

CALIFORNIA VOTERS PAMPHLET



JUNE 6, 1978

COMPILED by MARCH FONG EU
SECRETARY OF STATE

ANALYSES by WILLIAM G. HAMM
LEGISLATIVE ANALYST

AVISO:

Una traducción al español de este folleto del votante puede obtenerse si completa y nos envía la tarjeta con porte pagado que encontrará entre las páginas 56 y 57. Escriba su nombre y dirección en la tarjeta en LETRA DE MOLDE y regrésela antes del 26 de mayo de 1978.

NOTICE:

A Spanish translation of this ballot pamphlet may be obtained by completing and returning the postage-paid card which you will find between pages 56 and 57. Please PRINT your name and mailing address on the card and return it no later than May 26, 1978.



Secretary of State

SACRAMENTO 95814

Estimados Californianos:

Esta es la versión en Inglés del folleto del votante de California para la Elección Primaria de junio de 1978. Contiene el título de la balota, un corto resumen, el análisis del Analista Legislativo, los razonamientos a favor y en contra y las refutaciones, y el texto completo de cada proposición; y también contiene el voto legislativo vertido a favor y en contra de toda medida propuesta por la Legislatura.

Si desea recibir un folleto del votante en Español, simplemente complete y envíe la tarjeta adjunta entre las páginas 56 y 57. No se necesitan estampillas.

Lea cuidadosamente cada una de las medidas y la información respecto a las mismas contenidas en este folleto. Las proposiciones legislativas y las iniciativas patrocinadas por ciudadanos están diseñadas específicamente para darle a Ud., el votante, la oportunidad de influir las leyes que nos gobiernan a todos.

Aproveche esta oportunidad y vote el 6 de junio de 1978.

SECRETARIA DEL ESTADO



Secretary of State

SACRAMENTO 95814

Dear Californians:

This is the English version of the California ballot pamphlet for the June, 1978, Primary Election. It contains the ballot title, short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of each proposition; also it contains the legislative vote cast for and against any measure proposed by the Legislature.

If you wish to receive a Spanish language ballot pamphlet simply fill out and mail the card enclosed between pages 56 and 57. No postage is needed.

Read carefully each of the measures and the information about them contained in this pamphlet. Legislative propositions and citizen-sponsored initiatives are designed specifically to give you, the electorate, the opportunity to influence the laws which regulate us all.

Take advantage of this opportunity and vote on June 6, 1978.

SECRETARY OF STATE

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QUESTIONS AND ANSWERS ABOUT VOTING

Q—Who can answer questions about voter registration, voting, or elections?

A—Each county in California has a county clerk or a registrar of voters who can answer questions concerning registration, voting, or elections. The telephone number of the clerk or registrar is listed in the white pages of your telephone directory under the listings for county offices.

Q—Who can vote?

A—You can vote at the Primary Election on June 6, 1978, only if you have registered to vote by May 8, 1978.

Q—Who can register to vote?

A—You can register to vote if you:

- * are at least 18 years of age on election day,
- * are a citizen of the United States,
- * are a resident of California, and
- * are not imprisoned or on parole for the conviction of a felony.

Q—How can I register to vote?

A—You can register to vote at the office of the clerk or registrar in the county where you live, and at various other publicized locations throughout the state. You can register in person, or fill out a registration-by-mail form and drop it in your nearest mail box. Registration-by-mail forms may be obtained by writing your clerk or registrar. However, you *must* register by May 8, 1978, in order to vote in the Primary Election held June 6, 1978.

When you register, you must provide:

- * your name,
- * your present address,
- * your occupation,
- * your date of birth, and
- * where you were born.

Q—Do I have to belong to one of the four “qualified” political parties in order to register to vote? (The “qualified” political parties in California are American Independent Party, Democratic Party, Peace and Freedom Party, and Republican Party.)

A—No, unless you want to. If you do not want to, or if you are not sure, you can check the “decline to state” space on the form, or you may write in the name of any other party that you want to register with in the space labeled “other.”

Q—If I don't indicate my political party when I register, can I still vote in every election?

A—Yes. The only thing you cannot vote on is which candidate will be a political party's choice in a Primary Election.

For example: Only people who register as Republicans can vote in the Primary Election to select Republican Party candidates for the November General Election. Primary Elections are held in June of even-numbered years. You *can* still vote on all the nonpartisan offices and whatever ballot measures appear on the ballot.

Q—If I have picked a party, can I change it later?

A—Yes, but you must register again.

Q—Can I still vote in the June Primary Election if I am registered but I move between May 9 and election day?

A—Yes, but you must vote at the polling place where you would vote if you had not moved, or by “absentee ballot.”

Q—If I have been convicted of a crime, can I register to vote?

A—Yes, unless you are imprisoned or on parole for conviction of a felony.

Q—What information will I get before the election?

A—You should get this “California Voters Pamphlet” and a mailing containing a sample ballot and related material.

This Voters Pamphlet gives you information on all statewide measures to be voted on. The sample ballot gives you information on the candidates you will vote for and any local measures.

Q—Where do I go to vote?

A—Your polling place address is printed in the material you receive with your sample ballot.

Q—If I don't know what to do when I get to my polling place, is there someone there to help me?

A—Yes, the workers at the polling place will help you. If they cannot help you, call your clerk or registrar.

Q—When do I vote?

A—The Primary Election will be Tuesday, June 6, 1978. Your polling place is open from 7 a.m. to 8 p.m. that day.

Q—What do I do if my polling place is not open?
A—Call your clerk or registrar.

Q—Can I take my sample ballot into the voting booth even if I've written on it?
A—Yes.

Q—What do I do if I cannot work the voting machine?
A—Ask the polling place workers, and they will help you.

Q—Can a worker at the polling place ask me to take any test?
A—No.

Q—Can I take time off from my job to vote on election day?
A—Yes, you may take time off if you do not have enough time outside of working hours to vote. You may take off enough working time which, when added to the voting time available outside of working hours, will enable you to vote. The time must be at the beginning or end of your regular work shift and may not be more than two hours without loss of pay. You must tell your employer at least two working days before the election if you need time off.

Q—Can I vote if I know I will be away from home on election day?

A—Yes. You can vote early by:
* going to the office of your clerk or registrar and voting there; or
* mailing in the application form for an absentee ballot sent with your sample ballot.

Q—What can I do if I do not have an application form?

A—You can send a letter or postcard asking for an absentee ballot. This letter or postcard should be sent to your clerk or registrar. The request for an absentee ballot must be *received* by the clerk or registrar by May 30, 1978.

Q—What do I say when I ask for an absentee ballot?

A—You must write:
* that you need to vote early;
* your address when you registered to vote;
* the address where you want the ballot mailed;
* your signature, and also print your name underneath.

Q—When do I mail my absentee ballot back to the clerk or registrar?

A—You can mail your absentee ballot back as soon as you want. You must be sure your absentee ballot gets to the clerk or registrar's office from where it was sent by 8 p.m. on election day, June 6, 1978. You may also leave the absentee ballot with any polling place worker before the polls close in the county where you are registered.

**IF YOU HAVE OTHER QUESTIONS ON
VOTING, CALL YOUR COUNTY
CLERK OR REGISTRAR
OF VOTERS.**

Proposal:

This proposition would authorize the state to sell up to \$350 million in state general obligation bonds, with the proceeds to be available as follows: (1) up to \$100 million to replenish the regular State School Building Aid Program, and (2) the remainder (\$250 million or more) to finance the State School Building Lease-Purchase Act of 1976. These funds would be distributed by the state to local school districts according to uniform cost standards and maximum square-footage allowances.

Fiscal Effect:

State costs over 20 years would include (1) interest charges of approximately \$175 million on the \$350 million in state bonds, and (2) administrative expenses of approximately \$1 million. These costs would be

totally recovered from the districts. In fact, the state would collect more funds than are necessary to pay the interest on state borrowing and cover the administrative costs of the program because the state usually pays off its bonds in 20 years, whereas districts would repay the state over a period of up to 30 years. This additional income to the state could amount to a maximum of \$43 million.

If this proposal is approved by the voters and districts choose the lease-purchase method of financing, this proposition could reduce local interest costs for those districts that are not eligible to borrow from the state under the State School Building Aid Program. This is because interest rates would probably be lower under the lease-purchase program than under alternative funding mechanisms.

Text of Proposed Law

This law proposed by Assembly Bill 72 (Statutes of 1977, Chapter 340) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law repeals an existing Chapter of the Education Code and adds a new Chapter thereto; therefore, the provisions proposed to be repealed are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type*.

PROPOSED LAW

SECTION 1. Chapter 21 (commencing with Section 17600) of Part 10 of the Education Code is repealed.

CHAPTER 21. STATE SCHOOL BUILDING LEASE/PURCHASE BOND LAW OF 1976

17600. This act may be cited as the State School Building Lease/Purchase Bond Law of 1976.

17601. 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) 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 chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.

17602. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 15901.

(b) "Board" means the State Allocation Board.

(c) "Fund" means the State School Building Lease/Purchase Fund.

17603. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Lease/Purchase Law of 1976, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Lease/Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of two hundred million dollars (\$200,000,000) in the manner provided herein; but not in excess thereof.

17604. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall 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.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided; and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and

every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds; and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

17605. All money deposited in the fund under Section 17736 of this code and pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 17604. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.

17606. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 17607, which sum is appropriated without regard to fiscal years.

17607. For the purposes of carrying out the provisions of this chapter the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

17608. Upon request of the board, supported by a statement of the apportionments made and to be made under Sections 17700 to 17766, inclusive, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. Fifty million dollars (\$50,000,000) shall be available for apportionment on July 1, 1976, and seven million dollars (\$7,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of two hundred million dollars (\$200,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

17609. In computing the net interest cost under Section 16751 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for

Continued on page 60

Argument in Favor of Proposition 1

Proposition 1 deserves your "yes" vote. It will assist school districts to finance needed facilities. The proposition will make available approximately \$250 million to fund the State School Building Lease Purchase Law of 1976 to assist school districts to modernize or replace dilapidated facilities more than 30 years old. Additionally, up to \$100 million will continue the long existing loan program which makes funds available to poorer districts which require additional facilities because of enrollment growth.

There are many unique elements to the Lease Purchase Law of 1976 which this proposition will finance.

First, there will be no cost to the State. No State tax dollars are involved. The law guarantees 100 percent repayment for the facilities constructed.

Second, the program will reduce substantially the cost of school construction. School districts will enter lease purchase agreements with the State rather than with local nonprofit corporations. The savings to local districts lie in the State's guarantee of State bonds as opposed to the district's guarantee of local bonds. A recent school district bond issue of \$35 million could have saved that district \$10 million had this proposal been available because of the lower State interest rate.

Third, districts are encouraged under this program to rehabilitate existing facilities rather than replace them. Districts are also encouraged to design a portion of their facilities as relocatable structures to be moved within the district as the school population demands. The law also encourages school districts to seek other than conventional, nonreplenishable energy sources for heating, cooling and lighting.

Before entering a lease purchase agreement with the

State, the district must obtain a simple majority vote from its electorate. This is currently the vote requirement for local nonprofit corporations. The law insures that facilities constructed or rehabilitated will be economical and efficient by requiring that all proposed projects not exceed cost standards and square footage allowances developed by the State Allocation Board. These limitations are not included in the current lease purchase law. This proposal guarantees minimum costs.

The second portion of the bond act, \$100 million for continuance of the State School Building Aid Law of 1952, is needed to assist districts experiencing enrollment growth. These funds will permit districts to construct facilities for both the regular instructional program and for handicapped children. Participating school districts will repay the State loans according to a long existing repayment schedule that considers their ability to repay.

Proposition 1 deserves your favorable vote. It will: (1) use the State's credit to reduce the local district's cost of modernizing and rehabilitating dilapidated school buildings at no cost to the State, (2) continue all existing safeguards regarding vote requirements, and State approval of local projects, and (3) assist school districts which continue to experience enrollment growth, construct needed facilities.

WILSON RILES

California State Superintendent of Public Instruction

THOMAS C. PATON

President, California Blue Shield

LEROY F. GREENE

*Member of the Assembly, 6th District
Chairman, Assembly Education Committee*

Rebuttal to Argument in Favor of Proposition 1

There are only three points that need to be made in response to the arguments of the proponents:

1. If the State's own figures show a dramatic reduction in school enrollments in California, new buildings are unnecessary.

2. Even if it is necessary to purchase new property and buildings, why is there no provision to sell off the old buildings and property?

3. Contrary to the proponents' arguments, STATE AND TAX DOLLARS ARE INVOLVED. These are general obligation bonds that, by law, are 100% backed by the faith and credit of the taxpayers of California.

Any statement to the contrary is absolutely false. Every nickel of that \$350 million (plus interest!) must be paid back by you, the taxpayer, through higher local taxes. And if localities default, your State tax dollars are pledged to make up the difference. So, either way, you are going to have to pay back every single penny of your share of \$350 million!

**VOTE NO TO HIGHER AND HIGHER TAXES.
VOTE NO ON PROPOSITION 1.**

H. L. "BILL" RICHARDSON

State Senator, 25th District

Argument Against Proposition 1

There are only three things that we need to remember about Proposition 1.

1. This is the identical bond issue that you overwhelmingly defeated in the last Primary Election, except that it asks you to go \$350 million in debt instead of just \$250 million in debt.

2. Proposition 1 is 100% financed by you, the taxpayer.
3. School enrollments are DOWN, so why do we need more buildings?

And that's the name of that tune!

H. L. "BILL" RICHARDSON
State Senator, 25th District

Rebuttal to Argument Against Proposition 1

The opponents say, "you overwhelmingly defeated" this measure in the last primary election. It lost by 2.7% of the vote cast.

The opponents say Proposition 1 is 100% financed by you, the taxpayer. **PROPOSITION 1 IS FINANCED SOLELY BY TAXPAYERS OF THE INDIVIDUAL SCHOOL DISTRICTS WHICH VOTE TO OBLIGATE THEMSELVES FOR NEEDED FACILITIES.** If voters in a school district vote to borrow money and pay it back, they and only they finance the lease purchase agreement. You, the general state taxpayer, are not investing one penny. **YOU ARE SIMPLY ALLOWING DISTRICTS TO VOTE TO BORROW AND PAY BACK WHAT THEY BORROW PLUS INTEREST AT NO COST TO THE REST OF US AND AT LOWEST COST TO THEM.**

We still have growth districts and this is the least expensive money that can be made available to those

taxpayers who vote to borrow and build. **WHY SHOULD WE FORCE LOCAL TAXPAYERS TO BORROW MORE EXPENSIVELY?** This proposal makes it possible to restore or replace such buildings at the least cost following a local district vote to do so.

Without passage of this proposal, local districts will still have to vote to build and pay for needed facilities. With passage of this proposal, local districts will still have to vote to build and pay for needed facilities, but **AT A MUCH LOWER COST TO THE LOCAL TAXPAYER.**

WILSON RILES
California State Superintendent of Public Instruction

THOMAS C. PATON
President, California Blue Shield

LEROY F. GREENE
Member of the Assembly, 6th District
Chairman, Assembly Education Committee

Apply for Your Absentee Ballot Early

Clean Water and Water Conservation Bond Law of 1978

Official Title and Summary Prepared by the Attorney General

FOR THE CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978.

This act provides for a bond issue of three hundred seventy-five million dollars (\$375,000,000) to provide funds for water pollution control and water conservation.

AGAINST THE CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978.

This act provides for a bond issue of three hundred seventy-five million dollars (\$375,000,000) to provide funds for water pollution control and water conservation.

FINAL VOTE CAST BY LEGISLATURE ON AB 399 (PROPOSITION 2)

Assembly—Ayes, 72	Senate—Ayes, 39
Noes, 0	Noes, 0

Analysis by Legislative Analyst

Background:

The Clean Water Bond Laws of 1970 and 1974 each authorized the state to issue \$250 million in general obligation bonds. These bonds provided money for:

1. State grants to local agencies to pay for at least 12½ percent of the total cost of sewage treatment facilities which are eligible for a federal grant under the Federal Water Pollution Control Act.
2. State planning and research efforts related to water quality or grants to local agencies for planning and research.
3. State loans to local agencies for water pollution control or water reclamation facilities.

The state has entered into agreements with local agencies which have committed nearly all of the funds available under the 1970 and 1974 Bond Laws. Under these agreements, the state generally pays 12½ percent of the eligible project cost and the local agency provides a matching 12½ percent. The federal government pays the remaining 75 percent.

Proposal:

This act, the Clean Water and Water Conservation Bond Law of 1978, would authorize the sale of \$375

million in state general obligation bonds for the same purposes as described above. In addition the funds could be used for state grants to local agencies for projects ineligible for federal grants if the projects are for the purpose of preventing water pollution, or for conserving or reclaiming water. For example, bond funds could be used to help finance projects that prevent irrigation run-off water from polluting streams and rivers, and projects to install water saving devices in household plumbing. Up to \$50 million of the \$375 million could be used for this purpose.

Fiscal Effect:

The sale of \$375 million in bonds, as authorized by this act, would obligate the state to repay the principal plus interest on the bonds. Bonds issued under the Clean Water Bond Laws of 1970 and 1974 mature over 20-year periods. Assuming similar maturities for the bonds authorized by this act and assuming a bond net interest rate averaging 5 percent, the total interest cost to the state would be about \$197 million. Under these circumstances, the total cost to the state for principal (\$375 million) plus interest (\$197 million) would be \$572 million over the life of the bonds.

Text of Proposed Law

This law proposed by Assembly Bill 399 (Statutes of 1977, Chapter 1160) is submitted to the people in accordance with the provisions of Article XVI of the Constitution.

This proposed law does not expressly amend any existing law; therefore, the provisions thereof are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 12.5 (commencing with Section 13955) is added to Division 7 of the Water Code, to read:

CHAPTER 12.5. CLEAN WATER AND WATER CONSERVATION BOND LAW OF 1978

13955. *This chapter shall be known and may be cited as the Clean Water and Water Conservation Bond Law of 1978.*

13956. *The Legislature hereby finds and declares that clean water, which fosters the health of the people, the beauty of their environment, the expansion of industry and agriculture, the enhancement of fish and wildlife, the improvement of recreational facilities and the provision of pure drinking water at a reasonable cost, is an essential public need. However, because the State of California is subject to great fluctuations in precipitation which have created semiarid and arid conditions in many parts of the state, and because the state has historically experienced a dry year on the average once every fourth year and has occasionally experienced such dry years consecutively resulting in conditions of drought, it is of paramount importance that the limited water resources of the state be preserved and protected from pollution and degradation in order to ensure continued economic, community, and social growth. Although the State of California is endowed with abundant lakes and ponds, streams and rivers, and hundreds of miles of shoreline, as well as large quantities of underground water, these vast water resources are threatened by pollution, which, if not checked, will impede the state's economic, community and social growth. The chief cause of pollution is the discharge of inadequately treated waste into the waters of the state. Many public agencies have not met the demands for adequate waste treatment or the control of water pollution because of inadequate financial resources and other responsibilities. Increasing population accompanied by accelerating urbanization, growing demands for water of high quality, rising costs of construction and technological changes mean that unless the state acts now the needs may soar beyond the means available for public finance. Meeting these needs is a proper purpose of the federal, state and local governments. Local agencies, by reason of their closeness to the problem, should continue to have primary responsibility for construction, operation and maintenance of the facilities necessary to cleanse our waters. Since water pollution knows no political boundaries and since the cost of eliminating the existing backlog of needed facilities and of providing additional facilities for future needs will be beyond the ability of local agencies to pay, the state, to meet its responsibility to protect and promote the health, safety and welfare of the inhabitants of the state, should assist in the financing. The federal government is contributing to the cost of control of water pollution, and just provision should be made to cooperate with the United States of America.*

13956.5. *The Legislature further finds and declares that the people of the state have a primary interest in the development and implementation of programs, devices, and systems to conserve water so as to make more efficient use of existing water supplies and to reclaim wastewater in order to supplement present surface and underground water supplies. Utilization of reclaimed water and water which has otherwise been conserved will economically benefit the people of the state, will augment the existing water supplies of many local communities, and will assist in meeting future water requirements of the state. It is therefore further intended by the Legislature that the state undertake all appropriate steps to encourage and develop water conservation and reclamation so that such water may be made available to help meet the growing water requirements of the state.*

13957. *It is the intent of this chapter to provide necessary funds to insure the full participation by the state under the provisions of Title II of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto, and to provide funds for state participation in the financing of projects, for the control of water pollution, or for the development of water conservation and wastewater reclamation, which are ineligible for federal assistance under Title II of the Federal Water Pollution*

Control Act and acts amendatory thereof or supplementary thereto.

13958. *The State General Obligation Bond Law 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 chapter, and the provisions of that law are included in this chapter as though set out in full in this chapter except that, notwithstanding anything in the State General Obligation Bond Law, the maximum maturity of the bonds shall not exceed 50 years from the date of each respective series. The maturity of each respective series shall be calculated from the date of such series.*

13959. *As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:*

(a) "Committee" means the Clean Water and Water Conservation Finance Committee created by Section 13960.

(b) "Board" means the State Water Resources Control Board.

(c) "Fund" means the State Clean Water and Water Conservation Fund.

(d) "Municipality" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto and shall also include the state or any agency, department, or political subdivision thereof.

(e) "Treatment works" shall have the same meaning as in the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and acts amendatory thereof or supplementary thereto, and shall also include such additional devices and systems as are necessary and proper to control water pollution, reclaim wastewater, or reduce use of and otherwise conserve water.

(f) "Construction" means any one or more of the following: preliminary planning to determine the feasibility of treatment works, engineering, architectural, legal, fiscal, or economic investigations or studies, surveys, designs, plans, working drawings, specifications, procedures, or other necessary actions, erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works, or the inspection or supervision of any of the foregoing items.

(g) "Eligible project" means a project for the construction of treatment works which is all of the following:

(1) Eligible for federal assistance, whether or not federal funds are then available therefor;

(2) Necessary to prevent water pollution;

(3) Certified by the board as entitled to priority over other treatment works, and which complies with applicable water quality standards, policies and plans.

(h) "Eligible state assisted project" means a project for the construction of treatment works which is all of the following:

(1) Ineligible for federal assistance.

(2) Necessary to prevent water pollution or feasible and cost effective for conservation or reclamation of water.

(3) Certified by the board as entitled to priority over other treatment works and which complies with applicable water quality and other applicable federal or state standards, policies, and plans.

(i) "Federal assistance" means funds available to a municipality either directly or through allocation by the state, from the federal government as grants for construction of treatment works, pursuant to Title II of the Federal Water Pollution Control Act, and acts amendatory thereof or supplementary thereto.

13959.5. *There is in the State Treasury the State Clean Water and Water Conservation Fund, which fund is hereby created.*

13960. *The Clean Water and Water Conservation Finance Committee is hereby created. The committee shall consist of the Governor or his designated representative, the State Controller, the State Treasurer, the Director of Finance, and the chairman of the board. The executive officer of the board shall serve as a member of the committee in the absence of the chairman. Said committee shall be the "committee" as that term is used in the State General Obligation Bond Law.*

13961. *The committee is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of three hundred seventy-five million dollars (\$375,000,000), in the manner provided in this chapter. Such debt or debts, liability or liabilities, shall be created for the purpose of providing the fund to be used for the object and work specified in Section 13962.*

13962. (a) *The moneys in the fund shall be used for the purposes set forth in this section.*

(b) *The board is authorized to enter into contracts with municipalities having authority to construct, operate and maintain treatment works, for grants to such municipalities to aid in the construction of eligible projects.*

Continued on page 61

2 Clean Water and Water Conservation Bond Law of 1978

Argument in Favor of Proposition 2

A Yes vote on Proposition 2 is vitally needed in order to maintain and improve water quality and to help assure an adequate supply of clean water for Californians.

A Yes vote on Proposition 2 will ease the tax burden on local taxpayers by significantly reducing the amount of property tax revenues needed to meet clean water laws.

If, on the other hand, the measure does not pass, the entire non-federal cost of water treatment facilities must be borne by local governments, thus putting additional pressure on property taxpayers.

Proposition 2 will provide funds to construct necessary wastewater facilities and will also provide financial assistance for water recycling and water conservation projects.

For these, as well as the following additional reasons, we believe the State should continue, through the passage of Proposition 2, to assist local governments in constructing facilities necessary to preserve and protect California's water resources:

- * Additional facilities are needed to protect our environment and to provide for our recreational, agricultural, industrial, commercial and municipal water needs.
- * As the recent drought demonstrated, California's water resources must be fully utilized. Cost-effective water recycling and conservation projects will receive high priority in our State water program through the passage of Proposition 2.
- * Costly delay in the construction of water treatment

facilities will be prevented through the passage of Proposition 2. Delay would have a harmful effect on the quality of life, a possible loss of federal funds, and the resulting lost of construction jobs.

- * Available state funds for critical water treatment projects are nearly exhausted. Passage of Proposition 2 is needed to continue such assistance. If Proposition 2 fails to pass, local governments will face a minimum direct cost of \$1.15 billion. Passage of Proposition 2 will eliminate at least half of this burden.

In order to meet clean water standards established under State and federal laws, California has underway accelerated programs to minimize pollution and to conserve and enhance our water resources. These programs must be continued.

That is why the State Assembly and the State Senate, Democrats and Republicans, voted unanimously to place Proposition 2 on the ballot for your approval.

That is why we urge you to vote YES on Proposition 2.

LEO T. McCARTHY
Member of the Assembly, 18th District
Speaker of the Assembly

HOUSTON FLOURNOY
Dean, Center for Public Affairs,
University of Southern California
Former State Controller

JOHN E. BRYSON
Chairman, State Water Resources Control Board

Rebuttal to Argument in Favor of Proposition 2

VOTE NO ON PROPOSITION 2. DON'T BE SWAYED BY BLATANTLY FALSE CLAIMS OF LOWER PROPERTY TAXES, FISCAL ACCOUNTABILITY AND BETTER SEWERS.

Those in favor of Proposition 2 argue that the entire burden of non-federal costs in sewer construction will be borne by property taxes if Proposition 2 isn't passed. This is based on the incorrect assumption that property taxes pay for new sewers. Federal sewer funds may no longer be matched by local property taxes. **THE DEFEAT OF PROPOSITION 2 WILL NOT INCREASE PROPERTY TAXES.**

Proposition 2 proponents promise protection of the economic and environmental health of the state, and cost effective water conservation programs. There is not enough money to finish the sewer construction which will be initiated under this bond. **DON'T BE FOOLED—PROPOSITION 2 IS NO PANACFA.**

WE TAXPAYERS HAVE GOOD REASON TO BE WARY OF THIS "BLANK CHECK" REQUEST FOR "CLEAN

WATER" FUNDS. The City of San Francisco has already approved \$300 million in sewer bonds. San Francisco is paying only 12½% of its sewer costs under the federal/state/local funding formula. This means that San Francisco sewers will cost \$2.4 billion, nearly \$900 million more than the last official estimate. **WHY DON'T THEY TELL US HOW MUCH WE HAVE TO SPEND IN THE FIRST PLACE? UNLESS YOU THE VOTER DEMAND FISCAL ACCOUNTABILITY, SEWER COSTS WILL RISE AND THE STATE WILL AGAIN BE ASKING FOR MORE MONEY. UNTIL YOU'RE SATISFIED CURRENT SEWER PROGRAMS AREN'T ANOTHER BOONDOGGLE, VOTE NO ON PROPOSITION 2.**

GEORGE DUESDIEKER
Treasurer, Committee for Sewer Alternatives

LARRY ERICKSON
Chair, Committee for Sewer Alternatives

Argument Against Proposition 2

VOTE NO ON PROPOSITION 2. The passage of this measure is not in the best interests of pollution control, clean drinking water, or the people of the communities it is supposed to help. San Francisco stands to get the lion's share of this \$375,000,000 state bond. We have seen the inadequate job San Francisco has done in planning its new sewers. San Francisco city officials have ignored cost considerations and alternative technological developments in their rush to spend your tax dollars on sewers. The people of California should not contribute to the program of San Francisco, or any other community, until more thoughtful, comprehensive plans for sewer improvements are presented. **SAN FRANCISCO SEWER IMPROVEMENTS WILL COST \$1.5 BILLION AND IT WILL BE AMONG THE LARGEST RECIPIENTS OF FUNDS FROM THIS BOND.**

SAN FRANCISCO CANNOT POINT TO ANY RECENT MAJOR PUBLIC WORKS PROJECT WHICH HAS BEEN COMPLETED WITHIN ITS BUDGET, ON TIME, OR COMPETENTLY MANAGED. BART—Bay Area Rapid Transit—was not only subject to interminable delays in construction and bureaucratic ineptitude, Alameda, Contra Costa, and San Francisco residents have paid an extra 1/2¢ sales tax for this transit folly since the early 1960's. San Francisco Airport "improvement" is another horror story of fiscal mismanagement with no improved service. The Field Act—earthquake proofing of San Francisco's public schools—is a history of cost over-runs, and abysmal management, not to mention a disservice to school children. **PROPOSITION 2 PROMISES ONLY TO BRING MORE OF THE SAME WASTE OF YOUR TAX MONEY AND MISMANAGEMENT.**

THE "HURRY UP, GET IT DONE, AND FORGET EFFICIENCY, MONEY, AND PEOPLE" ATTITUDE, PLAGUES DOZENS OF PUBLIC WORK PROJECTS THROUGHOUT THE STATE. The callous, continuous, and wanton disregard of local residents, California taxpayers, and environmental quality as typified by San Francisco's sewer program must stop.

Better planning and use of improved technology can save your tax dollars and provide better service. Water pollution should end as soon as possible, but not at the expense of hastily thoughtout local plans, which will burden communities with inefficient sewer systems for the next 50 to 100 years. **DON'T SQUANDER YOUR MONEY UNTIL MORE WELL THOUGHTOUT, COMPREHENSIVE, POSITIVE PLANS FOR SEWER IMPROVEMENTS ARE DEVELOPED.**

The taxpayers of California have been forced to consider sewer improvements in a piecemeal fashion. This is the **THIRD** time in recent years you are asked to approve **HUNDREDS OF MILLIONS** for "clean water." Passage of this bond will bring the total approved by the voters in recent elections to \$875 million for sewer improvements. **THESE REQUESTS FOR ASTRONOMICALLY PRICED, ILL-CONCEIVED AND INEFFICIENT SEWERS MAY WELL BECOME AN ANNUAL EVENT—UNLESS THE VOTERS DEMAND ACCOUNTABILITY, LOWER COSTS, AND BETTER RESULTS. VOTE NO ON PROPOSITION 2.**

GEORGE DUESDIEKER

Treasurer, Committee for Sewer Alternatives

LARRY ERICKSON

Chair, Committee for Sewer Alternatives

Rebuttal to Argument Against Proposition 2

Passage of Proposition 2 will benefit all Californians by restoring and preserving our water resources and by helping to ensure an adequate supply of clean water.

For opponents to argue that San Francisco is the major beneficiary of Proposition 2 is to totally ignore the serious water pollution and water supply problems of other major counties such as Alameda, Contra Costa, Los Angeles, Orange and San Diego. All of these, and in fact every major county, must construct new water treatment facilities and will therefore benefit directly from the passage of Proposition 2.

A YES vote on Proposition 2 will help to provide financial assistance for the local governments which would otherwise be required to fund their entire 25 percent share of required construction costs from local property taxes. (The federal government will provide 75 percent of the cost of the mandated construction.)

Local governments throughout the state will face serious funding problems unless Proposition 2 passes and the state continues to help pay for the construction of federally mandated wastewater treatment facilities.

Since 1970 California has been working toward ending the state's serious water pollution problems. Comprehensive, long range planning, including public input and full evaluation of alternatives, has proven to be a cost effective way of solving our pollution problems.

The passage of Proposition 2 will guarantee the funds necessary to help meet California's clean water needs. Please vote YES on Proposition 2.

LEO T. MCCARTHY

*Member of the Assembly, 18th District
Speaker of the Assembly*

HOUSTON FLOURNOY

*Dean, Center for Public Affairs,
University of Southern California
Former State Controller*

JOHN E. BRYSON

Chairman, State Water Resources Control Board

3

Taxation Exemption—Alternative Energy Systems

Official Title and Summary Prepared by the Attorney General

TAXATION EXEMPTION—ALTERNATIVE ENERGY SYSTEMS—LEGISLATIVE CONSTITUTION AMENDMENT. Adds section 38 to article XIII of Constitution to provide that Legislature may exempt from tax all or any part of property used as alternative energy system which is not based on fossil fuels or nuclear fuels. Final impact: Revenue loss to local governments during exemption period; could result in increase in local government revenues thereafter. Minor local administrative costs.

FINAL VOTE CAST BY LEGISLATURE ON SCA 15 (PROPOSITION 3)

Assembly—Ayes, 78
Noes, 0

Senate—Ayes, 30
Noes, 2

Analysis by Legislative Analyst

Background:

All property is subject to local property taxes unless there is a specific exemption in, or enacted by the Legislature pursuant to, the Constitution.

Proposal:

This proposition would allow the Legislature to exempt from property taxation all or part of an alternative energy system *provided* that the system is not based on fossil fuels (oil, natural gas, coal) or nuclear fuels. Examples of such alternative energy systems are solar panels used to heat water and windmills used to generate electricity.

Fiscal Effect:

If this proposal is approved by the voters, legislation adopted in 1977 (Chapter 103, Statutes of 1977) will provide a property tax exemption for solar energy systems during the five-year period ending June 30, 1984. This property tax exemption would apply to any solar equipment which is attached to a residential or

nonresidential building or swimming pool as part of a solar energy system. Any equipment installed as a result of this proposition would be exempt during the specified five-year period. At the end of this period the equipment would become taxable and could result in an increase in local government revenues.

Any equipment which qualifies for this exemption but which would have been installed without this proposal would also be tax exempt during this period. This would result in a revenue loss to local governments. At the end of the period, the equipment would become taxable and this revenue loss would stop. The state would not reimburse local governments for revenue losses or the minor local administrative costs associated with this exemption.

There may be additional significant losses of property tax revenues in the future if the Legislature exercise the authority to exempt other types of alternative energy systems. Again, the amount of these losses cannot be determined at this time.

Study the Issues Carefully

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 15 (Statutes of 1977, Resolution Chapter 29) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 38. In addition to such exemptions as are now provided in this Constitution, the Legislature may exempt from taxation all or any portion of property used as an alternative energy system which is not based on fossil fuels or nuclear fuels.

Vote on Election Day

Argument in Favor of Proposition 3

The threat of an energy shortage is one of the most crucial issues we face. To reduce our dependency on expensive foreign sources of oil and gas, we must do all we can—not only to develop our conventional energy supplies—but to encourage conservation and use of alternative sources such as solar.

Proposition 3 will encourage energy conservation vital to us all by providing a tax incentive to homeowners and businessmen to install solar systems. Its passage will help generate many new jobs and reduce the threat of future power brownouts.

Your approval of Proposition 3 will put into law a measure already passed by the Legislature to exempt solar energy installations from property taxes for a period of five years.

Proposition 3 will also authorize the Legislature to extend the tax exemption to wind or geothermal energy systems for hot water and heating buildings.

Because the initial cost of alternate energy

equipment is so much higher than equipment utilizing conventional fuels, the property tax exemption provided by Proposition 3 is needed to make the investment attractive to the average homeowner and businessman.

Everyone benefits by the expanded use of solar energy and those who pay to have equipment installed should *not* be penalized by added property taxes!

Vote YES on Proposition 3 for a brighter energy future for California.

ALFRED E. ALQUIST
State Senator, 11th District
Chairman, Senate Committee on
Public Utilities, Transit and Energy

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

ALAN D. PASTERNAK
Member, California Energy Commission

Rebuttal to Argument in Favor of Proposition 3

Let's set the record straight.

Everybody is in favor of solar energy, conservation and Mom's apple pie. Unfortunately, that isn't what Proposition 3 is all about.

Proposition 3 is about Tax Loopholes. And like most tax loopholes, a few will benefit at the expense of the rest of us. Let me briefly explain:

Windmills, experimental solar collectors and other "alternative energy systems" are far too expensive for the average person to afford. For this reason, only the very wealthy can afford to rip out their oil and gas heaters and install new experimental equipment.

All Proposition 3 does is create a special tax loophole for these modern day Don Quixotes. And of course, you

and I have to make up for the lost revenue in higher property taxes.

As a matter of fact Proposition 3 specifically excludes giving a property tax exemption to people who must continue to heat their homes with "old-fashioned" gas, oil and electric heaters.

So, unless you're one of the selected few who can afford to build a windmill in your front yard, Proposition 3 will probably increase your taxes.

It's just that simple, folks, and that's why Proposition 3 deserves your NO vote.

H. L. "BILL" RICHARDSON
State Senator, 25th District

Argument Against Proposition 3

How would you like to help the guy down the street pay for his newly heated swimming pool?

You'd like that? Good! Proposition 3 is for you.

That's right, folks. Thanks to Proposition 3 you will soon have the rare opportunity to do something for rich people. You will be allowed to pay higher property taxes in order to allow these "needy" rich people to buy tax-free solar-powered swimming pool heaters. Isn't that wonderful?

Oh, but that's not all. Here are a few more questions and answers that the proponents of this measure might not have mentioned:

Question: Could Proposition 3 lower property taxes paid by the owner of a solar-powered air conditioner in a 40-room mansion in Beverly Hills?

Answer: Yes.

Question: Does Proposition 3 allow the same property tax cut for the owner of a two-bedroom

home in Anaheim, Fresno, or Eureka who must use oil, gas or electricity to heat his or her home?

Answer: No.

Question: Does Proposition 3 provide a tax loophole for the rich?

Answer: Yes.

Question: Does Proposition 3 provide the same tax loophole for the poor and middle-income families?

Answer: Not unless they can afford the same things as the rich.

Question: Who must pay higher property taxes to make up for the revenue lost through the tax loophole?

Answer: Anyone who cannot afford to convert to solar energy to heat his home.

Question: Does that mean you?

Answer: I don't know, does it? If so, you should vote NO on Proposition 3.

H. L. "BILL" RICHARDSON
State Senator, 25th District

Rebuttal to Argument Against Proposition 3

The frivolous and misleading opposition arguments would be amusing if the issue of energy conservation were not so important to our economy and national security—and your pocketbook.

Take the claim that property owners who don't install solar "must pay higher property taxes to make up for the revenue lost . . .". The Legislative Analyst says the limited five-year exemption could EXPAND the tax revenue base over the long run by encouraging the widespread installation of solar systems. This would tend to LOWER tax rates for ALL property owners, including those who don't install solar devices.

In addition, it is cheaper for a homeowner to buy the gas and electricity his neighbor saves at the current price than for his utility to buy additional and increasingly costly fuels from foreign countries. Therefore, when ANYONE installs a solar energy system, EVERYONE benefits by the resultant energy savings.

A tax incentive is the traditional American way to encourage citizens to make investments that promote

the general welfare.

Tax loophole for the rich? Nonsense! Proposition 3 will help make solar heating and cooling feasible for the AVERAGE homeowner and businessman who couldn't afford the initial investment in solar equipment.

A family in "a 40-room mansion" doesn't have to worry about skyrocketing gas and electric bills. But the rest of us do.

Along with the solar income tax credit already enacted, the limited five-year property tax exemption provided in Proposition 3 will make solar energy a practical investment for the average Californian.

ALFRED E. ALQUIST
State Senator, 11th District
Chairman, Senate Committee on
Public Utilities, Transit and Energy

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

ALAN D. PASTERNAK
Member, State Energy Commission

Official Title and Summary Prepared by the Attorney General

CITY CHARTERS—BOARDS OF EDUCATION—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Requires that any amendment to a city charter which would change the manner, time, or terms of appointment or election of the governing board of a school or community college district or change charter provisions relating to the qualifications, compensation, removal or number of such members must be submitted for approval by a majority of all the qualified electors of the school or community college district voting on the question, including persons residing in such district but outside city boundaries. Requires submission of such amendments as separate questions. Financial impact: Minor increases in local election costs could result where voters live outside city's boundary.

FINAL VOTE CAST BY LEGISLATURE ON SCA 26 (PROPOSITION 4)

Assembly—Ayes, 76
Noes, 0

Senate—Ayes, 35
Noes, 0

Analysis by Legislative Analyst

Background:

The State Constitution allows a city operating under a charter form of government to set forth in its charter the conditions of membership for its city board of education. Specifically, the charter may provide for:

1. The manner and times of electing or appointing members,
2. The qualifications that members must meet and how much they shall be paid,
3. The number of members and the terms of office,
4. Removing members from office.

At present, the city boards of education of some chartered cities govern school districts which include areas outside the city limits. Persons living in such school districts but outside city limits are not permitted to vote on city charter amendments which would change the provisions listed above.

Proposal:

This constitutional amendment would require that all voters living in the school district governed by the city board of education be permitted to vote on proposed city charter amendments regarding the provisions listed above.

Fiscal Effect:

This measure could result in additional local election costs where voters living in a school district governed by a city board of education live outside the city's boundary. The amount would depend upon the number of such voters affected but would probably be minor.

Polls are open from 7 A.M. to 8 P.M.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 26 (Statutes of 1977, Resolution Chapter 47) expressly amends an existing section of the Constitution; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE IX

SEC. 16. (a) It shall be competent, in all charters framed under the authority given by Section 5 of Article XI, to provide, in addition to those provisions allowable by this Constitution, and by the laws of the state for the manner in which, the times at which, and the terms for which the members of boards of education shall be elected or appointed, for their qualifications, compensation and removal, and for the number which shall constitute any one of such boards.

(b) Notwithstanding Section 3 of Article XI, when the boundaries of a school district or community college district extend beyond the limits of a city whose charter provides for any or all of the foregoing with respect to the members of its board of education, no charter amendment effecting a change in the manner in which, the times at which, or the terms for which the members of the board of education shall be elected or appointed, for their qualifications, compensation, or removal, or for the number which shall constitute such board, shall be adopted unless it is submitted to and approved by a majority of all the qualified electors of the school district or community college district voting on the question. Any such amendment, and any portion of a proposed charter or a revised charter which would establish or change any of the foregoing provisions respecting a board of education, shall be submitted to the electors of the school district or community college district as one or more separate questions. The failure of any such separate question to be approved shall have the result of continuing in effect the applicable existing law with respect to that board of education.

Apply for Your Absentee Ballot Early

Argument in Favor of Proposition 4

Your YES vote on Proposition 4 will correct an inequitable situation whereby many persons are denied the right to vote on ballot measures affecting a school district in which they live.

Under longstanding state constitutional provisions, a charter city is permitted to include in its charter provisions for the appointment, election, removal, etc. of a local board of education. However, the school districts of some charter cities now have grown so that they have boundaries which are larger than the cities which created them. Because the Constitution allows only residents of a charter city to vote on amendments to its charter, persons who live within the school district but outside the city itself find themselves unable to vote on a charter amendment which vitally affects the school district.

Your approval of Proposition 4 will close this loophole which disenfranchises voters in a number of school districts.

For example, the Los Angeles school district covers 710 square miles, but the City of Los Angeles accounts

for less than 500 of those square miles. There are approximately 150,000 registered voters who live within the Los Angeles school district but in areas that are outside of the City of Los Angeles. These voters cannot vote on school district charter amendments even though they are directly affected by the outcome of the voting.

It is unfair that a school district voter be deprived of the right to vote on a charter amendment which affects his own schools. Proposition 4 will correct that. No one would argue that it would be fair for only some of a city's voters to vote on a city ballot measure. It is just as unfair to allow only some of a school district's voters to vote on a measure affecting school districts.

You can bring fairness to the way we run our schools by voting YES on Proposition 4.

BILL GREENE
State Senator, 29th District

ZEV YAROSLAVSKY
Member, Los Angeles City Council

Rebuttal to Argument in Favor of Proposition 4

Amending our State Constitution to permit non-city residents to vote on city charters is wrong.

The State Constitution does not require any amendment to provide for non-city residents to vote on school issues. Our State Constitution already provides for this.

Many school districts are spread over several cities and unincorporated areas of several counties. As a matter of fact, one district covers portions of Santa Clara and Santa Cruz counties plus the whole or part of (7) cities. All of the residents of this district vote on all school trustee and school tax elections.

This issue covers a local problem. The problem is in the Los Angeles City Charter, not the State Constitution. The Los Angeles City Councilmen and the State Senator who wrote the Argument in support of this Constitutional Amendment would best serve their constituency by supporting home rule and

seeking amendments to the Los Angeles City Charter and any other city charter that permits the city to control a school district that is not completely within their city boundaries.

For the Los Angeles City government to exercise control over educational facilities and operations outside their geographic jurisdiction is not only morally wrong, but it is most probably legally wrong. Do not become a part of this by permitting it through a Constitutional Amendment.

VOTE "NO" on Proposition 4.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Argument Against Proposition 4

The Legislature's own Counsel's Digest, written specifically for this Constitutional Amendment states, "The Constitution currently authorizes city charters to provide for . . . persons residing outside the boundaries of a city are not entitled to vote on amendments to the charter of such city." What is wrong with this? Do you believe that people who are non-residents of your city should be able to vote on your city charter?

This Constitutional Amendment would permit non-city residents to vote on a city charter. This is wrong. It establishes a precedent whereby non-residents of a city, county, or even a state could vote on city or county charter or even the constitution of a state in which they do not reside.

The real problem is that cities or counties are

permitted to control sub-ordinate jurisdictions that are not wholly within their geographic boundaries.

If the Legislature feels that a Constitutional Amendment is necessary, it should introduce a Constitutional Amendment which prohibits such practices.

Voting NO on this Constitutional Amendment is in the local taxpayers' best interests.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Rebuttal to Argument Against Proposition 4

Thanks to a quirk in the state constitution, some citizens are denied the right to vote on matters directly affecting them. Proposition 4 will correct this inequity.

Some school districts cover an area larger than the city by whose charter the district is governed. Residents of such school districts vote for members of their school board, but are prohibited from voting on city charter changes affecting their school district. A "YES" vote on Proposition 4 will change this.

For example, the Los Angeles Unified School District is governed by Los Angeles' City Charter. Yet, the district includes communities such as San Fernando, Carson and Huntington Park which are outside Los Angeles. Proposition 4 will allow residents of such communities to vote on charter changes just affecting the school district.

Opponents of Proposition 4 suggest limiting school

districts to city boundaries. Such a plan could cost taxpayers millions of dollars, since it would reverse the steps districts have taken to economize through consolidation.

Opponents say Proposition 4 allows non-residents to vote on city matters that are none of their business. Not so. Proposition 4 allows residents of school districts, heretofore disenfranchised from the electoral process, to vote *only* on matters which *are* their business: Matters affecting their children's schools.

Vote "YES" on Proposition 4.

BILL GREENE
State Senator, 29th District

ZEV YAROSLAVSKY
Member, Los Angeles City Council

Official Title and Summary Prepared by the Attorney General

ADMINISTRATIVE AGENCIES—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds section 3.5 to article III of Constitution to preclude administrative agency, even if created by Constitution or initiative, from (1) declaring a statute unconstitutional or (2) declaring a statute to be unenforceable or refusing to enforce a statute, because of unconstitutionality or because federal law or regulations prohibit enforcement, unless appellate court has made such determination. Financial impact: Increases or decreases in government costs or revenue during period before constitutionality or enforceability is determined by appellate court.

FINAL VOTE CAST BY LEGISLATURE ON SCA 25 (PROPOSITION 5)

Assembly—Ayes, 73
Noes, 0

Senate—Ayes, 29
Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution does not say whether an administrative agency can declare a state law unconstitutional and thus unenforceable.

Unlike most state administrative agencies, the Public Utilities Commission *is created in* the State Constitution. California's Supreme Court has held that the Commission can determine the constitutionality of state laws which affect its (the Commission's) authority, although any such determination would be subject to court review.

In another action, a Court of Appeal held that any state administrative agency *not created in* the Constitution may not determine that a state law is unconstitutional.

Proposal:

This constitutional amendment would forbid any state administrative agency, whether created in the Constitution or not, to (1) declare a state law unconstitutional or (2) refuse to enforce a state law on

the basis that it is unconstitutional or that it is prohibited by federal law unless such a determination has already been made by an appellate court.

Fiscal Effect:

When questions arise about the constitutionality or enforceability of a state statute, an administrative agency can sometimes make a decision on the matter more quickly than the courts. However, decisions of administrative agencies are always subject to review by the courts, and thus may be changed. Even if an administrative agency declares a state law to be unconstitutional or unenforceable, the courts may issue an order requiring the law to be followed until a *final* decision is made.

By eliminating the authority of administrative agencies to make an *initial* ruling on state statutes, this measure could result in a state or local fiscal impact during the period before the matter is acted on by the courts. This measure could either increase or decrease government costs or revenue.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 25 (Statutes of 1977, Resolution Chapter 48) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE III

SEC. 3.5. An administrative agency, including an administrative agency created by the Constitution or an initiative statute, has no power:

(a) To declare a statute unenforceable, or refuse to enforce a statute, on the basis of it being unconstitutional unless an appellate court has made a determination that such statute is unconstitutional;

(b) To declare a statute unconstitutional;

(c) To declare a statute unenforceable, or to refuse to enforce a statute on the basis that federal law or federal regulations prohibit the enforcement of such statute unless an appellate court has made a determination that the enforcement of such statute is prohibited by federal law or federal regulations.

Vote On Election Day

Argument in Favor of Proposition 5

Enactment of this constitutional amendment would prohibit State agencies, including any agency created by the Constitution or by initiative, from refusing to carry out its statutory duties because its members consider the statute to be unconstitutional or in conflict with federal law.

Every statute is enacted only after a long and exhaustive process, involving as many as four open legislative committee hearings, where members of the public can express their views. If the agencies question the constitutionality of a measure, they can present testimony at the public hearings during legislative consideration. Committee action is followed by full consideration by both houses of the Legislature.

Before the Governor signs or vetoes a bill, he receives analyses from the agencies which will be called upon to implement its provisions. If the Legislature has passed the bill over the objections of the agency, the Governor is not likely to ignore valid apprehensions of his departments, as he is the Chief Executive of the State and is responsible for most of its administrative functions.

Once the law has been enacted, however, it does not make sense for an administrative agency to refuse to carry out its legal responsibilities because the agency's members have decided the law is invalid. Yet, administrative agencies are so

doing with increasing frequency. These agencies are all part of the Executive Branch of government, charged with the duty of enforcing the law.

The Courts, however, constitute the proper forum for determination of the validity of State statutes. There is no justification for forcing private parties to go to Court in order to require agencies of government to perform the duties they have sworn to perform.

Proposition 5 would prohibit the State agency from refusing to act under such circumstances, unless an appellate court has ruled the statute is invalid.

We urge you to support this Proposition 5 in order to insure that appointed officials do not refuse to carry out their duties by usurping the authority of the Legislature and the Courts. Your passage of Proposition 5 will help preserve the concept of the separation of powers so wisely adopted by our founding fathers.

JOHN W. HOLMDAHL
State Senator, 8th District

JOSEPH B. MONTOYA
Member of the Assembly, 60th District

VERNON L. STURGEON
Commissioner, California Public Utilities Commission

Rebuttal to Argument in Favor of Proposition 5

The proponents ask your vote for this measure to insure that appointed officials do not refuse to carry out their duties by overriding the authority of the Legislature and the Courts. *This is a completely misleading statement.*

We agree that such officials must uphold the law. There are existing legal procedures to assure their compliance.

By contrast, Proposition 5 deals with *conflicts* between an agency's duty under a state statute, and a different duty under the Constitution or a federal law or regulation. These conflicts may arise from circumstances which were unknown or non-existent at the time a particular statute was enacted. Declaring a state statute invalid under these circumstances does *not* override the authority of the Legislature or the Courts. The California Supreme Court stated that *only* by recognizing the invalidity of the statute can an administrative agency comply with its duty to determine and follow the law. A vote against Proposition 5 will simply maintain this

long-standing ability for certain administrative agencies.

The argument for Proposition 5 attempts to create a sense of urgency by stating that administrative agencies are not enforcing statutes "with increasing frequency," yet no numbers are mentioned. In fact, this situation arises *extremely infrequently* due to an agency's respect for the Legislature and Court system. Any increase in these legal conflicts is due to underlying increases in state and federal lawmaking activity. Please vote to continue the ability for an administrative agency to deal with these conflicts. Vote no on Proposition 5.

ROBERT BATINOVICH
President, California Public Utilities Commission

PHILLIP E. BLECHER
Executive Director, California Public Utilities Commission

Argument Against Proposition 5

**VOTE AGAINST ADMINISTRATIVE DISHONESTY!
VOTE AGAINST EXPENSIVE ADMINISTRATIVE WASTE!
VOTE NO ON 5.**

Proposition 5 asks you to consider the desirability of amending the state constitution to require an administrative agency to wait until an appellate court has determined that a particular statute is unconstitutional or unenforceable before it can question the legality of that statute. But how is an administrative agency supposed to adhere to and uphold the constitution in the weeks or months which precede a court's action on a statute which may be unconstitutional or unenforceable? Should the agency be forced to ignore the conflicting laws? I think the answer is *NO*. The California Supreme Court, which considered this precise question in 1976 (*Southern Pacific Transportation Company v. Public Utilities Commission*), agreed with this position.

The Court's majority opinion in *Southern Pacific* gave the following example: Suppose that the United States Supreme Court decided that an important civil rights statute of one state was unconstitutional, but did not extend its decision to identical statutes in other states. If a state administrative board must interpret one of these "suspect" statutes, what should it do? The California Supreme Court's opinion states that *only by recognizing the invalidity of the statute can the board comply with its duty to determine and follow the law*. Passage of this measure will prevent the course of administrative action found acceptable by the Court. Moreover, Proposition 5 may unfairly burden the ability of an average citizen to get relief from a state administrative agency in proceedings where the legality of a statute is involved by requiring him to bear the time and expense of appealing to a court for a determination of the statute's validity.

Apart from the undesirable legal problems imposed by Proposition 5, it also carries a potentially high price tag. Consider the following:

Generally, a federal law or regulation will prevail over a state statute or regulation directly concerning the same matter, thereby making the state action unenforceable. Under present law, our state administrative agencies can act promptly to avoid conflicts between state and federal actions. However Proposition 5 will force an administrative agency to enforce a state statute, *even though such statute appears to conflict with a federal law or regulation*, until an appellate court has ruled on the statute's enforceability.

This provision could seriously hamper state agencies which share regulation over matters with the federal government and its agencies. The California Public Utilities Commission, for instance, has federal agency counterparts in its regulation of energy (Department of Energy), transportation (Interstate Commerce Commission), and communications (Federal Communications Commission). In instances of federal action which conflicts with a state statute, the Commission may have to continue consuming time and money of utilities, their customers, and the general tax-paying public by enforcing an invalid state statute until an appellate court decides to examine the statute. The proponents of this measure have not pointed to benefits which would offset its potential for tremendous administrative waste. I therefore urge your "NO" on Proposition 5.

ROBERT BATINOVICH

President, California Public Utilities Commission

PHILLIP E. BLECHER

Executive Director, California Public Utilities Commission

Rebuttal to Argument Against Proposition 5

If major decisions were to be made by one person, laws could be enacted quickly and efficiently. However, such a system would provide the private citizen no voice in his government and probably no court in which to appeal injustices. The people of this State and Nation long ago chose instead the democratic system. Proposition 5 is but one small way of protecting democracy and preventing its erosion in the name of efficiency.

The opponents say that a vote against this proposition is a "vote against administrative dishonesty." This clever slogan comes from—of all places—an administrative agency. Is it really more honest for an agency to ignore the lengthy process that produced a statute and to proceed as if it were never enacted?

The opposition cites a case by the California Supreme Court concerning "suspect" statutes. However, the United States Supreme Court has consistently held that "State statutes, like federal ones, are entitled to the presumption of constitutionality until their invalidity is *judicially* declared."

Under Proposition 5, the agencies themselves may challenge "suspect" statutes in the courts. Then, private citizens will save time and expense otherwise imposed on them to compel State agencies to perform their duties. Such agencies will no longer usurp the constitutional powers of the courts.

Your vote for Proposition 5 will return responsibility for making major decisions to the properly constituted authorities. No longer will bureaucratic officials, however well-intentioned, be able to make decisions properly reserved to the Courts and your elected representatives.

JOHN W. HOLMDAHL

State Senator, 8th District

JOSEPH B. MONTOYA

Member of the Assembly, 60th District

VERNON L. STURGEON

Commissioner, California Public Utilities Commission

 Official Title and Summary Prepared by the Attorney General

SHERIFFS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, article XI, sections 1 (b) and 4 (c), to require Legislature and county charters to provide for elected county sheriffs. Financial impact: No direct state or local fiscal effect.

FINAL VOTE CAST BY LEGISLATURE ON SCA 20 (PROPOSITION 6)

Assembly—Ayes, 54
Noes, 22

Senate—Ayes, 28
Noes, 1

Analysis by Legislative Analyst

Background:

Each county, except a county which has adopted a charter for its own government, is required by state law, but not by the Constitution, to have an elected county sheriff.

A chartered county is not required to have a county sheriff, and, if it does, the county sheriff may be elected or appointed, as provided in the county charter.

At present all counties have elected sheriffs.

Proposal:

This constitutional amendment would *require* the Legislature to provide for elected county sheriffs in nonchartered counties and would require each county charter to provide for an elected county sheriff.

Fiscal Effect:

This measure has no direct state or local fiscal effect.

Study the Issues Carefully

Text of Proposed Law

These amendments proposed by Senate Constitutional Amendment No. 20 (Statutes of 1977, Resolution Chapter 70) expressly amends existing sections of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENTS TO ARTICLE XI

First—That subdivision (b) of Section 1 of Article XI is amended to read:

(b) The Legislature shall provide for county powers, *an elected county sheriff*, and an elected governing body in each county. Except as provided in subdivision (b) of Section 4 of this article, each governing body shall prescribe by ordinance the compensation of its members, but the ordinance prescribing such compensation shall be subject to referendum. The Legislature or the governing body may provide for other officers whose compensation shall be prescribed by the governing body. The governing body shall provide for the number, compensation, tenure, and appointment of employees.

Second—That subdivision (c) of Section 4 of Article XI is amended to read:

(c) ~~Other~~ *An elected sheriff, other officers*, their election or appointment, compensation, terms and removal.

Polls are open from 7 A.M. to 8 P.M.

Argument in Favor of Proposition 6

THE PASSAGE OF THIS CONSTITUTIONAL AMENDMENT WILL ASSURE ALL OF THE PEOPLE IN EACH OF FIFTY-EIGHT COUNTIES OF THIS STATE THAT THEIR CHIEF LAW ENFORCEMENT OFFICER AT COUNTY LEVEL, THE SHERIFF, WILL CONTINUE TO BE DIRECTLY ANSWERABLE TO THEM THROUGH THE ELECTIVE PROCESS.

DURING THE ONE HUNDRED AND TWENTY-EIGHT YEARS THAT HAVE TRANSPIRED SINCE CALIFORNIA BECAME A STATE, THE SHERIFFS HAVE DISTINGUISHED THEMSELVES BY PROVIDING EXCELLENT LAW ENFORCEMENT SERVICES TO THE PUBLIC THEY SERVE. THIS EVOLVEMENT OF EXCELLENCE HAS NOT COME ABOUT BY MERE HAPPENSTANCE. DURING THE ENTIRE HISTORY OF THE STATE, THERE HAS NEVER BEEN ANYTHING BUT ELECTED SHERIFFS DIRECTLY RESPONSIBLE TO THE PEOPLE. THIS ADHERENCE TO THE MOST BASIC OF DEMOCRATIC PRINCIPLES HAS DONE MUCH TO ENHANCE CONTINUED PROFESSIONAL SERVICE AND CONDUCT IN THE OFFICE OF SHERIFF.

THE SHERIFFS OF THIS STATE HAVE BROAD POWERS AND RESPONSIBILITIES ENUMERATED IN VIRTUALLY ALL OF THE CODES OF THE STATE OF CALIFORNIA. INDEED, ONE OF THE MOST AWESOME OF THESE RESPONSIBILITIES IS A MANDATE TO TAKE

APPROPRIATE ACTION WHEN THERE IS A BREAK-DOWN OF LAW ENFORCEMENT AT THE LOCAL LEVEL, IN A MUNICIPALITY. IN ORDER TO EFFECTIVELY CARRY OUT THE MYRIAD OF DUTIES AND RESPONSIBILITIES IMPOSED ON THEM, AND MOST CERTAINLY IN THE CASE CITED, THE SHERIFFS REQUIRE A DEGREE OF INDEPENDENCE FREE FROM UNDUE POLITICAL INFLUENCE. THIS HAS BEEN THE CASE FOR ONE HUNDRED AND TWENTY-EIGHT YEARS AND HAS BEEN ACCOMPLISHED BY MAKING THE SHERIFF DIRECTLY ACCOUNTABLE TO THE PEOPLE. FAVORABLE CONSIDERATION OF THIS CONSTITUTIONAL AMENDMENT WILL INSURE A CONTINUATION OF THIS MOST DESIRABLE RELATIONSHIP WHICH HAS WORKED SO WELL, FOR SO LONG.

ROBERT PRESLEY
State Senator, 34th District
Chairman, Senate Committee
on Transportation

WILLIAM A. CRAVEN
Member of the Assembly, 76th District
Chairman, Assembly Committee
on Local Government

Rebuttal to Argument in Favor of Proposition 6

The proponents of Proposition 6 would take from you the choice of how you select your county sheriff.

The proponents base their argument on the assumption that only elected sheriffs have the independence necessary to perform the duties of the office of sheriff. This is debatable. The ability to withstand political pressures, whether they come from within a county administration or from special interests in the community at large, lies in the individual officeholder, not in the manner of selection.

Elected office is no more a guarantee of personal honesty and integrity than is appointed office. In fact, many of our highest ranking law enforcement officials (for example, police chiefs) are now appointed in the interest of securing greater expertise and increased professionalism.

Should not the primary consideration simply be: How can a community best insure excellence in law enforcement? If so, why not continue to leave this

choice in the hands of local voters, as we have done since California first became a state? Who is better equipped to determine the most appropriate method of selecting public officials than the very people they serve?

But proponents of Proposition 6 want to make this decision for you. They want to take from you a most basic right—how you select your county sheriff. Vote "NO" if you want to retain local control.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

HOWARD BERMAN
Member of the Assembly, 43rd District
Majority Leader, State Assembly

BILL McVITTIE
Member of the Assembly, 65th District
Chairman, Assembly Sub-Committee
on Constitutional Amendments

Argument Against Proposition 6

This proposed amendment to our constitution represents but one more example of the state attempting to intrude on the rights of local government and is, indeed, a violation of the basic concept of home-rule.

Throughout our state history, charter counties have had the *option* of electing or appointing certain local officials, *including sheriffs*. Until 1970, this choice was specifically provided for in the constitution. That year, the voters approved a constitutional amendment deleting all reference to election or appointment of county officers, with the exception of an elected governing body. The intent of this change was to provide local governing bodies with a greater degree of autonomy and flexibility in order to better meet local needs. Proposition 6 would take away this prerogative of the counties to experiment with new methods of more efficiently controlling the governmental process.

Statements by proponents that Proposition 6 would restore the office of sheriff to the constitution are therefore misleading. If this amendment is approved by the voters, only *elected* sheriffs will be permitted anywhere in California (whatever the wishes of the people in any given county), and charter counties would lose the self-determination that *each* now has to decide for *itself* the most appropriate manner in which to select the county sheriff.

Although all charter counties presently have elected sheriffs, persuasive arguments can be made that the appointment process often involves a greater degree of competition and assures a greater chance of securing excellence in law enforcement. For this reason, most city police chiefs are already appointed, generally after undergoing a thorough screening process. Therefore, in the interest of efficiency and better government, it is vital that this alternative be preserved.

In short, if Proposition 6 passes, counties will lose their present right to amend their charters to provide for appointed sheriffs. Proposition 6 should be rejected so that counties can retain the authority to exercise this option as they see fit. Don't vote for the further erosion of local control.

OMER L. RAINS
State Senator, 18th District
Chairman, Senate Majority Caucus

HOWARD BERMAN
Member of the Assembly, 43rd District
Majority Leader, State Assembly

BILL McVITTIE
Member of the Assembly, 65th District
Chairman, Assembly Sub-Committee
on Constitutional Amendments

Rebuttal to Argument Against Proposition 6

THE ARGUMENTS OFFERED BY OPPONENTS TO PROPOSITION 6 ARE MISLEADING AND DO NOT SQUARE WITH FACT OR HISTORY.

—*IT IS A FACT* THAT IN THE 128-YEAR HISTORY OF THIS STATE THERE HAS NEVER BEEN ANYTHING BUT ELECTED SHERIFFS.

—*IT IS A FACT* THAT IN 47 OF THE 58 COUNTIES IN THIS STATE THE PEOPLE ARE ALREADY GUARANTEED THAT THEY WILL HAVE AN ELECTED SHERIFF.

—*IT IS A FACT* THAT WHENEVER THE SUBJECT OF ELECTED VERSUS APPOINTED SHERIFFS IN CHARTERED COUNTIES HAS ARISEN, THE PEOPLE HAVE ALWAYS REJECTED THE NOTION THAT SHERIFFS SHOULD BE APPOINTED.

—*IT IS A FACT* THAT THE VERY BEST ARGUMENT IN SUPPORT OF AN ELECTED SHERIFF MAY BE THAT POLICE CHIEFS ARE TYPICALLY APPOINTED AND SERVE SOLELY AT THE PLEASURE OF THE APPOINTING AUTHORITY. IT IS, THEREFORE, IMPORTANT THAT THE SHERIFF, IN HIS ROLE AS CHIEF LAW ENFORCEMENT OFFICER, BE FREE OF POLITICAL INFLUENCE WHICH MAY WELL CAUSE A BREAKDOWN OF A MUNICIPAL POLICE

DEPARTMENT. THE ONLY WAY TO ASSURE THAT THE SHERIFF WILL CARRY OUT HIS MANDATED RESPONSIBILITIES IN A FAIR, IMPARTIAL MANNER, FREE FROM UNDUE POLITICAL INFLUENCE, IS TO PROVIDE THAT HE BE ELECTED AND DIRECTLY RESPONSIBLE TO THE PEOPLE.

—*IT IS A FACT* THAT THE PASSAGE OF PROPOSITION 6 WILL ASSURE ALL OF THE PEOPLE IN CALIFORNIA THAT THEY WILL CONTINUE TO HAVE AS THEIR COUNTY'S CHIEF LAW ENFORCEMENT OFFICER A SHERIFF FREE FROM EXTERIOR POLITICAL INFLUENCE, ACTING IN THE BEST INTERESTS OF ALL THE PEOPLE.

ROBERT PRESLEY
State Senator, 34th District
Chairman, Senate Committee
on Transportation

WILLIAM A. CRAVEN
Member of the Assembly, 76th District
Chairman, Assembly Committee
on Local Government

Official Title and Summary Prepared by the Attorney General

LOCAL AGENCIES—INSURANCE POOLING ARRANGEMENTS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends section 6 of article XVI of Constitution to permit cities, counties, townships and other political corporations and subdivisions of State, to join with other such agencies in providing for payment of workers' compensation, unemployment compensation, tort liability or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by Legislature. Financial impact: None on state; effect on local governments unpredictable.

FINAL VOTE CAST BY LEGISLATURE ON SCA 16 (PROPOSITION 7)

Assembly—Ayes, 73
Noes, 0

Senate—Ayes, 27
Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution forbids the Legislature from authorizing a gift of public funds.

The Legislature has passed laws which authorize local public agencies to establish insurance pools to protect themselves against claims. For example, two or more counties could agree to share the payment of any valid claim made against one of them.

A question has arisen whether a county that contributes to the payment of a claim against another county is, in effect, making a gift of public funds. If the payment is a gift of public funds, it would be unconstitutional.

Proposal:

This constitutional amendment specifically permits two or more local governmental bodies, such as cities and counties, to join together in insurance pools to provide for payment of the following four types of claims:

1. Worker's compensation (payments for injuries or disabilities sustained by employees in the course of their work).

2. Unemployment compensation (payments to workers who through no fault of their own are unemployed).

3. Tort liability losses (such as vehicle accidents attributed to poor highway design, or private losses resulting from failures of public dams or bridges).

4. Public liability losses (claims, other than those already specified, which are made against the local governmental entity).

Fiscal Effect:

This proposal would have no fiscal effect on the state. Because it neither requires local governments to change their present insurance arrangements nor specifies how an insurance pool must be made up or operated, it would not, by itself, have any fiscal effect on local governments either. The proposal would make clear that local governments could enter pools. Whether a pooling arrangement would decrease or increase local governmental costs would depend on the manner in which it was established and administered, and the extent of risk exposure and claims activity experienced by its members.

Apply for Your Absentee Ballot Early

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 16 (Statutes of 1977, Resolution Chapter 77) expressly amends an existing section of the Constitution; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XVI

SEC. 6. The Legislature shall have no power to give or to lend, or to authorize the giving or lending, of the credit of the State, or of any county, city and county, city, township or other political corporation or subdivision of the State now existing, or that may be hereafter established, in aid of or to any person, association, or corporation, whether municipal or otherwise, or to pledge the credit thereof, in any manner whatever, for the payment of the liabilities of any individual, association, municipal or other corporation whatever; nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever; provided, that nothing in this section shall prevent the Legislature granting aid pursuant to Section 3 of Article XVI; and it shall not have power to authorize the State, or any political subdivision thereof, to subscribe for stock, or to become a stockholder in any corporation whatever; provided, further, that irrigation districts for the purpose of acquiring the control of any entire international water system necessary for its use and purposes, a part of which is situated in the United States, and a part thereof in a foreign country, may in the manner authorized by law, acquire the stock of any foreign corporation which is the owner of, or which holds the title to the part of such system situated in a foreign country; provided, further, that irrigation districts for the purpose of acquiring water and water rights and other property necessary for their uses and purposes, may acquire and hold the stock of corporations, domestic or foreign, owning waters, water rights, canals, waterworks, franchises or concessions subject to the same obligations and liabilities as are imposed by law upon all other

stockholders in such corporation; and

Provided, further, that this section shall not prohibit any county, city and county, city, township, or other political corporation or subdivision of the state from joining with other such agencies in providing for the payment of workers' compensation, unemployment compensation, tort liability, or public liability losses incurred by such agencies, by entry into an insurance pooling arrangement under a joint exercise of powers agreement, or by membership in such publicly-owned nonprofit corporation or other public agency as may be authorized by the Legislature; and

Provided, further, that nothing contained in this Constitution shall prohibit the use of State money or credit, in aiding veterans who served in the military or naval service of the United States during the time of war, in the acquisition of, or payments for, (1) farms or homes, or in projects of land settlement or in the development of such farms or homes or land settlement projects for the benefit of such veterans, or (2) any business, land or any interest therein, buildings, supplies, equipment, machinery, or tools, to be used by the veteran in pursuing a gainful occupation.

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the taxes accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the taxes accruing to such political subdivision before any other obligation of such political subdivision is met from such taxes.

Argument in Favor of Proposition 7

Proposition 7 will save money for local government and reduce property tax by expressly authorizing local governments to obtain insurance or to self-insure on a cooperative basis.

Insurance costs for cities, counties, and school districts have gone up dramatically over the past few years. This, in turn, has contributed to higher taxes. Keeping down the cost of insurance by allowing joint purchase or self-insurance will save money and keep taxes down.

This amendment was introduced at the request of the City of Los Angeles, the County of Los Angeles and the County Supervisors Association. A 1976 law attempted to solve this problem. Unfortunately, most counties and cities have been unable to implement this plan because of constitutional questions raised by local county counsel. Proposition 7 will answer those questions, clear up the legal ambiguities and allow local governments to

join together in saving insurance premium dollars.

The authority under this amendment will extend to the many categories of insurance purchased by prudent local joint governing bodies—worker's compensation, automobile insurance, tort liability, and other kinds of insurance. Local governments will then be able to obtain the best protection at the most economical rates. Before my election to the Senate, I was in the construction business and this is the type of cost-savings approach commonly utilized in private industry.

Proposition 7 passed the Senate and the Assembly unanimously, 27-0 in the Senate, 73-0 in the Assembly. There is no known opposition to the measure.

A "yes" vote on Proposition 7 will allow local government to save money by obtaining insurance at the lowest possible cost. The money saved will be yours.

ALAN ROBBINS

State Senator, 20th District

Rebuttal to Argument in Favor of Proposition 7

After reading the proponent's ballot argument our original argument against this measure is still valid. Insurance pooling either by private contract or "self-insuring" *will not save money!* Until inflation is brought under control at *all* levels of state and local government, method suggested, cutting expenditures, insurance costs will continue to rise.

Insurance pooling is no panacea for skyrocketing insurance rates. A not identified "1976 law attempted to settle this problem . . ." says the proponent. Is it not simpler to make changes in the existing law than to imbed this unnecessary provision into Section 6, Article XVI of the California Constitution? Why not review constitutional questions raised by county counsels and

possibly seek a solution by statutory enactment. If the present law's ambiguities are still too great a hurdle, why invest them with the aura of constitutionality by placing them in the Constitution.

Seeking solutions to insurance problems by constitutional amendment is not the answer.

VOTE "NO" on Proposition 7.

HAL M. ROGERS

President, Taxpayers Unanimous

NELLIE L. LOWE

Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE

*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Argument Against Proposition 7

Insurance pooling as outlined in this Constitutional Amendment that adds a new paragraph to Section 6 Article XVI looks great on paper. But a closer look at the liabilities involved which are workmen's compensation, tort liability, public liability and unemployment compensation should cause the voter to pause and take a second look.

For instance. Use the assumption that five counties entered into a public liability and/or tort (damages) insurance pool. Suppose that during the life of the policy, one county made a costly settlement in the millions while the other four counties paid only nominal amounts for public liability and damages. When the insurance pool policy expired, the insurance carrier would automatically do one of two things, or both. The insurance rate would drastically increase or the upfront deductible figure would zoom dramatically, or both actions could occur.

Therefore the taxpayers in four counties would be underwriting the losses incurred by the fifth county and thus paying for losses that they were not responsible for in the first place. This pooling arrangement would tax four counties disproportionately to offset the loss of a single county. If this joint insurance pool were a "self-insured" device, the costs would be the same.

Let every county assume its own risks and consequent liabilities. We urge a "NO" vote on Proposition 7.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Rebuttal to Argument Against Proposition 7

The experience of local governments already engaged in insurance pooling, as permitted by 1976 law under certain joint powers agreements, has been a substantial savings in tax dollars.

A self-insured pool operates as any private insurance company; only those cities or counties incurring excess liability have premiums adversely affected by that liability. The parties to the agreement can stipulate the amount of the deductible to be paid by each city and can state that no city is liable for the debts and obligations of other cities.

Parties to an insurance pool purchasing insurance from a private company can stipulate that increased costs to the pool because of one party's liability shall be borne by that one party. Insurance pooling will make local governments more aware that they are dealing with their own dollars and thus more likely to improve

and maintain safety measures to reduce costs.

Proposition 7 does not mandate insurance pooling by local governments; it gives local governments that *option*. The purpose of any insurance is to share risk so that one party does not bear an enormous and perhaps unbearable liability. Insurance pooling is the most economical way to spread the risk because it reduces administrative cost and eliminates unnecessary fees and charges. In the case of self-insurance, the premiums earn interest for local government and for the pool.

Through insurance pooling, local governments can reduce the high cost of insurance. Proposition 7 *clearly* provides local government with a tool to save money. Tax dollars are too scarce to waste and this authority is needed.

ALAN ROBBINS
State Senator, 20th District

Official Title and Summary Prepared by the Attorney General

OWNER OCCUPIED DWELLINGS—TAX RATE—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Constitution, article XIII, section 9.5, to give Legislature power to provide for taxation of owner occupied dwellings, as defined by Legislature, or any fraction of value thereof, at rate lower than that levied on other property. Tax rate levied on other property cannot be increased as result of lowering tax rate levied on owner occupied dwellings. Financial impact: Depends on legislative action. Could result in reduction in local revenues.

FINAL VOTE CAST BY LEGISLATURE ON SCA 6 (PROPOSITION 8)

Assembly—Ayes, 54
Noes, 15

Senate—Ayes, 27
Noes, 12

Analysis by Legislative Analyst

Background:

The Constitution generally requires all property, including homes, apartments, commercial and industrial buildings, to be assessed for tax purposes at the same percentage of market value.

Generally, all property in the same taxing area is taxed at the same rate.

Proposal:

This proposition would give the Legislature the authority to allow local governments to tax owner-occupied dwellings at lower property tax rates than the rates that apply to all other types of property. The proposition does not say how much lower these tax rates on owner-occupied dwellings could be. However, the proposition prohibits an increase in the tax rates on

other property as a result of lowering the tax rates on owner-occupied dwellings.

Fiscal Effect:

This proposition only authorizes the Legislature to act. It does not require it to do so. Consequently, the proposition, by itself, would have no direct fiscal effect on either state or local government.

If this proposition is approved by the voters and the Legislature acts to permit lower tax rates on owner-occupied dwellings, the net effect on local revenues would be either no change, or a reduction. A reduction would probably occur if there were a big difference between the tax rates on owner-occupied dwellings and the tax rates on all other property.

Study the Issues Carefully

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 6 (Statutes of 1977, Resolution Chapter 85) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings.

Apply for Your Absentee Ballot Early

Argument in Favor of Proposition 8

Your vote for Proposition 8 will make possible honest and lasting homeowner property tax relief.

Our State Constitution now requires all property to be taxed at the same rate. In recent years, home assessments have increased much faster than other property assessments. This has caused you as a homeowner to pay more of the property tax burden.

Proposition 8 ends this injustice by providing "for the taxation of owner-occupied dwellings . . . at a rate lower than that levied on other property." Moreover, this change in the Constitution will not result in an increase in business or agricultural property taxes.

Your yes vote will:

_____ Allow the property tax rate on your home to

go down as the assessment on your home goes up;

_____ Permit removal of burdensome welfare and other costs from your property tax bill;

_____ Prohibit a shift of the tax burden to business.

Your vote for Proposition 8 will make possible responsible and lasting property tax relief.

VOTE YES ON PROPOSITION 8.

EDMUND G. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District

Rebuttal to Argument in Favor of Proposition 8

So the Governor is going to give us "honest and lasting" property tax relief.

Well friends, if you believe that, we've got some swampland in Florida that you might be interested in buying.

The simple fact of the matter is that Proposition 8 does not lower the property taxes of a single renter or homeowner in the entire State of California. And if it weren't true, we couldn't say it.

Of course, the Governor can say anything he pleases. Take that line about removing "burdensome welfare and other costs from your property tax bill," for example. The plain truth is that Proposition 8 does not say a single solitary thing about welfare costs. And if you

want to see for yourself, just turn back a page and read the text of the Proposition for yourself.

Frankly, Proposition 8 is nothing more than a last ditch effort by the Governor and the Legislature to keep the people of this State from passing the Jarvis-Gann Initiative (Proposition 13).

We've sat in the Legislature these past two years and heard enough of this gobbledegook. We're voting NO on Proposition 8.

WE URGE YOU TO DO THE SAME.

H. L. "BILL" RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

Argument Against Proposition 8

How do you spell relief?

PROPOSITION 8 spells it M-O-R-E T-A-X-E-S.

How a person could call this law “tax relief” and keep a straight face is beyond me.

It says it’s going to lower the tax Rate on some property without raising the tax Rate on other property.

So what? It doesn’t say a darn thing about ASSESSMENTS!

What difference does it make if they LOWER your tax rate, if they RAISE your assessment? You still pay higher property taxes!

The only difference is that some people’s taxes will go up faster than other people’s taxes. Of course, by the time your next property tax bill arrives, the November elections will be over. (How convenient!)

Folks, the supporters of Proposition 8 can explain this thing until they’re blue in the face, but it doesn’t change the facts. Proposition 8 only confuses the issue. We want LOWER taxes, not merely a different way to RAISE our taxes.

Of course, there are certain groups of taxpayers who will be particularly hard hit by this legislative con game. The worse burden will fall upon renters who pay property taxes indirectly through their monthly rent payments. Since rental property taxes will go up, rents will skyrocket.

If this is tax relief, I don’t think we can afford it!
VOTE NO ON PROPOSITION 8.

H. L. “BILL” RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

Rebuttal to Argument Against Proposition 8

Here they go again! Every time honest tax relief is put on the ballot, opponents scream “tax increase.”

The truth is homeowners and renters won’t be hurt by this Proposition. Business won’t be hurt, and Agriculture won’t be hurt.

BUT MORE IMPORTANT, HOMEOWNERS WILL GET THE PROPERTY TAX RELIEF THEY NEED!

The opponents’ argument to this Proposition is just false.

Proposition 8 does do something about assessments, by allowing for the first time, homeowner property tax rates to go *down* whenever assessments go up.

Furthermore, the opponents fail to point out that under Proposition 8, reductions in home taxes *cannot* cause increased taxes on rentals, businesses and agriculture.

Tax relief is really spelled P-R-O-P-O-S-I-T-I-O-N 8.
VOTE YES ON PROPOSITION 8.

EDMUND G. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District

Official Title and Summary Prepared by the Attorney General

INTEREST RATE—JUDGMENTS—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Amends Constitution, article XV, section 1, to provide that Legislature shall set interest rate on state court judgments at not more than 10% per annum. Rate may be variable and based upon rates charged by federal agencies or economic indicators, or both. In absence of such rate setting by Legislature, judgment rate shall be 7% per annum. Financial impact: Depends on legislative action. Interest costs and revenues on judgments would increase if Legislature raised rate.

FINAL VOTE CAST BY LEGISLATURE ON SCA 18 (PROPOSITION 9)

Assembly—Ayes, 55
Noes, 16

Senate—Ayes, 29
Noes, 0

Analysis by Legislative Analyst

Background:

California's Constitution now provides that the annual interest rate on any monetary judgment imposed by a court shall be 7 percent. A judgment is an obligation to pay.

Proposal:

This constitutional amendment would allow the Legislature to establish the interest rate on court judgments at not exceeding 10 percent per year. This rate could be variable and could be based on interest rates charged by federal agencies or on economic indicators, or both.

If this amendment is approved by the voters but the Legislature does not act to change the interest rate on court judgments, the rate will remain at 7 percent per year.

Fiscal Effect:

The fiscal effect of this amendment on state and local government would depend upon action by the Legislature. The interest on judgments would be increased if legislation was enacted raising the rate. Because the state and local governments both pay and receive interest on judgments, an increase in the interest rate would affect both their revenues and their costs.

Study the Issues Carefully

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 18 (Statutes of 1977, Resolution Chapter 86) expressly amends an existing section of the Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XV

SECTION 1. The rate of interest upon the loan or forbearance of any money, goods or things in action, or on accounts after demand ~~or judgment rendered in any court of the State~~, shall be 7 per cent per annum but it shall be competent for the parties to any loan or forbearance of any money, goods or things in action to contract in writing for a rate of interest not exceeding 10 per cent per annum.

No person, association, copartnership or corporation shall by charging any fee, bonus, commission, discount or other compensation receive from a borrower more than 10 per cent per annum upon any loan or forbearance of any money, goods or things in action.

However, none of the above restrictions shall apply to any building and loan association as defined in and which is operated under that certain act known as the "Building and Loan Association Act," approved May 5, 1931, as amended, or to any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining industrial loan companies, providing for their incorporation, powers and supervision," approved May 18, 1917, as amended, or any corporation incorporated in the manner prescribed in and operating under that certain act entitled "An act defining credit unions, providing for their incorporation, powers, management and supervision," approved March 31, 1927, as amended or any duly licensed pawnbroker or personal property broker, or any bank as defined in and operating under that certain act known as the "Bank Act," approved

March 1, 1909, as amended, or any bank created and operating under and pursuant to any laws of this State or of the United States of America or any nonprofit cooperative association organized under Chapter 1 (commencing with Section 54001) of Division 20 of the Food and Agricultural Code in loaning or advancing money in connection with any activity mentioned in said title or any corporation, association, syndicate, joint stock company, or partnership engaged exclusively in the business of marketing agricultural, horticultural, viticultural, dairy, live stock, poultry and bee products on a cooperative nonprofit basis in loaning or advancing money to the members thereof or in connection with any such business or any corporation securing money or credit from any Federal intermediate credit bank, organized and existing pursuant to the provisions of an act of Congress entitled "Agricultural Credits Act of 1923," as amended in loaning or advancing credit so secured, nor shall any such charge of any said exempted classes of persons be considered in any action or for any purpose as increasing or affecting or as connected with the rate of interest hereinbefore fixed. The Legislature may from time to time prescribe the maximum rate per annum of, or provide for the supervision, or the filing of a schedule of, or in any manner fix, regulate or limit, the fees, bonus, commissions, discounts or other compensation which all or any of the said exempted classes of persons may charge or receive from a borrower in connection with any loan or forbearance of any money, goods or things in action.

The rate of interest upon a judgment rendered in any court of this state shall be set by the Legislature at not more than 10 percent per annum. Such rate may be variable and based upon interest rates charged by federal agencies or economic indicators, or both.

In the absence of the setting of such rate by the Legislature, the rate of interest on any judgment rendered in any court of the state shall be 7 percent per annum.

The provisions of this section shall supersede all provisions of this Constitution and laws enacted thereunder in conflict therewith.

Argument in Favor of Proposition 9

This proposition would make the interest rate on judgments rendered in California courts more flexible and fair.

The California Constitution currently provides for an interest rate of seven percent (7%) on judgments awarded by the courts of this state. This interest rate is not to be confused with the interest rates charged on purchases of homes or goods, or on loans of money. It is the constitutionally fixed rate of interest on the amount owing from persons or businesses, such as insurance companies, when a court of law has determined that money should be paid to another.

In times when the money market is high, as we have experienced during the past few years, the seven percent rate is too low. A judgment debtor can withhold payment, through appeals and other legal maneuvers, and earn 9 or 10 percent interest on the withheld money, thereby profiting by two or three percent before finally being forced to pay the amount owed. Similarly, in times when the money market is low, a judgment debtor, who in good faith and for sound reasons temporarily withholds payment, is unfairly punished by having to pay seven percent interest when

the rates at that time are actually lower than seven percent.

Proposition 9 resolves this dilemma by permitting the Legislature to set the interest rate on judgments in line with current economic conditions and with reference to reliable economic indicators.

Also, under this proposition, the interest rate on judgments will never be permitted to exceed ten percent, and should the Legislature fail to set a rate for judgments, it will remain at seven percent. Proposition 9 thus creates needed flexibility in the administration of justice, and will provide fairer treatment for all those who use our court system.

OMER L. RAINS

*State Senator, 18th District
Chairman, Senate Majority Caucus*

KENNETH L. MADDY

*Member of the Assembly, 30th District
Chairman, Assembly Committee on
Criminal Justice*

FRANK C. DAMRELL, JR.

*Chairman, State Consumer
Advisory Council*

No rebuttal to argument in favor of Proposition 9 was submitted

Apply for Your Absentee Ballot Early

Argument Against Proposition 9

Voters in California should recall that an effort to institute higher interest rates has been proposed, *and rejected*, at least five times since 1970.

In 1934 the California Constitution was changed giving Californians greater protection against usury. The same tight economy that prompted these safeguards then exists today. These safeguards are for your protection and shouldn't be removed. A "yes" vote on this proposition would require the Legislature to set an interest rate up to 10% per annum. Californians voted in 1974 to build a dam against the flood of high interest rates. What is so wrong with a 7% interest rate? We have existed up to now without raising the rate.

The same conditions which caused these safeguards

against a rampart market exist today: the economy is placing heavy burdens on borrowers and heavy interest rates are being disguised as charges. If the Legislature is given the power to raise the interest rates above the present 7% in judgments in courts you can bet that in future elections the proposal will be before you to raise the rate somewhere else.

California has voted against relaxing usury laws many times before. The voters should again reject this weakening of the usury laws and demand stronger laws against usury. Vote No on Proposition 9.

JOHN J. MILLER

*Member of the Assembly, 13th District
Chairman, Assembly Committee on Judiciary*

Rebuttal to Argument Against Proposition 9

The argument against Proposition 9 is an obvious attempt to mislead the voters of California. First of all, this measure has *NEVER* been placed before California voters, and any inference to the contrary is absolutely false.

In addition, Proposition 9 does *not* increase interest rates as we know them in our everyday lives. This measure has *nothing whatever* to do with interest charged on loans, or for the purchase of homes, automobiles, appliances or other goods.

Proposition 9 simply gives needed flexibility to adjust interest rates on *legal judgments*. For example, suppose you are injured in an accident caused by another driver. To recover expenses for medical treatments, lost wages, and car repairs, you proceed to bring a successful lawsuit. Under existing law, the other driver's insurance company will pay you only 7% interest on the judgment for any period of time it goes unpaid. The insurance company, however, profits by earning 9% or 10% in today's money market *on your money* until it is finally paid to you. This isn't fair.

Therefore, for reasons of fairness, the interest rate on judgments should be adjusted periodically as economic conditions change, so that wealthy interests cannot "play games" with your money. Your vote for Proposition 9 will guarantee that fairness.

This measure received overwhelming bipartisan support in the State Legislature. Indeed, the vote in the State Senate was unanimous. Don't be confused by the emotional and erroneous statements found in the opposition argument. Vote "yes" on Proposition 9.

OMER L. RAINS

*State Senator, 18th District
Chairman, Senate Majority Caucus*

KENNETH L. MADDY

*Member of the Assembly, 30th District
Chairman, Assembly Committee
on Criminal Justice*

FRANK C. DAMRELL, JR.

*Chairman, State Consumer
Advisory Council*

Official Title and Summary Prepared by the Attorney General

TAXATION—REHABILITATED PROPERTY—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Constitution, article XIII, section 44, to give Legislature power to exempt from taxation all or portion of full value of a qualified rehabilitated residential dwelling, as defined by Legislature, for five fiscal years following rehabilitation of such dwelling. Exemption shall be amount equal to full value of such rehabilitation up to maximum amount specified by Legislature, and shall be applied only to that portion of full value attributable to such rehabilitation which exceeds full value of dwelling before rehabilitation. Financial impact: Would cause minor increase in state costs. Net effect of exemption on local revenues cannot be predicted.

FINAL VOTE CAST BY LEGISLATURE ON SCA 29 (PROPOSITION 10)

Assembly—Ayes, 70
Noes, 2

Senate—Ayes, 27
Noes, 0

Analysis by Legislative Analyst

Background:

There is no provision in the California Constitution that allows the Legislature to exempt from local property taxation the increased value of a residential dwelling that results from rehabilitation.

Proposal:

This proposal would authorize the Legislature to exempt from property taxes all or a portion of the *increase* in value resulting directly from the rehabilitation of certain residential dwellings. The exemption would be for the five fiscal years following rehabilitation. The Legislature would be permitted to define which rehabilitated residential dwellings would be eligible for this exemption and to establish a maximum dollar limit on the exemption.

Fiscal Effect:

By itself, this proposal would not have any fiscal effect because it only authorizes the Legislature to enact an exemption. However, legislation has been enacted (Chapter 1183, Statutes of 1977) granting an exemption of up to \$15,000 of full market value (\$3,750 of assessed value) for five years, and this legislation will become operative if this amendment is approved by the voters. Dwellings eligible for the exemption under Chapter 1183 are defined as any residential structure of one or more dwelling units which is in an area designated by a governmental agency as a target area for: (1) federal community development block grants, (2) local

neighborhood improvement programs, (3) state neighborhood preservation programs, or (4) historic preservation programs. Rehabilitation is defined in Chapter 1183 as repairs or improvements which will make such dwellings decent, safe and sanitary and which are necessary in order for such dwellings to meet state and local building and housing standards.

Given enactment of Chapter 1183, this proposal would cause a minor increase in state costs because the state would have to reimburse local governments for the administrative costs associated with administering the tax exemption program. The legislation provides that the state will *not* reimburse local governments for revenue losses, if any, resulting from the exemption.

The rehabilitation value added as a result of this proposition, if any, would be tax exempt for five years. At the end of five years it would become taxable and would increase local government revenues.

Any value added as a result of rehabilitation which qualifies for this exemption but which would have taken place without this proposal would also be tax exempt for five years. This would result in a tax loss to local governments. At the end of the five years this value would become taxable and this tax loss would stop.

How much rehabilitation would occur with or without this proposal is unknown and, therefore, the net effect of the exemption on local revenues cannot be predicted.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 29 (Statutes of 1977, Resolution Chapter 99) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 44. The Legislature may exempt from taxation all or a portion of the full value of a qualified rehabilitated residential dwelling, as defined by the Legislature, for the five fiscal years following the rehabilitation of such dwelling. Such exemption shall be an amount equal to the full value of such rehabilitation up to the maximum amount specified by the Legislature, and shall be applied only to that portion of the full value attributable to such rehabilitation which exceeds the full value of the dwelling before rehabilitation.

Apply for Your Absentee Ballot Early

Argument in Favor of Proposition 10

Have you decided not to repair or renovate your home or apartment because you fear the result will be a tax increase?

People are often discouraged from improving or renovating their property because of the fear that the assessor will increase the taxes on their homes. That fear is one of the main reasons that people are reluctant to make needed repairs or improvements. The result of the present tax system is that residences are not properly maintained and neighborhoods decline. We don't believe that people ought to be penalized for fixing up their homes.

Your "yes" vote on Proposition 10 will prevent automatic increases in property taxes due to basic repairs and renovations made to homes and apartments in neighborhoods designated by local government. Major areas have already been designated under existing housing rehabilitation programs.

In 1977, the Legislature passed implementing legislation which provides for the tax exemption. Your vote will make the exemption a reality.

Proposition 10 will allow the Legislature to change the present property tax system for rehabilitated properties and will hopefully remove one barrier to decent housing that homeowners now face. Proposition 10 will also apply to apartments so that it will be easier for landlords to repair their properties and so that renters will be able to live in better housing.

The new taxing method authorized by Proposition 10 will work like this:

If your local government designates your neighborhood as a neighborhood rehabilitation area, you will be able to get this exemption. In these neighborhoods, the owner of the building will not be taxed for the value of basic improvements for five years. This means that up to \$15,000 of the value of the property will not be taxed for five years. For a \$40,000 house, improvements valued at \$10,000 would result in property tax savings over five years of approximately \$1,400.

There is a growing housing crisis in this state and we need to save every piece of housing stock we have. We must encourage as much upkeep and repair of existing residences as possible. This will not happen unless property owners can be reassured that they will not be penalized through higher taxes for money they spend fixing up their homes.

Your "yes" vote on Proposition 10 will help take this burden from property owners and will encourage the revitalization of our neighborhoods.

MILTON MARKS
Member of the Senate, 5th District

PAT RUSSELL
Councilwoman, City of Los Angeles

JOHN F. HENNING
*Executive Secretary/Treasurer,
California Labor Federation AFL-CIO*

Rebuttal to Argument in Favor of Proposition 10

The proponents of this measure say, "If your local government designates your neighborhood as a neighborhood rehabilitation area, you will be able to get this exemption."

This means that the exemption will *only* be available where *government* has made a decision. The decision to improve, repair or refurbish should not have to depend on what some bureaucrat decides needs to be done.

Individual citizens should be deciding when to repair or refurbish. The decision to do so will be encouraged if overall taxes are reduced. This reduction will come about if we adopt Proposition 13 on this ballot so that property taxes will not exceed 1% of the fair market value of real property.

WILLIAM E. DANNEMEYER
Member of the Assembly, 69th District

Argument Against Proposition 10

Every American, with any kind of a conscience, irrespective of status, wants a decent home for all of our people. The real question is, will this proposed exemption from tax for the value of an improvement, for not more than \$15,000, for five years, help achieve this objective? I don't think so, for the reason that this proposal is attacking a symptom, not the basic cause of the failure of many Californians to improve their residences.

The cost factors which enter into determining the price of housing are: land, materials, labor, government regulations, taxes and credit. All of these factors have increased in the course of the past 30 years.

California residents pay the third highest amount for *State* and *Local* taxes per capita (\$964) in the nation. We rank #4 in *Local* property taxes per capita among the States of the Union (\$415). In 1952, the State collected \$4.36 in State taxes for each \$100 of personal income. In 1978, this figure is proposed to almost double, to \$8.52 for each \$100 of personal income.

The point is this. Tax increases and government regulations continue to eat away at more and more of what we earn. For all levels of government, local, county, state and federal, government taxes about 45% of all that we earn. This level of taxation is slowly but surely strangulating our economic system and deterring people from risking new ventures.

The answer is not to adopt a band aid approach for what appears to be a good objective, but to reduce all

taxes at the local level. This would be achieved through Proposition 13, also on the primary ballot. A 1% limitation on local property taxes will have the beneficial effect of permitting all people, young and old alike, to continue to own their own homes. The way things are going now, local property taxes are driving people out of their residences after working all their lives to pay for them. The tax structure should serve as an inducement for families to own their own homes, not be driven out of them.

If we set up a special exemption for refurbishing a home, we will need more bureaucrats to administer the new program and monitor it.

The growth of government employees in the past twenty-six years is staggering. In 1950, there were 5.7 million of these bureaucrats. Ten years later, there were 7.9 million. In 1970, there were 11.35 million, and in 1975, 13.03 million. For every four workers in the private sector, there is one public employee working for federal, state or local government.

We don't need an exemption from too high property taxes to induce people to fix up their homes. What we do need is a reduction in real property taxes in general. This will permit the taxpayer to decide where he wants to spend his money, rather than permit that decision to be made by government for him.

WILLIAM E. DANNEMEYER
Member of the Assembly, 69th District

Rebuttal to Argument Against Proposition 10

A tax exemption for the rehabilitation of homes and apartments will be needed whether or not any of the other ballot propositions pass. Consider Proposition 10 on its own merits. Don't be misled by the argument against Proposition 10.

The uncertainty is too great. Proposition 10 will provide tax relief for people who want to improve their homes, apartments and neighborhoods.

Our objective is a simple one—the property tax system should not penalize those people who wish to fix up their homes. Passage of Proposition 10 will encourage people to repair and rehabilitate their homes and apartments. It will help homeowners and renters.

This measure was placed on the ballot by the Legislature and was supported by Democrats and

Republicans. It passed both houses of the Legislature by overwhelming votes because it will reduce taxes. It was supported by business, labor and neighborhood improvement organizations.

Don't take chances—California needs the kind of property tax relief which will help stem the tide of decay in our residential neighborhoods.

We urge you to vote "yes" on Proposition 10.

MILTON MARKS
State Senator, 5th District

PAT RUSSELL
Councilwoman, City of Los Angeles

JOHN F. HENNING
*Executive Secretary/Treasurer,
California Labor Federation AFL-CIO*

TAXATION—COUNTY OWNED REAL PROPERTY—LEGISLATIVE CONSTITUTIONAL AMENDMENT.

Adds subdivision (h) to article XIII, section 11, to provide that if land or improvements owned by and located within an existing county become incorporated into a new county formed after January 1, 1978, such land or improvements shall be exempt from taxation by the new county or any taxing agency or revenue district therein. Financial impact: None on state or local government.

FINAL VOTE CAST BY LEGISLATURE ON SCA 37 (PROPOSITION 11)

Assembly—Ayes, 75
Noes, 0

Senate—Ayes, 36
Noes, 0

Analysis by Legislative Analyst**Background:**

The Constitution generally provides that property owned by a governmental unit is not subject to property taxes, except that real property (for example, land and buildings) owned by a local government may be taxed by another local government if:

1. The property is located outside the boundaries of the local government that owns it, and
2. The property was taxable at the time it was acquired by the local government that owns it, or
3. The property was constructed by the local government that owns it to replace property which was taxable.

One example of this type of property is the land on which the San Francisco International Airport is located. This land is owned by the City and County of San Francisco but is located in San Mateo County and is subject to taxation by San Mateo County.

Proposal:

This proposition would prohibit a new county formed after January 1, 1978, from taxing property within its boundaries if that property is owned by the county of which the new county was once a part. It would also prohibit any jurisdiction within the new county, (for example, a city or school district) from taxing this type of property.

Fiscal Effect:

Adoption of this proposal would have no fiscal effect on state or local government. County owned property which is now tax exempt in an existing county would continue to be tax exempt in a new county. If this proposal is not approved by the voters, the amount of property subject to local taxation could increase whenever a new county is formed. This would occur because, under the Constitution, the new county could tax the "old" county's property within its borders if such property were taxable when acquired by that county.

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 37 (Statutes of 1977, Resolution Chapter 110) expressly amends an existing section of the Constitution by adding a subdivision thereto; therefore, new provisions proposed to be inserted or added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII, SECTION 11

(h) Lands or improvements owned by a county and which are located in another county which was formed after January 1, 1978, and which would otherwise be taxable under subdivision (a) or (b) shall not be taxed by the county in which such lands or improvements are located, or by any other taxing agency or revenue district therein, if such lands or improvements were located in the county by which they are owned and which, while owned by such county, became located in another county due to the formation of such county after January 1, 1978.

Apply for Your Absentee Ballot Early

Argument in Favor of Proposition 11

Proposition 11 resolves the problem created by the 1974 new county formation law regarding the tax free status of public property owned by an existing county but soon to be located in a newly formed county.

Under existing law, property owned by a county located within its own boundaries is not subject to property taxes. Property owned by a county outside its own boundaries is subject to property taxes. The existing law was not intended to apply to the creation of new counties. It was intended to prevent one county from reducing the tax base of another county owning large amounts of tax free land in another county.

The intent of this amendment is to allow existing counties to maintain the tax free status on properties

which they continue to own but are located in a newly formed county.

This measure was approved by a bi-partisan 36-0 vote in the State Senate and a 75-0 vote in the State Assembly.

We urge an "aye" vote on Proposition 11.

DAVID A. ROBERTI
State Senator, 23rd District

JAMES A. HAYES
Los Angeles County Supervisor, District 4

ARTHUR EDMONDS
*Past President, County Supervisors Association
Yolo County Supervisor*

Rebuttal to Argument in Favor of Proposition 11

When one county owns facilities in another county, they should be taxed. To exempt these facilities from taxes, for any reason, would be a grave injustice to the taxpayers of the county in which these facilities are located.

These facilities could be jails, airports, or any other type of real estate. They require many local services, including roads and sewage, to support them. If they do not pay their share (taxes) to help provide for these services, the local taxpayers must pay the entire cost. This is wrong.

This Constitutional Amendment asks you, the voter, to approve a constitutional tax exemption for some mythical county to be formed at some unknown future date. We ask you why?

It can only be assumed that this amendment, if passed, may provide the legal basis to challenge the existing constitutional provisions which require that:

"Property owned by a county outside its own boundaries is subject to property taxes."

This is the way it should be, and it should not be changed.

We urge you to VOTE NO on Proposition 11.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Argument Against Proposition 11

The Legislature's own Counsel's Digest, written specifically for this Constitutional Amendment, states that our Constitution currently provides that "... land and improvements owned by a local government that are outside its boundaries are taxable if they were taxable when acquired by the local government." What's wrong with that? This is the way it should be. This protects the local property taxpayers.

If passed, this Constitutional Amendment would be a dark day for the local taxpayer. It would allow another county to come into your county to buy up land, apartments, shopping centers, business office buildings and any other real estate. As soon as they bought that real estate, it would be removed from the tax rolls and the local taxpayers would pick up the tab to absorb the tax loss.

An example of this is the Hetch-Hetchy water project in Tuolumne County and its aqueduct which stretches across several other counties to the San Francisco Bay

Area. Another example involves the Santa Clara County School District's recent purchase of a large parcel of land and buildings in Santa Cruz County. These are only two instances. There are many more. Instead of introducing Constitutional Amendments that exploit taxpayers, the Legislature should introduce a Constitutional Amendment which prohibits any government agency from owning any type of property outside the boundaries of their own jurisdiction.

Voting NO on this amendment is in the local taxpayers' best interest.

HAL M. ROGERS
President, Taxpayers Unanimous

NELLIE L. LOWE
Secretary, Taxpayers Unanimous

JOSEPH H. DONOHUE
*Founder, Voters Including Concerned Taxpayers
Offering Real Savings (VICTORS)*

Rebuttal to Argument Against Proposition 11

The argument against Proposition 11 is based on a complete misunderstanding of both the purpose and content of the constitutional amendment. In fact, the purpose of Proposition 11 is to protect the local taxpayers of a county from being taxed for county-owned properties located in a new county formed out of the original county.

Proposition 11 would not allow any county to come into another and buy up property which would then be exempted from taxes. Properties owned by a county outside its own boundaries would remain taxable under the law. The only change made by the constitutional amendment would be to allow an existing county to retain properties which are located in a new county

formed from the existing county and to maintain the tax free status on such properties. If this amendment does not pass, the newly formed county may tax the original county on existing properties now located in the new county and the expense will be borne by taxpayers of the existing county.

Voting YES on this amendment is in the best financial interest of local taxpayers.

DAVID A. ROBERTI
State Senator, 23rd District

JAMES A. HAYES
Los Angeles County Supervisor, District 4

Official Title and Summary Prepared by the Attorney General

CONSTITUTIONAL OFFICERS, LEGISLATORS AND JUDGES COMPENSATION—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Repeals sections of Constitution, articles IV, V and VI relating to payment of compensation, travel and living expenses and retirement benefits for constitutional officers, legislators and judges. Adds article XXII providing for seven member commission which by resolution subject to legislative ratification by majority of each house, biennially sets salary, retirement, insurance and other benefits for above officials. Limits commission's authority to provide health care benefits or insurance. Restricts said officials' use of state automobiles to official business. Prohibits reduction of existing and additional future retirement rights and benefits once granted. Financial impact: Minor increase in state costs to support commission and staff. Otherwise, impact on state costs unpredictable.

FINAL VOTE CAST BY LEGISLATURE ON SCA 45 (PROPOSITION 12)

Assembly—Ayes, 71
Noes, 1

Senate—Ayes, 27
Noes, 2

Analysis by Legislative Analyst

Background:

The Constitution requires the Legislature to set its own pay, travel allowances, daily living allowances and retirement benefits. However, legislative salaries cannot be increased by more than five percent for each year.

The Constitution requires the Legislature to set the pay and retirement benefits for judges.

Finally, the Constitution requires the Legislature to set the pay for the following elected officials:

Governor	Superintendent of Public
Lieutenant Governor	Instruction
Attorney General	Treasurer
Controller	Secretary of State

The pay of these seven officials may not be changed during their four-year term of office.

Proposal:

This proposition would repeal the Legislature's constitutional duty to set pay and benefits for these officials, and would establish the California Elected Officials Compensation Commission. The commission would be required to set the pay and benefits of legislators and other elected officials identified above as well as members of the State Board of Equalization.

The commission would consist of seven members. The Governor would appoint three members from among the current or former presidents or chairmen of the (1) Fair Political Practices Commission, (2) Commission on California State Government Organization and Economy, and (3) State Personnel Board. These three members would elect, by majority vote, two more members from statewide, nonprofit, nonpartisan organizations. One of these two members would have to be from an organization dedicated to educating the electorate or improving government. The other would have to be from an organization that is concerned with efficiency in the collection and expenditure of public funds.

Of the remaining two members, one would be appointed by the Governor and the other would be appointed by the Judicial Council, but the person appointed by the Judicial Council could not be a past or present member of the judiciary.

The proposal contains several specific restrictions on the commission's actions:

1. None of the elected officers covered by this measure (that is, legislators, state officials, and judges) shall be provided an automobile except as authorized by the commission and then only for use on official business.

2. None of these elected officers would be eligible for health care insurance benefits more liberal than those available to the majority of state civil service employees. However, a superior or municipal court judge could elect to receive the benefits provided to county employees in his court area instead of the benefits provided by the state.

3. The commission could not reduce retirement rights or benefits that elected officials had already earned for prior service.

4. Pay and benefits determinations made by the commission would be contained in a resolution adopted by a majority of the members. The resolution, however, would not have the force of law.

5. To become effective, the resolution would have to be approved by the Legislature.

6. All commission meetings would be open to the public.

Once the Legislature approved the resolution or adjourned without approving it, the commission would automatically terminate, and a new commission would be appointed in the next odd-numbered year and the cycle would begin again.

Fiscal Effect:

This proposition would affect state costs in two ways. First, a minor increase in state spending would be necessary to support the operations of the commission. Those commissioners who do not receive a salary from the state would be paid at the same rate as members of the Fair Political Practices Commission (presently \$100 per day) for each day spent on official business for the commission. They could not be paid, however, for more than 45 days. In addition, minor state costs would be incurred for travel expenses for the seven commissioners.

There also would be minor state costs incurred for

providing staff assistance to the commission from the State Personnel Board and the Public Employees' Retirement System.

Second, state costs could be increased or decreased, depending on whether the commission resolution resulted in pay and benefits being set higher or lower than they would have been set by the Legislature under the present method. There is no way of knowing how the commission's resolutions and the Legislature's actions would compare with the results of the present system, and therefore the net fiscal impact of this resolution cannot be predicted.

Text of Proposed Law

ARTICLE XXII

CALIFORNIA ELECTED OFFICIALS COMPENSATION COMMISSION

SECTION 1. *The California Elected Officials Compensation Commission consists of seven members appointed as provided in this article to establish the compensation and benefits of California elected officials.*

SEC. 2. *The membership of the commission shall be as follows:*

(a) *Three members, appointed by the Governor with one member of the Fair Political Practices Commission who is the current or former chairman of that commission, one member of the Commission on California State Government Organization and Economy who is the current or former chairman of that commission, and one member of the State Personnel Board who is the current or former president of that board;*

(b) *Two members, selected by a majority of the Governor's appointees under subdivision (a), with one from a statewide, nonprofit, nonpartisan organization which is dedicated to the education of the electorate or the improvement of government, and the other from a statewide, nonprofit, nonpartisan organization of California taxpayers concerned with the efficiency in the collection and expenditure of public funds; and*

(c) *Two public members who shall not be representatives of the categories set forth in this section, with one such member appointed by the Governor and the other by the Judicial Council. Such Judicial Council appointee shall not be a present or past member of the judiciary.*

The appointing powers, in selecting the members of the full commission, shall strive to provide a balanced representation of the general population of the state in regard to such factors as age, sex, ethnicity, and income. Any appointee to the commission shall be a person whose salary or other emoluments are not affected by any decisions of the commission.

The Governor shall make the appointments to the commission under subdivisions (a) and (c) on the second Monday after January 1 of each odd-numbered year.

The chairman of the commission shall be selected by the members of the commission.

The members of the commission to be appointed pursuant to subdivision (b) and the Judicial Council pursuant to subdivision (c) shall be appointed within 30 days of the date upon which appointments to the commission are made under subdivisions (a) and (c) by the Governor. The appointing powers shall appoint members to fill vacancies, except vacancies which occur upon the expiration of the term of office of the commissioners, within 30 days of the occurrence of the vacancy. In the event that one or more of the governmental agencies from which the Governor is required to select a commission member is no longer in existence at the time appointments are required, the Governor shall select an appointee from among the former chairmen of such agencies or an appointee from among the chairmen or former chairmen of successor agencies, or if none exists, similar agencies.

In the event the Governor fails to make the appointments within the prescribed time, the current chairman of the agencies or successor agencies, or, if none exists, similar agencies specified in subdivision (a) shall meet within 30 days from the expiration of the time for appointment by the Governor and shall appoint the members of the commission according to the requirements placed upon the Governor by the provisions of this subdivision.

Continued on page 62

PROPOSED AMENDMENTS TO ARTICLES IV, V, VI, and XXII

First—That Section 4 of Article IV is repealed.

SEC. 4. *Compensation of members of the Legislature, and reimbursement for travel and living expenses in connection with their official duties, shall be prescribed by statute passed by rollcall vote entered in the journal; two-thirds of the membership of each house concurring. Commencing with 1967, in any statute enacted making an adjustment of the annual compensation of a member of the Legislature the adjustment may not exceed an amount equal to 5 percent for each calendar year following the operative date of the last adjustment, of the salary in effect when the statute is enacted. Any adjustment in the compensation may not apply until the commencement of the regular session commencing after the next general election following enactment of the statute.*

The Legislature may not provide retirement benefits based on any portion of a monthly salary in excess of 500 dollars paid to any member of the Legislature unless the member receives the greater amount while serving as a member in the Legislature. The Legislature may, prior to their retirement, limit the retirement benefits payable to members of the Legislature who serve during or after the term commencing in 1967.

When computing the retirement allowance of a member who serves in the Legislature during the term commencing in 1967 or later, allowance may be made for increases in cost of living if so provided by statute, but only with respect to increases in the cost of living occurring after retirement of the member, except that the Legislature may provide that no member shall be deprived of a cost of living adjustment based on a monthly salary of 500 dollars which has accrued prior to the commencement of the 1967 Regular Session of the Legislature.

Second—That Section 12 of Article V is repealed.

SEC. 12. *Compensation of the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Superintendent of Public Instruction, and Treasurer shall be prescribed by statute but may not be increased or decreased during a term.*

Third—That Section 19 of Article VI is repealed.

SEC. 19. *The Legislature shall prescribe compensation for judges of courts of record.*

A judge of a court of record may not receive the salary for the judicial office held by the judge while any cause before the judge remains pending and undetermined for 90 days after it has been submitted for decision.

Fourth—That Section 20 of Article VI is repealed.

SEC. 20. *The Legislature shall provide for retirement, with reasonable allowance, of judges of courts of record for age or disability.*

Sixth—That Article XXII is added to read:

Argument in Favor of Proposition 12

Your YES vote on Proposition 12 means:

- **YOU FAVOR TAKING AWAY THE LEGISLATURE'S POWER TO SET ITS OWN SALARIES, AND THOSE OF ALL OTHER STATE ELECTED OFFICIALS.**
- **YOU SUPPORT CREATION OF AN INDEPENDENT COMMISSION TO DETERMINE SALARIES AND BENEFITS FOR STATE LEGISLATORS, OTHER STATE ELECTED OFFICIALS AND JUDGES.**
- **YOU WANT TO SEE SUCH PAY AND BENEFIT DECISIONS MADE UNDER PUBLIC SCRUTINY WITH CITIZEN PARTICIPATION AT OPEN HEARINGS.**
- **YOU INSIST THAT THE PROCESS BE FREE OF POLITICAL INFLUENCE.**

These changes in the way California sets salaries and benefits for its elected officials and judges will become part of the California Constitution by your YES vote on Proposition 12.

The outcry that goes up each time legislators vote themselves a pay increase clearly demonstrates the public's strong dislike for the current system.

Proposition 12 will, by your YES vote, create a California Elected Officials Compensation Commission.

It will be an independent, seven-member body whose sole duty during its existence will be to determine salaries and benefits for state elected officials and judges.

The commission will be disbanded automatically every two years and a new one chosen. Dissolving the commission biennially will guarantee its impartiality.

The commission will have seven members. The governor will appoint four, three of whom must be:

- **The current or former chairman of the Fair Political Practices Commission.**

- **The current or former chairman of the Commission on California State Government Organization and Economy (The Little Hoover Commission).**
- **The current or former chairman of the State Personnel Board.**

Two members selected by those three commissioners will be:

- **One from a statewide nonprofit, nonpartisan organization dedicated to the education of the voters or government improvement.**
- **One from a statewide, nonprofit organization of California taxpayers concerned with efficiency in the collection and expenditure of public funds.**

Two public members, not from any of the previous categories, chosen as follows:

- **One appointed by the governor.**
- **One appointed by the Judicial Council of California. Such an appointee may not be a present or former judge.**

The legislature will not be represented on the commission. Its only involvement in the compensation process will be a requirement that it ratify the commission's recommendations. Failure by the legislature to approve these recommendations means that they will not go into effect. The legislature will not be able to change the commission's figures.

Your YES vote will take the determination of state elected officials' salaries and fringe benefits out of the political arena and place it in the hands of an independent public commission where it belongs.

A YES VOTE FOR PROPOSITION 12 IS A VOTE FOR GOOD GOVERNMENT.

OLIVER A. THOMAS
President, California Taxpayers' Association

GARY SIRBU
State Chairman, California Common Cause

Rebuttal to Argument in Favor of Proposition 12

I agree with the proponents of Proposition 12 that the public outcry that occurs when legislators vote themselves a pay increase demonstrates the public's strong dislike for the present system of setting elected officials' salaries and benefits. However, the alternative proposed in Proposition 12, while appearing to set up an alternative system, in fact, only embellishes the existing one.

The proponents' statement that a vote for Proposition 12 means you favor taking away the legislators' power to set their own salaries and those of all other state elected officials is misleading. The fact is,

under Proposition 12, the Legislature still has the authority to ultimately decide its own salaries by rejecting any commission proposal it deems inadequate.

Proposition 12 should be opposed because it does not go far enough. The citizens commission established in Proposition 12 should be genuinely independent and its decisions should not be subject to legislative approval.

For these reasons I urge a "no" vote on Proposition 12.

NEWTON R. RUSSELL
State Senator, 21st District

Arguments Against Proposition 12

I urge a no vote on Proposition 12.

The public outcry which occurs whenever the California Legislature increases its own salary is evidence that the people of this State are deeply offended that the members of the Legislature can raise their own salaries. After all, no one else is afforded this privilege.

The citizens commission which Proposition 12 creates, while an improvement over the present system, does not go far enough. Proposition 12 still gives the members of the Legislature the opportunity to set their own salaries—by accepting only the salary and benefit recommendations of the commission which they feel are sufficient—and rejecting any proposal which they feel is not adequate.

If we are going to have a citizens commission which operates independently of, and at arm's length with, the public officials whose compensation it is considering, then it should be created so that its decisions about salaries and benefits are final—and not subject to legislative approval or disapproval.

Because it does not remove from the Legislature the authority to set its own salary and give that authority to a genuinely independent citizens commission, I urge a no vote on Proposition 12.

NEWTON R. RUSSELL
State Senator, 21st District

Proposition 12 should be rejected because, under the present system, the legislature has the sole responsibility for its salaries and those of other elected state officials.

When the voters revised the State Constitution in 1966, putting the legislature on a full time basis, they expected the legislature would be responsible for its own compensation.

The voters never intended that responsibility to be handed over to a nonelective group who could not be held accountable to the voters at election time.

Proposition 12 will dilute that responsibility.

The only way the people of California can retain their present control over the salaries of their legislators is by voting NO on Proposition 12.

Your NO vote on Proposition 12 will tell the legislators they and no one else will be held accountable for the size of their salaries. A NO vote will maintain the present system.

HENRY J. MELLO
Member of the Assembly, 28th District

Rebuttal to Arguments Against Proposition 12

Contrary to claims in the opposing arguments, this commission will substitute accountability and impartiality for politics in determining elected state officials' compensation.

Creation of this commission will place salary and benefit determination for elected officials under a bright public spotlight. That's accountability.

The commissioners will give an objective evaluation since they will be unaffected by the conclusions they reach. That's impartiality.

Most important, the final accounting will be in the

voters' hands since responsibility for enacting the commission's recommendations into law rests with the politicians, who must answer to the voters for their actions.

Your YES vote on Proposition 12 will provide the machinery to equitably deal with a political sore spot that is troubling the public.

OLIVER A. THOMAS
President, California Taxpayers' Association

GARY SIRBU
State Chairman, California Common Cause

Official Title and Summary Prepared by the Attorney General

TAX LIMITATION—INITIATIVE CONSTITUTIONAL AMENDMENT. Limits ad valorem taxes on real property to 1% of value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation base for property tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires $\frac{2}{3}$ vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes imposition of special taxes by local government (except on real property) by $\frac{2}{3}$ vote of qualified electors. Financial impact: Commencing with fiscal year beginning July 1, 1978, would result in annual losses of local government property tax revenues (approximately \$7 billion in 1978-79 fiscal year), reduction in annual state costs (approximately \$600 million in 1978-79 fiscal year), and restriction on future ability of local governments to finance capital construction by sale of general obligation bonds.

Analysis by Legislative Analyst

Background:

The following are some basic facts about California property taxes.

1. Under existing law cities, counties, schools and special districts are permitted to levy local property taxes. During the 1977-78 fiscal year these governments will collect about \$10.3 billion in property taxes.

2. The state will give \$1.2 billion to local governments to replace the property taxes that cannot be collected because a portion of a business's inventory and a homeowner's property value is exempt from taxation.

3. Total local property tax revenues (tax collections plus state tax relief payments), therefore, will be about \$11.5 billion during 1977-78.

4. The share of total income that comes from property tax revenues is higher for some types of local governments than it is for others.

- a. Cities receive about 27 percent of their income from property tax revenues,
- b. Counties receive about 40 percent from property tax revenues,
- c. Schools receive about 47 percent from property tax revenues, and
- d. In many special districts the property tax is the only significant source of revenue. For example, fire districts receive about 90 percent of their income from property tax revenues.

5. In addition to property tax revenues, many local governments impose other taxes and receive federal and state funds to pay for the services they provide. However, some of these revenues can only be used for certain purposes such as transportation, education, health or welfare. Therefore such revenues are not available to replace property taxes, except to the extent they eliminate the need to use property tax revenues for such purposes.

6. The total local property tax roll consists of county assessments on real property (land and buildings) and personal property (inventories) and state assessments on public utilities and railroads. Total assessments are updated periodically to reflect changes in value due to inflation, new construction, and a greater volume of personal property.

7. Total local property tax revenues are equivalent to 2.7 percent of the full cash value of all taxable property in California.

Proposal:

This initiative would: (1) place a limit on the amount of property taxes that could be collected by local governments, (2) restrict the growth in the assessed value of property subject to taxation, (3) require a two-thirds vote of the Legislature to increase state tax revenues, and (4) authorize local governments to impose certain nonproperty taxes if two-thirds of the voters give their approval in a local election.

In several instances the exact meaning of language used in this measure is not clear. Where this occurs we have based our analysis on an opinion of the Legislative Counsel regarding the probable court interpretation of such language.

The following is a summary of the main provisions of this initiative:

1. *Property tax limit.* Beginning with the 1978-79 fiscal year, this measure would limit the amount of property taxes that could be collected from an owner of county assessed *real* property to 1 percent of the property's full cash value. This measure does not mention county assessed personal property (such as business inventories), or state assessed property (such as public utilities), but the Legislative Counsel advises us that the 1 percent limit would apply to *all* types of taxable property.

This measure does not permit local voters to raise the

1 percent limit; that would require a new constitutional amendment. The limit could be exceeded only to repay bonded debt approved by the voters *before* July 1, 1978. The limit could not be exceeded to repay bonded debt approved by the voters on or *after* July 1, 1978.

Property taxes to repay existing bonded debt correspond to about $\frac{1}{4}$ of 1 percent of the full cash value of taxable property in California.

The limit on property taxes plus the restrictions on assessed values noted below, would substantially reduce local property tax revenues.

2. Distribution of remaining property tax revenues. The reduced property tax revenues which could be raised under the 1 percent limit would be collected by the counties and then distributed "according to law to the districts within the counties".

At present there is no state law which would provide for the distribution of these revenues. Therefore we are unable to determine how the substantial reductions in property tax revenues would be distributed among cities, counties, schools and special districts.

Also, this measure refers only to the distribution of property tax revenues to "districts within the counties". It does not say whether cities and counties (which technically are not "districts") could share in these revenues. However, the Legislative Counsel advises us that unless the ballot arguments by the proponents of this measure, which are included in this pamphlet, make it clear that counties and cities are *not* to receive property taxes, they could continue to receive some portion of these revenues.

3. Restrictions on the growth in assessed values. Initially this measure would roll back the

current assessed values of real property to the values shown on the 1975-76 assessment roll. However county assessors could adjust the values shown on the 1975-76 assessment roll if these values were lower than the estimated market value as of March 1, 1975. The adjusted values could then be increased by no more than 2 percent per year as long as the same taxpayer continued to own the property. For property which is sold or newly constructed after March 1, 1975, the assessed value would be set at the appraised (or market) value at the time of sale or construction. As a result, two identical properties with the same market value could have different assessed values for tax purposes if one of them has been sold since March 1, 1975.

4. Increases in state taxes. Currently state taxes can be increased by a majority vote of both houses of the Legislature and approval by the Governor (that is, if the Governor signs the measure increasing taxes). This initiative would require a two-thirds vote by the Legislature to increase state taxes and would prohibit the Legislature from enacting any new taxes based on the value or sale of real property.

5. Alternative local taxes. This measure would authorize cities, counties, special districts and school districts to impose unspecified "special" taxes only if they receive approval by two-thirds of the voters. Such taxes could not be based on the value or sale of real property.

The Legislative Counsel advises us that provisions in the existing Constitution would prohibit general law cities, counties, school districts and special districts from imposing new "special taxes" without specific approval by the Legislature. Such restrictions limit the

Continued on page 60

Text of Proposed Law

This initiative measure proposes to add a new Article XIII A to the Constitution; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED ADDITION OF ARTICLE XIII A

ARTICLE XIII A

Section 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 any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2. (a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under "full cash value", or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to

the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 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 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.

Section 4. Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5. This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6. If any section, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect.

Arguments in Favor of Proposition 13

Limits property tax to 1% of market value, requires two-thirds vote of both houses of the legislature to raise any other taxes, limits yearly market value tax raises to 2% per year, and requires all other tax raises to be approved by the people. Why then the amendment? President Carter said "our tax system is a National disgrace".

Our audit figures show loss to local governments at about \$5 billion, not \$7 billion as claimed by the state finance director.

Assembly leader Paul Priolo said "it's a tough amendment but the state can live with it. It means public officials will have to go to work".

Noted UCLA tax expert Dr. Neil Jacoby writes "This unjust process must be brought to an end". "A 1% limit would still leave property tax revenue *far above* the level required to pay for property-related governmental services, street lighting maintenance, sewers, trash collection and **POLICE AND FIRE PROTECTION**".

According to the State Controller's office, state agencies will still collect more than 33 thousand million tax dollars every year after this amendment passes. We think this is more than enough. *The people will save 7 thousand million dollars every year for themselves.*

This amendment will make rent reductions *probable*. Otherwise *rent raises are certain as property taxes go up*. It will help farmers and keep business in California. It will make home and building improvements possible and *create thousands of new jobs*.

The amendment DOES NOT reduce property tax exemptions for senior citizens. DOES NOT remove tax exemptions for churches or charities. DOES NOT prohibit the use of property tax money for schools.

To make California taxes FAIR, EQUAL and WITHIN THE ABILITY OF THE TAXPAYERS TO PAY, vote YES on Proposition 13.

HOWARD JARVIS
Chairman, United Organizations of Taxpayers

PAUL GANN
President, Peoples Advocate

The Legislature will not act to reduce your property taxes. As a Senator and Legislator for 11 years, I, like you, have been totally frustrated with the Legislature's failure to enact a meaningful property tax relief and reform bill.

What Ronald Reagan describes as the "spenders coalition" of spendthrift politicians and powerful special interests are spending millions to defeat Proposition 13.

Your Yes vote will NOT require a reduction of vital services like police or fire, nor any tax increase. Your Yes vote will require a tough Governor take the lead in cutting wasteful, unnecessary government spending 10 to 15%.

More than 15% of all governmental spending is wasted! Wasted on huge pensions for politicians which sometimes approach \$80,000 per year! Wasted on limousines for elected officials or taxpayer paid junkets. Now we have the opportunity to trade waste for property tax relief!

If we want to permanently cut property taxes about 67%, we must do it ourselves. Join Democratic Senator Robert "Bob" Wilson and me, a Republican Senator, in voting Yes on Proposition 13.

JOHN V. BRIGGS
State Senator, 35th District

Rebuttal to Arguments in Favor of Proposition 13

PROPOSITION 13:

GIVES nearly two-thirds of the tax relief to BUSINESS, INDUSTRIAL property owners and apartment house LANDLORDS;

TRANSFERS your LOCAL CONTROL over neighborhood and community program funding to state and federal government bureaucracies;

PROVIDES absolutely NO TAX RELIEF for RENTERS;

REDUCES drastically police patrol services and fire protection while INCREASING home insurance COSTS by 50% to 300%;

REQUIRES new taxes to preserve CRITICAL SERVICES. Doubling the sales tax, substantially increasing the income tax or increasing the bank and corporation tax by 500% are the potential alternatives;

SLASHES current local funding for PARKS, BEACHES, MUSEUMS, LIBRARIES and PARAMEDIC PROGRAMS;

PENALIZES our school CHILDREN by CUTTING operating school budgets by nearly \$4 billion, further lowering the quality of education;

PLACES a disproportionate and unfair tax burden on anyone purchasing a home after July 1, 1978;

INCREASES your state and federal INCOME TAXES and HANDS the IRS nearly \$2 BILLION of your tax dollars.

Check the FACTS. Talk to your local officials; talk to your schools and talk to your business and labor organizations and demand to know what cutbacks in essential services would occur if Proposition 13 passes.

JOIN the LEAGUE OF WOMEN VOTERS
CALIFORNIA TAXPAYERS ASSOCIATION
LOS ANGELES CHAMBER OF COMMERCE
LEAGUE OF CITIES
COUNTY SUPERVISORS ASSOCIATION
CALIFORNIA RETAILERS ASSOCIATION

and countless others who are opposed to this IRRESPONSIBLE MEASURE which CUTS \$7 BILLION from critical services.

VOTE NO ON 13!

HOUSTON I. FLOURNOY
*Dean, Center for Public Affairs,
University of Southern California
Former State Controller*

TOM BRADLEY
Mayor, City of Los Angeles

GARY SIRBU
State Chairman, California Common Cause

Argument Against Proposition 13

Proposition 13 invites economic and governmental chaos in California. It will drastically cut police and fire protection and bankrupt schools unless massive new tax burdens are imposed on California taxpayers. It will take decision-making away from the local level and weaken home rule.

Proposition 13 is a vague, poorly drafted and incomplete proposal which will seriously damage the economic stability of state and local governments. Shocking increases in state and local taxes are virtually inevitable. Many homeowners who expect to benefit will actually suffer a net tax increase.

Homeowners will be in for several unpleasant economic surprises if Proposition 13 is adopted. They will be paying higher federal income taxes, yet at the same time the community they live in will lose its rightful share of federal revenue sharing funds. Homeowners living in identical side-by-side houses will pay vastly different property tax bills.

Millions of renters will be doubly jeopardized. Renters have no guarantee that their landlord's property tax savings will be voluntarily passed through to them. But they can be certain they will be forced to pay the new or additional taxes necessary to keep our local governments out of bankruptcy.

Passage of Proposition 13 will slash \$7 billion from school and local government budgets—an amount nearly equal to one-half of the General Fund budget for the entire State of California. This crippling blow simply cannot be absorbed. For example, it would require a doubling of your present

income tax, or the sales tax to simply replace the lost revenues.

Homeowners and renters are most in need of property tax relief. But Proposition 13 gives two-thirds of the property tax decrease to commercial and industrial property owners.

Proposition 13 will seriously cripple local government services, including police and fire protection. Proposition 13 will force default on many redevelopment and revenue bond issues and prohibit future general obligation bond issues to pay for needed schools, hospitals, and water facilities. Business will not locate or expand in California if the local services necessary for economic development and new jobs are slashed.

This irresponsible initiative is not a solution. Proposition 13 goes too far. It is an invitation to poor community services, less local control and inequitable taxation for all Californians.

Vote "no" on Proposition 13.

HOUSTON I. FLOURNOY
*Dean, Center for Public Affairs,
University of Southern California
Former State Controller*

TOM BRADLEY
Mayor, City of Los Angeles

GARY SIRBU
State Chairman, California Common Cause

Rebuttal to Argument Against Proposition 13

We who own homes, farms, property or rent must not let the political horror stories scare us. We must vote proposition 13 into law June 6, 1978. We must not let the spendthrift politicians continue to tax us into poverty. *Proposition 13 will NOT cut fire protection, police protection, sewers, streets, and lighting or garbage collection. All property related services. It will cut spending about 15%.*

Proposition 13 will NOT give business a NEW WINDFALL. It does NOT change the tax ratio between residences and business property in effect for 75 years. It will stop business from leaving California and bring new companies to California, creating thousands of new jobs. Proposition 13 will NOT prohibit the use of property taxes to finance schools.

Proposition 13 will make property taxes FAIR, EQUAL and within the ABILITY to pay for all Californians.

Proposition 13 will make lower rents certain. It will reduce the monthly impound tax payments on home mortgages.

As expected, the opposition to proposition 13 is signed by 2 persons long on the taxpayers payroll and one person from a tax free foundation. *Proposition 13 makes sense for California. Means thousands of extra dollars for you and your family each and every year. Restores government of, for and by the people.*

Also for 13: Assemblymen Robert Cline (R), Wm. Dannemeyer (R), Mike Antonovich (R) and Senator Bob Wilson (D).

VOTE YES ON PROPOSITION 13, YOUR LAST CHANCE FOR PERMANENT TAX RELIEF.

HOWARD JARVIS
Chairman, United Organizations of Taxpayers

PAUL GANN
President, Peoples Advocate

JOHN V. BRIGGS
State Senator, 35th District

ANALYSIS OF PROPOSITION 13—

Continued from page 57

ability of these local governments, even with local voter approval, to replace property tax losses resulting from the adoption of this initiative.

Fiscal Effect:

This measure would have the following direct impact on the state and local governments:

1. Local governments would lose about \$7 billion in property tax revenues during the 1978-79 fiscal year. This is because the measure would reduce local property tax revenues (estimated at \$12.4 billion under current law) by 57 percent, statewide. Some counties would lose more, and others would lose less.

2. The ability of local governments to sell general obligation bonds in the future would be severely restricted. These bonds are used to finance the construction of new schools, local government buildings, and a variety of other facilities such as parks and sewage treatment plants.

3. The reduction in local property taxes would reduce state costs for property tax relief payments by about \$600 million in 1978-79.

The full fiscal impact of this initiative would depend on whether or not the \$7 billion in local property tax revenue losses were replaced. Replacement revenues could come from two sources:

1. The initiative permits local governments to raise additional revenues by levying other unspecified taxes. Under existing law, most local governments would have to receive specific approval from the Legislature before levying new taxes. If the initiative is approved, new taxes would also have to be approved by two-thirds of the local voters. Thus the initiative would restrict the ability of local governments to impose new taxes in order to replace the property tax revenue losses.

2. Although there is nothing in the initiative or in current law that would require the state to replace any part of the property tax revenue losses, the state could agree to do so.

If these property tax revenue losses were *substantially replaced*, local governments could maintain the existing level of government services and employment.

Part of these revenue losses could be covered *temporarily* by using the state surplus. Additional revenues to pay for these services would have to come from higher state or local taxes such as those imposed on personal income, sales and corporations. Depending upon which tax sources were used to replace local property tax losses, there could be a shift in who initially bears the tax burden. This is because most sales and personal income taxes are paid by nonbusiness taxpayers, whereas about 65 percent of property taxes are initially paid by business firms.

If the \$7 billion in local property tax revenue losses were *not substantially replaced*, there would be major reductions in services now provided by local governments and in local government employment. We cannot predict which particular local services (such as schools, law enforcement, fire protection, health and welfare) would be affected because we do not know how the remaining property tax revenues would be distributed. Because state law requires local governments to pay for certain local programs at specified levels (for example, unemployment compensation benefits and most local welfare costs), the cuts could not be made in these areas without further action by the Legislature.

The 2 percent limit on assessment increases would not allow property tax revenues to rise as rapidly as prices are expected to increase. This limit would tend to require additional cutbacks in local government services and employment in future years unless additional replacement revenues were available. By requiring that property be reassessed when sold, this initiative would, over time, cause homeowners to pay an increasing proportion of local property taxes because homes are sold more often than other types of property such as commercial and industrial.

If the state surplus is used to cover part of local revenue losses in 1978-79, it would not be available to maintain the level of government services in subsequent years.

In the long run, a major *net* reduction in property tax revenues and local spending could have significant economic effects on the level of personal income and employment in California. Such changes, in turn, eventually would produce unknown additional state and local fiscal effects.

TEXT OF PROPOSITION 1— Continued from page 9

sale at the coupon rate or rates specified in the bid, such computation to be made on a 360/day year basis.

17610. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

17611. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 19305 to pay principal and interest on bonds.

17612. With respect to the proceeds of bonds authorized by this chapter, all the provisions of Sections 17700 to 17766, inclusive, shall apply.

17613. Out of the first money realized from the sale of bonds under this act, there shall be repaid any moneys advanced or loaned

to the State School Building Lease/Purchase Fund under any act of the Legislature, together with interest provided for in that act.

SEC. 2. Chapter 21 (commencing with Section 17600) is added to Part 10 of the Education Code, to read:

CHAPTER 21. STATE SCHOOL BUILDING AID BOND LAW OF 1978

17600. This act may be cited as the State School Building Aid Bond Law of 1978.

17601. 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) 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 chapter, and the provisions of that law are included in this chapter as though set out in full in this

chapter. All references in this chapter to "herein" shall be deemed to refer both to this chapter and such law.

17602. As used in this chapter, and for the purposes of this chapter as used in the State General Obligation Bond Law, the following words shall have the following meanings:

(a) "Committee" means the State School Building Finance Committee created by Section 15909.

(b) "Board" means the State Allocation Board.

(c) "Fund" means either the State School Building Aid Fund or the State School Building Lease-Purchase Fund as specified by the board for the purposes of Section 17614 and as otherwise determined by law.

17603. For the purpose of creating a fund to provide aid to school districts of the state in accordance with the provisions of the State School Building Aid Law of 1952 and the State School Building Lease-Purchase Law of 1976, and of all acts amendatory thereof and supplementary thereto, and to provide funds to repay any money advanced or loaned to the State School Building Aid Fund or the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code, the committee shall be and is hereby authorized and empowered to create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of three hundred fifty million dollars (\$350,000,000) in the manner provided herein, but not in excess thereof.

17604. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall 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.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect such additional sum.

On the several dates of maturity of said principal and interest in each fiscal year, there shall be transferred to the General Fund in the State Treasury, all of the money in the fund, not in excess of the principal of and interest on the said bonds then due and payable, except as herein provided for the prior redemption of said bonds, and, in the event such money so returned on said dates of maturity is less than the said principal and interest then due and payable, then the balance remaining unpaid shall be returned into the General Fund in the State Treasury out of the fund as soon thereafter as it shall become available.

17605. All money deposited in the fund (1) as annual repayments pursuant to Section 16080, or (2) as lease payments pursuant to Section 17726, or (3) pursuant to the provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, shall be available only for transfer to the General Fund, as provided in Section 17604. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest due and payable or paid from the General Fund on the earliest issue of school building bonds for which the General Fund has not been fully reimbursed by such transfer of funds.

17606. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of

and the interest on the bonds issued and sold pursuant to the provisions of this chapter as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 17607, which sum is appropriated without regard to fiscal years.

17607. For the purposes of carrying out the provisions of this chapter the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund to be allocated by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

17608. Upon request of the board, supported by a statement of the apportionments made and to be made pursuant to Sections 16000 to 16201, inclusive, and Chapter 22 (commencing with Section 17700) of Part 10 of Division 1 of Title 1, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such apportionments, and, if so, the amount of bonds then to be issued and sold. A sufficient number of bonds authorized under this chapter shall be issued and sold so that seventy-five million dollars (\$75,000,000) shall be available for apportionment on July 1, 1978, and ten million dollars (\$10,000,000) shall become available for apportionment on the fifth day of each month thereafter until a total of three hundred fifty million dollars (\$350,000,000) has become available for apportionment. Successive issues of bonds may be authorized and sold to make such apportionments progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

17609. In computing the net interest cost under Section 16754 of the Government Code, interest shall be computed from the date of the bonds or the last preceding interest payment date, whichever is latest, to the respective maturity dates of the bonds then offered for sale at the coupon rate or rates specified in the bid, such computation to be made on a 360-day year basis.

17610. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

17611. All proceeds from the sale of the bonds herein authorized deposited in the fund, as provided in Section 16757 of the Government Code, except those derived from premium and accrued interest, shall be available for the purpose herein provided, but shall not be available for transfer to the General Fund pursuant to Section 17604 to pay principal and interest on bonds.

17612. With respect to the proceeds of bonds authorized by this chapter, all the applicable provisions of Sections 16000 to 16207, inclusive, and Sections 17700 to 17749, inclusive, shall apply.

17613. Out of the first money realized from the sale of bonds under this chapter, there shall be repaid any moneys advanced or loaned to the State School Building Aid Fund or to the State School Building Lease-Purchase Fund under any act of the Legislature, together with interest provided for in that act.

17614. Of the moneys made available by this chapter not to exceed the sum of one hundred million dollars (\$100,000,000), or such amount thereof that the board may determine necessary therefor, shall be available for the purposes of Sections 16000 to 16207, inclusive, of the State School Building Aid Law of 1952, and the balance of moneys made available by this chapter shall be available for the purposes of the State School Building Lease-Purchase Law of 1976.

TEXT OF PROPOSITION 2— Continued from page 13

Grants may be made pursuant to this section to reimburse municipalities for the state share of construction costs for eligible projects which received federal assistance but which did not receive an appropriate state grant due solely to depletion of the fund created pursuant to the Clean Water Bond Law of 1974; provided, however, that eligibility for reimbursement under this section is limited to the actual construction capital costs incurred.

Any contract pursuant to this section may include such provisions as may be agreed upon by the parties thereto, and any such contract concerning an eligible project shall include, in substance, the following provisions:

- (1) An estimate of the reasonable cost of the eligible project;
- (2) An agreement by the board to pay to the municipality, during

the progress of construction or following completion of construction as may be agreed upon by the parties, an amount which equals at least 12½ percent of the eligible project cost determined pursuant to federal and state laws and regulations;

(3) An agreement by the municipality, (i) to proceed expeditiously with, and complete, the eligible project, (ii) to commence operation of the treatment works on completion thereof, and to properly operate and maintain such works in accordance with applicable provisions of law, (iii) to apply for and make reasonable efforts to secure federal assistance for the eligible project, (iv) to secure the approval of the board before applying for federal assistance in order to maximize the amounts of such assistance received or to be received for all eligible projects in the state, and (v)

to provide for payment of the municipality's share of the cost of the eligible project.

(c) In addition to the powers set forth in subdivision (b) of this section, the board is authorized to enter into contracts with municipalities for grants for eligible state assisted projects.

Any contract for an eligible state assisted project pursuant to this section may include such provisions as may be agreed upon by the parties thereto, provided, however, that the amount of moneys which may be granted or otherwise committed to municipalities for such projects shall not exceed fifty million dollars (\$50,000,000) in the aggregate.

Any contract concerning an eligible state assisted project shall include, in substance, the following provisions:

(1) An estimate of the reasonable cost of the eligible state assisted project;

(2) An agreement by the board to pay to the municipality, during the progress of construction or following completion of construction, as may be agreed upon by the parties, an amount which at least equals the local share of the cost of construction of such projects as determined pursuant to applicable federal and state laws and regulations;

(3) An agreement by the municipality (i) to proceed expeditiously with, and complete, such project, (ii) to commence operation of such project on completion thereof, and to properly operate and maintain such project in accordance with applicable provisions of law, (iii) to provide for payment of the municipality's share of the cost of such project (iv) if appropriate, to apply for and make reasonable efforts to secure federal assistance, other than that available pursuant to Title II of the Federal Water Pollution Control Act, for such project and to secure the approval of the board before applying for federal assistance in order to maximize the amounts of such assistance received or to be received for all eligible state assisted projects.

(d) The board may make direct grants to any municipality or by contract or otherwise undertake plans, surveys, research, development and studies necessary, convenient or desirable to the effectuation of the purposes and powers of the board pursuant to this division and to prepare recommendations with regard thereto, including the preparation of comprehensive statewide or areawide studies and reports on the collection, treatment and disposal of waste under a comprehensive cooperative plan.

(e) The board may from time to time with the approval of the committee transfer moneys in the fund to the State Water Quality Control Fund to be available for loans to public agencies pursuant to Chapter 6 (commencing with Section 13400) of this division.

(f) As much of the moneys in the fund as is necessary shall be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code.

(g) The board may adopt rules and regulations governing the making and enforcing of contracts pursuant to this section.

13963. All bonds herein authorized, which shall have been duly sold and delivered as herein provided, shall 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 thereon.

There shall be collected annually in the same manner and at the same time as other state revenue is collected such a sum, in addition

to the ordinary revenues of the state, as shall be required to pay the principal and interest on said bonds as herein provided, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of said revenue, to do and perform each and every act which shall be necessary to collect said additional sum.

All money deposited in the fund which has been derived from premium and accrued interest on bonds sold shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

13964. All money deposited in the fund pursuant to any provision of law requiring repayments to the state for assistance financed by the proceeds of the bonds authorized by this chapter shall be available for transfer to the General Fund. When transferred to the General Fund such money shall be applied as a reimbursement to the General Fund on account of principal and interest on the bonds which has been paid from the General Fund.

13965. There is hereby appropriated from the General Fund in the State Treasury for the purpose of this chapter such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal of and the interest on the bonds issued and sold pursuant to the provisions of this chapter, as said principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 13966, which sum is appropriated without regard to fiscal years.

13966. For the purpose of carrying out the provisions of this chapter, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which the committee has by resolution authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund and shall be disbursed by the board in accordance with this chapter. Any moneys made available under this section to the board shall be returned by the board to the General Fund from moneys received from the sale of bonds sold for the purpose of carrying out this chapter.

13967. Upon request of the board, supported by a statement of the proposed arrangements to be made pursuant to Section 13962 for the purposes therein stated, the committee shall determine whether or not it is necessary or desirable to issue any bonds authorized under this chapter in order to make such arrangements, and if so, the amount of bonds then to be issued and sold. Successive issues of bonds may be authorized and sold to make such arrangements progressively, and it shall not be necessary that all of the bonds herein authorized to be issued shall be sold at any one time.

13968. The committee may authorize the State Treasurer to sell all or any part of the bonds herein authorized at such time or times as may be fixed by the State Treasurer.

13969. All proceeds from the sale of bonds, except those derived from premiums and accrued interest, shall be available for the purpose provided in Section 13962 but shall not be available for transfer to the General Fund to pay principal and interest on bonds. The money in the fund may be expended only as herein provided.

TEXT OF PROPOSITION 12— Continued from page 53

SEC. 3. The commission, after public notice, shall hold public meetings to accomplish its duties. The commission shall by the end of the then current fiscal year, by a single resolution adopted by a majority of the membership, establish the annual salary, retirement, insurance, and other benefits of the Governor, the Lieutenant Governor, the Attorney General, the Controller, the State Treasurer, the Secretary of State, the Superintendent of Public Instruction, the members of the State Board of Equalization, justices and judges of courts of record, and Members of the Legislature. The commission shall also establish, by the same resolution, the rate for the reimbursement of travel expenses and living expenses, including the amount of per diem, if any, incurred by such officials. Such salary, retirement, insurance, and other benefits, and expenses and the commission's resolution shall become effective on the commencement of the regular session commencing after the next general election following the ratification of the resolution by a concurrent resolution of the Legislature, adopted by a majority vote of the members of each house thereof.

SEC. 4. On and after the effective date of this article, the salary, retirement, insurance, and other benefits of the Governor, the Lieutenant Governor, the Attorney General, the Controller, the State Treasurer, the Secretary of State, the Superintendent of Public Instruction, the members of the State Board of Equalization, justices and judges of courts of record, and Members of the Legislature shall be established or, as provided in this article. However, until so established, each such elected official shall continue to receive the same salary, retirement, insurance, and other benefits as such elected

official was eligible to receive immediately prior to the effective date of this article and, in addition thereto, any increases authorized prior to the effective date of this article commencing after such date.

SEC. 5. Subsequent to January 1 next following ratification of the commission's resolution, no elected official subject to this section shall be provided with an automobile except as established by the commission for official business. Such vehicles, when authorized, shall be made available for such uses as are reasonably necessary to make the official available for, and to carry out, the official's duties and responsibilities.

SEC. 6. No elected official subject to this article shall be eligible for health care benefits or insurance, except to the extent such benefits and insurance are established by the commission and do not exceed the benefits and insurance that are available to the majority of state employees in the civil service; provided, that a judge of the superior or municipal court may elect, in lieu of coverage by the state, to be covered by health care benefits or insurance provided to officers or employees of the county in which the judge sits.

SEC. 7. For service rendered prior to the effective date of a resolution of the commission establishing the retirement rights and retirement benefits, such rights and benefits shall be fixed on the basis of the law as it existed on the effective date of this article and such rights and benefits shall not be diminished by action of the commission. For service rendered after the effective date of a resolution of the commission establishing such rights and benefits, those rights and benefits shall be fixed on the basis of the resolution

of the commission in effect during the time the service was rendered and shall not thereafter be diminished by action of the commission.

SEC. 8. Upon ratification of the commission's resolution, or in the event that such resolution is not ratified, upon the adjournment sine die of each session of the Legislature, the term of office of the commissioners shall expire. Successor commissioners shall be appointed in the manner prescribed by Section 2 and their terms of office shall expire as provided in this section.

SEC. 9. All commissioners shall receive their actual and necessary expenses, including travel expenses, incurred in the performance of their duties. Each member of the commission who does not hold any other salaried state office shall be compensated at the same rate as members, other than the chairman, of the Fair Political Practices Commission for each day engaged in official duties,

not to exceed 45 paid working days. All meetings of the commission shall be public.

SEC. 10. The State Personnel Board and the Public Employees' Retirement System or its successor shall furnish such additional staff and services to the commission as are required for performance of the commission's duties.

SEC. 11. The Legislature shall provide funds for the support of the commission.

SEC. 12. If any part or provision of this article, or the application thereof to any person or circumstance, is held invalid, the remainder of the article, including the application of such part or provision to other persons or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, the provisions of this article are severable.

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CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 6, 1978, and that the foregoing pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this first day of March, 1978.



March Fong Eu

MARCH FONG EU
Secretary of State