



# PROS & CONS

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The *Pros & Cons* is a nonpartisan explanation of state propositions, with supporting and opposing arguments. The arguments come from many sources and are not limited to those presented in the *Official Voter Information Guide*. The LWVCEF does not judge the merits of the arguments or guarantee their validity.

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## League of Women Voters of California Education Fund

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## Primary Election • June 5, 2018

In this primary election, California voters will find all candidates for state and federal elective offices on their ballots, regardless of the party preference of the candidates or of the voter. The two candidates who win the most votes in each contest will advance to the November general election—even if both are in the same political party, and even if one of them has received a majority of the votes for that office.

California voters will also decide on five state propositions, which are explained in this Pros & Cons. Propositions on the June primary ballot are placed there by action of the state Legislature and the Governor. Any qualified initiative measures, which are placed on the ballot through the petition and signature gathering process, will appear on the November General Election ballot.

Visit [Voter's Edge California](http://VotersEdgeCalifornia) to see everything on your ballot, your polling place, and to unbiased information on all your voting choices.

## How to Evaluate Ballot Propositions

- ★ Examine what the measure seeks to accomplish. Do you agree with those goals?
- ★ Is the measure consistent with your ideas about government? Do you think the proposed changes will make things better?
- ★ Who are the real sponsors and opponents of the measure? Check where the money is coming from on the Voter's Edge California website: [votersedge.org/ca](http://votersedge.org/ca)
- ★ Is the measure written well? Will it create conflicts in law that may require court resolution or interpretation? Is it "good government," or will it cause more problems than it will resolve?
- ★ Does the measure create its own revenue source? Does it earmark, restrict, or obligate government revenues? If so, weigh the benefit of securing funding for this measure against the cost of reducing overall flexibility in the budget.
- ★ Does the measure mandate a government program or service without addressing how it will be funded?
- ★ Does the measure deal with one issue that can be easily decided by a YES or NO vote? Or, is it a complex issue that should be thoroughly examined in the legislative arena?
- ★ If the measure amends the Constitution, consider whether it really belongs in the Constitution. Would a statute accomplish the same purpose? All constitutional amendments require voter approval; what we put into the Constitution would have to come back to the ballot to be changed.
- ★ Be wary of distortion tactics and commercials that rely on image but tell nothing of substance about the measure. Beware of half truths.

## Authorizes Bonds Funding Parks, Natural Resources Protection, Climate Adaptation, Water Quality and Supply, and Flood Protection.

**THE QUESTION:** Should the State sell \$4.1 billion in bonds to fund parks, natural resources protection, climate adaptation, water quality and supply, and flood protection?

### THE SITUATION

California operates programs to protect the environment, conserve natural resources, prevent floods, ensure safe drinking water, other water related programs, and parks. The State also provides grants and loans to local governments and other organizations for similar programs. Almost \$5 billion each year is spent on such programs. The money comes from a combination of the sale of general obligation bonds issued by the State, revenue generated by fees, and the State's General Fund, which is the state's main operating fund.

During the past 17 years voters approved almost \$27 billion in general obligation bonds for various natural resources projects, of which the State still has almost \$9 billion available. Most of that money is available for water quality, supply and infrastructure purposes authorized by Proposition 1 in 2014.

General obligation bonds are sold to investors and are paid off from the State's General Fund. The State repays the principal and interest over time, often several decades.

### THE PROPOSAL

This proposition will allow the State to sell \$4.1 billion in bonds. The amount includes \$4 billion new bonds and \$100 million previously authorized, but unsold bonds.

The proposition provides funding to state departments and local agencies for specific natural resources related purposes. The money is designated for a wide range of projects across the State including: natural resource and wildlife conservation; climate preparedness to address the effects of climate change; ocean, coastal, and river improvements; maintenance of and creation of parks and recreation projects; flood protection; and water quality and groundwater preservation projects.

Proposition 68 requires at least 15%-20% of the funds for each use specified for use in "disadvantaged communities." Local governments will be affected by this proposition because they can use bond money by agreeing to cost sharing to pay for projects.

### FISCAL EFFECTS

Repaying the bonds is expected to cost an estimated \$200 million each year for 40 years, resulting in a total cost of \$7.8 billion. There may be savings to local governments in tens of millions of dollars because the bond money available will relieve the local governments from paying for all of a project. There are unknown costs and savings associated with the actual operation and impacts of the projects produced.

### SUPPORTERS SAY

- ★ Prop 68 is an investment to safeguard water quality and to protect natural resources in uncertain environmental conditions.
- ★ Prop 68 brings safe drinking water and parks for communities in need.

### OPPONENTS SAY

- ★ Not enough money is actually dedicated to improving parks in all parts of the state.
- ★ California has enough debt and does not need to add to it by having to pay for a new bond measure.

### FOR MORE INFORMATION

**Supporters:** This proposition is on the ballot by action of the Legislature and the Governor.

Yes on 68 Californians for Clean Water and Safe Parks.

[yes68ca.com](http://yes68ca.com)

**Opponents:** Howard Jarvis Taxpayers Association:

[www.hjta.org](http://www.hjta.org)

(The president of this group wrote the opposing argument in the Voter Information Guide. At press time, there is no known campaign opposing this Proposition.)

### More Information on Bonds

For more information on bonds, see page 7 of this guide.

## Requires That Certain New Transportation Revenues Be Used for Transportation Purposes.

**THE QUESTION:** Should the Legislature be required to dedicate and direct revenues from the Road Repair and Accountability Act of 2017 (SB 1) to transportation purposes and exempt this revenue from California’s annual spending limit?

### THE SITUATION

This Proposition was part of a legislative package which included SB 1, signed by Gov. Brown in April 2017.

SB 1 increased the state’s excise tax on gasoline and diesel fuel, dedicating this revenue to transportation purposes as provided by the Constitution. In addition, SB 1 increased sales taxes on diesel fuel and created a new vehicle registration fee, the Transportation Improvement Fee (TIF) based on a vehicle’s value. The Constitutional provision restricting the use of the excise tax on diesel fuel to transportation purposes does not to apply sales tax on such fuel; nor does it apply to the newly created TIF.

### THE PROPOSAL

Prop 69 would amend the State Constitution to:

- ★ Restrict the new diesel sales tax revenue and a Transportation Improvement Fee (TIF) on vehicles from SB 1, to be used solely for transportation purposes,
- ★ Prohibit borrowing from the Public Transportation Account for non-transportation purposes or using TIF revenues to repay state transportation bonds without voter approval.
- ★ Allow revenues from SB 1 to be excluded from California’s spending limit which places an “upper bound” each year on the amount of monies that can be spent from state tax proceeds.

### FISCAL EFFECTS

Because Prop 69 does not change the tax and fee rates established in SB 1, there is no direct fiscal effect. Prop 69 could affect how some monies are spent in the future by restricting the use of revenues from diesel sales taxes and TIF fees.

### SUPPORTERS SAY

- ★ Prop 69 won’t raise taxes one cent. It ensures recently-enacted transportation revenues we pay at the pump and when we register our vehicles can be used only for road and transportation improvement projects.
- ★ Prop 69 constitutionally protects transportation funds by prohibiting the Legislature from using these revenues for non-transportation purposes and prioritizes repair of deteriorating roadways.
- ★ We need Prop 69 to protect revenues to fix the poor condition of our roads which pose a major safety threat to California drivers and to provide smoother, less congested roads and highways.

### OPPONENTS SAY

- ★ Sacramento has had plenty of money to fix crumbling roads through transportation-related fees and taxes, but the state has repeatedly spent money on everything but transportation.
- ★ Proponents say Prop 69 will safeguard dollars to fix the poor condition of our roads, but a portion of the money is for transit, including high speed rail and bike lanes, not roads.
- ★ Prop 69 fails to protect ALL transportation dollars such as the \$1 billion annually collected in vehicle weight fees used to backfill the State’s General Fund through debt service.

### FOR MORE INFORMATION

**Supporters:** This proposition is on the ballot by action of the Legislature and the Governor.

Yes on 69 Committee

[fixcaroads.com/yes-prop-69/](http://fixcaroads.com/yes-prop-69/)

**Opponents:** At press time, there is no known formal campaign opposing this Proposition.

### Choosing YES or NO on a Proposition

A YES vote means that you approve of the change a proposition would make, and a NO vote means that you want to leave things as they are now.

## Requires Legislative Supermajority Vote Approving Use of Cap-and-Trade Reserve Fund.

**THE QUESTION:** Should (a) California's cap-and-trade greenhouse gas reduction disbursements and (b) a related partial sales tax exemption be made subject to a two-thirds vote in the state Legislature in 2024 to continue the program and the exemption?

### THE SITUATION

Greenhouse gases (GHGs) including carbon dioxide, arising from sources like gasoline-powered cars and industry, contribute to climate change. One of California's programs to reduce GHGs is referred to as "cap-and-trade," beginning in 2012 and continuing until 2030.

The state issues a limited number of permits to emit GHGs, about half to be given away and half to be sold at auction. Companies must obtain a permit for each ton of GHG they emit. Permit auction receipts are deposited in a special Fund and are disbursed for GHG programs through the annual budget process, requiring a majority vote in both houses of the Legislature. The Legislative Analyst's Office (LAO) estimates that about \$3 billion will be disbursed from the Fund in 2017-18.

California charges a sales tax on retail sales of most goods but not on the purchase of certain types of equipment through 2030. The LAO estimates that this exemption currently reduces state revenue by about \$250 million annually.

### THE PROPOSAL

Prop 70 requires that, beginning in 2024, (a) cap-and-trade disbursements and (b) the sales tax exemption would be suspended until the state Legislature, by a two-thirds vote in both house (rather than by a majority), passes a bill authorizing both to continue. Thereafter, future disbursements would only require a majority vote and the exemption would be reinstated.

### FISCAL EFFECTS

The suspension of the sales tax exemption could increase sales tax revenue, by an amount dependent on the length of the suspension period. For a lengthy delay, the increase could be up to a few hundred million dollars annually.

The 2024 two-thirds vote requirement could, temporarily, delay and/or change the mix of state and local programs disbursements compared to what would otherwise occur. The fiscal results are unclear.

### SUPPORTERS SAY

- ★ Prop 70 forces two-thirds of the legislature reach agreement in 2024 to evaluate if the cap-and-trade has been beneficial for all Californians.
- ★ Prop 70 is part of a historic bipartisan effort to achieve our climate goals, retain good paying jobs to sustain our economy, and protect air quality and public health.

### OPPONENTS SAY

- ★ The 2024 two-thirds vote requirement is not achievable, undermining clean energy progress, and empowering special interests out of step with most Californians.
- ★ Prop 70 was passed in only four days with a single committee hearing and no opportunity for public comment. Why was it passed with such speed and secrecy?

### FOR MORE INFORMATION

**Supporters:** This proposition is on the ballot by action of the Legislature and the Governor. At press time, there is no known campaign supporting this Proposition.

**Opponents:** Vote No on Proposition 70, No to Big Oil, a coalition of environmental groups.

[stopprop70.org](http://stopprop70.org)

### Choosing YES or NO on a Proposition

A YES vote means that you approve of the change a proposition would make, and a NO vote means that you want to leave things as they are now.

**Sets Effective Date for Ballot Measures.**

**THE QUESTION:** Should ballot measures approved by a majority of voters take effect five days after the Secretary of State certifies the results of the election?

**THE SITUATION**

California’s Constitution states that approved measures take effect on the day after the election unless otherwise specified by the measure.

Election officials in each county must count every legally cast ballot, including vote-by-mail ballots received soon after Election Day and provisional ballots once a voter’s eligibility is confirmed. The current vote counting process lasts for several weeks after Election Day. The amount of time required to validate a signature on a vote-by-mail ballot and to confirm a voter’s eligibility when casting a provisional ballot can take a minimum of two to five minutes and sometimes up to half an hour to research databases to determine if a voter’s address has changed and didn’t cast a ballot elsewhere.

Each county then forwards the results to the Secretary of State who certifies a formal “statement of the vote” no later than 38 days after Election Day.

**THE PROPOSAL**

Prop 71 would amend the State Constitution so that:

- ★ The effective date for state initiatives and referenda passed by a majority of voters shall be on the fifth day after the Secretary of State files the “statement of the vote,” or no later than forty-three days after the election.
- ★ If a referendum petition is filed against a part of a statute, the remainder of the statute shall not be delayed from going into effect.
- ★ A measure may provide that it becomes operative after its effective date.

**FISCAL EFFECTS**

Little or no fiscal effect is likely with Prop 71 because it is rare for state ballot measures to create substantial changes in revenues or spending in forty-three days after an election.

**SUPPORTERS SAY**

- ★ Ballot measures should not go into effect until all votes have been counted.
- ★ Prop 71 is an update of our election laws that also allows authors to specify the date a measure becomes effective.

**OPPONENTS SAY**

- ★ Prop 71 is not necessary. The law as it exists works well.
- ★ There may be times when it is good for laws to go into effect immediately after Election Day.

**FOR MORE INFORMATION**

**Supporters:** This proposition is on the ballot by action of the Legislature and the Governor.  
California Democratic Party  
[cadem.org](http://cadem.org)

**Opponents:** Gary Wesley  
E-mail: [Gary.wesley@yahoo.com](mailto:Gary.wesley@yahoo.com)  
(Mr. Wesley, a northern California attorney, wrote the opposing argument as an individual. At press time, there is no known campaign opposing this Proposition.)

**Primary Election • Tuesday, June 5, 2018**  
Polls open 7:00 a.m. to 8:00 p.m.

**May 21**  
Last day to register to vote

**May 7 - May 29**  
Mailing period for Vote-by-Mail Ballots

(Request yours before the **May 29** deadline)

## Permits Legislature to Exclude Newly Constructed Rain-Capture Systems From Property-Tax Reassessment Requirement.

**THE QUESTION:** Should the value of new construction of rain-capture systems be excluded from reassessment of property for property taxes purposes?

### THE SITUATION

California property taxes are typically charged at 1.1% of the full cash value of the property, initially assessed at the time of purchase or construction. This taxable value can be adjusted for inflation at a rate of no more than 2% per year. Normally a property's value is not fully updated until it is sold or changes owners, but certain improvements can also trigger an updated value. In that case, only the value of the improvement (usually a major renovation or new construction) is considered, and this value is then added to the taxable base value of the property. A few types of improvements are already excluded from reassessment: solar energy systems, fire sprinkler systems, changes to increase accessibility for people with disabilities, and seismic retrofitting.

### THE PROPOSAL

Prop 72 would add systems installed by property owners or developers to catch rainwater and store it for use on the property to the list of improvements excluded from reassessment for property taxes. The exclusion is only for systems installed between January 2018 and the end of 2028. The exclusion ends when the property is sold.

### FISCAL EFFECTS

Tax exemptions are generally thought to provide incentives, in this case to encourage property owners to install rain-capture systems by exempting them from property tax reassessments at the time of installation. Because these systems are usually not very expensive compared to the total cost of real estate, individual tax savings would be fairly small. The loss to local government revenue from property taxes would also be correspondingly small, though this amount would increase if the incentive succeeds in encouraging construction of more rain-capture systems. The property owner would save money on water bills by using the water captured by the system, also conserving water from public utilities for other uses, including drinking water and agricultural irrigation.

### SUPPORTERS SAY

- ★ In a state prone to drought, Prop 72 provides a financial incentive for homeowners to help conserve water.
- ★ Savings from Prop 72 will extend to lower water bills for people with rain-capture systems.

### OPPONENTS SAY

- ★ There are no official arguments against and no opponents to this bill.

### FOR MORE INFORMATION

**Supporters:** This proposition is on the ballot by action of the Legislature and the Governor. At press time there is no known formal campaign supporting this Proposition.

**Opponents:** At press time there is no known formal campaign against this Proposition.

#### Who can vote?

You may register to vote in California if:

- ★ You are a U.S. citizen and California resident.
- ★ You will be at least 18 years old on election day.
- ★ You are not in prison or on parole for a felony.
- ★ You have not been judged mentally incompetent.

#### When must you re-register to vote?

You need to fill out a new voter registration form if:

- ★ You change your residence address or mailing address.
- ★ You change your name.
- ★ You want to change your political party affiliation.

***If you registered and your name does not appear on the voter list at your polling place, you have a right to cast a provisional ballot at any polling place in your county.***



## Find answers to your questions about voting and the Top-Two primary

Visit our website, [CAvotes.org](http://CAvotes.org), to:

- Learn more about the ballot measures and voter registration
- See a list of local Leagues
- Sign up and become a member, and to donate or volunteer



[facebook.com/cavotes](https://facebook.com/cavotes)



[@CAvotes](https://twitter.com/CAvotes)

## Primary Election



### Tuesday, June 5, 2018

Polls open from 7:00 a.m. to 8:00 p.m.

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**May 21**

Last day to [register](#) to vote

**May 29**

Last day to request a Vote-by-Mail ballot

## About Bonds

Proposition 68 on the June election ballot is a bond issue. This proposition was placed on the ballot by the state Legislature. Below is background information regarding the state's current bond debt, as well as the impact that approval of Proposition 68 could have on the amount of debt and on the State's annual budget.

**What Are Bonds?** Bonds are a form of long-term borrowing that the state uses to raise money for infrastructure projects. The state sells bonds to investors and agrees to repay the investors, with interest, according to a specified schedule.

**Why Are Bonds Used?** Projects such as roads, educational facilities, prisons, parks, office buildings, and housing for veterans involve large dollar costs, and are used over many years. The use of bonds helps to fund the initial large dollar costs, which would be hard to fund out of day-to-day operating revenues. Also, the repayment of these bonds over time means that future taxpayers who benefit from the facilities will help to pay for them.

**What Types of Bonds Does the State Sell? General Obligation Bonds** are the most significant type of bonds and are largely repaid from the state's General Fund which is supported primarily by income and sales tax revenues. These bonds must be approved by the voters, and their repayment is effectively guaranteed by the state. The bonds proposed in Proposition 68 are general obligation bonds.

There are also **Revenue Bonds**, repaid from a designated revenue stream—such as bridge tolls—and **Lease-Revenue Bonds**, repaid from lease payments by state agencies using the leased facilities. Neither type requires voter approval, nor is their repayment guaranteed by the state.

**What Are the Direct Costs of Bond Financing?** The state must repay the principal amount of the bonds, plus interest, over time to the investors until the bonds are fully paid off. The interest cost of repaying bonds depends primarily on the current interest rate and on the time period over which the bonds have to be repaid. It is expected that the \$4 billion in new bonds proposed by Proposition 68 would be sold over a 10-year period and that the bonds will be repaid over 30 years at an interest rate of 5%. The bonds sold at the end of the 10-year period would be repaid 40 years later. Based on those figures the annual cost to the State will be about \$200 million per year over the next 40 years.

**Amount of General Fund Debt.** The state has about \$83 billion of General Fund-supported infrastructure bonds on which it is making principal and interest payments. In addition, the voters and the Legislature have approved about \$36 billion of General Fund-supported bonds that have not yet been sold. Most of these bonds are expected to be sold in the coming years as additional projects need funding. In 2017-18, the General Fund's infrastructure bond repayments total close to \$6 billion.

**This Election's Impact on the Amount of State Revenues Used to Repay Debt.** One indicator of the state's debt burden is the portion of the state's annual general revenues that must be set aside to make yearly payments on the debt, called "debt service ratio" (DSR). The DSR is now somewhat below 5% of annual General Fund revenues. If voters approve Proposition 68, it is estimated that the DSR will increase by less than one-fifth of a percentage point.