by a 55 percent vote in local elections so each community can decide what is best for its children.

(g) We need to ensure accountability so that funds are spent prudently and only as directed by citizens of the community.

SECTION THREE. PURPOSE AND INTENT

In order to prepare our children for the 21st Century, to implement class size reduction, to ensure that our children learn in a secure and safe environment, and to ensure that school districts are accountable for prudent and responsible spending for school facilities, the people of the State of California do hereby enact the Smaller Classes, Safer Schools and Financial Accountability Act. This measure is intended to accomplish its purposes by amending the California Constitution and the California Education Code:

(a) To provide an exception to the limitation on ad valorem property taxes and the two-thirds vote requirement to allow school districts, community college districts, and county offices

of education to equip our schools for the 21st Century, to provide our children with smaller classes, and to ensure our children's safety by repairing, building, furnishing and equipping school facilities;

(b) To require school district boards, community college boards, and county offices of education to evaluate safety, class size reduction, and information technology needs in developing a list of specific projects to present to the voters;

(c) To ensure that before they vote, voters will be given a list of specific projects their bond money will be used for;

(d) To require an annual, independent financial audit of the proceeds from the sale of the school facilities bonds until all of the proceeds have been expended for the specified school facilities projects; and

(e) To ensure that the proceeds from the sale of school facilities bonds are used for specified school facilities projects only, and not for teacher and administrator salaries and other school operating expenses, by requiring an annual, independent performance audit to ensure that the funds have been expended on specific projects only.

SECTION FOUR

Section 1 of Article XIII A of the California Constitution is amended to read:

SEC. 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on ~~(1) any indebtedness of the following:~~

(1) ~~Indebtedness~~ approved by the voters prior to July 1, 1978. ~~or (2) any bonded~~

(2) ~~Bonded~~ indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) ~~Bonded indebtedness~~ incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college

board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(c) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).

SECTION FIVE

Section 18 of Article XVI of the California Constitution is amended to read:

SEC. 18. (a) No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the ~~qualified electors thereof~~, voters of the public entity voting at an election to be held for that purpose, except that with respect to any such public entity which is authorized to incur indebtedness for public school purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the ~~qualified electors~~ voters of the public entity voting on the proposition at such election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and ~~also provision to constitute provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the same provided, however, anything to the contrary herein notwithstanding, when indebtedness.~~

(b) Notwithstanding subdivision (a), on or after the effective date of the measure adding this subdivision, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, shall be adopted upon the approval of 55 percent of the voters of the district or county, as appropriate, voting on the proposition at an election. This subdivision shall apply only to a proposition for the incurrence of indebtedness in the form of general obligation bonds for the purposes specified in this subdivision if the proposition meets all of the accountability requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A.

(c) When two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when two-thirds or a majority or 55 percent of the ~~qualified electors~~ voters, as the case may be, voting on any one of ~~such~~ those propositions, vote in favor thereof, ~~such~~ the proposition shall be deemed adopted.

SECTION SIX

Section 47614 of the Education Code is amended to read:

47614. ~~A school district in which a charter school operates shall permit a charter school to use, at no charge, facilities not currently being used by the school district for instructional or administrative purposes, or that have not been historically used for rental purposes provided the charter school shall be responsible for reasonable maintenance of those facilities.~~

(a) The intent of the people in amending Section 47614 is that public school facilities should be shared fairly among all public school pupils, including those in charter schools.

(b) Each school district shall make available, to each charter school operating in the school district, facilities sufficient for the charter school to accommodate all of the charter school's in-district students in conditions reasonably equivalent to those in which the students would be accommodated if they were attending other public schools of the district. Facilities provided shall be contiguous, furnished, and equipped, and shall remain the property of the school district. The school district shall make reasonable efforts to provide the charter school with facilities near to where the charter school wishes to locate, and shall not move the charter school unnecessarily.

(1) The school district may charge the charter school a pro rata share (based on the ratio of space allocated by the school district to the charter school divided by the total space of the district) of those school district facilities costs which the school district pays for with unrestricted general fund revenues. The charter school shall not be otherwise charged for use of the facilities. No school district shall be required to use unrestricted general fund revenues to rent, buy, or lease facilities for charter school students.

(2) Each year each charter school desiring facilities from a school district in which it is operating shall provide the school district with a reasonable projection of the charter school's average daily classroom attendance by in-district students for the following year. The district shall allocate facilities to the charter school for that following year based upon this projection. If the charter school, during that following year, generates less average daily classroom attendance by in-district students than it projected, the charter school shall reimburse the district for the over-allocated space at rates to be set by the State Board of Education.

(3) Each school district's responsibilities under this section shall take effect three years from the effective date of the measure which added this subparagraph, or if the school district passes a school bond measure prior to that time on the first day of July next following such passage.

(4) Facilities requests based upon projections of fewer than 80 units of average daily classroom attendance for the year may be denied by the school district.

(5) The term "operating," as used in this section, shall mean either currently providing public education to in-district students, or having identified at least 80 in-district students who are meaningfully interested in enrolling in the charter school for the following year.

(6) The State Department of Education shall propose, and the State Board of Education may adopt, regulations implementing this subdivision, including but not limited to defining the terms "average daily classroom attendance," "conditions reasonably equivalent," "in-district students," "facilities costs," as well as defining the procedures and establishing timelines for the request for, reimbursement for, and provision of, facilities.

SECTION SEVEN. CONFORMITY

The Legislature shall conform all applicable laws to this act. Until the Legislature has done so, any statutes that would be affected by this act shall be deemed to have been conformed with the 55 percent vote requirements of this act.

SECTION EIGHT. SEVERABILITY

If any of the provisions of this measure or the applicability of any provision of this measure to any person or circumstances shall be found to be unconstitutional or otherwise invalid, such finding shall not affect the remaining provisions or applications of this measure to other persons or circumstances, and to that extent the provisions of this measure are deemed to be severable.

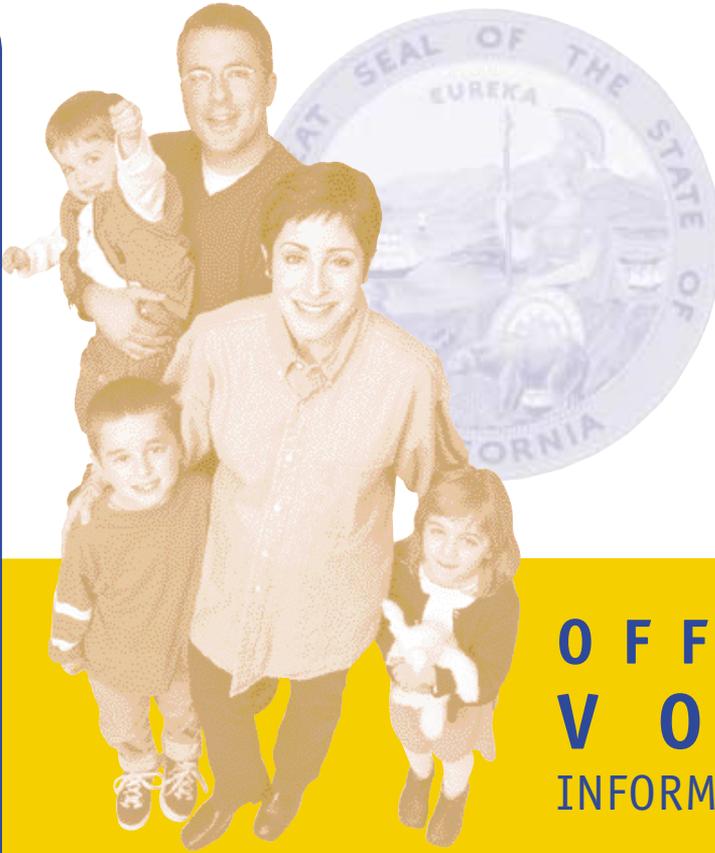
SECTION NINE. AMENDMENT

Section 6 of this measure may be amended to further its purpose by a bill passed by a majority of the membership of both houses of the Legislature and signed by the Governor, provided that at least 14 days prior to passage in each house, copies of the bill in final form shall be made available by the clerk of each house to the public and the news media.

SECTION TEN. LIBERAL CONSTRUCTION

The provisions of this act shall be liberally construed to effectuate its purposes.

CALIFORNIA



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