NEWS RELEASE
CALIFORNIA SECRETARY OF STATE KEVIN SHELLEY

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Proposed Initiative Enters Circulation

Local Government Revenue Sources. Initiative Constitutional Amendment.

SACRAMENTO, CA --- Secretary of State Kevin Shelley announced today that the proponent of a new initiative may begin collecting petition signatures for his measure.

The Attorney General's official title and summary is as follows:

LOCAL GOVERNMENT REVENUE SOURCES. INITIATIVE CONSTITUTIONAL AMENDMENT.

- Replaces Vehicle License Fee with increased share of property taxes as primary source of local government revenues.
- Limits local government's authority to impose sales and use taxes.
- Establishes School Assistance Fund for Education in each county, funded by VLF allocations and additional retail sales and use taxes.
- Prohibits Legislature from altering allocations or delaying revenues from local government taxes.
- Requires state reimbursement from mandated programs or services by end of fiscal year.
- Permits local governments to either continue performance or suspend state mandates if Legislature fails to make timely appropriation.

The summary of the estimate by the Legislative Analyst and Director of Finance of the fiscal impact on state and local governments indicates that the initiative would have the following major fiscal effects, the magnitude of which would depend on future actions by the state and local governments and interpretation of the measure's provisions by the courts: (1) Annual shift of about $7 billion in VLF and sales taxes from cities and counties to K-14 districts; offset by a roughly comparable shift of property taxes from K-14 districts to cities and counties; and (2) Higher and more stable local government revenues than otherwise would have been the case, potentially several billion dollars annually. Conversely, significant changes to state finance, potentially including higher state taxes or lower spending on state programs than otherwise would have been the case. The state fiscal effect would be commensurate with the measure's impact on local governments.

The proponent, John A. Ramirez, must collect 598,105 signatures of registered voters, which is eight percent of the total votes cast for governor in the 2002 gubernatorial election. The 150-day deadline to circulate petitions is August 20, 2004. The initiative proponent can be reached at 714-641-5100.

For a copy of the complete text, title & summary, and circulation calendar, please contact the Secretary of State's Press Office at 916-653-6575.

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