



NEWS RELEASE

CALIFORNIA SECRETARY OF STATE **KEVIN SHELLEY**

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Proposed Initiative Enters Circulation

Revenue Sources for Local Governments. 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:

REVENUE SOURCES FOR LOCAL GOVERNMENTS. INITIATIVE
CONSTITUTIONAL AMENDMENT.

- Replaces Vehicle License Fee as source of local government revenues with increased share of property taxes as primary source of local government revenues.
- 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 taxes imposed by local governments.
- Requires state reimbursement for mandated programs or services by end of fiscal year.
- Permits local governments to either continue performance or suspend state mandates until reimbursed 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 an annual shift of about \$7 billion in VLFs (vehicle license fees) and sales taxes from cities and counties to K-14 school districts; offset by a roughly comparable shift of property taxes from K-14 school districts to cities and counties. 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 September 2, 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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