

DEBRA BOWEN

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Secretary of State Debra Bowen Assigns Numbers to Ballot Measures Certified for the May 19 Special Election, Invites Californians to Submit Ballot Arguments by February 23

SACRAMENTO – Secretary of State Debra Bowen today announced the proposition numbers for the seven measures appearing on the May 19, 2009, Statewide Special Election ballot and invited interested Californians to submit arguments to be included in the Official Voter Information Guide.

The next regular statewide election was scheduled for June 8, 2010. However, the Legislature and the Governor this week called a special election in 88 days and approved six measures for that ballot. A seventh legislative measure, which had qualified in 2008 for the next statewide ballot, will also be included.

The seven propositions for the May 19 ballot are listed below.

Proposition 1A **State finance.** ACAx3 1 (Chapter RC1, 2009), Niello. Senate Constitutional Amendment No. 13 of the 2007-08 Regular Session, as amended by Senate Constitutional Amendment No. 30 of the 2007-08 Regular Session, would, if approved by the voters, make certain changes relating to state finance. This measure would withdraw Senate Constitutional Amendment No. 30 from the consideration of the voters. Senate Constitutional Amendment No. 13 of the 2007-08 Regular Session, if approved by the voters, would rename the Budget Stabilization Account the Budget Stabilization Fund and would provide that all moneys in the fund not designated for deposit into the Deficit Recovery Bond Retirement Sinking Fund Subaccount may be transferred to the General Fund by a statute that contains no unrelated provisions or may be loaned to the General Fund to address a General Fund cashflow deficit. That measure would further require the Director

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of Finance, on or before May 29 of each year, to report to the Legislature and the Governor an estimate of the amount of General Fund revenues, transfers, and balances available from the prior fiscal year for the current fiscal year and the impact of tax legislation adopted during the current fiscal year subsequent to the enactment of the Budget Bill. In addition, that measure would provide that if, pursuant to a formula based on those estimates, there are unanticipated revenues in the current fiscal year, those revenues may be used only for specified purposes, and in a specified order of priority. This measure would amend those provisions to also create the Supplemental Budget Stabilization Account, and to establish the Supplemental Education Payment Account if a constitutional provision is added to provide for supplemental education payments, as specified. The measure would also provide that, apart from a transfer made for the purpose of responding to an emergency declared by the Governor, as defined, or a loan to meet General Fund cash requirements which would be repaid within a fiscal year, the total amount that may be transferred from the Budget Stabilization Fund to the General Fund for any fiscal year shall not exceed the amount derived by subtracting the General Fund revenues, transfers, and balances available from the prior fiscal year for that fiscal year from the expenditure forecast amount for the current fiscal year, determined as total General Fund expenditures for the immediately preceding fiscal year adjusted for changes in population and the cost of living. In addition, this measure would direct the Controller to transfer, on October 1 of each year beginning in 2011, from the Budget Stabilization Fund to the Supplemental Education Payment Account, if established, a sum equal to 1.5% of the estimated General Fund revenues for the current fiscal year until a specified total amount is met. After that amount is met, or if the Supplemental Education Payment Account is not established, the Controller would instead be required to transfer that sum on October 1 of each year to the Supplemental Budget Stabilization Account, from which appropriations could be made only for capital outlay purposes or to retire bonded indebtedness of the state. This measure would further provide that, commencing with the 2010-11 fiscal year, unanticipated revenues shall be determined pursuant to a formula either based on estimates of General Fund revenues for the current fiscal year and the revenue forecast amount for the current fiscal year, as defined, or based on estimates of General

Fund revenues, transfers, and balances available from the prior fiscal year for the current fiscal year and the expenditure forecast amount for the current fiscal year. The measure would also modify the education funding purposes for which unanticipated revenues could be expended.

Proposition 1B

Education finance. ACAx3 2 (Chapter RC2, 2009), Bass. The California Constitution requires the state, from all state revenues, to first set apart the moneys to be applied for the support of the public school system and public institutions of higher education. The Constitution requires that the moneys to be applied by the state for the support of school districts and community college districts be not less than the greater of 3 amounts computed pursuant to specified tests. The Constitution provides that school districts and community college districts are entitled to a maintenance factor, as specified, for any fiscal year in which they are allocated a reduced amount of funding pursuant to the 3rd test or pursuant to a suspension of the minimum funding guarantee. This measure would provide, commencing with the 2011-12 fiscal year, that school districts and community college districts are to receive supplemental education payments in the total amount of \$9,300,000,000, and would require the Legislature to annually appropriate that amount from a specified account until the full amount of the supplemental education payments has been allocated. The measure would provide that the payments are in lieu of the maintenance factor amounts, if any, that otherwise would be determined for the 2007-08 or 2008-09 fiscal years. The measure would make its operation contingent upon the establishment, under a separate provision of the Constitution, of the specified account from which the payments would be appropriated. The measure would require that, of the appropriations to school districts for this purpose for the 2011-12 fiscal year, an amount not exceeding \$200,000,000 be available only for the purposes set forth in a specified statute, as determined pursuant to the funding formula set forth in that statute. The measure would require that any remaining funds from the appropriations made to school districts for the 2011-12 fiscal year, and all of the funds from the appropriations made to school districts for each subsequent fiscal year, be allocated to school districts as an adjustment to revenue limit apportionments, as specified by statute, in a manner that does not limit a recipient school district with regard to the purposes of the district for which the moneys may be expended.

Proposition 1C

California State Lottery. Abx3 12 (Chapter 8, 2009), Evans. (1) The California State Lottery Act, subject to the approval by the voters, appropriates moneys, commencing with the 2009-10 fiscal year, on an annual basis from the General Fund to various educational entities based on specified factors. The act provides that specified provisions regarding General Fund appropriations may only be amended by a vote of the people. This bill would, commencing with the 2010-11 fiscal year, adjust the method of annually calculating specified appropriations. Existing law allows the director of the lottery to purchase or lease goods and services as are necessary for effectuating the purposes of the provisions governing the lottery. This bill would instead provide that the director has express authority, subject only to commission approval, to make any and all expenditures as are necessary or reasonable for effectuating the purposes of those provisions. The bill would require that, with regard to employee incentives, the director shall exercise his or her authority consistent with laws relating to state employer-employee relations. Existing law requires the director, in all procurement decisions, to award contracts to the responsible supplier submitting the lowest and best proposal that maximizes the benefits to the state in relation to the areas of security, competence, experience, and timely performance. This bill would delete the requirement that the director award contracts to the responsible supplier submitting the lowest proposal. Existing law requires the commission to adopt and publish competitive bidding procedures for the award of any procurement or contract involving an expenditure of more than \$100,000. This bill would instead require the commission to adopt and publish those procedures for any procurement or contract involving an expenditure of more than \$500,000. The bill would declare that these provisions would become effective only when submitted to and approved by the voters. (2) Existing law requires the director to engage an independent firm of certified public accountants, as specified, and requires the Controller to conduct certain audits of the lottery. The bill would recodify those provisions of the act regarding audits and would require specified audits and postaudits to be posted on the Internet. The bill would declare that these provisions further the purposes of the act. (3) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on

December 19, 2008. This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution. (4) This bill would declare that it is to take effect immediately as an urgency statute.

Proposition 1D

Budget Act of 2008. California Children and Families Act: use of funds: services for children. ABx3 17 (Chapter 11, 2009), Evans. The California Children and Families Act of 1998, an initiative measure approved by the voters as Proposition 10 at the November 3, 1998, statewide general election, requires that the California Children and Families Program, established by the act, be funded by certain taxes imposed on the sale and distribution of cigarettes and tobacco products, that revenues be deposited into the California Children and Families Trust Fund, and that the fund be used for the implementation of comprehensive early childhood development and smoking prevention programs. Existing law provides that prescribed percentages of moneys allocated and appropriated from the trust fund shall be deposited in various accounts, including the Mass Media Communications Account and the Unallocated Account, for expenditure by the California Children and Families Commission, also known as First 5 California, and county commission, for various subjects relating to, and furthering the goals and purposes of, the act. Existing law prohibits amendment of this initiative measure by the Legislature unless the amendment is approved by the voters, or the amendment is accomplished by a vote of 2/3 of the membership of both houses of the Legislature and the amendment furthers the act and is consistent with its purposes. Existing law establishes various public programs to provide health care coverage and social services to children. This bill, subject to voter approval at the next statewide election, would revise certain provisions of the California Children and Families Act of 1998, to require designated unencumbered and unexpended funds in the California Children and Families Trust Fund to be redirected to support state health and human services programs, as described, for children up to 5 years of age. The bill, subject to voter approval, would eliminate the Mass Media Communications Account in the trust fund, and would reallocate the percentage payable to that account to the Unallocated Account. It would specify that moneys in the unallocated account would be used to ensure every county commission has a base level of funding of at least \$400,000, and

would enact other changes pertaining to county commissions. The bill, subject to voter approval, would require, prior to the distribution of moneys from the fund, that \$268,000,000 be transferred annually, in specified fiscal years, to the Proposition 10 Health and Human Services Fund, which would be created by the bill. The bill would require these funds to be expended, upon appropriation by the Legislature, to support state health and human services programs, as described. The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008. This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution. This bill would declare that it is to take effect immediately as an urgency statute.

Proposition 1E

The Mental Health Services Act: Proposition 63 amendments. SBx3 10 (Chapter 15, 2009), Ducheny. Existing law, the Mental Health Services Act (hereafter, the MHSA), an initiative measure, was approved by the voters in November 2004 as Proposition 63. The MHSA establishes the Mental Health Oversight and Accountability Commission, and imposes a tax of 1% on incomes above \$1,000,000 for the purpose of financing new or expanded mental health services. Under the MHSA, the State Department of Mental Health is required, among other things, to distribute funds for local assistance for designated mental health programs. The MHSA prohibits a decrease in other funding levels for pre-existing mental health programs below the 2003-04 fiscal year levels, and prohibits a change in the structure of financing mental health services, which increases the county's share of costs or risk unless full compensation is provided. As an initiative measure, unless approved by the voters, the MHSA permits amendment of its provisions by 2/3 vote of the Legislature, but only if the amendments are consistent with and further the intent of the MHSA. The MHSA also permits amendment by majority vote of the Legislature to clarify procedures and terms. This bill, subject to voter approval at a statewide election, would, until July 1, 2011, permit the sum of \$226,700,000 of MHSA funding in the 2009-10 fiscal year and up to \$234,000,000 of MHSA funding in the 2010-11 fiscal year to be redirected to support the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program as

administered by the State Department of Mental Health. The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008. This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution. This bill would declare that it is to take effect immediately as an urgency statute.

Proposition 1F

State officer salary increases. SCA 8 (Chapter 3, 2009), Maldonado. Existing provisions of the California Constitution direct the California Citizens Compensation Commission to establish and adjust the salary and benefits for Members of the Legislature and certain other state officers. This measure would prohibit the commission from adopting in a fiscal year a resolution that would increase the salary of Members of the Legislature or other state officers if the Director of Finance determines that there will be a negative balance in the Special Fund for Economic Uncertainties at the end of that fiscal year.

Proposition 13

Property tax: new construction exclusion: seismic retrofitting. SCA 4 (Chapter 115, 2008), Ashburn. The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change of ownership has occurred. The California Constitution excludes from classification as "newly constructed" the portion of reconstruction or improvement to a structure constructed of unreinforced masonry bearing wall construction, that is necessary to comply with any local ordinance relating to seismic safety, during the first 15 years following the reconstruction or improvement. The California Constitution also authorizes the Legislature to exclude from classification as "newly constructed" the construction or installation in existing buildings of certain seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies. This measure would instead exclude from the definition of "newly constructed" the portion of an existing

structure that consists of the construction or reconstruction of seismic retrofitting components, as defined by the Legislature. This measure would delete the existing exclusion for structures constructed of unreinforced masonry bearing wall construction, and the existing grant of authority to the Legislature to exclude certain seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.

People may submit arguments for or against any measure. Arguments selected for the Official Voter Information Guide, also known as the ballot pamphlet, will be on public display between February 26 and March 18. If multiple arguments are submitted for one proposition, state law gives first priority to arguments written by legislators in the case of a legislative measure, and first priority to arguments written by the proponents of an initiative in the case of an initiative measure. Subsequent priority for all measures goes to bona fide citizen associations and then to individuals. No more than three signers are allowed to appear with an argument or rebuttal to an argument.

Ballot arguments cannot exceed 500 words and rebuttals to ballot arguments cannot exceed 250 words. All submissions should be typed and double-spaced. They may be hand-delivered to the Secretary of State's Elections Division at 1500 11th Street, 5th Floor, Sacramento, California 95814 or faxed to (916) 653-3214. If faxed, the original copies must be received within 72 hours. The deadline to submit ballot arguments is February 23 by 5:00 p.m. and the deadline to submit rebuttals to the ballot arguments is February 25 by 5:00 p.m.

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